

LEGISLATIVE AUDIT DIVISION

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MEMORANDUM

TO: Legislative Audit Committee Members
FROM: Angie Grove, Deputy Legislative Auditor
DATE: December 2008
Cc: Mary Sexton, Director, Department of Natural Resources
Bob Harrington, Administrator, DNRC Forestry Division
Robert Ethridge, Chief, Forestry Assistance Bureau
Roger M. Ziesak, Forest Practices Specialist, Forestry Assistance Bureau
RE: Performance Audit Follow-up 09SP-13: Promoting Proper Forest Practices
(orig. 06P-12)
ATTACHMENT: Original Performance Audit Summary

INTRODUCTION

In July 2007, we presented our performance audit of the Department of Natural Resources' (DNRC's) efforts to promote proper forest practices in Montana. The audit made one recommendation to DNRC to improve its efforts in this area. This memo summarizes the results of our follow-up work in addition to presenting background information on the program.

Overview

The audit recommendation focused on expanding DNRC's criteria for selecting timber harvest sites to ensure a broader spectrum of sites receives a Best Management Practices (BMP) audit. The audit recommendation has been implemented.

AUDIT BACKGROUND

The term forest practices generally refer to activities related to timber harvest. Montana's current forest practices regulatory framework consists of both mandatory requirements and voluntary applications. The majority of on-the-ground forest practices activities, such as road design and building, timber harvest operations, and stream crossings are administered using voluntary forestry BMPs. In response to a 1987 amendment to the federal Clean Water Act, voluntary BMPs were developed in Montana as a primary tool to protect water resources from nonpoint sources of pollution during forest practices activities. DNRC also coordinates with the BMP Technical Working Group. This group consists of representatives of federal and state land management agencies, the timber industry, private land owners, and environmental and conservation group representatives. The purpose of this working group is to review BMPs and evaluate needed changes to improve forest practices activities.

Montana's system to promote proper forest practices generally consists of three main components. These include:

- ▶ Stakeholder partnerships and educational tools to enhance implementation of sound forest practices.
- ▶ On-site inspections of forest practices activities and landowner consultations to improve compliance with BMPs.
- ▶ Biennial BMP audits which are an essential component for the DNRC to evaluate if forest practices were conducted responsibly.

DNRC's biennial BMP audit process is an important component used by the department to evaluate forest practices. The BMP audit process evaluates the extent voluntary BMPs are applied during forest practices and if the BMPs were effective in limiting nonpoint sources of water pollution. DNRC uses site selection criteria to randomly select 40 to 45 "high-risk" timber harvest sites for biennial BMP audits. Various selection criteria are used to consider timber harvest sites for a potential BMP audit. These criteria include timber harvest occurring three years prior to the audit period, harvest units being five acres or more, and timber harvest removal being at least 5,000 board feet (bf)/acre in western Montana and 3,000 bf/acre in eastern Montana. However, one of the major criteria in selecting high-risk sites is the distance a timber sale is from a stream. To be considered for a BMP audit, a portion of a timber harvest unit must be located within 200 feet of a stream or other water source. Performance audit work found the selection criteria of focusing on timber harvests conducted near water did not allow other high-risk factors (road construction, stream crossings, logging methods, etc.) to be considered when selecting potential BMP audit sites. Audit documentation demonstrated road surface drainage, culvert installation, and other stream crossings generally have the highest departure rates from BMPs and are the highest potential sources of nonpoint water pollution.

FOLLOW-UP AUDIT FINDINGS

The performance audit report included one recommendation to expand DNRC's criteria for selecting timber harvest sites to ensure a broader sample of sites receive a BMP audit. The following summarizes information relating to follow-up audit work and the implementation status of the recommendation.

Recommendation #1

We recommend DNRC, in conjunction with the BMP Technical Working Group, expand BMP audit selection criteria prior to the 2008 BMP audit cycle to audit/monitor a broader spectrum of timber harvest sites.

Implementation Status – Implemented

The department has implemented this recommendation. Upon receipt of the performance audit report, DNRC requested to move the implementation date to the 2010 BMP audit cycle. DNRC took the audit recommendation to the BMP Technical Working Group in October 2007, which in turn, formed a subcommittee to address the performance audit recommendation. During the next year, several meetings were held to develop a revised approach for selecting BMP audit sites. The subcommittee developed draft changes in summer 2008. These changes were adopted by the BMP Technical Working Group in November 2008. The new selection criteria will be used for the 2010 BMP audit cycle. In general, the new BMP audit site selection criteria:

- ▶ Reduced the audit window to include timber harvests occurring within two years of the audit year.

- ▶ Allows a portion of the sale to be located within 200 feet of a stream, but this criterion was expanded to include stream crossings or maintenance responsibility for road systems associated with the timber harvest.
- ▶ Reduced the minimum timber harvest in western Montana to 3,000 bf/acre and to 1,500 bf/acre in eastern Montana.

In addition, the audit population will be stratified based on prioritization criteria. These criteria use a point system to help assess the risk of each site submitted for audit consideration. For example, a timber harvest site with multiple new or replacement class I or II stream crossings associated with the timber harvest will be assigned the maximum five points. A timber harvest using stream crossings that already exist will be assigned one point. Using the prioritization criteria, audit sites will be randomly selected to ensure at least two-thirds of the audited sites are rated as higher-risk.

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