

SGS		SGS Systems & Services Certification, NA	
Author: Ron Honea	FM Local Form	Issue 2	
Approval: Zachary Pivarnik	USLF045	Page 1 of 10	
	SFI Forest Management and/or Fiber Sourcing Report	Effective: May 1, 2010	

Report for SFI Forest Management Audit

Sustainable Forestry Initiative 2010-2014 Program, Section 2 (SFI 2010-2014 Standard)

Process Audited:	SFI Forest Management	Audit Language:	English
Project Number:	600536-US	Audit Type:	SA2012.23
Organization:	Minnesota Counties Sustainable Forest Cooperative (MCSFC)		
Address:	213 Main Avenue North, Dept. 107, Bagley, Minnesota 56621 USA		
Standard(s):	Sustainable Forestry Initiative 2010-2014 Program, Section 2 (SFI 2010-2014 Standard)	Accreditation Body:	ANAB
Certificate No.	SGS-SFI-FM –US09/5389	Acres:	699,640
Cert. Issue Date:	October 6, 2010	Expiration:	October 5, 2013
Certificate Type	Multiple	Number of Sites:	5
Representative:	Bruce Cox, Clearwater County Land Commissioner, 218-694-6227, Bruce.cox@co.clearwater.mn.us		
Site(s) audited:	Beltrami County Clearwater County	Date(s) of audit:	
EAC Code:	06	NACE Code:	2.02
No. of Employees:	31	No. of Shifts:	1
Lead auditor:	David Maass	Additional team member(s):	Dan Simonds Jean-Marc Verjans Mike Kilgore
Date of last report update:	13 July 2011		
Report approved by:	Nick Moss Gillespie	Date:	26 September 2011
This report is confidential and distribution is limited to the audit team, client representative and the SGS office.			

1. Audit Objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

2. General Description

The MCSFC is composed of 5 member county land departments. The land departments are public agencies within each respective county government with responsibility for managing the tax-forfeited lands within the counties. Title to the lands is held by the state of Minnesota and management authority delegated to the counties by Minnesota Statute 282.

In March 2005, Beltrami, Carlton, Clearwater, Crow Wing and Koochiching Counties began the process of working together to achieve third party certification of their forest management practices. By working together, they hope to increase efficiencies, share best practices, and reduce costs.

MCSFC made the following statement, explaining the importance of certification:

- We believe certification is essential to the long term economic sustainability of the forestry community in our region.
- We want to manage our forests with due regard being taken of social and environmental issues.
- Certain segments of the retail sector are demanding timber from certified sources - this demand will only grow over time.

The MCSFC management structure is documented in LD-MS8 County Certification Management Team. This management team administers the association of county land management agencies which make up the organization being certified.

Each member county in turn operates a staff organization for the management of its land base. A senior staff person (variously titled Land Commissioner or Natural Resource Management Director) leads each staff, reporting directly to the elected County Board of Commissioners. County staffs vary from 4 to 10 people.

Contacts with a variety of service companies – primarily logging firms – are integral to all the counties' operations. These companies are nearly all small-scale and locally-based.

The MCSFC governance structure is documented in LD-MS8. Each county provides a representative to a central team with responsibility for development and maintenance of the certified management system, as well as the certification contract. At the time of the main audit, the certification team members were all senior county land managers. Internal control process is outlined in the procedures.

The MCSFC lands are spread across a varied array of glacial landscapes from central to northern Minnesota. With some lands found in the Western and Northern Superior Uplands, the bulk of the land is located in two ECS sections, as follows:

1) Firstly, the N. Minnesota Drift and Lake Plains section is characterized by deep (200-600ft [60-180m]) glacial deposits in outwash plains, lake plains, till plains, outwash channels, moraines, and drumlin fields. The patterns of vegetation in the MDL reflect the complex and patchy distribution of these glacial deposits. Mesic forests of sugar maple, basswood, paper birch, aspen, and northern red oak are widespread. They occur mostly on moraines or till plains characterized by rough topography, fine-textured parent material, or soils with subhorizons that perch snowmelt and rainfall. Historically, forests and woodlands of jack pine and red pine were very common. These fire-dependent communities occur on the sandy outwash plains formed by glacial meltwater. Sandy and gravelly deposits that cap many of the major moraines in the western part of the MDL provide habitat for mixed forests of pine and boreal hardwood species such as quaking aspen and paper birch. The eastern part of the MDL is formed of deposits from glacial lakes Upham and Aitkin. These lake plains have expansive areas of acid peatland communities such as black spruce bogs and poor swamp forests, along with rich swamp forests of white cedar and black ash. Sedge meadows and alder and willow swamps occur along the sluggish streams draining the flat lake plains and along the Mississippi and Leech Lake rivers.

2) The Northern Minnesota and Ontario Peatlands Section (MOP) is flat and poorly drained. About half of the section consists of clayey deposits from Glacial Lake Agassiz. The lake deposits are covered primarily by bogs, swamps, fens, and other peatland vegetation. At the eastern edge of the MOP, the peatlands are acidic, deep, and old (>4,000 years) and support extensive areas of acid peatland communities such as black spruce bogs and poor swamp forests. At the western edge of the section, the peatlands are richer in minerals, shallower, and younger (~1,000 years). Tamarack swamps, rich

fens, and other rich peatland communities tend to be common in this part of the Section. Some areas, especially along the eastern and southern borders of the MOP in the Littlefork Vermilion Uplands Subsection, have uplands formed of glacial till that was eroded and flattened by wave action from Glacial Lake Agassiz. Mesic and wet forests of aspen, paper birch, spruce, balsam fir, white cedar, and black ash are typical in these areas. Uplands formed of sandy shoreline deposits that mark recessional stages of Glacial Lake Agassiz are present across the MOP. These low, sandy uplands are less extensive than either the peatlands or glacial till uplands. They are characterized by fire-dependent forests of jack pine or red pine.

3. Scope of Certification

Old Scope:

Forest Management of the *Minnesota Counties Sustainable Forest Management Certification Cooperative* group of forests in the state of Minnesota, USA for the production of softwood and hardwood timber.

- Clearwater County (90,140 ac)
- Beltrami County (147,000 ac)
- Carlton County (73,000 ac)
- Koochiching County (286,500 ac)
- Crow Wing County (103,000 ac)

Has this scope been amended as a result of this audit?

Yes No

New Scope (Scope was changed due to a change in the organization name):

Forest Management of the **Minnesota Counties Sustainable Forest Management (MCSFC)** group of forests in the state of Minnesota, USA for the production of softwood and hardwood timber.

- Clearwater County (90,140 ac)
- Beltrami County (147,000 ac)
- Carlton County (73,000 ac)
- Koochiching County (286,500 ac)
- Crow Wing County (103,000 ac)

This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (Appendix A) and agreed with the client

Yes No

4. Complaints or Comments from Stakeholders

Complaint or Comment:	Response from Company:
No complaints dealing with SFI certification have been received	

Description of the complaints and resolution mechanism:

Procedures for handling complaints are detailed in document LD-PR2, Public Inquires and Complaints. Complaints are recorded on the proper documents and given to the person responsible for responding (Contract Administrator or Land Commissioner). Response is required to be conducted within a reasonable time. Required actions are taken and recorded. All complaints are examined by the Land Commissioner on a semi-annual basis to determine if any trends are developing.

5. Current Audit Conclusions

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives required by the standard(s). The audit methods used were interviews, observation of activities and review of documentation and records.

The structure of the audit was in accordance with the audit plan which is available upon request if not delivered with this report.

The audit team concludes that the organization / has / has not / established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.

Number of nonconformities identified: 0 Major 1 Minor

Therefore the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity, management system certification be:

Granted / Continued / Withheld / Suspended until satisfactory corrective action is completed.

6. Previous Audit Results

The results of the last audit of this system have been reviewed, in particular to assure appropriate correction and corrective action has been implemented to address any nonconformity identified. This review has concluded that:

- Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.
- The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

7. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system. Yes No

The organization has demonstrated effective implementation and maintenance / improvement of its management system. Yes No

The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement. Yes No

The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system. Yes No

The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system. Yes No

Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard.

Yes No

Certification claims are accurate and in accordance with SGS guidance

N/A Yes No

8. Audit Trail

The specific processes, activities and functions reviewed are detailed in the Audit Planning Matrix and the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following:

This audit was conducted by three auditors over a three day time period. Selected sites were visited in four of the group member counties (Beltrami, Crow Wing, Carlton and Koochiching). County offices were also visited. Staff and contractors were interviewed in the office and in the field. Appropriate documents were inspected to ensure proper record-keeping and adherence to the standard. The organization was very open, transparent, and willing to offer any needed information during the audit.

Ordinarily this would have been the second surveillance audit of the five year cycle. This audit will constitute a re-certification to the new version of the standard (SFI 2010-2014). All indicators new to the standard were covered as well as indicators not covered in the 2009 surveillance. Therefore, the entire new standard was covered within the two years. All of the standard will be covered again during the next two surveillances.

9. Sampling

Sampling Methodology and Rationale

Four of the five members included in this certificate were selected for sampling.

Beltrami, Clearwater, Koochiching and Crow Wing Counties were selected. Sites where recent management activity had occurred were selected within each county and observations of general management were made during travel to these sites. The following sites were inspected:

Carlton County

Field Visits to activity sites. 5 sites visited, including:

- 3 harvest sites
- 1 active operations
- 3 young stand management
- 1 site preparation
- 3 riparian zone
- 2 sensitive areas

Crow Wing

Field Visits to activity sites. 7 sites visited, including:

- 6 harvest sites
- 1 active operations
- 1 young stand management
- 3 site preparation
- 5 riparian zone

3 sensitive areas

Beltrami County

Field Visits to activity sites. 10 sites visited, including:

- 10 harvest sites
- 3 active operations
- 1 young stand management
- 1 site preparation
- 3 riparian zone
- 2 sensitive areas

Koochiching County

Field Visits to activity sites. 14 sites visited, including:

- 14 harvest sites
- 3 active operations
- 2 young stand management
- 1 site preparation
- 3 riparian zone
- 2 sensitive areas

10. Summary of General Findings

Forest Land Management

Objective 1. Forest Management Planning

- Planning for forest management is very thorough for each county.
- Forest inventories are on-going and are focused on the older stands and age classes. GIS records ages of stands. As stands mature, they are inventoried.
- All the counties are using similar Ecological Land Classification systems.
- Rotation age is determined by the general average age to which the dominate species can maintain healthy growth, and this age is adjusted based on land classification and soil types. Land classification and soil type is an integral part of each county's written management plan.
- Recreation for the public is considered by each county. Trails for skiing, snowmobiling, hiking, hunting, biking, and horse use are available in each county. Hunting is allowed on all county land that is not sensitive to the activity.

Objective 2. Forest Productivity

- All regeneration efforts consider the ecological impacts of the species being established whether forested or non-forested. Almost all regeneration is through natural processes. Pine seedlings are planted as necessary to re-establish them in the ecosystem, offer a better economic opportunity for the community, or correct past regeneration failures. No under-stocking or delayed stocking was observed that was not being addressed.
- Herbicides are used responsibly and judiciously. Application of legal and appropriate products is performed by professional commercial applicators. Appropriate records are produced and maintained for each treatment. No herbicides are purchased or stored by the member counties.
- Management is conducted in a manner to protect soil from degradation and erosion on nearly all sites. Soils are protected by restrictions on harvest timing and limits on allowable rutting. Little rutting was observed during field visits. All counties use the Minnesota Site-Level Forest Management Guidelines for best management practices.
- Harvest planning could have been better implemented on at least one site, where rutting reached unacceptable levels. SEE CAR 01.

- Forests are protected from fire and damaging organisms. Cooperation with the MN DNR is continuing. Potential ash borer encroachment from southern MN is being considered in harvest planning. Outbreaks are sporadic.

Objective 3. Protection and Maintenance of Water Resources

- Water resources are protected by adherence to the "Sustaining Minnesota Forest Resources: Voluntary Site-level Forest Management Guidelines for Landowners, Loggers and Resource Managers." All employees interviewed were aware of these guidelines and the particulars of their implementation. All sites visited had appropriate water bars and protection strips along water bodies.

- BMP compliance is required by harvest contracts, and training of loggers is conducted for each contract to identify special problems and SMZs. Harvest inspection forms include observations of BMP compliance.

Objective 4. Conservation of Biological Diversity including Forests with Exceptional Conservation Value

- County lands are generally spread across the landscape mixed with other ownerships. Considerable biodiversity is achieved due to this ownership pattern. Management plans give direction for contiguous blocks as well as scattered tracts. Forests with Exceptional Forest Value are protected. A new assessment to identify potential additional high value areas is in progress.

- Employees in the counties participate in training and seminars to keep up to date on research results. Management practices are altered as appropriate for protecting threatened or endangered species. Snags and large woody debris are maintained for wildlife.

- Allowable cut is based on the acres of a cover type divided by the rotation age for the type. Forest inventory programs periodically re-assess the acres by cover type and harvest levels are adjusted. Sustainability is maintained through this regulation.

- Counties participate in Landscape Level Planning with other agencies and large landowners.

Objective 5. Management of Visual Quality and Recreational Benefits

- Aesthetics of harvest areas is considered. Irregular shapes, uncut strips, and landing positions are used to decrease negative impacts.

- Harvest records indicate an average clearcut size well below the maximum allowed. Most harvests whether clearcut or partial cut are less than 30 acres. No areas observed during the field visit were even close to 120 acres. Harvest records indicate the size of clearcuts. There is no need for formal calculations due to the lack of clearcuts approaching the 120 acre maximum.

- The reliance on natural regeneration offers green-up in a very short time. All harvest sites visited were greened-up by the second year. A few sites which were chemically treated several years ago had planting failures. These sites are being given additional chemical and mechanical applications and being planted again to get them back in forest production.

- Recreation opportunities are very common on county land. Beltrami County has an area dedicated to recreation and a committee to help manage it. Ski and snowmobile trails are very common. Clearwater County continues to use a recreation plan. Carlton County manages 48 miles of former railroad bed for recreational trails. Crow Wing County has several designated non-motorized or motorized trails.

Objective 6. Protection of Special Sites

- Special sites are protected in all counties. Procedures require areas be inspected for historically or culturally important sites before a harvest occurs. Grave sites, old home sites, and remnants of old buildings are protected. Maps of sale areas have sites to be protected marked, and the sale contracts require such sites to be protected.

- The Counties receive GIS information from DNR Natural Areas Program to identify sites and assist in harvest planning.

Objective 7. Efficient Use of Forest Resources

- Harvest inspection reports used by all of the counties include utilization. Poor markets have made it challenging to maintain proper utilization, but in-woods chippers are being used if conditions, volume, and market make it feasible. More than adequate woody material is left on-site to ensure proper nutrient recycling.

- Contracts include penalties for improper utilization. Charges are made for harvested trees which are left

on-site.

- Auction sales encourage better utilization.

Fiber Sourcing

Objectives 8 – 13 do not apply to this certificate

Forest Land Management and Fiber Sourcing

Objective 14. Legal and Regulatory Compliance

- County practices are very visible and open to public scrutiny. Federal, State, County, and Local laws and environmental regulations are adhered to. Interviews with staff and inspection of documents confirm the knowledge and attention given to abiding by all laws and regulations.

- Laws and regulations dealing with employee rights and privileges are adhered to. All county employees are members of local labor unions which offer protection of employees' rights. Employment applications and contracts include statements of commitment to complying with appropriate regulations.

Objective 15. Forestry Research, Science, and Technology

- Research on several resource issues is conducted through active involvement with the MN SIC. Also, support and participation is given through membership in the MN Forest Sources Partnership, MN Tree Improvement Coop, and MN Forest Resources Council.

- MN SIC supports research on sustainable forestry by producing promotional ads and landowner manuals such as "Sustainable Forestry – A Landowner Manual." DNR conducts BMP monitoring which is funded by the MN Forest Resources Partnership.

- Information on climate change is obtained by attendance of seminars and collating professional journal articles.

Objective 16. Training and Education

- A commitment to SFI is included in the written procedures and is placed on the website for the MCSFC. Training for personnel and contractors is required on an annual basis. Focus is on issues related to past CARs or OFIs. Interviews with staff from all counties indicate an improvement in understanding of the procedures and SFI requirements. Contractors participate in training before harvest operations are started.

- The MN Logger Education program contains topics required by the standard and loggers who have successfully completed the training are considered "Certified Logging Professionals. Promotion by MCSFC of this training was confirmed by interviews with loggers who buy timber from Beltrami and Clearwater Counties. MN SIC has developed written requirements for recognition of logger certification programs.

Objective 17. Community Involvement in the Practice of Sustainable Forestry

- MN SIC is supported by participation and by dues. DNR conducts BMP monitoring funded by the MN Forest Resources Partnership. MN SIC published "Sustainable Forestry – A Landowner Manual."

- Field trips for landowners and other interested individuals are supported and contributed to.

- Participation in various partnerships, committees, and councils provide information on regional conservation planning which includes a broad range of stakeholders.

- The MN Forest Resources Council has a web-site which can be used for individuals to lodge complaints or concerns over any lack of conformance.

Objective 18: Public Land Management Responsibilities

- MN SCFM manages public land. Member counties involved the public in writing management plans through a public review process. All stakeholders were encouraged to participate.

- Local tribes are included in the planning process by direct interaction, tribal representatives on county boards, and tribal members who purchase timber or gather products on county land. Several treaties are adhered to which outline tribal rights.

Objective 19. Communications and Public Reporting

- A summary of the audit report from the last surveillance is on the SFI website.

- Annual SFI reports are prepared as required.

Objective 20. Management Review and Continual Improvement

- Written procedures require internal audits to be conducted.

- Internal audit reports and harvest inspection forms provide a record of improvement. These reports are reviewed by the central committee to look for ways for individual counties to improve in conforming to the SFI standard.

11. Nonconformities

No new non-conformities were found in 2010.

CAR #	Indicator	CAR Detail					
		Date Recorded>		Due Date>	Next surveillance audit	Date Closed>	dd mm yy
01	2.3.7	Date Recorded>	20 July 2011	Due Date>	Next surveillance audit	Date Closed>	dd mm yy
		Non-Conformance:					
		On at least one harvest site, skidding layout was not designed to minimize impacts on soil productivity.					
		Objective Evidence:					
		Rutting on main skid trails on TC4435 in Carlton County near non-open water wetlands.					
		Close-out evidence:					
		Date Recorded>	dd mm yy	Due Date>	dd mm yy	Date Closed>	dd mm yy
		Non-Conformance:					
		Objective Evidence:					
		Close-out evidence:					

12. Opportunities for Improvement

OFI #	Indicator	Observation Detail			
		Date Recorded>		Date Closed>	
01	6.1.5	Date Recorded>	18 May 10	Date Closed>	24 June 2011
		Observation:			
		MN has a Master Logger Program. MCSFC procedure LD-CM1 requires the use of trained loggers, but does not specifically require support of "Certified Loggers". This indicator was added to the SFI 2010-2014 Standard. The procedures should be changed to include support of "Certified Loggers" to avoid a non-conformance on this indicator during the next surveillance audit			
		Follow-up evidence:			
		The Counties contribute to the SIC program and Kirk Titus, Crow Wing County Land Commissioner, sits on the board. SIS has approved a Master Logger Program.			
		Date Recorded>	dd MMM yy	Date Closed>	dd MMM yy
		Observation:			
		Follow-up evidence:			

Appendix A

Site or Group Members included in the scope of the certificate

Site or Group Member Name:	Clearwater County
Address:	213 Main Avenue North, Dept. 107, Bagley, Minnesota 56621
Contact person:	Bruce Cox
Contact detail:	218-694-6227; Bruce.cox@co.clearwater.mn.us
Acres and No. of employees:	90,140 ac; 4 employees

Site or Group Member Name:	Beltrami County
Address:	701 Minnesota Ave. NW, Beltrami, MN 56601
Contact person:	Greg Snyder
Contact detail:	218.333.4210; Gregory.snyder@co.beltrami.mn.us
Acres and No. of employees:	147,000 ac; 8 employees

Site or Group Member Name:	Carlton County
Address:	1630 County Road 61, Carlton, MN 55718
Contact person:	Greg Bernu
Contact detail:	218.384.9179; greg.bernu@co.carlton.mn.us
Acres and No. of employees:	73,000 ac; 3 employees

Site or Group Member Name:	Koochiching County
Address:	715 4 th Street, International Falls, MN 56649
Contact person:	Dennis Hummitzsch
Contact detail:	218.283.1126; Dennis.hummitzsch@co.koochiching.mn.us
Acres and No. of employees:	286,500 ac; 10 employees

Site or Group Member Name:	Crow Wing County
Address:	4 th Street, Brainard, MN 56401
Contact person:	Kirk Titus
Contact detail:	218.824.1138; kirk.titus@co.crow-wing.mn.us
Acres and No. of employees:	103,000 ac, 6 employees

-- End of Report --