



SmartWood Headquarters
65 Millet St. Suite 201
Richmond, VT 05477 USA
Tel: 802-434-5491
Fax: 802-434-3116
www.smartwood.org

Audit Managed by:
United States Regional Office
801 Highway 3 North, Suite 200
Northfield, MN 55057
Tel: 507-663-1115
Fax: 507-663-7111
Contact person: Kara Wires, Forestry
Technical Coordinator
Email: kwires@ra.org



© 1996 Forest Stewardship Council A.C.

FM-06 January 2009



**Rainforest
Alliance**

SmartWood Program

Forest Management
2009 Annual audit
Report for:

**Downeast Lakes Land
Trust**
In
Grand Lake Stream, ME USA

Report Finalized: November 11, 2009
Audit Dates: August 17 & 18, 2009
Audit Team: Gabe Bolton

Certificate code(s): SW-FM/COC-002682
Certificate issued: 10/16/2007

Organization Contact: Mark Berry
Address: PO Box 75
Grand Lake Stream, ME
04637

TABLE OF CONTENTS

1. INTRODUCTION	3
2. AUDIT FINDINGS AND RESULTS	3
2.1. AUDIT CONCLUSION.....	3
2.2. CHANGES IN THE FOREST MANAGEMENT OF THE FME AND THE ASSOCIATED EFFECTS ON CONFORMANCE WITH THE STANDARD.	3
2.3. STAKEHOLDER ISSUES	4
2.4. CONFORMANCE WITH APPLICABLE CORRECTIVE ACTION REQUESTS	4
2.5. NEW CORRECTIVE ACTIONS ISSUED AS A RESULT OF THIS AUDIT	6
2.6. AUDIT OBSERVATIONS	6
3. AUDIT PROCESS	7
3.1. AUDITORS AND QUALIFICATIONS:	7
3.2. AUDIT SCHEDULE	7
3.3. SAMPLING METHODOLOGY:	8
3.4. STAKEHOLDER CONSULTATION PROCESS.....	8
3.5. CHANGES TO CERTIFICATION STANDARDS.....	8
APPENDIX I: List of visited sites (confidential)	9
APPENDIX II: List of stakeholders consulted (confidential)	10
APPENDIX III: Forest management standard conformance (confidential)	11
APPENDIX IV: Chain-of-Custody Conformance (confidential)	17
APPENDIX V: FSC Annual Audit Reporting Form: (confidential)	21
APPENDIX VI: SmartWood Database Update Form	23

Standard Conversions

1 mbf = 5.1 m³
1 cord = 2.55 m³
1 gallon (US) = 3.78541 liters

1 inch = 2.54 cm
1 foot = 0.3048 m
1 yard = 0.9144 m
1 mile = 1.60934 km
1 acre = 0.404687 hectares

1 pound = 0.4536 kg
1 US ton = 907.185 kg
1 UK ton = 1016.047 kg

1. INTRODUCTION

The purpose of this report is to document annual audit conformance of Downeast Lakes Land Trust (DLLT), hereafter referred to as Forest Management Enterprise (FME). The report presents the findings of SmartWood auditors who have evaluated company systems and performance against FSC forest management standards and policies. Section 2 of this report provides the audit conclusions and any necessary follow-up actions by the company through corrective action requests.

SmartWood audit reports include information which will become public information. Sections 1-3 will be posted on SmartWood's website according to FSC requirements. All appendices will remain confidential.

Dispute resolution: If SmartWood clients encounter organizations or individuals having concerns or comments about Rainforest Alliance / SmartWood and our services, these parties are strongly encouraged to contact SmartWood regional or Headquarters offices directly (see contact information on report cover). Formal complaints or concerns should be sent in writing.

2. AUDIT FINDINGS AND RESULTS

2.1. Audit conclusion

Based on Company's conformance with FSC and SmartWood requirements, the audit team makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification requirements <u>met</u>, certificate maintenance recommended Upon acceptance of CAR(s) issued below
<input type="checkbox"/>	Certification requirements <u>not met</u>:
Additional comments:	Open CARs from 2008 audit have been closed based on evidence provided to auditor and observation made during this audit.
Issues identified as controversial or hard to evaluate.	None identified.

2.2. Changes in the forest management of the FME and the associated effects on conformance with the standard.

No changes have occurred with regards to management of the Farm Cove Community Forest. In line with DLLT's mission of conserving and protecting the working forest landscape and tradition of open public access of Downeast Lakes Region of Maine, in December of 2008 they completed the acquisition of the 6,628 acre Wabassus Lake parcel that abuts the Farm Cove Community Forest to the south. DLLT is in the process of preparing an addendum to the Forest Management Plan (FMP) for this property and will add this additional acreage to scope of their joint FM/CoC certificate once the addendum has been finalized and approved by the Board of Directors.

DLLT has added a Community Forest Program Manager position and hired a professional forester licensed by the State of Maine. This ½ time position will report to the Executive Director and oversee forest management operations on DLLT’s property including implementation of all management activities and oversight of the contracted forest manager, Orion Timberlands, LLC.

2.3. Stakeholder issues

No stakeholder issues were brought to SmartWood’s attention during the audit period or identified during this audit.

2.4. Conformance with applicable corrective action requests

The section below describes the activities of the certificate holder to address each applicable corrective action issued during previous evaluations. For each CAR a finding is presented along with a description of its current status using the following categories. Failure to meet CARs will result in nonconformances being upgraded from minor to major status with conformance required within 3 months with risk of suspension or termination of the SmartWood certificate if Major CARs are not met. The following classification is used to indicate the status of the CAR:

Status Categories	Explanation
Closed	Operation has successfully met the CAR.
Open	Operation has either <u>not met</u> or has <u>partially met</u> the CAR.

Check if N/A (there are no open CARs to review)

CAR 01/08		Reference to Standard: 5.3.b, 6.1.d, 6.5.b
Non-conformance		DLLT’s FMP provides policy guidelines to evaluate the short-and long term environmental impacts of harvesting operations. However, formal assessments of short and long term impacts have not been produced for road maintenance activities. As evident from observations and interviews made during the audit, DLLT and their forest managers are not consistently conducting assessments of the impacts of all management activities and identifying mitigation measures. Examples include sedimentation occurring during installation of culvert at the “carwash” on Fourth Lake Landing Rd. and residual stand damage observed along main skid trails in the Summer 08 harvest located at the north end of Farm Cove Mountain Road. Damage was limited almost entirely to trees located along main skid trails and resulted from rough ground conditions and large hitches.
Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>	
Corrective Action Request: DLLT shall develop and implement a procedure to evaluate the potential short-term environmental impacts and their cumulative effects prior to commencing management activities and incorporate the results of these assessments into operational plans. Results of these assessments shall be incorporated into operational plans and ensure adequate supervision to ensure adverse impacts are minimized.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		The DLLT Forest Resource Committee developed the Evaluation of Potential Environmental Impacts of Management

	Activities Policy which was approved by the Board of Directors on July 14, 2009. The policy provides that the planning process for all management activities shall include an assessment of both short and long term environmental impacts of the activities. A form was created to document this assessment process which includes a description of the management activity, location, description of any environmental impacts, description of environmental benefits and details mitigation measures taken if any. The auditor was provided with a completed planning form for recent road maintenance work on Fourth Lake Road. Based on the evidence provided to the auditor and implementation of the new procedure this CAR is closed.
CAR Status:	Closed
Follow-up Actions (if app.):	Ensure ongoing implementation of Evaluation of Potential Environmental Impacts of Management Activities Policy for future management activities.

CAR 02/08	Reference to Standard: 8.3, COC 1			
Non-conformance	DLLT has not provided clear definition of the forest gate. Forest management contracts state that standing timber is sold to Orion as stumpage while DLLT and Orion representatives informed the auditor that DLLT retained ownership of material until transferred to customers upon delivery to mill.			
<table border="1"> <tr> <td>Major</td> <td>Minor</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> </table>		Major	Minor	<input type="checkbox"/>
Major	Minor			
<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Corrective Action Request: DLLT shall clearly establish and document at what point ownership of certified products are transferred (“forest gate”) to customers.				
Timeline for conformance:	Prior to next annual audit			
Evidence to close CAR:	DLLT provided the auditor with a memo from DLLT to Orion Timberlands dated July 17, 2009 that clearly details that DLLT sells all forest products to Orion Timberlands as standing timber via stumpage sales. The forest gate is therefore the stump. This CAR is closed.			
CAR Status:	Closed			
Follow-up Actions (if app.):	None			

CAR 03/08	Reference to Standard: 8.3, COC 5			
Non-conformance	All sales and shipping documentation for certified sales that occurred during the audit period were not readily available for auditor review during the audit, as Orion maintains these files at their office in Bangor, ME. While DLLT was able to provide a sample of documentation related to certified sales, FSC requires that all records be made readily available for review.			
<table border="1"> <tr> <td>Major</td> <td>Minor</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> </table>		Major	Minor	<input type="checkbox"/>
Major	Minor			
<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Corrective Action Request: DLLT shall ensure that all documentation related to the shipping and sales for certified products are readily accessible for review during audits.				
Timeline for conformance:	Prior to next annual audit			
Evidence to close CAR:	DLLT made available to the auditor copies of all trip tickets and associated scale slips for all loads delivered since the			

	previous audit. As confirmed by the auditor all sales and shipping documentation since the date of certificate issuance are maintained and available upon request. This CAR is closed
CAR Status:	Closed
Follow-up Actions (if app.):	None

2.5. New corrective actions issued as a result of this audit

CAR 01/09	Reference to Standard: Criteria and indicator: COC 1.3	
Non-conformance	While DLLT has procedures in place for controlling the Chain of Custody for certified products originating from the scope of the FM certificate these procedures have not been documented.	
Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>	
Corrective Action Request: DLLT shall document Chain of Custody control procedures per the requirements of <i>FM-35 SmartWood Chain of Custody standard for Forest Management Enterprises</i> .		
Timeline for conformance:	Prior to next annual audit	
Evidence to close CAR:	Pending	
CAR Status:	OPEN	
Follow-up Actions (if app.):		

2.6. Audit observations

Observations are very minor problems or the early stages of a problem which does not of itself constitute a non-conformance, but which the auditor considers may lead to a future non-conformance if not addressed by the client. An observation may be a warning signal on a particular issue that, if not addressed, could turn into a CAR in the future (or a pre-condition or condition during a 5 year re-assessment).

OBS 01/09	Reference Standard & Requirement: 5.6.b
DLLT has not recalculated annual harvest volume based on addition of Wabassus Lake property as that parcel has not yet been added to scope of the certificate. DLLT has indicated that annual harvest volumes are expected to increase as a result of this acquisition.	
Observation: Prior to adjusting annual harvest targets upward in response to the addition of the Wabassus lake tract DLLT should ensure that updated growth and yield modeling is conducted and that the results of this modeling supports the revised harvest levels.	

OBS 02/09	Reference Standard & Requirement: 7.1
DLLT is in the process of preparing an addendum to the forest management plan (FMP) for the recently acquired Wabassus Lake parcel. DLLT plans to add this 6,628 acre parcels to the existing Farm Cove Community Forest FMU once the plan addendum is finalized and approved by the Board of Directors. However there are numerous references in the current FMP that are specific to the existing FMU that will need to be updated upon enrollment of the Wabassus Lake parcel.	
Observation: DLLT should ensure that all relevant aspects of the existing FMP are updated to be inclusive of the expanded FMU once Wabassus Lake is added to the scope of the certificate.	

OBS 03/09	Reference Standard & Requirement: 8.2.a.1
<p>DLLT and Orion have a sound system for tracking and recording volumes of forest products harvested from the property. DLLT excludes biomass volumes from calculations of annual harvest volumes as this material consists of tops and limbs that were not accounted for in inventory data. Auditor observed merchantable wood in chip piles on site. The forester explained this was due to poor softwood pulp markets. The DLLT winter 2009 volume summary did account for pulp volume sold as biomass (705 cords of hemlock pulp) however DLLT does not have a formal system for tracking this volume to ensure it is considered in terms annual harvest volumes.</p>	
<p>Observation: DLLT should develop and implement a system to ensure that all merchantable wood (included in inventory volume) that is chipped and sold as biomass is accounted for in annual harvest volumes.</p>	

3. AUDIT PROCESS

3.1. Auditors and qualifications:

Auditor Name	Gabe Bolton	Auditor role	Lead Auditor
Qualifications:	<p>SmartWood Certification Quality Manager, Forester. Education: Bachelors of Science in Forestry from the University of Vermont (1996). Experience: Thirteen years of experience working as a forester in the Northeastern US and eight years of experience related to forest certification. Worked for four years as an inventory forester and 6 years as an operations forester for a private forest management company and has been with SmartWood since 2006. Participated in 19 CoC and 15 FM audits and assessments in addition to completing SmartWood CoC and FM Lead Assessor Training.</p>		

3.2. Audit schedule

Date	Location /Main sites	Principal Activities
8/17/09	DLLT Office, Grand Lake Stream, ME	Opening meeting, review of evidence to close CARs from 2008 audit, document review and site selection.
8/17/09	Farm Cove Community Forest, Townships T5 and T6	Inspect recently completed, ongoing and planned harvest activities since last audit. Interviewed harvesting contractors and inspected locations for planned road infrastructure improvements.
8/18/09	Wabassus Lake Tract	Inspection of newly acquired property that will be added to the scope of the certificate upon completion of Forest Management Plan addendum. Inspected condition of road infrastructure, locations of two areas identified for arch culvert installation as part of management for brook trout and inspection of Stone Dam and important historical site located on the property.
8/18/09	DLLT Office, Grand Lake Stream, ME	Closing meeting and presentation of preliminary audit results.

Total number of person days used for the audit:2
= number of auditors participating 1 X number of days spent in preparation, on site and post site visit follow-up including stakeholder consultation 2

3.3. Sampling methodology:

The audit focused on continued conformance with the FSC standards, inspection of the recently acquired Wabassus Lake tract that DLLT will be adding to the scope of their certificate once the Forest Management Plan addendum is finalized and progress in meeting the 3 outstanding CARs. The audit began in the morning of August 17, 2009 at the offices of Downeast Lakes Land Trust in Grand Lake Stream, Maine. During the meeting, management activities since last audit were discussed as well as progress toward meeting the outstanding CARs. Appropriate documentation was reviewed and additional documentation was requested. Sites were visited throughout the afternoon and the following morning with the goal of seeing current and past management activities on DLLT's property. Documentation pertaining to these activities was reviewed prior to, during and after the site visits. The evidence to address the 3 open CARs established during DLLT's 2008 audit was discussed during the opening meeting and these CARs were closed based on documentation provided and audit observations. Two minor CARs issued during the initial assessment were upgraded to Major CARs during the 2008 audit. These two Major CARs were evaluated and closed during a separate CAR Verification Audit in March of 2009. A public summary of this report can be found on the FSC website that lists FSC certified operations www.FSC-info.org.

3.4. Stakeholder consultation process

No external stakeholders were consulted for this audit. Contractors on active harvest sites were interviewed.

3.5. Changes to Certification Standards

Forest stewardship standard used in audit:	FSC US Northeast Standard version 9.0
Revisions to the standard since the last audit:	<input checked="" type="checkbox"/> No changes to standard. <input type="checkbox"/> Standard was changed (detail changes below)
Changes in standard:	There have been no revisions to the FSC US Northeast Standard since the previous audit. SmartWood did establish a CoC standard for forest management enterprises with joint FM/CoC certificates in march of 2009. DLLT was evaluated to this standard during this audit.
Implications for FME:	New requirements result in new CARs issued