

Minnesota Master Logger Certification (MMLC) Program

Auditing Best Practices

Responsibility of Auditors

It is the responsibility of each auditor to provide enough information to enable the MMLC Board to make an informed decision as to the applicant's (logger's) adherence to the MMLC Standard.

The MMLC Board must be provided with sufficient evidence to determine whether the applicant warrants re-certification. The MMLC Board is unable to perform this important function without adequate objective evidence from its auditors.

Preparing for the Audit

- **Review information provided by MMLC** (harvest contract; sale map (if available); contact information for landowner, logger, and forester; etc.).
- Determine location of audit site. If necessary, **obtain permission to cross private property.**
- Inform the landowner, logger, and the forester of the upcoming audit. Invite and encourage their participation. If they express an interest, work collectively to select an audit date.
- **Notify the landowner, logger, and forester at least one week prior to the audit date.**
- Review MMLC Standard and auditing best practices and interpretation document.
- Familiarize yourself with the MMLC Field Audit Form and Field Audit Summary Report to ensure adequate coverage of all Areas, Performance Standards, and Practices.
- Refer to "2012 Auditing Best Practices & Standard Interpretation Guide for Auditors" document, developed by MMLC Board for clarity on conformance versus non-conformance.

Field Audit

- **Auditors are REQUIRED to systematically walk thru the entire sale area, check sale boundaries, and inspect roads/trails.** Remaining in the vehicle or simply walking logging roads or skid trails is not acceptable, as it will not give you a complete and accurate representation of how the operations were conducted or the impact to the resource. Additionally, using this approach provides little benefit to the logger, weakens support and confidence in the Minnesota Master Logger Certification (MMLC) Program, and damages your credibility as an auditor.
- **Visit and inspect all unique features** (riparian areas, wetlands, reserve areas, recreational trails, cultural resources, etc.) included within, or immediately adjacent to, the sale.
- **Take pictures** to document findings (both conformance and non-conformance). Be sure to accurately set the date on your camera. Be sure to take pictures of all unique features.
- **Provide an opportunity for participants present** (logger, landowner, forester) **to ask questions, clarify responses / situations, and provide feedback prior to concluding the field audit.**

Documentation

- **Attach photos to your audit report.** Include the date, location, and a caption for each photo. If needed, place a standard sized item (i.e., pen) in the photo for a frame of reference or scale.
- **Reference objective evidence** (sale contract, management plan, quality photos, etc.).
- Indicate and explain what, if any, requirements in the Standard were addressed by other parties.

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Audit Summary Report

- Check against the Field Audit Form for accuracy and consistency (i.e., ownership, property size).
- Determine conformance to each Practice in every Performance Standard and Area.
- The “brief” explanation provided on page 2 should contain enough information to give a reader confidence that the logger AND the auditor met relevant standards.
- Please summarize the reasons WHY you determined conformance or non-conformance for Performance Standards under each of the five Areas. Simply stating that the Standard was met or referring to attached photos is NOT a sufficient explanation.
- Both positive and negative findings should be explained.

Field Audit Form

- Accurately report ownership on the top of page two.
- Be sure that the harvest and property size on the top of page one is consistent with the top of page two and the responses under Area five.
- Be consistent and clear as to the presence or absence of RMZs, wetlands, and stream crossings. Your responses on the top of page two should coincide with responses to Area one.
- Explain significant landscape features (i.e., riparian areas, lakes, cultural resources, recreational trails, cabins, etc.), landowner objectives, and other challenges of the sale in the “General Overview of Sale” at the bottom of page two. Your description should be adequate to provide an accurate picture as to the complexity and objectives of the harvest. Responses should be at least several sentences, long enough to convey the proper message.

Purpose of Adequate Documentation

- All credible audits should result in findings that can be replicated / reproduced if a different auditor were to look at the same operation. Audit reports should be detailed enough provide assurances that both the auditor and the logger performed in a way that meets the Standard.
- Objective evidence (sale contract, management plan, quality photos, etc.) should be referenced so as to back up and support your findings.
- Objective evidence also includes statements of due diligence on your part as an auditor. For example, if the audit form indicates compliance with the Practice requiring the logger to ensure that property taxes have been paid, you should document HOW you arrived at that conclusion (e.g., “Interview with operator confirms a check for payment of property taxes by landowner was made.”)
- Findings, notes, and summary explanations throughout the report should all be consistent.
- The audit process and resulting reports must reflect the credibility and value of the program.

Finalizing & Submitting Reports

- Contact landowner/logger/forester to confirm facts/observations or clarify information.
- Contact and request clarification from MMLC for any issue you are uncertain of how to evaluate.
- The MMLC Field Audit Form and MMLC Field Audit Summary Report are due to Dave Chura @ dchura@mlep.org by the date listed in the contract.

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Examples of Adequate Documentation *(direct excerpts from previous audit reports)*

- “Good understanding of need to maintain filter strip around wetland, see photo of wetland pocket.” *Not only does this statement explain what was done well, but it also references objective evidence (photo), which was attached to the report.*
- “Visual quality was addressed with the landowner at the time of the pre-harvest meeting.” *This shows that both the logger and landowner (perhaps even the forester?) were involved in the decisions of how to operate and harvest the sale. Also implies both were consulted by auditor.*
- “Sale meets the landowner’s objective of having the old timber harvested and a new forest initiated. Slash was chipped as biomass so that the owner could plant conifers in select areas within the cut area.” *Clearly all involved (including the auditor) understood the sale objectives. Illustrates thoughtfulness and attention to detail on the part of the logger.*
- “Utilization included the piling of the large diameter slash for chipping as bio-mass. This was completed within a few months of the job completion.” *This is detailed and includes a timeline.*
- “Cultural resources and threatened and endangered species were not considered prior to harvesting. No check of data base to determine existence of either.” *Addresses responsibility to check the database AND consider information in operations.*
- “No detailed written contract nor harvest plan was developed for the sale. The contract only included an estimate of the timber volume by species with an agreed upon stumpage price. The contract was signed by both the applicant and the landowner.” *This is very thorough.*
- “Applicant performed correct silvicultural practices for the site and situation.” *Demonstrates that the auditor considered and weighed the needs of the site with the actions taken.*
- “Exceptional performance. Damage to residual standing timber is minimal and indicates highly skilled operators.” *Better than simply indicating conformance and protection of leave trees.*
- “Several small seasonal wetlands are located in the harvest area along with a larger shrub swamp. A cabin site is located in the center of the property...” *Clearly this auditor took into account the “lay of the land” and understood the complexity / challenges facing the logger.*

Examples of Insufficient Documentation *(direct excerpts from previous audit reports)*

- “See attached photos.” *This was the only explanation (copy-paste) given in the summary report. Simply relying on a photo (especially ones without detailed captions) is subjective and open for interpretation by the viewer. Photos should back up findings, not be the finding themselves.*
- “Township property adjacent to recreational area / sensitive-keep neighbors happy / slopes.” *What? Were the neighbors happy, and if so what was done to keep them happy?*
- “Met FMG And Audit Form Guidelines.” *This was the only explanation (copy-paste) provided in the summary report to explain the finding in each Area. This is great to know, but there would be more value in explaining what was done to conform to the guidelines and MMLC Standard.*
- “The applicant and the owner did walk through the property and did discuss the sale however the discussion was documented.” *This is confusing and leads the reader to making assumptions as to what the auditor intended. Other statements in the summary report indicate that a written harvest or management plan did NOT existed, which conflicts with the above statement. To add to the confusion, Practice 1 under Performance Standard V-A in the field audit form is marked as a MNC, but most of the other Practices are marked as conformance.*

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MMLC Standard – Interpretation Guidance for Auditors

Intent:

Clarify Performance Standards and Practices that in the past have been evaluated inconsistently by auditors. It is not intended to provide interpretation for all auditable practices in the standard.

Practices Answered by a Yes / No (in addition to those already specified as such):

For Practices that are essentially “yes / no” questions, a minor non-conformance (MNC) finding is not appropriate / valid. Rather, acceptable options include:

- “Yes” indicates Conformance (C)
- “No” indicates a Serious non-conformance (SNC)
- “NA” indicates not applicable

Some Practices already require a “yes / no.” Additional practices where findings should be limited to “yes / no / NA” include the following:

Area ONE

- Performance Standard I-C: Practice 1
- Performance Standard I-D: Practices 1 & 2
- Performance Standard I-F: All Practices

Area FOUR

- Performance Standard IV-A: All Practices except #4
- Performance Standard IV-B: All Practices except #5

Area FIVE

- Performance Standard V-A: Practice 1 (written harvest plan either exists or doesn't), 4, 5, & 8
- Performance Standard V-B: Practice 1 (written contract, signed by BOTH parties) & 4
- Performance Standard V-C: Practice 1

Area SIX

- Performance Standard VI-B: All Practices

Interpretation/Clarity on Specific Elements of the Standard:

The following Practices, listed on page five, are vaguely worded and therefore, need specific explanation and interpretation. The MMLC Board is providing this clarification to ensure consistent and fair audits that meet the intent of current standard.

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Area FOUR – Performance Standard IV-A:

- *Practice 4:* **C** = check for cultural resources was conducted AND no damage was observed. *(Practice 4 can be satisfied if the logger proves they requested this information from the State but it was not provided in a timely manner (2 weeks).)*
MNC = check was NOT completed, but luckily no violations found **OR** check was conducted and operations adjusted, but accidental damage occurred.
SNC = check was NOT completed AND violations were discovered (damage to cultural resources occurred as a result of failure to check database and adjust operations) **OR** check was completed but information was not considered or used to adjust operations AND violations occurred.
- *Practice 5:* **C** = operator is aware of his/her responsibilities under the law and is knowledgeable of threatened and endangered species and methods for protecting them. *(Naming examples of such species in the area and explaining methods that could be used to protect them proves sufficient knowledge.)*
SNC = operator is unaware of his/her responsibilities under the law and is not knowledgeable of species or appropriate management options **OR** logger is aware but auditor observes evidence of obvious damage and violations on site.

Area Five – Performance Standard V-A:

- *Practice 1:* **Yes = C.** Written harvest plan exists (this applies to properties of ALL sizes).
No = SNC. No written harvest plan exists (applies to properties of ALL sizes).
- *Practice 2:* **NA** = property is not over 100 acres and therefore this question doesn't apply.
Yes = C. Written harvest AND management plan exist (ALL properties >100 ac.).
Yes & No = MNC. Written harvest plan exists but property lacks a management plan. *(The logger should have encouraged the landowner to seek a plan.)*
No = SNC. No written harvest or management plan exist (absence of both).
** Practice 2 should be answered for ALL properties over or equal to 100 acres.*
**If answer to Practice 1 or 2 is "NO" (equivalent of a SNC), Performance Standard V-A cannot be met. In such cases, the rest of the Practices under Performance Standard V-A must receive a NC. Performance Standard V-B provides opportunities to recognize the existence of a written contract.*
- *Practice 3:* **Yes = C.** Property is over 499 acres is third-party certified.
No = MNC. Property is over 499 acres but is not third-party certified.
**Recognizing that the decision to certify one's land is not under the control of the logger, a SNC finding here is not appropriate, even on non-certified land.*

Area Five – Performance Standard V-B:

- *Practice 2:* **C** = Contract includes ALL the basic categories listed in the *Landowner's Manual*.
MNC = Contract includes a majority of the basic categories.
SNC = Contract fails to include a majority of the basic categories.
**SFI SIC Landowner's Manual lists key categories. See page six.*
- *Practice 3:* **C** = Harvest plan / contract addresses ALL of the considerations listed.
MNC = Harvest plan / contract addresses a majority of the considerations.
SNC = Harvest plan / contract is absent and/or fails to address a majority of the considerations listed in the Standard.