



**Bureau Veritas Certification
North America, Inc.
SFI 2010:2014 Audit Report**

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PQC Code	E01E

Contract Number:	US.0740986	Certification Audit:		Re-Certification Audit:		Surveillance: (Indicate visit # or Pre-Assessment)	#1
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Audit Summary

The scope of the surveillance audit is the Washington State Department of Natural Resources (WA DNR) forest management operations in Western and Eastern Washington. The WA DNR is composed of six regions and the audit focused on forest management operations in the Pacific Cascade and South Puget Sound Regions in Western Washington. The WA DNR manages approximately 698, 938 acres in these two regions located on the westside of the Cascade Mountains.

The surveillance audit was conducted on June 2-4, 2010. The opening meeting of the audit was held at the Washington Department of Natural Resources Headquarters in Olympia, WA on Wednesday, June 2, 2010. Forest Resources and Conservation Division staff Lislie Sayers, Ecosystem Services Section, Program Implementation Lead, Forest Certification; Allen Estep, Ecosystem Services Section, Program Lead, PSF/Certification; Jed Herman, Division Manager; Tami Miketa, Assistant Division Manager, Ecosystem Services Section; Jeff DeBell, Assistant Division Manager, Silviculture and Bob Aulds, Silviculture Specialist, were in attendance. The audit team consisting of Gregory Bassler, Lead Auditor and Vincent Corrao, Team Auditor introduced themselves and reviewed the audit plan. Logistics of the audit plan were also discussed and the sites confirmed for the field portion of the audit to be conducted the following two days. Non-conformances and the requirements for clearing them, opportunities for improvement, and notable practices were also discussed.

The document review portion of the audit was conducted following the opening meeting. The field audit of the Pacific Cascade Region was conducted on Thursday, June 3, 2010. Each team auditor visited separate sites with WA DNR staff. The field audit of the South Puget Sound Region was conducted the following day, June 4, 2010 with James Rochelle, Technical Expert accompanying the Lead Auditor. Field files for each site were reviewed and used to determine effectiveness of the WA DNR forest management system and process. The Objectives, Performance Measures and Indicators were all verified through a review of documents and field verification of sites to meet the intent of the SFI 2010-2014 Standard. A debriefing was conducted at the end of the day by each team auditor.

The surveillance audit was conducted under environmental auditing methodologies identified in the SFI 2010-2014 Audit Procedures and Auditor Qualifications and Accreditation (Section 9 of the Requirements for the SFI 2010-2014 Program) and standard Bureau Veritas Certification protocols and forms were applied throughout the verification. Prior to the audit, the auditor selected sites in both regions to be sampled based on management activities. The audit plan identified all new objectives, performance measures and indicators of the SFI 2010-2014 Standard and Objectives 1 and 20 as the primary focus; however, all objectives were subject to review.

The Closing Meeting for the surveillance audit was held on Tuesday, June 15, 2010 via conference call. Lislie Sayers, Ecosystem Services Section, Program Implementation Lead, Forest Certification; Allen Estep, Ecosystem Services Section, Program Lead, PSF/Certification; Jed Herman, Division Manager, Tami Miketa, Assistant Division Manager, Ecosystem Services Section and Mark Thibo, South Puget Sound Assistant Region Manager participated in the conference call. Gregory Bassler, Lead Auditor, presented and reviewed the audit findings. Confidentiality of the audit results was assured.

A total of 27 sites were visited during the field portion of the audit. WA DNR forestry personnel responsible for the activity and/or familiar with the sites were available for the audit. Six active logging sites were visited and three had been shut down due to wet weather conditions. One was a Contract Harvest Sale and the remaining were stumpage sales. The active sale contractors were trained.

The WA DNR is a multi-site organization and has a central office or headquarters (Olympia, WA) at which certain activities are planned, controlled or managed and a network of regional offices or sites at which such activities are carried out. The Olympia, WA central office provides all regions with information and guidance on all activities. The scope and scale of activities are similar at all regions. All regions or sites operate under a common forest management system, policies and set of procedures that is managed and administered by the central office.

The Olympia, WA central office conducts and maintains an internal audit program to review and monitor conformance of each region. The State Land Assistants have a monthly conference call and meet quarterly. The Compliance and Enforcement Program completes a quarterly report that is reviewed at the Management Review meetings. HCP monitoring is on-going and an HCP Implementation Monitoring Report is prepared and reviewed annually. The Washington Department of Fish and Wildlife monitor sales and planning every two years and provides results to the WA DNR. Forest Practices monitors operations and summarizes findings on an annual basis. An external SFI Performance Measures Variance review is also conducted quarterly. In summary, the WA DNR has a good, reliable internal audit program and monitoring system carried out at headquarters to determine conformance at all regions or sites and to implement corrective actions when appropriate. There is good coordination and communication between the central office and each region.

For multi-site certifications, a site sampling method is generally used. The number of sites to be audited is equal to the square of the number of sites x 0.6 for surveillance audits. A site sampling method was used and two regions or sites plus headquarters are to be audited on an annual basis. The WA DNR is composed of six regions (Pacific Cascade, South Puget Sound, Olympic, Northwest, Northeast and Southeast) and the surveillance plan for 2010 was to audit the Pacific Cascade and South Puget Sound Regions. Each region or site is audited on a three year basis and these two regions were last audited in 2007. The WA DNR is in conformance with all multi-site requirements.

WA DNR did not have any substitution or modifications to any of the Indicators. A review of previous audits was conducted to verify the effectiveness of previous audit findings and to evaluate WA DNR's past performance. The 2009 renewal audit for DNR-managed lands in Western and Eastern Washington, focusing on forest management operations in NE and SE Regions identified no non-conformances and no opportunities for improvements. Six notable practices were issued. There were no trends in the SFI implementation of the field audit or document review that would indicate that any particular area needs special attention. A SF 61 was completed and contains specific information and audit notes.

The audit findings and conclusions included:

Non-conformances issued: One minor non-conformance was issued during the audit.

NC-Objective 2, PM 2.3, I-4: Excessive rutting was observed on the Crestview U4 active timber sale. Multiple skid trails with excessive rutting were not in compliance with the Section H-014 Skid Trail Requirements of the Logging Agreement 30-082089.

A corrective action plan was submitted by the WA DNR on July 29, 2010 and accepted on August 8, 2010. Implementation of the corrective action plan was verified by review of documents and records and the non-conformance closed on August 24, 2010.

Opportunities for Improvements: OFI's are weaknesses in the program that may lead to a non-conformance in the future if activities are not monitored for effectiveness. Three Opportunities for Improvement were identified during the surveillance audit.

OFI-Objective 2, PM 2.1, I-3: A significant number of the seedlings planted this year had been damaged prior to planting by a winter freeze and wind event and the sites with these trees will need to be monitored to insure that adequate regeneration is established.

OFI-Objective 7, PM 7.1, I-1b: An excessive number of long-butts from log processing/merchandising operations were observed on the Crestview U4 timber sale. An investigation is needed to determine if better utilization was achievable, especially since it is a scaled sale.

OFI-Objective 16, PM 16.1, I-5: The Contractor Harvest Program score sheet is a method to address trained contractors but an untrained contractor may still be awarded the sale and it needs to encourage the contractor to be trained.

Notable Practices: NP's are practices and actions that are exemplary and indicate a strong commitment to the SFI intent and to continual improvement of their program. Five Notable Practices were identified during the surveillance audit.

NP-Objective 2, PM 2.1, I-6: The efforts to re-establish cedar with the Integrated Cedar Establishment Program to improve biodiversity and species throughout the landscape is an exceptional effort in addressing the browse issue with deer and elk.

NP-Objective 3, PM 3.2, I-1: After the Relief Timber Sale U1 started, a small wetland was discovered and needed protection. The WA DNR protected the site and is working with the purchaser of the sale to balance out the volume.

NP- Objective 15, PM 15.3, I-2: The WA DNR 10 month Climate Change Speaker series is an excellent process to share and provide information about climate change and impacts on resources with DNR and other Stage Agencies staff.

NP-Objective 17, PM 17.2, I-1: The effort by the WA DNR with the Friends of the Capitol Forest by attending bi-monthly meetings with user groups and discussing timber sale activities such as the McClane Creek Centennial Demo Forest is an excellent example of working with the public in educational opportunities and effort to promote forestry.

NP-Objective 4, PM 4.1, I-3: The South Puget Sound Region and Agency should be commended for development of the Modified Dispersal Habitat Strategy which has been approved by the Services as a revision to DNR's HCP. Implementation of this change will result in increased functional dispersal habitat and contribute to northern spotted owl requirements for roosting and foraging as well. Implementation of the change also benefits the trust through the recovery of additional timber volume.

BVC auditors found WA DNR Lislie Sayers, Program Implementation Lead, Forest Certification and Allen Estep, Program Lead, PSF/Certification to be very effective in managing the SFI program and preparing the field audit schedule and packets. The WA DNR staff is very knowledgeable of forest management operations and all field files were complete. The auditors continue to be impressed with the WA DNR's vision for landscape planning and willingness to cooperate and collaborate with other stakeholders to implement management strategies to improve habitat.

A new surveillance schedule for the new 2010-2014 Standard was prepared and submitted to Bureau Veritas

Certification. The SFI 2010-2014 Standard takes effect on Jan. 1, 2010.

Logo and label use were reviewed and Washington State Department of Natural Resources does not use the Bureau Veritas Certification logo.

A review of the SFI, Inc. website provided evidence that the previous audit of the Washington State Department of Natural Resources SFI forest management program was submitted and posted as required for public notification.

The Washington State Department of Natural Resources continues to meet the SFI requirements and has effectively implemented the SFI 2010-2014 Standard in their forestry operations. Bureau Veritas recommends continued certification.

PLEASE SEE SF 61 AND FIELD FORMS FOR AUDIT NOTES

Summary of Audit Findings:						
Audit Date(s):	From: June 2, 2010			To: June 15, 2010		
Number of SF02's Raised:	Major:		0	Minor:		1
Is a follow up visit required:	Yes	No	X	Date(s) of follow up visit:		
Follow-up visit remarks:						
Team Leader Recommendation:						
Corrective Action Plan (s) Accepted	Yes	X	No	Date:	August 8, 2010	
Proceed to/Continue Certification	Yes	X	No	Date:	August 9, 2010	
All NCR's Cleared	Yes	X	No	Date:	August 8, 2010	
Standard audit conducted against:						
1)	SFI 2010:2014	3)				
2)		4)				
Team Leader (1):		Team Members (2, 3, 4...)				
Gregory Bassler		2) Vincent Corrao				
		3) James Rochelle (Technical Expert)				
		4)				
		5)				
Scope of Supply: (scope statement must be verified and appear in the space below)						
Washington State Department of Natural Resource's forest management operations in Western and Eastern Washington.						
Accreditation's	ANAB					
Number of Certificates						
Proposed Date for Next Audit Event						
Date	June 2011					
Audit Report Distribution						
Client: WA DNR-Lislie Sayers, Program Implementation Lead, Forest Certification, lislie.sayers@dnr.wa.gov						
BVC – Customer Service Representative – Roshawnda Ward, roshawnda.ward@us.bureauveritas.com						

Clause	Audit Report	
Opening Meeting	Participants: Discussions:	<p>Lislie Sayers, Ecosystem Services Section, Program Implementation Lead, Forest Certification; Allen Estep, Ecosystem Services Section, Program Lead, PSF/Certification; Jed Herman, Division Manager; Tami Miketa, Assistant Division Manager, Ecosystem Services Section; Jeff DeBell, Assistant Division Manager, Silviculture and Bob Aulds, Silviculture Specialist; Greg Bassler, Team Lead Auditor and Vincent Corrao, Team Auditor were in attendance.</p> <ul style="list-style-type: none"> ➤ Introductions ➤ Scope of the audit ➤ Audit schedule/plan ➤ Nonconformance types – Major / Minor ➤ Review of previous non-conformances - 0. ➤ Process approach to auditing and audit sampling ➤ Confidentiality agreement ➤ Termination of the audit ➤ Appeals process ➤ Closing meeting timing
Closing Meeting	Participants: Discussions:	<p>Lislie Sayers, Ecosystem Services Section, Program Implementation Lead, Forest Certification; Allen Estep, Ecosystem Services Section, Program Lead, PSF/Certification; Jed Herman, Division Manager; Tami Miketa, Assistant Division Manager, Ecosystem Services Section; Mark Thibo, Assistant Region Manager and Gregory Bassler, Lead Auditor participated in the conference call.</p> <ul style="list-style-type: none"> ➤ Introductions and appreciation for selecting Bureau Veritas Certification. ➤ Review of audit process - process approach and sampling. ➤ Review of OFIs and System Strengths ➤ Non-conformances - 1 ➤ Date for next audit. ➤ Reporting protocol and timing



SF02/NA NONCONFORMITY REPORT

Company Name and Site:		<u>SF02#:</u>	
Washington State Department of Natural Resources		01	
Contract #:	Department / Process:	Team Leader:	
US.0740986	Department of Natural Resources	Jed Herman	
Date:	Standard and Clause #:	Team Member:	
June 4, 2010	SFI 2010:2014, Objective 2, PM 2.3, I-4	Gregory Bassler	
Major	Minor	Other Documents (if applicable):	Company Representative:
	X		Lislie Sayers
REQUIREMENT OF AUDITED STANDARD:			
Post-harvest conditions conducive to maintaining site productivity.			
OBSERVED NONCONFORMITY:			
Excessive rutting was observed on the Crestview U4 active timber sale. Multiple skid trails with excessive rutting were not in compliance with the Section H-014 Skid Trail Requirements of the Logging Agreement 30-082089.			
ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN (To be completed by the Company. Plan to be submitted in 30 days)			
Corrective Action Plan Date:	July 4, 2010	Company Representative:	Lislie Sayers
Root Cause Analysis and Corrective Action			

Root Cause: Contract Communication/Compliance:

Contract clause H-014(g) states: Purchaser will suspend operations during periods of wet weather when rutting occurs. Excessive soil damage is not permitted on the skid trail. Skid trail damage is considered excessive when more than 10 percent of the active trail has ruts over 4 inches in depth.

1. As indicated in the compliance diary, the Purchaser/Operator did suspend yarding operations on June 2nd due to wet weather conditions and mud in the skid trail, but not until after excessive rutting occurred from operations that day. Therefore, the Purchaser/Operator did not stop operations in a timely manner in order to prevent excessive rutting.
2. Contract Administrator communications with the Purchaser/Operator did not reinforce yarding shutdown requirements outlined in the contract nor give good guidance for wet weather and soil conditions.
3. Excessive rutting occurred on a skid trail that was designed as an optional road in the road plan. The road plan recognized a soil type change in the location where the portion of the constructed road stopped and the skid trail began; requiring culvert placement to ensure drainage to occur following natural functions. However, the Purchaser/Operator chose to not build the road beyond the point where a culvert would be required; using that portion of the road as a skid trail. Ultimately approximately 3,100 out of 3,516 feet of optional road (6-8B Rd.) in this area was constructed. Skidding in this location occurred until the Purchaser/Operator shut down yarding operations on June 2nd, but not before excessive rutting occurred.

Corrective Action Plan: IMMEDIATE IMPLEMENTATION:

This section outlines immediate actions to take place within South Puget Sound Region to deal with the non-conformance issued. Although this document is intended to be DNR's plan, to be approved by the auditor, it was necessary in most cases to take immediate action in order to prevent continual damage from occurring. Therefore, most of the corrective actions listed in this section have been completed. Documentation to comply with the corrective actions listed below will be provided to the SFI audit team after approval of the plan has been accepted by the lead auditor and within the 90-day requirement.

➤ **Operations:**

1. Cutting and yarding operations will be shut down until the skid trail is repaired; attending to the drainage problem. The Purchaser/Operator will be required to create ditch outs on the skid trail to establish proper drainage. **COMPLETED**
2. Cutting and yarding operations will not proceed until a plan is developed by the Purchaser/Operator and approved by the Contract Administrator on how the remaining timber will be removed from the site. **COMPLETED**

➤ **Contract Administrator Communication:**

3. The Contract Administrator and Purchaser/Operator will discuss contract clause expectations related to excessive rutting; reviewing the responsibility of the Purchaser/Operator to voluntarily stop operations during periods of wet weather when rutting occurs. **COMPLETED**
4. The Contract Administrator will address the provisions outlined in contract clause G-210 (violation of contract) with the Purchaser/Operator; informing the Purchaser/Operator of the consequences of violating the skid trail requirements outlined in the contract (i.e.: suspending operations). **COMPLETED**
5. The importance of communication links between the Contract Administrator and the Purchaser/Operator should also be stressed to the Purchaser/Operator. **COMPLETED**

➤ **Training:**

6. South Puget Sound Region will conduct Purchaser/Operator equipment training related to the use of skid trails; reviewing soil conditions that could lead to excessive rutting and how to prevent this situation from happening in the future. **COMPLETED**

Corrective Action Plan: EVALUATING PREVENTATIVE MEASURES:

This section outlines evaluating ways to prevent this issue from happening in the future. The responsibility of evaluating each correction action listed below will be assigned appropriately to Region or Division staff. An evaluation of the items listed below will be provided to the audit team within the 90-day requirement outlining recommendations and implementation timelines, if appropriate.

➤ **Pre-Sales:**

7. Evaluate the adequacy of road guidance and timber sale contract clauses being provided in the planning phase to ensure that requirement, location and layout of roads are appropriately being considered to address drainage issues properly (i.e.: 2010 Forest Roads Guide section 3.1.30, timber sale contract clauses H-013, H-014, H-060); considering wet or sensitive soils and additional protection measures for roads and skid trails. **COMPLETED**
8. Evaluate updating the Pre-Work Conference Checklist; determining the advantage of adding the review of skid trail contract requirements during the Pre-Work Conference Checklist. This checklist is reviewed by the Contract Administrator and the Purchaser/Operator prior to the start of harvesting operations. **COMPLETED**

➤ **Training:**

9. Evaluate ways to re-establish and/or implement Pre-Sales, Contract Administrator, and/or Roads Manual training statewide; addressing the importance of road requirements and communication between the Contract Administrator and the Purchaser/Operator. **COMPLETED**
10. Evaluate adding a required timber sales contract clause; requiring Purchasers/Operators to adhere to the logger training requirements outlined within the SFI® 2010-2014 Standard. **COMPLETED**

ROOT CAUSE AND CORRECTIVE ACTION PLAN ACCEPTANCE REPORT

(To be completed by Bureau Veritas Certification – Verify effective identification of Root Cause and acceptance of Corrective Action Plan)

Root Cause:												
Corrective Action Plan:												
Plan Accepted:		Yes	X	No		Comments:						
Auditor:		<i>Gregory Bassler</i>						Date:		August 8, 2010		
CORRECTIVE ACTION IMPLEMENTATION (To be completed by Company – Provide objective evidence. Must be completed within 90 days from the last day of the audit)												
Corrective Action Completion Date:			August 24,2010			Company Representative:			Lislie Sayers			
Corrective Action Implementation: The corrective action implementation was verified by reviewing documents and records (Meeting Notes, memo's, e-mails, letters, maps and training records) provided by the WADNR. The WADNR took the non-conformance very seriously and prepared and effectively implemented a good corrective action plan.												
CORRECTIVE ACTION IMPLEMENTATION ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Acceptance of Corrective Action taken)												
Accepted:			Yes	X	No		Nonconformance Downgraded:			Yes	X	No
Follow Up Comments:		WA DNR responded quickly and effectively to address the NCR.										
Auditor:		<i>Gregory Bassler</i>						Date:		August 24, 2010		

Audit Schedule
Surveillance

Date: June 2, 2010

WA DNR Headquarters in Olympia, WA

Time	Activity	BVC Repr.	Company Repr.
10:00 AM	Opening Meeting at DNR Headquarters in Olympia	Greg Bassler Vincent Corrao	Lislie Sayers Allen Estep
10:30 AM	Document Review Objectives 1 and 20		
Noon	Lunch		
1:15 PM	Complete document review new indicators		
2:30 PM	Review site selection and audit plan		
3:00 PM	Debrief on document review		
3:15 PM	Depart auditors for next days audit sites		

Date: June 3, 2010

Pacific Cascade Regional Office

Time	Activity	BVC Repr.	Company Repr.
7:00 AM	Opening Meeting at field audit	Greg Bassler Vincent Corrao	Lislie Sayers Allen Estep
8:00 AM	Begin field audit and visit sites		
3:30 PM	Conclude field audit and debrief		
3:45 PM	Depart site		

Date: June 4, 2010

South Puget Sound Regional Office

Time	Activity	BVC Repr.	Company Repr.
7:00 AM	Opening Meeting for field audit	Greg Bassler, Vincent Corrao Jim Rochelle	Lislie Sayers Allen Estep
8:00 AM	Begin field audit and visit sites		
3:30 PM	Conclude field audit and debrief		
4:00 PM	Depart Site		

Date: June 15, 2010

Time	Activity	BVC Repr.	Company Repr.
1:30 PM	Closing Meeting - Conference call	Gregory Bassler	Lislie Sayers Allen Estep
2:30 PM	Conclude conference call		