

Michigan Department of Natural
Resources
Forest Certification
Management Review Report

January 26, 2012

DNR Management Review Field Meeting

January 26, 2012

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NOTE: As of January 8, 2012, Forest Management Division (FMD) is now Forest Resources Division (FRD) as a result of the reorganization of FMD and some other Departmental reorganizational changes involving other Divisions.

Management Review Participants

Forest Resources Division (FRD):	Acting Division Chief and State Forester Bill O’Neill Acting Field Coordinator/Forest Certification Specialist Dennis Nezich UP and NLP District Supervisors: Jeff Stampfly, Bill Sterrett, Steve Milford, Eric Thompson (Acting) Forest Resource Management Section Leader Debbie Begalle Forest Planning and Operations Unit Leader David Price
Wildlife Division (WLD):	Division Chief Russ Mason Field Coordinator Penney Melchoir UP and NLP Regional Supervisors Terry Minzey, Rex Ainslie UP Field Manager Craig Albright,
Law Enforcement Division (LED):	Lt. Creig Grey
Fisheries Division (FD):	Steve Scott
Parks and Recreation Division (PRD):	Richard Hill, Jr.

I. Background

In 2004, as part of a strategy to retain forest-based jobs and assure forest sustainability, Governor Jennifer M. Granholm directed the Department of Natural Resources (DNR) to pursue certification of the state forest system. In May 2004, the Legislature passed the Sustainable Forestry Act that requires certification of the 3.9 million acres of the state forest system. Michigan's state forest system was accredited in December 2005 under two forest certification standards, the Sustainable Forestry Initiative (SFI) and Forest Stewardship Council (FSC). Annual SFI and FSC surveillance audits are required in order to maintain certification status. Certification was granted for a five year period, with the original certificates expiring in December, 2010.

A Request for Proposals for recertification of the State Forest system was advertised in the summer of 2010. A contract was awarded to NSF International Strategic Registrations in partnership with Scientific Certification systems, the same companies that conducted the original certification audit. A recertification audit was conducted in October 2010, and certification certificates were renewed in December, 2010. The first annual surveillance audit conducted under the new certificate occurred October 17-20, 2011. Audit results are found on pages 5-14. The next SFI and FSC surveillance audit is scheduled for October 15-18, 2012.

A. Requirements for Management Review and Continual Improvement

FSC Objective 13. To promote continual improvement in the practice of *sustainable forestry* and monitor, measure, and report performance in achieving the commitment to *sustainable forestry*.

SFI Performance Measure 20.1. *Program Participants* shall establish a management review system to examine findings and progress in implementing the SFI Standard, to make appropriate improvements in *programs*, and to inform their employees of changes.

DNR Management Review Process

Work Instruction 1.2 establishes the Management Review process to promote continual improvement in the management of the state forest system. The purpose of the Management Review is to establish a systematic process for evaluation of forest management practices. The review includes a report of the previous year's implementation efforts and a formal management review meeting. The annual management review evaluates audit results for state forest operations, effectiveness of work instructions and any implemented changes relating to past audit results, and identifies changes or improvements necessary for continued conformance with FSC and SFI standards necessary to maintain certification.

Focus of Management Review Meeting:

Make management decisions to:

- a. Clear any SFI and FSC Corrective Action Requests (CARs) and implement DNR corrective action responses,
- b. Review unresolved Non-conformance Reports (NCR) from past internal audits and develop strategies to resolve them,
- c. Review pending actions decided at previous Management Reviews not fully implemented,
- d. Identify needed revisions to work instructions, and
- e. Identify other actions for continual improvement of state forest operations.

DNR Internal Audits:

DNR Work Instruction 1.2 specifies that internal audits be conducted annually. The Forest Management Units (FMUs) selected for internal audit in 2011 were Crystal Falls, Newberry, and Traverse City.

Based upon audit results, DNR internal auditors identified two “statewide” non-conformances (see page 15 and Appendix A, page 25) that require attention during the 2012 Management Review.

Non-conformance reports from the 2010 internal audits that have not been closed out are listed in Appendix B. Recommendations in regard to these NCRs are noted.

Implementing Program Improvements:

1. Whenever possible, immediate changes will be made to remedy identified non-conformances.
2. The Forest Certification Team (FCT) will be responsible for ongoing management review of implementation and for recommending actions necessary to improve sustainable management of forest resources.
3. Division Management Teams will review decisions.
4. The Statewide Council (SWC) will review and approve management review decisions that identify changes and improvements necessary at all Department levels to continually improve conformance with work instructions and standards.
5. Division Chiefs will ensure changes and improvements approved by the Statewide Council are implemented via written communication to employees.

Recommended timeline for review of Management Review Report (MRR) and proposed Work Instruction (WI) revisions:

- a) The FRD and WLD Field Coordinators agree on a draft Management Review Report which will be forwarded to the FRD, WLD, FSHD, LED, and RD Management Teams by February 15, 2012.
- b) Management Team comments on MRR due April 1, 2012 to Penney Melchoir who will review with the FCT Executive Committee.
- c) Send MRR and proposed WI revisions to Statewide Council for information by April 8, 2012 with approval desired by May 15, 2012.
- d) FRD District supervisors, WLD regional supervisors, LED Field Coordinator, and Fisheries Division Unit Managers will ensure implementation of management review decisions following approval by SWC.

II. 2011 Surveillance Audit

The 2011 surveillance audit involved an evaluation of all FSC and SFI Corrective Action Requests (CARs) issued during the 2010 recertification audit and an evaluation of select forest certification indicators included in the SFI 2010-2014 Standard and FSC-US Forest Management Standard (v1.0). Additionally, the SFI and FSC auditors closely reviewed changes within DNR (e.g., staffing, budget, land acquisitions, planning documents) pertinent to certification.

This year's audit involved a two-member team: Dr. Robert Hrubes (lead auditor for FSC) and Mike Ferrucci (lead auditor for SFI); both have been involved with the DNR forest certification program since 2005. Additionally, two observers attended the first day of the audit, Nadine Block (SFI senior Director, Government Relations) and Ben Silvernail (MSU Intern).

Forest Management Division Field Coordinator Bill O'Neill, Wildlife Division Field Coordinator Penney Melchoir, Acting Forest Resource Section Leader Debbie Begalle, Acting Forest Planning and Operations Unit Leader David Price, and FMD Forest Certification Specialist Dennis Nezich accompanied the audit team during the entire audit. Other DNR staff involved during the audit are identified in the SFI and FSC audit reports.

The audit started October 17 in Traverse City with an informal dinner meeting with the auditors. The formal audit began on Tuesday morning, October 18, in Cadillac with program overviews and a presentation by DNR staff on what was accomplished to address the 2010 CARs. Field review of sites on the Cadillac Forest Management Unit (FMU) was conducted Tuesday afternoon, Atlanta FMU on Wednesday, October 19, and Traverse City on Thursday, October 20. A closing audit meeting was held Thursday afternoon at the Traverse City Field Office.

Both lead auditors recommended continued certification under the SFI and FSC standards. Two FSC CARs from the 2010 recertification audit required additional follow up within 30 days of the closing meeting before they could be closed. One new FSC minor CAR and two new SFI minor CARs were issued, as were a number of SFI opportunities for improvement and FSC observations. Additional details on the audit results are found in the following section. Audit reports will be posted on the DNR web site when they become available.

Audit Results

FSC Certification Decision - Disposition of 2010 Findings:

FSC CARs:

Nonconformity: MDNR has not made publicly available a statement that complies with National Indicator 1.6.a.	
Minor CAR 2010.1	Develop and make publicly available a written statement of commitment to manage the “in scope” state forestlands in conformance with FSC standards and policies, including the FSC-US Land Sales Policy.
Disposition	Closed. A public statement was drafted and posted on the MDNR web site, on the Forest Certification web page.

Nonconformity: MDNR has not documented, in brief, the reasons for seeking partial certification that complies with National Indicator 1.6.a.	
Minor CAR 2010.2	Convey to SCS a document that, in brief, explains the reasons for seeking partial certification, referencing FSC-POL-20-002, describing the locations of other managed forest units, the natural resources found on the holdings being excluded from certification, and the activities planned for the excluded lands.
Disposition	Closed. A written justification for excluding certain Michigan state lands from the scope of MDNR’s FSC FM certification was drafted in response to this CAR.

Nonconformity: MDNR’s consultation with native American tribes does not presently comply with National Indicators 3.3.a, 3.3.b, & 8.2.d.5.	
Minor CAR 2010.3	Review and revise methods for outreach to native American tribes with an aim at securing a higher level of response and collaboration, by employing more culturally appropriate consultative procedures.
Disposition	<p>Closed.</p> <p>Lead auditor findings as of October 20, 2011: Effective January 1, 2012, unless MDNR provides evidence of a completed review prior to issuance of the 2011 annual surveillance audit report. If this CAR is upgraded to MAJOR, MDNR must provide satisfactory evidence to warrant closure by April 1, 2012 to avoid suspension of its FSC certification.</p> <p>NOTE: Prior to issuance of the written Findings of the 2011 audit, MDNR (on November 15, 2011) submitted several documents to SCS describing actions the Department undertook in response to this CAR after the 2011 field visit by the SCS audit team. The documents included minutes from a November 4, 2011, meeting of senior DNR personnel involved in tribal interactions; the November 4th meeting was held for the express purpose of conducting an internal review of the modes and methods of tribal interaction, for the purpose of identifying opportunities for improving the effectiveness of efforts to reach out to and interact with Michigan tribes.</p> <p>The minutes of the meeting clearly indicate that a substantive review was accomplished. On November 15, 2011, Forest Certification Coordinator Dennis</p>

	<p>Nezich wrote to the SCS lead auditor:</p> <p>Please find attached the minutes from my Department's November 4, 2011 Tribal meeting which was held to review current methods of tribal outreach related to management of the state forest system, and to identify revised methods for tribal contacts with an aim at securing a higher level of response and collaboration. The decisions made at this meeting will be employed in 2012. I also attached three documents that were referenced during this tribal meeting.</p> <p>ON THE BASIS OF THE SUPPLEMENTARY RESPONSIVE ACTIONS UNDERTAKEN BY MDNR BETWEEN OCTOBER 20TH AND NOVEMBER 15TH, 2011, THE SCS LEAD AUDITOR CONCLUDES THAT CLOSURE OF THIS CAR IS NOW WARRANTED.</p>
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Nonconformity: Forest workers and DNR employees do not consistently demonstrate adherence to a safe work environment in the field.	
Minor CAR 2010.4	Design, implement and document actions to assure more consistent forest worker and DNR employee adherence to the DNR's safety policies, guidelines and contract terms.
Disposition	<p>Closed.</p> <p>MDNR conveyed, on October 20, 2011, a copy of an Interoffice Communication from Lynne Boyd to all DNR Employees. The memo was dated September 27, 2011 and was titled, Personal Protective Equipment Requirements for Employees and Loggers.</p>

Nonconformity: People who are subject to direct adverse effects of management operations are not being adequately apprised of relevant activities in advance of the action.	
Minor CAR 2010.5	Pursue measures to inform adjacent landowners of pending harvest or other site disturbing activities occurring at the boundary of State Forest property.
Disposition	<p>Closed.</p> <p>The SCS lead auditor considers MDNR's response to this CAR to be marginally adequate. The auditor notes that it requires 5 key strokes to arrive at one of the unit-specific pages and that there is no clear direction on the pathway for a web site user to take to get to the desired pages. Once on a unit-specific web site, the user must navigate through (scroll down) a complex web page in order to find compartment review links. Determining which compartments may be of interest requires further research on the web site. While the information is ultimately discoverable, only the most dedicated and computer-savvy web site users will likely find desired information easily. And what about neighboring landowners that do not have web access?</p> <p>So, while the development of these unit-specific web pages is a positive development and one that certainly enhances the robustness of the DNR's web site, it remains a question as the extent to which this method will actually result in neighboring landowners being adequately informed about pending site-disturbing</p>

	<p>activities on the state forests.</p> <p>Closure of this CAR is marginally warranted. See the follow-up Observation, later in this Findings Document.</p>
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<p>Nonconformity: DNR does not presently have policies in place for assuring that all areas meeting the FSC definition of Type I and Type II Old Growth (see Glossary to the FSC US National Standard) are protected from harvest, while allowing for the exceptions stated in Indicator 6.3.a.3.</p>	
<p>Minor CAR 2010.6</p>	<p>Develop and implement policies assuring conformance with the old growth protection requirements contained in Indicator 6.3.a.3.</p>
<p>Disposition</p>	<p>Closed.</p> <p>Key MDNR staff were assigned responsibility for assessing this CAR and formulating a response strategy and course of action. Revision to Work Instruction 1.4 formed the core of the response.</p> <p>With regard to development of new or revised guidance documents that will assure identification and protection of areas meeting the FSC definition of Type I and II Old Growth, we conclude that MDNR has provided satisfactory evidence of responsive action.</p> <p>With regard to training for assuring consistent implementation, we conclude that MDNR's response is not yet complete (3 of 15 FMU's had undergone training at the time of the 2011 surveillance audit). But on MDNR's assurance that the training for the remaining FMU's will take place in the first half of 2012, we consider the response to be marginally adequate.</p> <p>During the 2012 surveillance audit, we will check to confirm that the additional training did, indeed, take place.</p>

<p>Nonconformity: The MDNR retention guidelines do not assure adequate conformity with Indicators 6.3.f and 6.3.g.1. There is presently incomplete and inconsistent understanding by MDNR personnel of the Department's retention guidelines.</p>	
<p>Minor CAR 2010.7</p>	<p>a) Revise the retention guidelines to assure that all trees meeting the FSC definition of "legacy tree" are protected from harvest (see Glossary to the FSC US National Standard).</p> <p>b) Revise the retention guidelines to assure that "habitat components and associated stand structures" are retained during harvest operations "in abundance and distribution that could be expected from naturally occurring processes" and that include the elements articulated in Indicator 6.3.f (a) & (b). For even-aged regeneration harvests and for salvage harvests, assure that "live trees and other native vegetation are retained within the harvest unit in a proportion and configuration that is consistent with the characteristic natural disturbance regime unless retention at a lower level is necessary for purposes of restoration or rehabilitation."</p>

	c) Upon completing revisions to the retention guidelines, conduct training to assure consistent and accurate understanding by employees who implement the guidelines.
Disposition	<p>Closed.</p> <p>The most salient/substantive element of MDNR's response to this CAR is the revision of Work Instruction 1.4 along with development of a separate retention guidance document; however, neither document was been finalized at the time of the surveillance audit. Once finalized, we consider the revised guidance sufficient to assure, to an acceptable level of likelihood, that trees meeting the FSC definition of "legacy tree" will be protected.</p> <p>The audit team was assured that the retention documents would be finalized in December 2011.</p> <p>Regarding part (b) of this CAR: paragraph 1 of the Executive Summary to the Retention Committee Report confirms that the scope of the additional retention guidance includes "habitat components and associated stand structures."</p> <p>Regarding part (c) of this CAR: we conclude that implementation of associated employee training to assure consistent implementation of the retention guidance is not complete; indeed, it has not yet been substantively initiated. Rather, retention training will be part of the 2012 training agenda for the Department. While this does not constitute exemplary response to this CAR, we conclude that response to part (c) is marginally adequate.</p> <p>As conveyed orally during the October 20th closing meeting, the audit team concludes that MDNR has undertaken considerable effort to address this CAR. It is our decision to close this CAR on the express assumption that MDNR provides evidence of finalization of the revised retention guidance documents. During the audit, MDNR indicated to the auditors that these documents would be finalized in December, 2011. In the absence of documentary evidence confirming finalization of these retention guidance documents by February 1, 2012, this CAR will be re-instated and raised to status of MAJOR. If this CAR is upgraded to MAJOR, MDNR must provide satisfactory evidence to warrant closure by April 15, 2012 to avoid suspension of its FSC certification.</p>

Nonconformity: Because the Department's silvicultural guidelines are outdated for some cover types, silvicultural systems employed by MDNR do not assure that ecosystems present on the FMU will be sustained for the long term. Some field foresters are imprecise in their use of silvicultural terminology and concepts. Use of diameter limit harvests in bottomland hardwoods is not a generally accepted practice.	
Minor CAR 2010.8	Update outdated elements of the Department's silvicultural guidelines. Conduct additional training to assure more consistent and complete understanding of silvicultural principles and terminology.
Disposition	<p>Closed.</p> <p>While the audit team does not consider MDNR's responsive actions to be thoroughly complete, we conclude that the response is sufficient to warrant closure</p>

	of this CAR. The audit team notes the assurances provided by MDNR staff that the training will be completed in due course (i.e., in 2012). There is a new Silvics and Management Guidance Manual but it is still in draft form; guidance was revised for three major species. At the October 2011 audit, DNR personnel assured the SCS lead auditor that the Management Team would finalize/approve the retention documents in December. A new silvicultural training curriculum has been developed and “3-4” Go to Meeting web-based training sessions had been held prior to October 17, 2011. A new intranet page has been created to facilitate uptake of the new guidance.
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Nonconformity: The collection of publicly available documents constituting the management plan for the lands managed by MDNR do not describe how species selection and harvest rate calculations are developed and how the method meets the requirements.	
Minor CAR 2010.9	Develop as elements of the management plan a written description of the species selection and harvest rate calculation process, as required in Indicator 7.1.m.
Disposition	Closed. On the basis of the documentary evidence provided to the audit team, both in conjunction with the October surveillance audit as well as the additional document conveyed on November 15, 2011, we conclude that closure of this CAR is now warranted. That is, there is now a publicly available (posted in the web) written summary of the how species selection and harvest rate calculations are developed.

Nonconformity: The full array of results of monitoring activities undertaken on the “in scope” forestlands is not all publicly available. As well, the breadth and complexity of monitoring activities is such that results are not reasonably accessible to the public in the absence of a summary.	
Minor CAR 2010.10	MDNR must develop and make publicly available a summary of monitoring results covering the subject areas listed in Criterion 8.2. The summary must be periodically updated.
Disposition	Closed. The audit team concludes that MDNR has submitted adequate evidence, albeit rather marginal, to warrant closure of this CAR. A monitoring report template has been developed and is posted on the Department’s web site. MDNR is encouraged to expand the scope and detail of the information that is incorporated into these Performance & Monitoring Reports so as to more clearly cover the subject matters enumerated in Principle 8 of the FSC standard.

FSC Observations (OBS)

OBS 2010.1	Eroding compensation received by DNR employees will further complicate the Department’s challenge of maintaining its stewardship of the state forestlands in the face of shrinking staffs and budgets.
Disposition	The underlying circumstances persist; as such, the SCS lead auditor concludes that

	it is appropriate to keep this Observation open, for continued review during the 2012 audit.
OBS 2010.2	DNR should devote more effort at safety training for logging contractors and their employees. The requirement that one person per contractor have logger training is marginal, at best.
Disposition	The underlying circumstances persist; as such, the SCS lead auditor concludes that it is appropriate to keep this Observation open, for continued review during the 2012 audit.
OBS 2010.3	Continued staff and budget reductions will strain the ability of DNR to maintain conformity to the certification standard.
Disposition	The underlying circumstances persist; as such, the SCS lead auditor concludes that it is appropriate to keep this Observation open, for continued review during the 2012 audit.
OBS 2010.4	There is active collection of non-timber forest products and some of this actively is acknowledged to likely have a commercial component (e.g., morel collection and sale to buyers). MDNR could increase its level of attention to managing NTFP collection activities.
Disposition	As we are not aware of any new actions undertaken by MDNR with respect to oversight of non-timber forest products harvesting/collection on the state forests, the SCS lead auditor concludes that it appropriate to maintain this OBS as open, for ongoing review during the 2012 audit.
OBS 2010.5	The effects of high densities of deer in some regions and the associated impact on the natural species diversity in the forest, as well as the ability to adequately regenerate a productive forest, continues to be a concern expressed by stakeholders and some FMD foresters. A Cervid Herbivory Team was appointed to address this issue, but little progress has been made.
Disposition	No written response to this OBS has been provided by DNR. The underlying circumstances persist; as such, the SCS lead auditor concludes that it is appropriate to keep this Observation open, for continued review during the 2012 audit.
OBS 2010.6	There is an inconsistent level of attention being paid to invasive exotic species. The March 2009 Framework for Action needs to be followed up with tangible actions.
Disposition	Closed. MDNR provided the lead auditor with a document, dated October 12, 2011: Forest Management Division (FMD) Invasive Species Project 2011. The document provides a summary of invasive species related activities: ARRA funded projects undertaken, Pest & Disease Loan funding, Great Lakes Restoration Initiative funding, training and application development. Overall, this document conveys a sense that DNR is strengthening its focus on and efforts to control the spread of invasive species in Michigan.

OBS 2010.7	There is an inconsistent level of understanding on the part of field personnel regarding the purpose of Biodiversity Stewardship Areas, especially whether or not (for some BSA's) their purpose is to serve as reference areas.
Disposition	Closed. The SCS lead auditor was provided with a copy of a memo signed by Director Stokes and dated July 12, 2011, that provided updated guidance to DNR personnel on the Living Legacy Project and the ongoing effort at designating BSA's.

OBS 2010.8	The frequency and severity of ORV-related "RDRs" would be reduced by additional efforts to counter the unintended consequence of the ORV trail system—that they are vectors for unauthorized ORV activity that is causing resource damage.
Disposition	No written response to this OBS has been provided by DNR. The underlying circumstances persist; as such, the SCS lead auditor concludes that it is appropriate to keep this Observation open, for continued review during the 2012 audit.

OBS 2010.9	There is insufficient investment in road maintenance. This is likely to result in future non-conformities if surveillance audits reveal adverse environmental impacts from poor road maintenance.
Disposition	No written response to this OBS has been provided by DNR. Maintain as an Open OBS, for review during the 2012 audit.

OBS 2010.10	Overall management of the state forestlands would be enhanced by completing of the access plan.
Disposition	No written response to this OBS has been provided by DNR. Maintain as an Open OBS, for review during the 2012 audit.

OBS 2010.11	Although progress has been made in the past 5 years, DNR should maintain and enhance efforts to control and minimize adverse environmental impacts from unauthorized ORV activities.
Disposition	Closed. Overall, the lead auditor is left with the impression that DNR is ramping up its efforts to address resource damage from unauthorized ORV activities.

OBS 2010.12	Conversion of natural forests such as hardwood stands to red pine, even if such stands are considered "off site," needs to be done in a manner that does not constitute a conversion to a plantation, as defined by the FSC. In such cover type conversions, efforts at maintaining hardwood elements and generally assuring a level of biodiversity above a traditional red pine row-planted stand, will help to avoid a finding that MDNR is engaging in conversion to "FSC plantations."
Disposition	No written response to this OBS has been provided by DNR. Maintain as an Open OBS, for review during the 2012 audit.

OBS 2010.13	While meaningful progress has been made in the regional state forest management planning process since the 2009 audit, the task remains highly complex and challenging and still not yet completed. Marshalling additional resources and, if need be, streamlining some of the procedures in order to complete all three regional plans by the time of the 2011 audit would be clearly advantageous.
Disposition	For reasons essentially the same as prior years, DNR was again unable to meet its assurances of the date of completion of the Regional State Forest Management Plans. SCS is left with no option but, again, to raise a non-conformity with respect to this matter, this time a Minor CAR.

OBS 2010.14	Logger training requirements are weak and do not include basic silviculture training.
Disposition	No written response to this OBS has been provided by DNR. Maintain as an Open OBS, for review during the 2012 audit.

OBS 2010.15	Draft elements of regional state forest management plans are being used without easily accessible opportunities for public review and comment prior to their use. While we acknowledge the rationale for doing so (the benefit of incorporating, for instance, new scientific information as it become available rather than waiting for an indefinite period of time for a plan to be completed), we note that such a practice, if not carefully limited, can reduce the degree to which the plan development process is consultative.
Disposition	Closed. No written response to this OBS has been provided by DNR. As no further benefit will accrue from maintaining the OBS, we conclude that it is appropriate to close it. That is, the pending completion of the Regional State Forest Management Plans will render this OBS moot.

OBS 2010.16	Only 1 of 3 districts has completed a draft of Chapter 6 of the regional state forest management plans. Conformance to this Indicator will be enhanced if MDNR hastens the completion and implementation of monitoring protocols.
Disposition	Closed. This OBS is rendered moot by issuance of a new Minor CAR.

OBS 2010.17	MDNR's current inventory system is not in strong conformance with regard to the requirements in this Indicator pertaining to volumes and regeneration.
Disposition	No written response to this OBS has been provided by DNR. Maintain as an Open OBS, for review during the 2012 audit.

OBS 2010.18	There is uncertainty amongst some stakeholders who have been actively engaged in MDNR's biodiversity planning, including the identification of biodiversity stewardship areas, as to the compatibility of BSA designation on private lands with the requirements for partnership in the CFA program.
Disposition	Closed. The SCS lead auditor was provided with a copy of a memo signed by Director Stokes and dated July 12, 2011, that provided updated guidance to DNR personnel on the Living Legacy Project and the ongoing effort at designating BSA's. This memo was made available to interested stakeholders.

OBS 2010.19	In selection harvests where trees to be cut are marked with paint, DNR's interests would be better served if there were more diligent efforts to assure that the butts of cut trees are also clearly painted. Without clear butt marks, it is impossible to know, after the fact, if trees not marked for harvest were in fact cut.
Disposition	We were not provided with any information to suggest that the underlying circumstances do not persist; as such, the SCS lead auditor concludes that it is appropriate to keep this Observation open, for continued review during the 2012 audit.

New FSC Findings from the 2011 Audit

Nonconformity: The Regional State Forest Management Plans remain unfinished. While some progress has occurred since the 2012 audit, the fact remains that completion of the Plans is years behind.	
MINOR CAR 2011.1	<ul style="list-style-type: none"> a. Complete Task 10 of the "RSFMP SWC Approved Timeline - 10.04.2011(1).xls" by March 1, 2012. That is, complete Draft 1 of the RSFMPs by the stipulated date. Note: This timeline, updated shortly prior to the 2011 annual audit, states that Task 10 is supposed to be completed by December 2011. b. Complete Ecoteam final approval of Draft 1 of the Regional State Forest Management Plans by May 1, 2012. c. Provide written evidence that public review of the draft RSFMPs has been initiated and that plans are posted for public review by October 1, 2012.
Deadline	If any of the above deadline dates are missed, the minor CAR will be immediately raised to a MAJOR CAR.
Reference	FSC US National Standard, Indicator 4.4.c

OBS 2011.1	<p>While the launch of unit-specific web pages is a positive development and one that enhances the robustness of the DNR's web site, it remains a question as to the extent to which this method will actually result in affected stakeholders, such as neighboring landowners, being adequately informed about pending site-disturbing activities on the state forests.</p> <p>DNR should continue to actively explore other, more efficacious means of apprising, in advance, people who are possibly subject to direct adverse effects of management operations; the intent is to provide advance knowledge of planned activities so that affect parties may have an opportunity to express concerns or provide timely input.</p>
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SFI CERTIFICATION DECISION:

Overview of Audit Findings

The SFI Program of the Michigan DNR has achieved continuing conformance with the SFI Standard®, 2010-2014 Edition, according to the NSF-ISR SFIS Certification Audit Process.

There were two new Minor Non-conformances:

- SFI CAR 2011-2: SFI Indicator 17.1.5 requires that “Program Participants are knowledgeable about credible regional conservation planning and priority-setting efforts that include a broad range of stakeholders and have a program to take into account the results of these efforts in planning.” Minor Non-conformance: Absent completion of the Regional State Forest Management Plans, and considering that the BSA process has been reset, conformance with this indicator was not completely demonstrated.
- SFI CAO 2011-1: SFI Indicator 20.1.3 requires an “Annual review of progress by management and determination of changes and improvements necessary to continually improve conformance to the SFI 2010-2014 Standard.” Minor Non-conformance: Annual review has not led to effective follow-up for one repeated internal audit Minor Non-conformance.

Michigan DNR has developed plans to address these new issues. Progress in implementing the remaining open corrective action plans will be reviewed in subsequent surveillance audits.

Several opportunities for improvement were also identified. These findings do not indicate a current deficiency, but served to alert the Michigan DNR to areas that could be strengthened or which could merit future attention. These are reported as either new or continuing from 2010:

New Opportunities for Improvement:

- SFI OFI 2011.1: There is an opportunity to improve completeness of employee training records.
SFI Indicator 16.1.3 “Staff education and training sufficient to their roles and responsibilities.”
- SFI OFI 2011.2: There is an opportunity to improve staff knowledge of climate change models and impacts to wildlife and biodiversity.
SFI Indicator 15.3.2: “Program Participants are knowledgeable about climate change impacts on wildlife, wildlife habitats and conservation of biological diversity through international, national, regional or local programs.”

Opportunities for Improvement Issued in 2010 and Continued for 2011:

- SFI OFI 2010.11: There is an opportunity to improve protection of regeneration from adverse effects of deer on natural regeneration.
SFI Indicator 2.1.3 requires “Clear criteria to judge adequate regeneration and appropriate actions

to correct understocked areas and achieve acceptable species composition and stocking rates for both planting and natural regeneration.”

- SFI OFI 2010.4: There is an opportunity to improve road planning efforts. SFI Indicator 2.3.7 requires “Road construction and skidding layout to minimize impacts to soil productivity and water quality.

These findings do not indicate a current deficiency, but served to alert Michigan Department of Natural Resources to areas that could be strengthened or which could merit future attention.

Exceptional Practices:

NSF-ISR also identified the following areas where forestry practices and operations on MDNR’s lands exceed the basic requirements of the SFI Standard:

- The program to protect threatened and endangered species exceeds the requirements. SFI Indicator 4.1.2 “Program to protect threatened and endangered species.”
- Public recreation opportunities are high-quality, diverse, and widely available. SFI Indicator 5.4.1: “Provide recreational opportunities for the public, where consistent with forest management objectives.”
- Michigan Department of Natural Resources has a Forest Certification Action Team, an active working group drawn from across the Michigan DNR with assignments for all SFI Performance Measures and Indicators, and a dedicated Forest Certification Specialist. SFI Indicator 16.1.2 “Assignment and understanding of roles and responsibilities for achieving SFI 2010-2014 Standard objectives.”
- Michigan Department of Natural Resources exceeds the standard in its support for research. SFI Indicator 15.1.1 requires “Financial or in-kind support of research to address questions of relevance in the region of operations.”

The audit team commends the Michigan Department of Natural Resources for these exemplary practices and for the fine work done throughout the organization to ensure that the lands under its stewardship are sustainably managed.

Statewide non-conformances from the 2011 internal audits (see Appendix A for statewide internal audit non-conformance reports)

Statewide Internal Audit (IA) non-conformances are defined as non-conformances that appear in the majority of the three internal audits conducted in 2011, and which lead auditors and the Forest Certification Specialist confirm as being widespread and systemic in nature. Local or unit-level non-conformances were isolated lapses of conformance with forest certification work instructions.

Non-conformance Reports (NCR) for the Statewide non-conformances were drafted by the Forest Certification Specialist in consultation with lead auditors. These NCRs identify root causes and propose corrective actions to clear these non-conformances. The FCT reviewed these draft NCRs, and approved a final version for consideration by the Management Review Team (see Appendix A).

Summary of Internal Audit non-conformances

WI	#FMUs w/NCRs	<u>Bold</u> indicates statewide non-conformance
1.1	None	
1.2	2	Corrective action plan not implemented from previous internal audits (WLD FTP completion reports not prepared (TC); FMU staff have had limited opportunity for input into MA direction (TC); PPE use on timber sales (N))
1.3	3	RSFMPs not completed per approved time line (TC,N,CF)
1.4	1	ERA plan not developed within Year-of-Entry for compartment review (CF)
1.5	None	
1.6	None	
1.7	None	
2.1	1	N. Hardwood stands improperly coded for thinning vs. selection cut (CF). Tree regeneration monitoring requirements not implemented (CF)
2.2	None	
2.3	None	
3.1	2	FTPs not prepared for completed forest treatment (TC). Check for rare species and historic sites not made for treatment conducted outside yoe (CF). DEQ permit requirements for stream crossing not followed (CF). No documented approval for intrusive activity (CF)
3.2	None	General lack of RDR reporting (CF)
3.3	None	
5.1	None	
6.1	None	
6.2	1	High priority sedimentation and safety issues exist on ORV trail (CF)
6.3	None	
7.1	2	Loggers were not wearing hardhats while working outside of the equipment and DNR staff not aware of PPE requirements on active logging site (N). Name of SFE trained foreman not recorded on TS inspection form (N) Lack of documentation of variations to TS contract specs on TS inspection forms (CF)
7.2	None	
8.1	1	Staff training needs not ID'ed as part of performance appraisal process (N). Lansing training records not up to date (N).
9.1	None	

III. Decisions, corrective actions, direction, responsibility and time lines

1. Clarify the scope of certification: No pending issues.

2. Management Review (WI 1.2):

SFI CAR 2011.1	SFI Indicator 20.1.3 requires an “Annual review of progress by management and determination of changes and improvements necessary to continually improve conformance to the SFI 2010-2014 Standard.” Minor Non-conformance: Annual review has not led to effective follow-up for one repeated internal audit Minor Non-conformance.
Statewide NCR 2011.1	The Responsible Manager (District Supervisors) did not appear to monitor implementation of the corrective action plan as detailed in internal audit reports
Issues	<ul style="list-style-type: none">• See section 11, Research, page 20 – The Cervid Herbivory Team recommends doing a risk mapping modeling effort with assistance from USDA at the national level, which will produce a statewide risk map and identify additional data needs. Obtain assistance from the Program Manager for GIS and Spatial Analysis, USFS, Forest Health Technology Enterprise Team (FHTET). <p>Additional multiple year carry over issues:</p> <ul style="list-style-type: none">• See section 6, DNR Approval Process, page 20 - In coordination with other DNR Divisions, the FRD Forest Resource Management Section is taking the lead in developing a Department policy and procedure that clearly outlines the procedure for preparing Forest Treatment Proposals and Completion reports and the subsequent updating of forest inventory records.• See section 7, BMPs and RDRs, page 20 - An updated automated RDR data base was developed and is in place. FRD, WLD, FD, & LED Field Coordinators will ensure training is implemented and available to all DNR staff on how to recognize reportable resource damage sites and to clarify field protocols for reporting and tracking these sites. DNR staff will be trained in identification of RDRs and use of the RDR reporting and tracking system by Oct 1, 2010.

- In cases where internal audit NCRs are contested by a responsible manager or responsible manager supervisor, a method to resolve differences needs to be identified. At issue is who will decide whether or not to retain or invalidate the NCR issued by an internal audit team.

Recommendation: Resolution of differences should go up the chain of command in the responsible managers Division.

- Candidate FMUs to internally audit in 2012 include:
 - W UP District: Gwinn
 - E UP District: Sault Ste. Marie (including Drummond Island)
 - W NLP District: Roscommon

- There is a need to recruit and train new internal auditors and lead auditors this year.

Recommendation: The Forest Certification Specialist will begin to function as lead auditor on internal audits. Staff will be encouraged to consider volunteering for staff auditor assignments. The Forest Certification Audit Procedure shall be revised to reflect this recommendation following approval by the Statewide Council.

3. ORV Program:

FSC OBS 2010.8	The frequency and severity of ORV-related “RDRs” would be reduced by additional efforts to counter the unintended consequence of the ORV trail system—that they are vectors for unauthorized ORV activity that is causing resource damage. Disposition: Maintain as an Open OBS, for review during the 2012 audit.
Response	DNR and partners are and will maintain efforts to encourage appropriate use of our ORV system.

4) Planning (WI 1.3):

Nonconformity: The Regional State Forest Management Plans remain unfinished. While some progress has occurred since the 2012 audit, the fact remains that completion of the Plans is years behind.	
FSC CAR 2011.1	<p>a. Complete Task 10 of the “RSFMP SWC Approved Timeline - 10.04.2011(1).xls” by March 1, 2012. That is, complete Draft 1 of the RSFMPs by the stipulated date. Note: This timeline, updated shortly prior to the 2011 annual audit, states that Task 10 is supposed to be completed by December 2011.</p> <p>b. Complete Ecoteam final approval of Draft 1 of the Regional State Forest Management Plans by May 1, 2012.</p> <p>c. Provide written evidence that public review of the draft RSFMPs has been initiated and that plans are posted for public review by October 1, 2012.</p>
Deadline	If any of the above deadline dates are missed, the minor CAR will be immediately raised to a MAJOR CAR.
Reference	FSC US National Standard, Indicator 4.4.c
Corrective Action	Deadlines outlined in parts a and b were met and documentation was provided to the FSC lead auditor. Part C is pending and the CAR remains open.

SFI CAR 2011.2	SFI Indicator 17.1.5 requires that “Program Participants are knowledgeable about credible regional conservation planning and priority-setting efforts that include a broad range of stakeholders and have a program to take into account the results of these efforts in planning.” Minor Non-conformance: Absent completion of the Regional State Forest Management Plans, and considering that the BSA process has been reset, conformance with this indicator was not completely demonstrated.
Corrective Action	Draft Regional State Forest Management Plans were completed by March 1,. Conduct internal DNR and public review of plans in 2012, and seek final approval of plans by March 2013, per the SWC approved timeline.

Statewide NCR 2011.2	RSFMPs were not completed per approved time line.
Corrective Action	Draft Regional State Forest Management Plans were completed by March 1, 2012. Conduct internal DNR and public review of plans in 2012, and seek final approval of plans by March 2013, per the SWC approved timeline.

FSC OBS 2010.17	MDNR's current inventory system is not in strong conformance with regard to the requirements in this Indicator pertaining to volumes and regeneration. Disposition: Maintain as an Open OBS, for review during the 2012 audit.
Response	Timber sale proposals, regeneration tracking procedures and forest inventory system provides required information. Select staff need training on how various data sources contribute toward meeting this indicator. The proposed growth and yield model in IFMAP will address these concerns when it is eventually implemented. The timber sale VMS system is also being revised and will contribute toward addressing this issue. The Forest Management Advisory Committee would also review these materials.

5) Biodiversity (WI 1.4)

WITHIN STAND RETENTION GUIDANCE

As conveyed orally during the October 20th closing meeting, the audit team concluded that the DNR has undertaken considerable effort to address this FSC CAR 2010.7. The CAR was closed on the express assumption that the DNR provide evidence of finalization of the revised retention guidance documents.

Revised within-stand retention guidelines must be approved for implementation by February 1, 2010.

In the absence of documentary evidence confirming finalization of these retention guidance documents by February 1, 2012, this CAR will be re-instated and raised to status of MAJOR. If this CAR is upgraded to MAJOR, DNR must provide satisfactory evidence to warrant closure by April 15, 2012 to avoid suspension of its FSC certification.

Status: Revised within stand retention guidance was approved and implemented by February 1, 2012. Documentation was forwarded to the FSC lead auditor by the Forest Certification Specialist on February 1, 2012 and this carry -over CAR was closed.

6) DNR approval process for Intrusive Activities (WI 3.1)

<i>Continuing from 2008, 2009, & 2010</i>	In coordination with other DNR Divisions, the FRD Forest Resource Management Section (FRMS) is taking the lead in developing a Department policy and procedure that clearly outlines the procedure for preparing Forest Treatment Proposals and Completion reports and the subsequent updating of forest inventory records.
Decision in 2011	The FTP process (and the new IFMAP activity tracking process that will replace it) needs to be documented and distributed to staff along with training

	by the FRM Section by October, 2011. WI 3.1 will need to be updated to reflect the new activity tracking process. Staff need to routinely document completion of treatments and District Supervisors need to follow up and ensure implementation per work instructions and previous management review guidance.
Recommendation 2012	The FRD Forest Planning and Operations Section will provide interim guidance to DNR staff on the FTP procedure to follow until the IFMAP activity tracking (or other mechanism) is fully implemented.

- **AMENDING THE INTRUSIVE ACTIVITY APPROVAL PROCESS**

FRD, FD, PRD, and WLD identified potential changes to improve the intrusive activity approval process (forest treatment proposals, timber sale proposals, land use permits, recreational trail proposals, etc). WI 3.1 will be amended to reflect recommendations once approved by the SWC.

7) BMPs and RDRs (WI 3.1 & 3.2)

Recommendation	Each Division must ensure there is training of new staff on how to recognize reportable resource damage sites and to clarify field protocols for reporting and tracking these sites.
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8) Research (WI 5.1)

SFI CAR 2011-1	Annual review has not led to effective follow-up for one repeated internal audit Minor Non-conformance (cervid herbivory risk modeling project).
Statewide NCR 2010-1	Management review decisions from 2007, 2008, 2009, 2010, and 2011 to conduct a statewide risk modeling project as a means to identify additional data needs for the study and evaluation of deer herbivory issues was not implemented.
FSC OBS 2010.5	The effects of high densities of deer in some regions and the associated impact on the natural species diversity in the forest, as well as the ability to adequately regenerate a productive forest, continues to be a concern expressed by stakeholders and some FRD foresters. A Cervid Herbivory Team was appointed to address this issue, but little progress has been made. Disposition: Maintain as an Open OBS, for review during the 2012 audit.
<i>Continuing from 2007, 2008, 2009, 2010, & 2011</i>	The Cervid Herbivory Team recommends doing a risk mapping modeling effort with assistance from USDA at the national level, which will produce a statewide risk map and identify additional data needs. Obtain assistance from the Program Manager for GIS and Spatial Analysis, USFS, Forest Health Technology Enterprise Team (FHTET).
Corrective Action 2012	The risk modeling project will no longer be pursued at this time. A Forest Regeneration team (with staff from FRD, PRD and WLD) will be created and be asked to re-evaluate the DNR approach to dealing with the cervid herbivory issue. The FRD Forest Planning and Operations Section leader and WLD Field Coordinator will review the October 2006 cervid herbivory report, membership, and initial charge to the cervid herbivory team, and prepare a new charge to address forest regeneration issues and recommendations from the Regional Deer Advisory Teams.

SFI OFI 2011-2	There is an opportunity to improve staff knowledge of climate change models and impacts to wildlife and biodiversity. SFI Indicator 15.3.2: “Program Participants are knowledgeable about climate change impacts on wildlife, wildlife habitats and conservation of biological diversity through international, national, regional or local programs.”
Recommendation	FRD and WLD have staff dedicated to finding and posting climate change information on the DNR intranet. See FRD web link at http://connect.michigan.gov/portal/site/dnr/menuitem.8ceb2614bf67f166fddc711012b890a0/ . See the WLD web link at http://inside.michigan.gov/sites/dnr/wld/plan/climate/default.aspx . Preparing a summary for field staff of probable climate change impacts will be pursued by the FRD Forest Planning and Operations Section and WLD.

9. Timber Sale Program (WI 1. 7)

FSC OBS 2011.1	<p>While the launch of unit-specific web pages is a positive development and one that enhances the robustness of the DNR’s web site, it remains a question as to the extent to which this method will actually result in affected stakeholders, such as neighboring landowners, being adequately informed about pending site-disturbing activities on the state forests.</p> <p>DNR should continue to actively explore other, more efficacious means of apprising, in advance, people who are possibly subject to direct adverse effects of management operations; the intent is to provide advance knowledge of planned activities so that affected parties may have an opportunity to express concerns or provide timely input.</p>
Recommendation	<p>The web link to the FRD interactive forest management web page is to be noted on all future compartment review notices.</p> <p>Additional options will be explored by the FRD Forest Planning and Operations section.</p>

FSC OBS 2010.2	DNR should devote more effort at safety training for logging contractors and their employees. The requirement that one person per contractor have logger training is marginal, at best. Disposition: Maintain as an Open OBS, for review during the 2012 audit.
Recommendation	DNR is working through the Forest Certification Specialist and the SIC to implement a continuing education requirement for SFE trained individuals that supervise logging operations.

FSC OBS 2010.14	Logger training requirements are weak and do not include basic silviculture training. Disposition: Maintain as an Open OBS, for review during the 2012 audit.
Recommendation	The Forest Certification Specialist will work through the SFI SIC to verify and ensure that silviculture training is available to loggers. We will also continue to work on finalizing the cover type materials and guidelines. SAF may also have a handbook available too.

10. Staff Training (WI 5.1, 1.3, 8.1)

OLD GROWTH TRAINING:

With regard to development of new or revised guidance documents that will assure identification and protection of areas meeting the FSC definition of Type I and II Old Growth, FSC auditors concluded that the DNR has provided satisfactory evidence of responsive action to FSC CAR 2010.6.

With regard to training for assuring consistent implementation, auditors concluded that DNR's response is not yet complete (3 of 15 FMU's had undergone training at the time of the 2011 surveillance audit). But based on DNR's assurance that the training for the remaining FMU's will take place in the first half of 2012, auditors considered the response to be marginally adequate.

During the 2012 surveillance audit, auditors will check to confirm that the additional training in regard to old growth protection requirements did, indeed, take place.

Status: Staff training regarding Type 1 and Type 2 old growth was completed in the first half of 2012 and will be continuing.

SILVICULTURE TRAINING:

While the audit team did not consider the DNR response to FSC CAR 2010.8 (related to updated silvicultural guidelines) to be thoroughly complete, they concluded that the response was sufficient to warrant closure of this CAR.

There is a new Silvics and Management Guidance Manual but it is still in draft form; guidance was revised for three major species including northern hardwoods, aspen and jack pine.

Recommendation: Conduct silvicultural training for DNR staff by March 30, 2013. <i>(Note: approval of draft guidelines by August 1, 2012 is recommended in the following section.)</i>
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SFI OFI 2011.1	There is an opportunity to improve completeness of employee training records. SFI Indicator 16.1.3 "Staff education and training sufficient to their roles and responsibilities."
Recommendation	<p>A FRD program services secretary is now assisting the FRD Training officer in updating employee training records in the electronic data base.</p> <p>All employees are responsible for keeping a copy of their training records and checking it annually with the records in Lansing. All discrepancies are to be reported and will be rectified.</p> <p>Instructors of all DNR training are to have an attendance sign in sheet which must be submitted to the Division Training Officer(s). If the employee is signed up for an individual class session of any type they must make their training officer aware that they have completed the training.</p>
OBS 2010.19	In selection harvests where trees to be cut are marked with paint, DNR's interests would be better served if there were more diligent efforts to assure that the butts of cut trees are also clearly painted. Without clear butt marks, it is impossible to know, after the fact, if trees not marked for harvest were in fact cut. Disposition: Maintain as an Open OBS, for review during the 2012

	audit.
Recommendation	This issue will be addressed in silvicultural training to be conducted in 2012 and be emphasized in future internal audits. FRD Unit Managers will ensure stump marks are properly used in selection harvests and that stump marks remain visible during and after logging. The TMS folks should do the spot checking in harvest sites.

11. Silviculture and Forest Regeneration (WI 2.1)

SILVICULTURAL GUIDELINES:

While the audit team did not consider the DNR response to FSC CAR 2010.8 (related to updated silvicultural guidelines) to be thoroughly complete, they concluded that the response was sufficient to warrant closure of this CAR.

There is a new Silvics and Management Guidance Manual but it is still in draft form; guidance was revised for three major species including northern hardwoods, aspen and jack pine.

Recommendation: Silvicultural guidance for jack pine, aspen, and northern hardwood cover types will be finalized by August 1, 2012. *(Note that the preceding section recommended that FRD conduct silvicultural training for DNR staff by March 30, 2013.)*

SFI OFI 2010-11	There is an opportunity to improve protection of regeneration from adverse effects of deer on natural regeneration. Disposition: Maintain as an Open OFI, for review during the 2012 audit.
Recommendation	See Cervid Herbivory Issue addressed in the Research Section

FSC OBS 2010.12	Conversion of natural forests such as hardwood stands to red pine, even if such stands are considered “off site,” needs to be done in a manner that does not constitute a conversion to a plantation, as defined by the FSC. In such cover type conversions, efforts at maintaining hardwood elements and generally assuring a level of biodiversity above a traditional red pine row-planted stand, will help to avoid a finding that MDNR is engaging in conversion to “FSC plantations.” Disposition: Maintain as an Open OBS, for review during the 2012 audit.
Response	Silvicultural guidelines and Within- Stand Retention guidance materials address this issue.

12. Roads and Road Closures (WI 3.3)

FSC OBS 2010.9	There is insufficient investment in road maintenance. This is likely to result in future non-conformities if surveillance audits reveal adverse environmental impacts from poor road maintenance. Disposition: Maintain as an Open OBS, for review during the 2012 audit.
Recommendation	FRD is appropriating \$75,000 in 2012 for RDR and road maintenance. Contingency money exists for emergency repairs. Staff should continue to investigate alternate funding sources for road repairs. Additional funding to be requested as part of the 2013 budget.

FSC OBS 2010.10	Overall management of the state forestlands would be enhanced by completion of the access plan. Disposition: Maintain as an Open OBS, for review during the 2012 audit.
SFI OFI 2010-4	There is an opportunity to improve road planning efforts.
Recommendation	The DNR is seeking funds for a road mapping effort on State Forest lands. Even without this, there is steady improvement in mapping of roads and addressing them (e.g. road closures) as part of the forest inventory process. The RAU continues to add to the statewide road data layer.

13. Invasive Exotic Plants (WI 2.3): No Issues

14. Tribal (WI 9.1)

Prior to issuance of the written Findings of the 2011 audit, DNR (on November 15, 2011) submitted several documents to SCS describing actions the Department undertook in response to this CAR after the 2011 field visit by the SCS audit team. The documents included minutes from a November 4, 2011, meeting of senior DNR personnel involved in tribal interactions; the November 4th meeting was held for the express purpose of conducting an internal review of the modes and methods of tribal interaction, for the purpose of identifying opportunities for improving the effectiveness of efforts to reach out to and interact with Michigan tribes.

Status: DNR Tribal Coordinator Dennis Knapp gave a presentation on building relationships and trust with the tribes at the May 24, 2012 FRD Statewide Managers meeting.

RECOMMENDATIONS:

- The FRD Tribal Coordinator will work to facilitate meetings between local FRD staff and local tribes in order to share work plans and to identify opportunities for coordinated assessment, restoration, and enhancement work.
- Nick Popoff and Dennis Knapp will be available to assist FRD with their tribal outreach efforts.
- The Department Tribal Coordinators will meet together annually to discuss tribal outreach and collaboration.

15. Chemical Use (WI 2.2)

No Issues

16 Other

FSC OBS 2010.1	Eroding compensation received by DNR employees will further complicate the Department's challenge of maintaining its stewardship of the state forestlands in the face of shrinking staffs and budgets. Disposition: The underlying circumstances persist; as such, the SCS lead auditor concludes that it is appropriate to keep this Observation open, for continued review during the 2012 audit.
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Response	No action possible
FSC OBS 2010.3	Continued staff and budget reductions will strain the ability of DNR to maintain conformity to the certification standard. Disposition: Maintain as an Open OBS, for review during the 2012 audit.
Response	Acknowledged.

FSC OBS 2010.4	There is active collection of non-timber forest products and some of this activity is acknowledged to likely have a commercial component (e.g., morel collection and sale to buyers). MDNR could increase its level of attention to managing Non-Timber Forest Products collection activities. Disposition: Maintain as an Open OBS, for review during the 2012 audit.
Response	Where commercial activities are observed, requested or known to occur, staff address the activity through requiring fees, liability I insurance and/or permits and/or enforcement action.

17. Work Instruction Revisions – Recommendations:

Forest Certification work instructions were previously approved by the Statewide Council on 10-04-11. Few revisions are being recommended at this point in time.

Due to Department reorganization and the shifting of program responsibilities among DNR Divisions, the work instructions will require further future revision to consider new roles and responsibilities. In particular, WI 1.6, 3.1, and 6.2 will need probable revisions.

The FRD Forest Certification Specialist will incorporate the following recommendations regarding changes to work instructions and forward to the FCT for concurrence, and then forward to the Department Management Teams and SWC for review and approval.

WI	Recommendation for Revision or clarification of Work Instructions
1.1	Update the Roles and Responsibilities section: SW planning team shall regularly update the regional plans.
1.2	Three to four audits will be conducted annually, Revised FSC and SFI Standards should be referenced in reference section
1.3	Update with revised dates for completion of the RSFMPs. The concept of featured species is incorporated into this Work Instruction.
1.5	Delete reference to draft SW planning guidance document. Include reference to RSFMPs. Include role and responsibilities of the Timber Advisory Council.
2.1	Insert the word “include” in paragraph dealing with regeneration monitoring: Stands of special concern will be scheduled for an out-of-entry-year survey if more than 6 years will elapse between timber sale completion and the next compartment inventory. Stands of special concern <u>may include</u> oak, jack pine, and red pine prescribed for natural regeneration, or other locally defined stand types.
2.2	The chemical “Habitat” should be added to the list of chemicals approved for use. Add a foot note to table that the list of common names is not comprehensive.
3.1	Incorporate recommendations, as developed by a joint FRD/WLD/PRD Committee, regarding amendment to the DNR Intrusive Activity Approval Procedure. List IC 4172, Rare Species Protection Approach and Assessment Guidelines, in the references section



Appendix A:

Michigan Department of Natural Resources - Forest, Management Division

INTERNAL AUDIT STATEWIDE NONCONFORMANCE REPORT (NCR)

Unit Name and Site: Michigan Department of Natural Resources State Forest Lands		Statewide NCR Number 2011-1
Author: Dennis Nezych	Lead Audit Team: Jim Ferris, Jeff Stampfly, Mike Donovan	
Date (mm/dd/yyyy): 12/07/12	Work Instruction or Standard and Clause Number: 1.2 Mgmt Review Process for Continual Improvement	
Other Documents (if applicable): Internal Audit NCRs 61-2011-1, 61-2011-2, 42-2011-1		Responsible Manager(s): FRD District Supervisors, WLD District/Region Supervisors
REQUIREMENT OF AUDITED STANDARD/ WORK INSTRUCTION: 1.2. DNR District Supervisors must monitor implementation of internal audit corrective action plans, and report pending or continuing non-conformance at the annual management review.		
OBSERVED NONCONFORMITY: 1) A NCR for lack of completions for FTP's was written against the Traverse City Unit in the internal audit of 2007; "Treatments on FTP's W61-410 & W62-692 were completed but no completion reports (R4048-1) were filed." TC Internal audit report, (7/11/2007). The WLD District Supervisor did not ensure implementation of the corrective action plan as detailed in the 2007 internal audit report, "A system has been developed both by FMFM and the local WD unit to track FTPs and make sure that all signatures have been obtained and that all reports have been completed. The WD supervisor will check with unit staff on a regular basis to make sure that WLD FTPs are being correctly handled." FTP W-61-520 was observed in the field to be complete but no completion report exists. Acting WLD biologist stated that FTP completions are not being done for WLD FTPs. 2) The NLP Regional State Forest Management Plan was not completed by March 2011. This is a continuing non-conformance, dating from the 2007 internal audit of the TC FMU (Ref: NCR 61-2007-02). 3) The FRD District Supervisor did not appear to monitor implementation of the corrective action plan as detailed in the 2006 internal audit report, "Operators will be continually reminded that they need to wear PPE when outside their equipment to meet both MIOSHA regulations and state timber contract requirements. Violations of the PPE requirements will be recorded against the 7 warnings allowed on applicable contracts." See observations noted in NCR 42-2011-4.		
ROOT CAUSE ANALYSIS (Describe the cause of the problem.): Internal Audit Procedures for 2009 were modified to a) clearly indicate who developed the root cause analysis and corrective actions for internal audit NCRs, b) identify the manager responsible for implementing corrective actions, c) require the next level supervisor to verify that corrective actions were implemented, and d) require the Forest Certification Specialist to track NCRs and verify closure with responsible manager (RM) and RM Supervisor. The above procedures were not in place for the 2006 through 2008 internal audits.		
CORRECTIVE ACTION (Recommended – Proposed corrective action): <ul style="list-style-type: none"> New Internal audit procedures were implemented in 2009 in order to address these issues, as noted in the above root cause analysis. Internal audit non-conformances that are not cleared within one year will be reviewed and addressed as part of the management review process. 		
CORRECTIVE ACTION PLAN ACCEPTED:		FCT: Date 1-26-12
Follow Up Comments:		



INTERNAL AUDIT STATEWIDE NONCONFORMANCE REPORT (NCR)

Unit Name and Site: Michigan Department of Natural Resources State Forest Lands		Statewide NCR Number 2011-2
Author: Dennis Nezich	Lead Audit Team: Jim Ferris, Jeff Stampfly, Mike Donovan	
Date (mm/dd/yyyy): 12/07/12	Work Instruction or Standard and Clause Number: 1.3 Regional State Forest Management Plan Development	
Other Documents (if applicable): Internal Audit NCRs 61-2011-2, 42-2011-2, 12-2011-2		Responsible Manager(s): Statewide Council
REQUIREMENT OF AUDITED STANDARD/ WORK INSTRUCTION: Work Instruction 1.3 specified that the Regional State Forest Management Plans be completed in early 2011.		
OBSERVED NONCONFORMITY: RSFMPs were not completed per approved time line.		
ROOT CAUSE ANALYSIS (Describe the cause of the problem): The October 15, 2008 Statewide Council (SWC) approved timeline delayed completion of Regional State Forest Management Plans (RSFMPs) to allow the incorporation of Biodiversity Stewardship Areas (BSAs) into the plans. The designation of BSAs has now been delayed per direction received from the DNR Director on July 12, 2011, with initial RSFMPs to be completed without BSAs. A revised timeline for completion of RSFMPs was approved by the DNR SWC on October 4, 2011, which provides direction for completion of the plans. Work instruction 1.3 was amended accordingly.		
CORRECTIVE ACTION (Recommended - Proposed corrective action): Complete draft Regional State Forest Management Plans by March 1, 2012. Conduct internal DNR and public review of plans in 2012, and seek final approval of plans by March 2013, per the SWC approved timeline.		
CORRECTIVE ACTION PLAN ACCEPTED:	FCT: Date 1-26-12	
Follow Up Comments:		

Appendix B

Open NCRs from the 2010 internal audits

NCR #	Problem Description	Management Review Recommendation
33-2010-01 (Escanaba)	Interviews with FRD and WLD staff and field observations in northern hardwood and lowland conifer sites (e.g., Comp 77, 01-09-01; Comp 39, 02-08-01; extra stop on east tour) indicated that regeneration of some desirable tree species (maple, hemlock) is being limited, likely by deer herbivory. This issue was addressed in previous Management Review Reports (2008, 2009, 2010) by formation of a Cervid Herbivory Team. The Cervid Herbivory Team has been inactive and their recommendation to conduct statewide risk modeling as a means to identify additional data needs has not been implemented. Our observations support the previous finding that deer herbivory is affecting desirable forest regeneration in the Escanaba FMU and that recommendations from the Cervid Herbivory Team be implemented.	See response to SFI CAR 2011.1, PAGE 20
72-2010-03 (Grayling)	Interviews with FRD and WLD staff and field observations in oak stands indicated that oak regeneration is likely being limited at least in part by deer herbivory. This issue was addressed in previous Management Review Reports (2008, 2009, 2010) by formation of a Cervid Herbivory Team. The Cervid Herbivory Team has been inactive and their recommendation to conduct statewide risk modeling as a means to identify additional data needs has not been implemented. Our observations support the previous finding that deer herbivory is affecting desirable forest regeneration in the Grayling FMU and that recommendations from the Cervid Herbivory Team be implemented.	See response to SFI CAR 2011.1, PAGE 20
72-2010-04 (Grayling)	FTP F72-596 Activity was completed in 2008 and yet no FTP Completion Report was prepared.	<p>The completion report for FTP F72-596 was prepared by Susan Thiel. The corrective action also stated that Fisheries Division would maintain a spreadsheet so status of all FTPs may be tracked to prevent oversight. No evidence has been submitted that this is occurring.</p> <p>FRD manager Susan Thiel has assigned a lead person to track FTPs from all Divisions.</p> <p>2012 Management Review Decision: The FRD Forest Planning and Operations section will develop an FTP interim procedure for DNR staff.</p>
72-2010-05 (Grayling)	Pull Site in Compartment 282 stands 401 and 402, stands were recently managed for opening maintenance with no current FTP or completion report. (Original FTP was generated by FD in 2002 and only covers pull site and restoration.)	<p>The FRD Unit Manager reports that FTPs for opening maintenance have been prepared. However, there is no evidence that FTPs for all new WLD projects are being prepared. No new completion reports for WLD projects have been submitted.</p> <p>FRD manager Susan Thiel as recently assigned a lead person to track FTPs from all Divisions.</p> <p>2012 Management Review Decision: The FRD Forest Planning and Operations section will develop an FTP interim procedure for DNR staff.</p>
41-2010-02 Shingleton	Management and Monitoring plans for two ERAs (Garden Blade Complex, and Thompson) were presented by the FMD Monitoring Specialist for approval at compartment review for the 2010 Year of Entry. The ERA plans were not accepted and approved at the compartment review. No follow-up action was taken by the EUP District Manager to resolve the disagreement over the plan content.	Due to the change in status of the Thompson Wooded Dune and Swale EO, it no longer qualifies as an ERA, and it does not need an ERA plan. As for the Garden Glades ERA plan that wasn't accepted, changes to the plan were made and agreed to by field and Lansing staff. The revised plan will be considered at the next scheduled Compartment Review.