

Date of Public Summary: May 2012

**PUBLIC SUMMARY OF FIRST SURVEILLANCE AUDIT OF
KELANTAN STATE FOREST MANAGEMENT UNIT
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate No : FMC 005
Date of Certification : 9 June 2010
Date of Surveillance Audit : 20 - 23 June 2011**

Certification Body:

**SIRIM QAS International Sdn Bhd
Block 4, SIRIM Complex
1, Persiaran Dato' Menteri
Section 2, P. O. Box 7035
40700 Shah Alam
Selangor, MALAYSIA**

**Tel : +60 3 5544 6400
+60 3 5544 6448
Fax : +60 3 5544 6763
E-Mail : radziah_mohd.daud@sirim.my**

1. INTRODUCTION

A surveillance audit on the Kelantan State Forest Management Unit (hereafter referred to as 'the Kelantan FMU') was conducted from 20 to 23 June 2011. This is an audit to assess the continued compliance of the Kelantan State Forest Department (KSFD)'s forest management system and practices of the Permanent Reserved Forest (PRF) within the Kelantan FMU against the requirements of the Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)], the standard used for forest management certification under the Malaysian Timber Certification Scheme (MTCS), using the verifiers stipulated for Peninsular Malaysia.

In addition, this surveillance audit was conducted to verify actions taken by KSFD in addressing the Non-Compliance Reports (NCRs) and Observation for Improvements (OFIs) issued during the previous Stage 2 Audit.

The PRF within the Kelantan FMU is managed by the KSFD. The PRF comprises of 623,849 hectares (ha) of the state's total land area of 1,493,181 ha. The PRF consists of only inland forests. However, part of the PRF amounting to 199,352 ha had been zoned as potential forest plantation areas for planting Timber Latex Clones (TLC) rubber trees. These areas had been excluded from the FMU and the scope of this audit. Thus the PRFs of the FMU that was being audited under this surveillance cover an area of 424,497 ha, the same size as was being audited under the previous Stage 2 Audit.

The KSFD is committed to the management of the Kelantan State FMU on a sustainable basis. The PRFs within the FMU comprise mainly inland Dipterocarp forests. The administration of the FMU is divided into three forest districts namely the East (Machang), West (Tanah Merah) and South (Gua Musang) Forest Districts. A map of the Kelantan FMU showing clearly the locations of the PRF covered under the scope of certification is attached in **Annex 1**. In addition, the list of names of the specific Forest Reserves and compartments within the Forest Reserve had also been included to avoid any ambiguity on the area of the PRF which is covered under the scope of certification.

The inland forest is still being managed under a Selective Management System (SMS) on a 30-year rotation period. Under the Tenth Malaysia Plan (2011-2015), the AAC for the Kelantan FMU had been set at 5,910 ha. A Forest Management Plan (FMP) covering the period from 2006 to 2015 had been completed and presented during the audit. The AAC had taken into account the extent of the PRFs that had been zoned for planting TLC rubber trees. The relevant documents on the calculation of the AAC had been presented to the audit team and there were discussions being held on this matter prior to the conduct of this surveillance audit.

2. GENERAL SUMMARY

2.1 Name of FMU

Kelantan State FMU

2.2 Contact Person and Address

Tuan Hj. Yusup Abd Rahman
Assistant Director of Forestry
Kelantan State Forestry Department
Level 1, Block 5
Kota Darulnaim
15503 Kota Bahru
KELANTAN
Tel : 09-748 2140
Fax : 09-744 5675

2.3 **Dates of Surveillance Audit:**

20-23 June 2011 (10 auditor days)

2.4 **Audit Team**

Dr. Samsudin Musa (Audit Team Leader)
Dr. Zahid Emby (Sociologist/ Auditor)
Mr. Khairul Najwan Ahmad Jahari (Auditor)
Mr. Ismail Ibrahim (Trainee Auditor)

2.5 **Standards Used**

Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)] using the verifiers stipulated for Peninsular Malaysia.

2.6 **Stakeholder Consultation**

A stakeholder consultation was conducted in May 2011 for a period of one month. Comments by stakeholders and responses from the audit team leader are attached in **Annex 2**. In addition, there were also on-site consultations being held with the staff of the KSFD and the field workers of the contractors at the harvesting sites.

3. **SUMMARY OF SURVEILLANCE AUDIT FINDINGS**

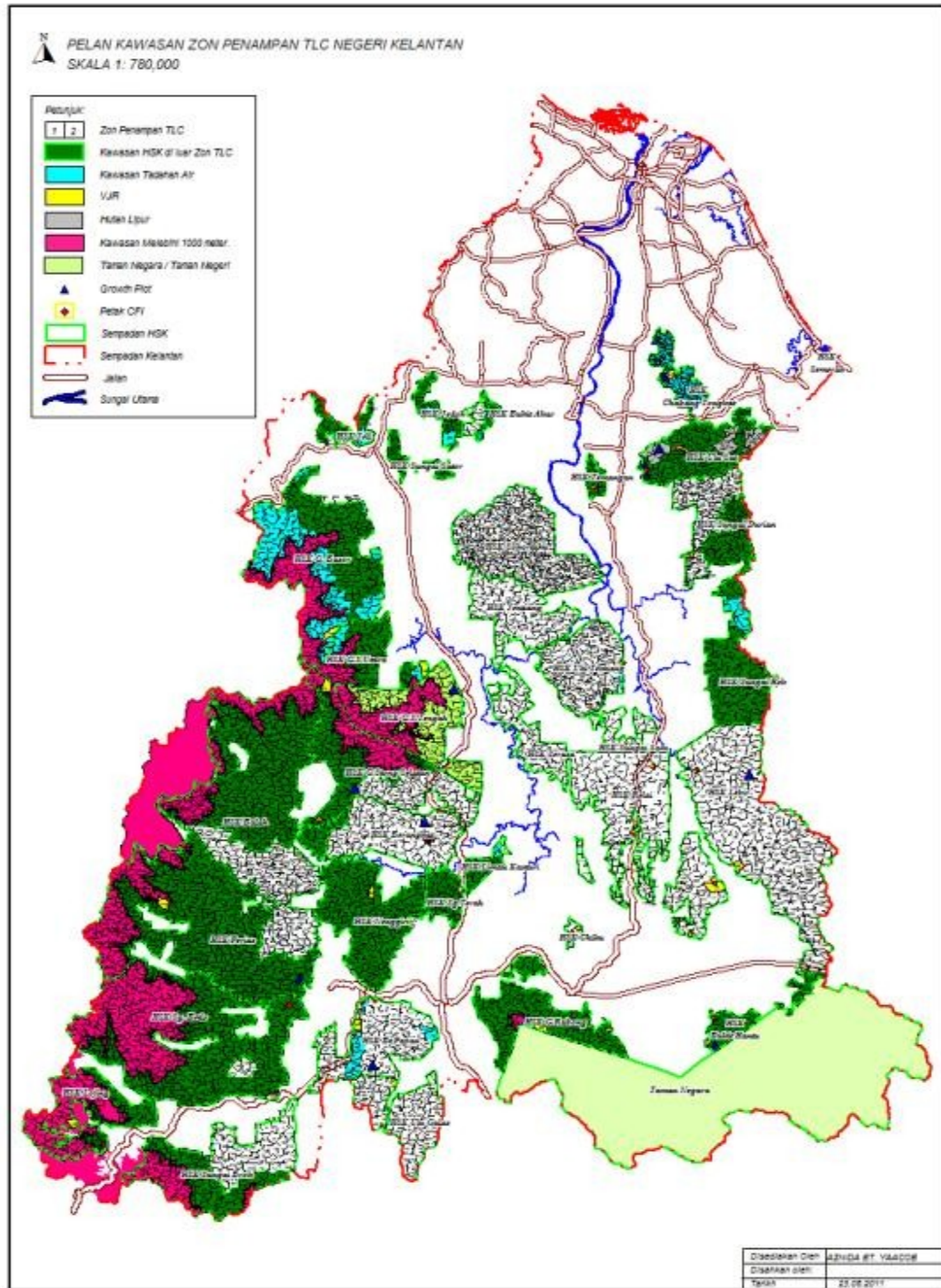
Based on the findings of this surveillance audit, it was found that the KSFD had generally continued to comply with most of the requirements of the *MC&I (2002)*. However, the surveillance audit had raised three (3) minor NCRs and three (3) Opportunity for Improvements (OFIs).

During this surveillance audit, the audit team had also verified on the corrective actions taken by the KSFD to address the 1 major and 5 minor NCRs as well as the 4 OFIs that were raised in the previous Stage 2 audit. The audit team was satisfied with most of the corrective actions taken by the KSFD and had consequently agreed to close out all these NCRs and OFIs except for OFI 2 which had been upgraded to minor NCR and OFI 4 which remained outstanding. The details on the status of these NCRs and OFIs, the corrective actions taken by KSFD to address them, the remarks by the Audit Team Leader on their close-out as well as the new NCRs and OFIs raised in this surveillance audit are attached in **Annex 3**.

The KSFD had submitted corrective action plan to address the NCRs and OFIs raised during this surveillance audit through a letter dated 16 August 2011 which had been accepted by the audit team leader. These proposed corrective actions by the KSFD to address the minor NCRs and OFIs shall be verified by the audit team during the next surveillance audit.

As there was no new major NCR being raised and all the NCR raised during the previous Stage 2 audit have been satisfactorily closed out, it is therefore recommended that the *Certificate for Forest Management* which was awarded to the KSFD be maintained.

A Map of the Kelantan State FMU



Details of the PRFs covered under the scope of the specification are as follows:

No	Permanent Forest Reserve	Compartment
1	Chabang Tongkat	All Compartments
2	Ulu Sat	All Compartments
3	Temangan	All Compartments
4	Sungai Rek	All Compartments
5	Bukit Akar	All Compartments
6	Sungai Sator	All Compartments
7	Jeli	All Compartments
8	Gunung Basor	All Compartments
9	Gunung Stong Utara	All Compartments
10	Gunung Stong Tengah	All Compartments
11	Limau Kasturi	All Compartments
12	Sg Terah	All Compartments
13	Nenggiri	All Compartments
14	Lojing	All Compartments
15	Gunung Rabong	All Compartments
16	Bukit Hantu	All Compartments
17	Sg Brok	All Compartments, except: 2, 6, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 21, 73, 72, 75 and 74
18	Berangkat	All Compartments, except: 1, 2, 3, 4, 5, 6, 7, 8, 9, 12, 13, 15, 33, 34, 35, 36, 37, 39, 41, 43, 45, 51, 52, 53, 55, 56, 57 and 100.
19	Lebir	All Compartments, except: 1, 2, 3, 4, 6, 8, 9, 16, 17, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 39, 41, 42, 43, 44, 46, 54, 55, 56, 58, 60, 61, 71, 72, 73, 74, 108, 109, 110, 112, 113, 114, 115, 124, 125, 126, 127, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 146, 147, 149, 152, 153, 165, 166, 167, 168, 169, 171, 178, 179, 180, 181, 182, 183, 185, 186, and 192.
20	Sg Durian	All Compartments, except: 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27, 29, 34, 35, 36, 37, 38, 44, 46, 48, 49, 50, 52, 53, 54, 55, 59, 71, 77, 78, 79, 80, 81, 82, 90, 108, 112, and 113.
21	Jedok	All Compartments, except:

		13, 14, 15, 16, 17, and 18
22	Sg. Betis	All Compartments, except: 149, 150, 151, 152, 153, and 154.
23	Sg Balah	All Compartments, except: 204, 205, 206, 212, 213, 214, 219, 225, 226, 229, 230, 232, 233, 234, 235, 236, 237, 239, 245, 246, 247, 248, 249, 250, 251, 252, 253, and 265.
24	Perias	All Compartments, except: 31, 32, 48, 50, 128, 129, 130, 136, and 140.
25	Gunung Stong Selatan	All Compartments, except: 57, 62, 67, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 105, 106, and 108.

Comments by Stakeholders and Responses by Audit Team Leader

No	Name	Organisation	Address and Contact Numbers	Date Received	Detail of Issue Raised	Comments by Audit Team Leader
1	Stakeholder 1			25.05.2011	<p>Stakeholder 1 membuat pemeriksaan tempat kerja di kawasan pembalakan di hutan. Pada tahun 2011 sebanyak 9 tempat pembalakan telah diperiksa khususnya di kongsi pekerja dalam hutan. Pada pemeriksaan ini beberapa tidak keakuran pihak majikan terhadap peraturan keselamatan dan kehendak Akta Keselamatan Dan Kesihatan Pekerjaan, tiada Prosedur Kerja Selamat secara bertulis aktiviti menebang pokok, menarik balak dan memunggah kayu balak. Hanya Kompleks Perkayuan Kelantan Sdn Bhd. (KPK) dan kontraktor di bawahnya sahaja yang mempunyai pengurusan keselamatan dan kesihatan pekerjaan yang baik. Semasa pemeriksaan taklimat dan penerangan mengenai OSHA dan Keselamatan dan Kesihatan Pekerjaan disampaikan kepada pihak pengurusan majikan dan pekerja yang hadir. Kesedaran terhadap kepentingan keselamatan dan kesihatan semasa bekerja telah dapat mereka fahami. Pada tahun ini juga telah berlaku 3 kemalangan maut di sektor pembalakan. Di peringkat Jabatan ini, pihak kami telah mengeluarkan sebanyak 7 notis perbaiki (NOI) kepada majikan untuk mengadakan perkara-perkara yang tersebut di atas supaya tahap keselamatan dan kesihatan pekerjaan dapat diperbaiki. Dari itu, hanya 1 majikan belum menjawab notis yang dikeluarkan. Surat peringatan dan amaran akan dikeluarkan kepada majikan yang ingkar dan jika masih berdegil tindakan pendakwaan akan diambil.</p>	<p>The audit had undertaken consultations with representatives from Stakeholder 1. The audit found that DOSH had conducted checks on logging contractors. Briefing on safety and health was given to selected contractors prior to logging and safety documents were distributed to workers. The proper use of PPEs particularly ear plugs was found to be inadequate.</p> <p>It was highlighted by Stakeholder 1 that although there have been improvements but there is still a need to properly complies with safety procedures.</p> <p>Inspection of active logging site in Compartment 12A of the Ulu Sat FR and indicated that PPEs were available and was informed that they were being used. The issue of using earplugs remains difficult as fellers feel that there is a need to hear the cracking sound of the tree that is being felled for safety reasons. A check on Bukit Batu Tapong Nursery indicated that PPEs were available and staff has been trained on its use. Proper disposable ditches have been constructed and chemicals were properly stored and monitored. Future surveillance will revisit this agency again to</p>

					<p>Translations: Stakeholder 1 had conducted inspections on work places of logging operations in the forest. In 2011, 9 work places were inspected particularly the workers' camps in the forest. During these inspections, a number of non-compliances by the forest contractors with the safety regulations and Occupational Safety and Health Act (OSHA) were found such as the absence of written procedures on work safety on tree felling, log hauling and unloading of logs. Only Kompleks Perakayuan Kelantan Sdn Bhd (KPK) and their sub-contractors were found to have a good management on occupational safety and health.</p> <p>During the inspection, the Stakeholder 1 officers had briefed the contractors and their workers on OSHA and workers' safety and health. They have been made aware and have understood the importance of having a good safety and health while at work. In 2011, there were 3 fatal accidents in the logging industry. Stakeholder 1 had issued 7 notices of improvement (NOI) to employers related to the above mentioned non-compliances in order to raise the level on safety and health in the industry. Only one employer has not responded to the NOI. Reminder and warning letters would be issued to this employer and legal action would be taken if they continued to be stubborn.</p>	monitor progress.
2	Stakeholder 2			10.05.2011	Stakeholder 2 tidak mempunyai halangan ke atas Sistem Pengurusan Hutan Semasa (Sustainable Forest Management) yang diamalkan oleh Jabatan Perhutanan Negeri Kelantan iaitu penebangan hutan balak secara terpilih, dimana proses ini tidak memusnahkan habitat asal hidupan liar. Stakeholder 2 tidak menyokong amalan pembangunan Hutan Simpan	A visit to Stakeholder 2 was also made. Discussions with representatives indicated that the main concern were with the logging activities of the TLC areas which is out of the scope of this audit.

					<p>Kekal (HSK) kepada Ladang Hutan Getah Klon Balak (TLC). Pembangunan TLC ini akan memusnahkan dan menghilangkan habitat asal hidupan liar dan meningkatkan risiko konflik hidupan liar dan manusia. Perbelanjaan yang tinggi diperlukan untuk menguruskan konflik hidupan liar dan manusia.</p> <p>Translations: Stakeholder 2 has no objection on Sustainable Forest Management System being practised by the KSFD i.e. selective felling of trees, a practice which does not destroy the natural habitat of wildlife. However, the Stakeholder 2 does not support the felling of trees in the PRF for planting of TLC rubber trees. The establishment of TLC rubber tree plantations would destroy and result in the lost of the natural habitat of wildlife and increase the risk of conflict between wildlife and human. There would be a high cost to manage this wildlife-human conflict.</p>	
3	Stakeholder 3			05.05.2011	<p>Banyak ketika ini kelulusan pembalakan diluluskan atas nama mengeluarkan saki-baki balak. Pengeluaran saki-baki balak ini dibuat untuk melaksanakan penanaman Getah Klon Balak. Biasanya keluasan tanah yang dikeluarkan oleh kerajaan negeri untuk Getah Klon Balak adalah melebihi 500 hektar dan tertakluk kepada EIA. Bagi projek Getah Klon Balak di Kelantan banyak yang menyediakan laporan EIA tetapi bagi aktiviti mengeluarkan saki baki balak selalunya akan dipecah-pecahkan menjadi kompartmen yang kecil untuk mengeluarkan salinan laporan EIA.</p> <p>Translations: At present, there are many approvals being given to logging operations under the pretext of removing the remaining</p>	<p>A visit to Stakeholder 3 was conducted. Discussions with representatives indicated that the main concern were with the logging activities of the TLC areas which is out of the scope of this audit.</p>

					trees in logged-over areas for the establishment TLC rubber tree plantations. Usually, the area being approved by the State government for the planting of these TLC rubber trees is more than 500 ha, which is subject to an EIA. For such planting, an EIA report is normally prepared. However, for removing the remaining trees, usually the forest areas are being broken into small compartments for the issuance of copy of the EIA report.	
4	Stakeholder 4			09.05.2011	No comment	
5	ORANG ASLI TEMIANG		GUA MUSANG, KELANTAN		News report by The Star dated 28.04.2011	The report stated that Orang Asli from the Temiang tribe in Gua Musang is seeking a court order to stop the Kelantan State government from carrying out a project, under the Ladang Rakyat Scheme, on their land. The auditor visited the area concerned, Pos Belatim, Ulu Nenggiri, Gua Musang on 22 June 2011. Though unable to meet the Batin who was away at the time, the auditor however managed to two senior members of the community, Ate Asu and Angah Hitam, both of whom affirmed that they had no knowledge of the court order, neither do they know the applicants, Rosli Along, Angah Along and Hassan Alang. Ate Asu and Angah Hitam also affirmed that at present there are no logging activities in the immediate vicinity of the village, the last logging operation being completed in the 1990's. There was also no evidence of Ladang Rakyat activities in the area close to the village and

						the two villagers interviewed also had no knowledge of the project.
6	JAWATANKUASA KEMAJUAN DAN KESELAMATAN KAMPUNG PERSEKUTUAN (JKKKP) (Federal Village Development and Security Committee)		MUKIM GONG KELIH,PASIR PUTEH,KELANTAN		News report by Kosmo dated 16.04.2011	The auditor was not able to contact the former Chairman of the JKKKP whose complaints were highlighted in the newspaper report as he was away during the auditor's visit to the area. However the auditor did manage to interview the Chairman of the JKKK regarding the newspaper report that drinking water and water supply for agriculture was badly affected by logging. He affirmed that there had been no problem with drinking water as they obtained running water from the Jeram Linang reservoir, and water for agriculture became murky/muddy only for a short while usually after heavy rain.
7	PENDUDUK ORANG ASLI POS GOB (Orang Asli Community, Post Gop)		GUA MUSANG, KELANTAN		News report from 'Berita Harian 10.06.2011	No PRF areas were affected by the forest activities highlighted in the newspaper report

Status of NCRs and OFIs issued during the previous Stage 2 Audit

NCRs:

Indicator	NCR No.	Non-Compliance	Corrective Actions Taken	Status
Indicator 5.3.2	1 (Minor)	During the inspection of active logging sites in Compartment 87 of the Nenggiri FR it was observed that there were evidence of product wastage as several logs were left in the forest and not removed. Some of the logs had heart rot and some was sound but of small dimensions or short logs. A representative from the logging contractor explained that they would still fell tagged trees that were partially sound. However, they would transport only the sound logs out of the forest. This had resulted in wastage as large parts of the logs would be left in the forest. The felling and extraction operations need to be improved to reduce wastage.	<p>The KSFD had taken steps to enhance the awareness of the logging contractors to reduce wastage. Logging wastes such as off cuts were allowed to be removed under strict supervision of the KSFD. Guidelines on conditions for the removal of logging waste had been made available.</p> <p>During the verification on the active logging sites in Compartment 90 of the Nenggiri FR and Compartment 12A of the Ulu Sat FR, it was observed that product wastage has been significantly reduced. There were no logs that were left in the forest and the logging contractors were found to be more aware of the need to reduce wastage</p>	Closed out
Indicator 5.5.1	2 (Minor)	During an inspection of the harvesting record on Compartment 67 of the Stong Selatan FR under the logging licence DB-01-16-09 being operated by R.R. Pahi Enterprise Sdn Bhd, the auditors had found that the compartment has areas with elevation of more than 1,000 metres (m) above sea level. However, logging had been completed in the area. The area could not be inspected due to poor accessibility and weather condition during the audit. The auditors had been informed that the part of the cutting block in this compartment that was above 1,000 m from the sea level had been excluded from the logging operation. In this respect a major NCR was not issued. However this was still against the <i>MC&I</i> (2002).	It was found that logging had been discontinued and a stop work order was issued by the KSFD to the logging contractor R.R. Pahi Enterprise Sdn Bhd. This was evident through a letter issued by the Tanah Merah District Forest Office ref. PHJ.K.BT:8/2106 (80) dated 20 Dec. 2009 to R.R. Pahi Enterprise.	Closed out

Indicator 6.2.3	3 (Minor)	<p>During the stakeholders' consultation with PERHILITAN, the auditors had found that PERHILITAN had with them the relevant information on wildlife in the FMU and had indicated its willingness to cooperate with the Kelantan SFD in providing such information. They had also indicated that they were willing to cooperate with the Kelantan SFD in the control of poaching which had been a problem in the FMU. The Non-Governmental Organisations (NGOs) such as the Malaysian Nature Society (MNS) had also commented that they had not been consulted in conservation activities undertaken by the Kelantan SFD such as on identifying conservation areas.</p> <p>The Kelantan SFD needs to improve its cooperation with stakeholders related to the implementation of conservation activities to enhance forest management in the FMU.</p>	<p>It was observed that KSFD had made attempts to foster greater cooperation with PERHILITAN. This was based on the evidence of issuance of a letter ref. PHN.KN 131/1/16j 9 dated 15 June 2011 to PERHILITAN requesting them for a meeting on 11 July 2011 to discuss issues of mutual interests. During the consultations held between a member of the audit team with PERHILITAN, it was observed that the Department had indicated their willingness to have greater cooperation KSFD on these issues related to poaching and protection of fauna within the FMU.</p>	Closed out
Indicator 6.5.3	4 (Minor)	<p>The access roads leading to compartment 87 of the Nenggiri FR and compartment 29 of the Ulu Sat FR had poor drainage and excessive earthwork. It was observed that although compartment 29 of the Ulu Sat FR was relatively flat, the access roads had very high and steep sidewall that were potentially prone to slides. It was also found that access roads leading to and within Compartment 59, of the Balah FR lacked sumps and cross drains. In addition, there were bridges which had been constructed not having proper retaining wall to prevent soil from being washed into the streams.</p>	<p>In this surveillance visit, the auditors had found that there had been improvement on the construction of roads in the logging sites in compartments 90 of the Nenggiri FR and 12A of the Ulu Sat FR. Sumps and cross drains were visible and retaining walls had been constructed for bridges.</p> <p>The auditors were shown the monitoring of the progress in the construction of the roads through the completion of "Borang UKH (D) 1/2007". In this form, assessment on the construction of the main access road would first be carried out by the district forest office prior to allowing the logging operation to proceed.</p>	Closed out.

Indicator 6.6.2	5 (Minor)	<p>It was found that the workers had not been aware of the different toxicity levels of chemical being used in the nursery. Although the auditors had been informed that poisonous chemicals were not being used, containers of Roundup which is a class 3 as well as more toxic Paradox 13 which is a class 1b poisonous chemicals were found in the nursery stores. The proper usage of these chemicals was unclear.</p>	<p>The auditors had reinspected the same nursery in Bukit Batu Tapong. The overall condition of the nursery has improved significantly. Consultation with the workers at the nursery had indicated that they had attended a training on 24-25 Feb 2010 on the use of chemicals. Their awareness of the procedures on the use of approved chemicals in the forest was found to have improved.</p> <p>The workers had also been equipped with proper personal protective equipment (PPE). A new dumping site had been constructed which had complied with the required specification for the disposal of chemical containers. There were also signages for warning of dangers at the disposal site. In addition, a new store and a cleaning and chemical mixing area had also been constructed.</p>	Closed out.
Indicator 8.3.1	6 (Major)	<p>During the checking conducted at the Laloh FCS, it was found that the information on some of the logs recorded in the RPs did not tally with that in the 'Record of Tree Tagging' for the same logs. For example, in the RP No. L341705 for License DT10-06/09 issued to Vitrex Timber Industry, the log tag no. 6292 indicated that the specie was Merawan with diameter at breast height (dbh) of 41 centimetres (cm) while in the 'Record of Tree Tagging', the same log was written as Kelat with dbh of 60 cm. Record of logs being issued with RPs at this FCS was found to have not been properly kept therefore making traceability of the logs back to the origin (compartment or harvesting block within the PRFs) rather impossible.</p> <p>It was also found that in both of the FCS, the measurement of the logs written in the RPs were not of proper dimensions.</p>	<p>During the verification audit conducted on 12-13 April 2010, the auditors had verified the corrective actions taken by the Laloh Forest Checking Station (FCS) in Machang to address this non-compliance. Three additional FCSs had also been inspected to ensure that this non-compliance has not been repeated.</p> <p>During the verification audit at the Laloh FCS in Machang, the auditors had found that records of log movements have now been updated and were in good order. Checks had been made on the information in delivery orders which was validated against the information in the RPs and the 'Record of Tree Tagging' and found to be correct.</p> <p>Delivery orders are now being kept at all the FCSs. Checks conducted on the calculations of royalties and payments made were found to be in order with proper records and receipts being kept. The forester (officer in charge) who was responsible for the Laloh FCS during the conduct of the Stage 2 Audit has been transferred out. A letter of his transfer was made available to the audit team. Based on an interview held with Mr. Ab. Razak, the newly appointed officer in</p>	Closed out.

		<p>For example, it was observed that in one of the RPs, the size of the diameter of logs 2 and 3 were significantly bigger than log 1, which seemed most unlikely as all the logs were from the same tree. This could have resulted in the tag numbers being wrongly placed on the respective logs.</p>	<p>charge of this FCS, the audit team had found that he was competent and capable for assuring that the procedures would be properly implemented.</p> <p>Inspection on the other three FCSs had also indicated that the work being conducted on the issuance of RPs was in order and the officers in charge had been found to be competent. The auditors had also found that the KSFD have improved on the logging license conditions by including a clause that logging contractors shall be responsible for only transporting legally tagged logs.</p> <p>The auditors had also inspected the work done on the checking and measuring of logs by the foresters on lorries at the FCSs in Gua Musang and Kg Stong and found that the checking and measuring had been done correctly and that the information had been correctly recorded on to the RPs issued by these FCs . The auditors had found that the respective District Forest Officers (DFOs) had conducted briefings to the officers in charge at these FCSs. For example, a record of such briefing was made available at the East Kelantan Forest District Office in Machang. The respective DFOs had also been monitoring the work of the officers in charge at these FCSs. The audit team had been informed that the KSFD would be conducting more frequent checks on these FCSs to ensure no recurrence of this non-compliance.</p>	
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OFIs:

Indicator 1.5.2	OFI 1	More effective and preventive measures were needed to control and reduce the incidences of encroachment. More frequent patrolling and control of access roads were needed to reduce such incidences. Additional forest reserve signboard plates could be erected at strategic locations with the FMU such as besides the roads leading into PRFs. An action plan to overcome the problem should also be developed.	In this surveillance, it was found that patrolling and controlling of access roads, were being intensified. Additional signboard plates indicting PRFs had been erected at strategic locations within the FMU such as beside the roads leading into them. This was evident during the inspection on the Ulu Sat Forest Reserve where warning plates showing Forest Reserve had been erected.	Closed out.
Indicator 6.5.4	OFI 2	In compartment 87 of the Nenggiri FR and Compartment 59 of the Balah FR, it was observed that some of the riparian buffers had been disturbed with trees falling into the buffer zone. Incidences of some soil from road construction being pushed into riparian buffers were also evident. Although the damage had not been extensive, better care would be needed on the-protection of buffer strips.	During this surveillance audit, it was observed that there was still disturbance on riparian buffers at the harvesting site visited in compartments12A of the Ulu Sat FR. The auditors had found that part of the riparian buffer had been disturbed as there were wood debris and logs in the riparian buffers due to logging of trees close to the buffer.	Up-graded to a minor NCR SM2.
Indicator 6.7.1	OFI 3	In general, containers, liquid and solid non-organic wastes including fuel and oil had been disposed off in an environmentally appropriate and legal manner. However, inspection in the active logging areas in compartment 29 of the Ulu Sat FR and compartment 64 of the Gunung Basor FR indicated that oil barrels and fuel containers had not been properly stored in a contained area and some plastic containers were found in the forests.	During this surveillance audit, the auditors had found that the workers quarters in the active logging sites in the Nenggiri and Ulu Sat FRs were situated outside the PRFs. It was found that containers, liquid and solid non-organic wastes including fuel and oil had been disposed off in an environmentally appropriate and legal manner. Oil barrels and fuel containers has been properly stored in well contained areas. Consultations held with the workers had indicated that they had been aware of the need to keep the areas clean and that non-organic wastes should be recycled. The audit team was satisfied with the improvements being made on the disposal of non-organic wastes.	Closed out.

Indicator 9.1.1	OFI 4	Further consultations with the relevant stakeholders such as the government agencies, universities, forestry research and academic institutions and environmental NGOs would be needed to solicit useful information in identifying HCVF sites. The Kelantan SFD had indicated that they have identified other potential HCVF sites and was in the process of demarcating them. As more sites within the FMU could be demarcated as HCVF, the Kelantan SFD would need to hold more consultations with the relevant stakeholders.	The Kelantan SFD had indicated that they are in the process of identifying additional potential HCVF site. These efforts need to be enhanced. As more sites within the FMU could be demarcated as HCVF, the Kelantan SFD would need to hold more consultations with the relevant stakeholders. In this respect, the auditors decided to maintain the OFI raised in the previous audit. In the next surveillance audit, additional HCVF sites are expected to be identified and established.	Remained out standing
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Issuance of New NCRs and OFIs under the Current First Surveillance Audit

NCRs:

Indicator	NCR No.	Status	Summary of Non Compliance
6.5.3	SM1	Minor	It was observed that the access roads leading to compartment 12A of the Ulu Sat FR and compartment 90 of the Nenggiri FR had loose soil that had been pushed to the side of the roads probably during recent road maintenance but had not been compacted to prevent soil erosion. It was also found that a sump had been constructed at a cross drain in the Nenggiri FR resulting in damage to the cross drain.
6.5.4	SM2	Minor	During this surveillance audit, it was observed that there was still disturbance on riparian buffers at the harvesting site visited in compartments 12A of the Ulu Sat FR. The auditors had found that part of the riparian buffer had been disturbed as there were wood debris and logs in the riparian buffers due to logging of trees close to the buffer. Therefore the auditors had decided to upgrade the previous OFI 2 to a new minor NCR SM 2.
8.3.1	SM3	Minor	It was noted that the KSFD was conducting a research project to study the impacts of logging in areas above 1,000 m from the sea level in the Sg. Betis, Sg. Brok and Lojing FRs. This was part of the KSFD's effort to incorporate new scientific and technical information in the revision of its FMP in responding to the changing environmental, social and economic needs of managing the State's forest resources. A large extent of the production forests of the FMU is located in areas with elevation more than 1000m. At the same time these areas are also relatively not very steep and as such there is a potential for low impact logging technology to be applied to sustainably manage such areas without undue impacts to the environment. The research being conducted is trying to assess the feasibility of managing such areas. The research covers 2,200 ha of forest and to-date, a total of 825 ha has been logged. The research is being conducted by a

		<p>consortium consisting of a group of scientists from Universiti Putra Malaysia and Universiti Kebangsaan Malaysia. There is an agreement between the State and the consortium as well as with the KSFD. The research is being conducted at the operational scale to ensure that the results better reflect actual forest operations. The scope of research is also wide looking into aspects such as impacts on biodiversity, stand productivity, soil erosion, hydrology, costs and benefits and social aspects.</p> <p>The area which had been logged under this project was not part of the annual coupe. As such, the logs that had been felled from the project site should be separated from those removed from other PRF within the FMU as such logs cannot be considered as certified logs. However, random inspection on RPs (Nos. L469639 and L467294) under license DS 01-25-10 for logs originating from the project site indicated that there were no difference with those that had originated from other PRF within the FMU which are considered as certified logs.</p>
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OFIs:

Indicator	OFI No.	Status	Summary of OFI
1.5.2	1	-	On a broader scale, there was still a need to have a more effective monitoring system in place to control encroachment activities. Many NGOs who were concerned with illegal encroachment and lost of forest lands had been using satellite data for more efficient monitoring. Therefore, the KSFD should also be using more effective approaches of controlling encroachment through periodic monitoring such as using satellite imagery. Such an approach would also be useful in countering negative reports by external NGOs by providing a more accurate account on changes of the forest resources based on satellite data.
5.3.1	2	-	During the inspection of active logging site in Compartment 90 of the Nenggiri FR, Gua Musang District under the licence No. DS 01-10/2011, it was observed that the construction of skid trails had not adhered to that specified in the harvesting plan. The change in the alignment of the skid trails was done without the approval of the district forest office. Logging contractors need to be more cautious in the logging operations and need to fully comply with the rules specified by the KSFD.
9.1.1	3		<p>In the previous audit, an OFI 4 was raised to ensure that efforts are intensified by the KSFD to hold further consultations with the relevant stakeholders such as the government agencies, universities, forestry research and academic institutions and environmental NGOs would be needed to solicit useful information in identifying HCVF sites.</p> <p>As more sites within the FMU could be identified as HCVF based on consultations, additional assessments on HCVF sites are expected to be conducted in consultation with the relevant stakeholders.</p>