



**PUBLIC SUMMARY
SURVEILLANCE 02 (2nd CYCLE) ON
KELANTAN FMU
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC 005
Date of First Certification: 9 February 2011
Audit Date : 6-10 September 2015**

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1 EXECUTIVE SUMMARY

This surveillance audit on the Kelantan Forest Management Unit (hereafter referred as 'Kelantan FMU') from 6-10 September 2015, to assess the overall forest management system compliance against the *Malaysian Criteria and Indicators for Forest Management Certification (Natural Forest)* [MC&I (Natural Forest)] using the verifiers stipulated for Peninsular Malaysia / Sabah / Sarawak.

Three-member team comprising Mohd Razman bin Salim (Lead Auditor), Khairul Najwan bin Ahmad Jahari (Auditor), Prof. Mohd Basri bin Hamzah (Auditor), Puteri Arlydia binti Abdul (Trainee Auditor).

Corrective action taken for 3 Minor NCR and 5 OFI raised during previous audit has been verified, found to be effective and therefore has been closed. During current audit, 1 Major NCR, 1 Minor NCR and 1 OFI has been raised. As the corrective actions for Major NCR was not accepted, Audit Team Leader after consultation with team members have agreed that the corrective action is not sufficient to close the non-conformity. The auditors also have agreed that the conversion of PRFs to forest plantation and TLC has seriously violated the audit scope and failed to meet certification requirements. Thus, certification of Kelantan State Forestry Department - Kelantan FMU against the MC&I (Natural Forest) was **recommended for suspension**.

1.1 INTRODUCTION

1.2 Name of FMU

Kelantan State Forestry Department FMU

1.3 Contact Person and Address

Mr. Zahari Ibrahim
Kelantan State Forestry Department
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15503 Kota Bharu
Kelantan
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1.4 Scope of Certification

Management of Natural Forest within the Permanent Reserved Forest (PRF) located in the Kelantan Forest Management Unit. (424,497 Ha)

1.5 Audited Standard

Malaysian Criteria and Indicators for Forest Management Certification (Natural Forest) [MC&I (Natural Forest)].

1.6 Certification Body

SIRIM QAS International Sdn. Bhd. (SIRIM QAS International) is the oldest and leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally recognised standards. Attestation of this fact is the accreditation of the various certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS),-SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia.

1.7 Confidentiality Requirements

The audit team members from SIRIM QAS International have undertaken not to disclose any information or documents obtained during the audit, and the final report, to any third party, without the expressed approval of the Certificate holder unless required by law.

1.8 General Background on the Kelantan State Forestry Department FMU

Forestry is an important economic asset to Kelantan. At the end of 2012, the total forested area in Kelantan was 865,017 ha or about 58 % of the State's total land area of 1,493,181 ha. Kelantan State consist of 623,849 ha of PRFs, 138,086 ha of Stateland forests and 103,082 ha of Wildlife Reserves (outside the PRF). However, part of the PRF amounting to 199,352 ha, had been zoned as potential plantation area for Timber Latex Clone (TLC) rubber trees. These potential TLC plantation areas had been excluded from the FMU under the scope of this audit.

The PRF that was covered under this audit totalled 424,497 ha. A map of the Kelantan FMU showing clearly the locations of the PRF covered under the scope of certification is attached in Appendix V. 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 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 covering an area of 424,497 ha. The administration of the FMU is divided into three forest districts namely the East (Machang), West (Tanah Merah) and South (Gua Musang) Forest Districts.

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. A mid-term review report of the management plan has been conducted and the mid-term report was available.

As part of the PRF had been zoned as potential plantation area for TLC rubber trees, the KSFD had initiated actions to review the FMP including re-calculating the AAC. This has been undertaken as part of the mid-term review of the FMP which had begun in November 2010.

A map of the FMU showing the significant features of the forest is attached in **Attachment 1**.

1.9 Date First Certified

9 February 2011

1.10 Location of the Certified FMU

The FMU is located between 4° 33'0"N to 6° 14' 48"N and 101°19'59"E to 102°29'55" E.

1.11 Forest Management System

The FMU had followed the principles of sustainable forest management (SFM) and the requirements of the Licence Agreement with the Kelantan State Forestry Department State government. A Forest Management Plan (FMP) 2006-2015 had been presented during this audit.

1.12 Annual Allowable Cut / Annual Harvest under the Forest Management Plan

The FMP had further specified the area for logging in accordance to the AAC as laid out under the Ninth Malaysia Plan (9MP). Currently, the AAC for the FMU is 6,590 ha. However, part of the PRFs within the FMU of about 199,352 ha had been zoned as potential areas for planting TLC rubber trees. As these areas had been excluded, the PRFs that had been audited cover an area of 424,497 ha. This exclusion however would have implications on the AAC, total extent of various forest classes as well of many other related issues that would require significant modifications or changes of the FMP.

The KSFD had indicated that these changes has been addressed in the mid-term review of the FMP which is has been completed in the end of year 2011.

Based on the actual size of the FMU the AAC have been recalculated by the KSFD. The AAC have been reduced to 5,417 ha/yr. The basis of the calculations is available and the AAC has been confirmed and is applicable for the years 2014 and 2015. The FMU is currently calculating its AAC for the 11th Malaysia Plan from 2016-2020.

1.13 Environmental and Socioeconomic Context

A report entitled 'Macro Environmental Impact Assessment of Proposed Forest Operations in Kelantan' had been completed in 2009 and presented during the audit. The Plan had raised environmental issues in forest management particularly on measures to mitigate potential environmental impacts during harvesting through proper road construction and forest harvesting practices. The need to establish High Conservation Value Forests (HCVFs) and zoning were emphasized. Potential impacts of EIA has also been incorporated into the Mid-Term review of the FMP prepared in December 2011.

Potential impacts of logging activities on the biodiversity had been included in the Macro EIA report. The report had highlighted the need to protect riparian buffers, areas 1,000 meters above the sea level, areas with slope exceeding 40° and fruit trees. Since the logging system under the SMS had been highly selective employing a cutting regime and ensuring sufficient trees in the residual stand, therefore the need for biological corridors has not be an issue.

The customary rights of the Orang Asli were respected in forest management planning and implementation even though the Aboriginal Peoples Act, 1954 as stated above, had not been officially recognized by the Kelantan State Government. Informal discussions were held by Forestry Department with Orang Asli communities regarding their legal or customary tenure or use rights. Potential and/or actual impacts of forest activities on such rights had also been assessed using the survey form '*Panduan Maklumat Kajian Impak Sosial Dalam Sektor Pembalakan*' on the nearby villagers and mitigation and remedial measures had been taken to prevent or overcome the occurrence of such possible impacts.

2 AUDIT PROCESS

2.1 Audit Dates

6-10 September 2015 / 15 auditor day(s)

2.2 Audit Team

Mohd Razman bin Salim (Lead Auditor)
Khairul Najwan bin Ahmad Jahari (Auditor)
Prof. Mohd Basri bin Hamzah (Auditor)
Puteri Arlydia binti Abdul (Trainee Auditor)

2.3 Stakeholder Consultations

A one-month stakeholder consultation was conducted beginning on August 2015 solicit feedback from stakeholders on the compliance of the Kelantan State Forestry Department FMU to the requirements of the MC&I (Natural Forest). The comments by the stakeholders and responses from the audit team are shown in **Attachment 2**.

2.4 Audit Process

The audit was conducted primarily to evaluate the level of continued compliance of the FMU current documentation and field practices in forest management with the MC&I (Natural Forest), using the verifiers stipulated for Peninsular Malaysia

For each Indicator, the auditors had conducted a documentation review, consultation with the relevant personnel of the FMU or stakeholders or field audit or a combination of these methods. Depending on the compliance with the verifiers for a particular indicator, the auditors then decided on the degree of the overall compliance in the indicator and decided whether or not to issue a major or minor NCR or an OFI.

Consultations were held with the contractors and workers operating within the FMU. Meeting was also conducted with the management representatives and the forest rangers based at the FMU.

3 SUMMARY OF AUDIT FINDINGS

PRINCIPLE	STRENGTHS	WEAKNESSES
Principle 1	Kelantan FMU has complied with all applicable laws of Malaysia and respect international treaties and agreements to which Malaysia is a signatory, and comply with all the Principle and Criteria contained in audited standard	Nil
Principle 2	Long term tenure and use rights to the land and forest resources has been clearly defined, documented and legally established by Kelantan FMU	Nil
Principle 3	<p>The customary rights of the Orang Asli were respected in forest management planning and implementation even though the Aboriginal Peoples Act, 1954 as stated above, had not been officially recognized by the Kelantan State Government. Informal discussions were held by Forestry Department with Orang Asli communities regarding their legal or customary tenure or use rights. Potential and/or actual impacts of forest activities on such rights had also been assessed using the survey form '<i>Panduan Maklumat Kajian Impak Sosial Dalam Sektor Pembalakan</i>' on the nearby villagers and mitigation and remedial measures had been taken to prevent or overcome the occurrence of such possible impacts.</p> <p>Fruit trees such as Petai (<i>Parkia speciosa</i>), Kerdas (<i>Archidendron bubalirum</i>), Jering (<i>Archidendron jiringa</i>), Tampoi (<i>Baccaurea maingayi</i>) and Machang (<i>Mangifera longipetiolata</i>) were protected from harvesting while Tualang (<i>Koompassia excelsa</i>) trees which are nesting sites for honey bees and a source of income from the harvesting of honey</p>	Nil

by the Orang Asli and local Malay communities are now being protected as directed by the State Director of Forestry through a circular entitled '*Pekelling Pengarah Perhutanan Negeri Bil. 1/2007 (Pengurusan Spesies-Spesies Pokok Hutan Untuk Kepentingan Fauna)*' as appended in a letter issued by the State Forestry Department dated 3 January 2007 to all the district forest offices.

Relevant customary rights of indigenous peoples' lands with regards to Kelantan FMU has been respected and found to be inline with relevant laws through the following:

- Acknowledgment on customary rights of aborigine's lands under the Aboriginal Peoples Act, 1954 – Sections 7 (aboriginal reserves & areas), Section 8 (rights of occupancy), Section 11 (compensation to fruit or rubber trees), and 12 (compensation for use of aboriginal areas and aboriginal reserves).
- Location of Aboriginal Reserve has been established and kept in database at Geographic Information System unit for references.
- No land dispute has been raised pertaining to legal or customary tenure or use rights within PRF.

Mechanisms had been put in place by KSFD to resolve conflicts and grievances between the department and the Orang Asli. Both formal and informal approaches had been used to resolve the conflicts and grievances which arose. These were recorded in the Complaints' File. Department also had feedback letter from JAKOA on the

	<p>confirmation of Orang Asli burial area at Compt. 114, Perias Forest Reserve dated 6 July 2014; JAKOA.KEL/TRG.DE1.0027/II(06). KSFD had conducted a meeting with JAKOA to discuss on the issue of Orang Asli burial area dated 12 August 2014. No aborigines reserves areas was set within certified PRF area. However, Kelantan FMU has recorded ungazetted aborigines villages at the following:</p> <ul style="list-style-type: none"> • Kuala Koh (PRF Lebir) – 150 people • Kg. Remou Pos Bihai (PRF Perias) - 198 people • Kg. Tapai Pos Hau (PRF Sg. Betis) - 143 people • Kg. Bihai Pos Bihai (PRF Perias) - 249 people • Kg. Pahong Pos Bihai (PRF Perias) - 137 people <p>Mechanisms to resolve any conflicts and grievances between parties involved has been set by federal (Forestry Department Peninsular Malaysia) through meeting and review of such issues. Record has been kept in Complaint's File of Orang Asli.</p>	
Principle 4	Kelantan FMU management operations has maintained and enhance the long term social and economic well-being of local communities and forest workers	Nil
Principle 5	Kelantan FMU management operations has encouraged the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits	Nil
Principle 6	Kelantan FMU has conserved biological diversity and its associated values, water resources, soils and unique and fragile ecosystems and landscapes and maintain the	The implementation of guidelines for the forest road layout and construction, including drainage requirements was found to be

	<p>ecological functions and the integrity of the forest adequately at almost all certified area that has not been converted to plantation area.</p>	<p>inadequate. Skid trails were constructed not in accordance to the approved harvesting plan (RPH).</p> <ol style="list-style-type: none"> 1. Additional branches to the skid trails LP9/JT1 at Compartment 56, PFR Nenghiri has been constructed without approval from District Forest Officer 2. At skid trail LP2/JT4 Compartment 32, PFR Stong Utara, slope has exceed the limit and found to be at 23° and 27° Over blading (stipulated around 1.8m) at LP2/JT4 Compartment 32 PFR Stong Utara has been constructed. <p>Therefore Minor NCR LYD01-2015 has been raised</p> <ol style="list-style-type: none"> 1. The KSFDF has zoned 6,221.4 ha of the PRFs (HSK) to forest plantations in the scope of certification area. 2. No full data on the total mining areas within the certified FMU area apart from the 1,363 ha sampled 3. PRF Limau Kasturi (2,172 ha) has been excluded from certified PRFs area without justification. 4. Record of forest conversion, including maps/aerial photographs/satellite imageries were not available. <p>Hence, Major NCR MRS 01 2015</p>
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		<p>has been raised</p> <p>Auditor has received corrective action PHN.KN.180/1/71J.3(3) dated 13/10/2015. The evidence has proved that the FMU has converted the PRFs to forest plantation and Timber Latex Clone (TLC). The FMU also has excluded the conversion area from certification scope by themselves (Jadual 1) although has been certified by SIRIM QAS. The corrective action is not sufficient to close the non-conformity. The auditors also have agreed that the conversion of PRFs to forest plantation and TLC has seriously violated the audit scope and failed to meet certification requirements</p>
Principle 7	FMP 2006-2015 was prepared, approved, implemented and reviewed. The long term objectives of management, and the means of achieving them has been clearly addressed.	Nil
Principle 8	Monitoring has been conducted to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental aspects.	Pre-F and Post-F analyses on floristic change were made and documented. However, some results observed were erroneous. For example the 2014 analysis for PRF G. Basor, Kelantan Barat, recorded the reduction in number of commercial species (dipterocarp and non-dipterocarp, in the size range 30-45 cm diameter) from 40 to 17 or a drop of 57.5%. The actual figure shown in the result was 0.58 %. The change in the non-dipterocarp component was from 36 to 16, an actual reduction

		<p>of 55.6 % instead of 0.75% as stated. Similar errors in analyses were recorded in the same inventory year for PRF Jeli, Kelantan Barat and PRF Sg. Rek, Kelantan Timur involving data for main plots and sub-plots.</p> <p>Thus, and OFI has been raised</p>
Principle 9	Kelantan FMU has maintained and enhance the HCVF attributes. Decisions regarding HCVF has always been considered in the context of precautionary approach	Nil

Corrective action taken for 3 Minor NCR and 5 OFI raised during previous audit has been verified, found to be effective and therefore has been closed (see **Attachment 3**).

During current audit, 1 Major NCR, 1 Minor NCR and 1 OFI has been raised. As the corrective actions for Major NCR was not accepted, Audit Team Leader after consultation with team members have agreed that the corrective action is not sufficient to close the non-conformity. The auditors also have agreed that the conversion of PRFs to forest plantation and TLC has seriously violated the audit scope and failed to meet certification requirements. Thus, certification of Kelantan State Forestry Department - Kelantan FMU against the MC&I (Natural Forest) was **recommended for suspension** (details as per **Attachment 4**)

Attachment 2 Comments by Stakeholders and Responses by Audit Team

No.	Stakeholder	Comments/Issues Raised	Response by Audit Team
1	Stakeholder 1	<p><u>1. Kelulusan Pembukaan Kawasan Hutan Asli</u></p> <p>a. Penglibatan PERHILITAN dalam jawatankuasa penilaian kelulusan pembukaan kawasan hutan asli di peringkat negeri. PERHUTANAN meminta pandangan dan ulasan dari PERHILITAN sebelum kelulusan pembukaan mana-mana kawasan hutan asli dibuat. Perkara ini amat penting kerana pembukaan kawasan hutan asli akan menjejaskan hidupan liar yang mendiami kawasan hutan. Pembukaan kawasan hutan asli tanpa mengambil kira kepentingan hidupan liar akan menyebabkan berlakunya :</p> <p>i. konflik antara manusia dan hidupan liar terutamanya spesies gajah yang akan menyebabkan kerugian yang tinggi dari sudut wang ringgit dan nyawa samada manusia atau hidupan liar tersebut.</p> <p>ii. risiko kepupusan sesetengah spesies hidupan liar yang tidak dapat beradaptasi dengan persekitaran yang berubah.</p> <p>Kedudukan lokasi, keluasan dan tarikh mula pembukaan hutan asli juga perlu dimaklumkan lebih awal kepada PERHILITAN. Tujuannya adalah supaya persediaan awal dapat dilaksanakan samada aktiviti translokasi atau pemantauan terhadap hidupan liar dapat dilakukan.</p> <p><u>2. Pelaporan kepada PERHILITAN</u></p> <p>a. PERHUTANAN mewajibkan kepada syarikat pembalakan dan syarikat perladangan supaya pelaporan segera kepada PERHILITAN bagi setiap keadaan seperti :</p> <p>i. Penemuan hidupan liar yang terperangkap/tercedera semasa kerja-kerja pembukaan kawasan hutan dilakukan. Ini adalah supaya tindakan segera dapat dilaksanakan.</p>	<p>1. The FMU will consider on the recommendation. The FMU also has established their own procedure to follow before proposed a licensee area for harvesting. Monitoring on wildlife impact on logging has been taken by conducting a monitoring assessment by forest ranger before, during and after harvesting.</p> <p>2. The FM has briefed licensee on wildlife-human conflict and reporting procedure if found wildlife in the harvesting area during agreement briefing. The FMU also will inform PERHILITAN if get the</p>

		<p>ii. Penemuan jenut (salt lick) dalam kawasan hutan asli yang akan dibuka. Jenut adalah amat penting kepada semua spesies hidupan liar kerana ianya merupakan sumber garam mineral kepada hidupan liar.</p> <p>iii. Berlakunya konflik antara manusia dan hidupan liar di kawasan hutan asli yang sedang dibuka.</p> <p><u>3. Program Kesedaran Awam (Public Awareness) dan Akta 716.</u></p> <p>a. PERHUTANAN memberikan penekanan kepada syarikat pembalakan / perladangan tentang kepentingan dan sumbangan hidupan liar terhadap alam sekitar. Program kesedaran ini boleh dilakukan samada melalui kursus, ceramah, taklimat dan sebagainya. PERHUTANAN dan PERHILITAN secara bersama melaksanakan program di atas kepada syarikat dan pekerjaanya yang terlibat.</p> <p>b. PERHUTANAN memberikan penekanan kepada syarikat pembalakan / perladangan dan pekerjaanya tentang wujudnya akta yang melindungi hidupan liar iaitu Akta Pemuliharaan Hidupan Liar 2010 (akta 716).</p>	<p>report related with wildlife, salt lick and wildlife-human conflict.</p> <p>3. The recommendation has been conducted to every licensee during agreement briefing. The FMU has briefed licensee with related legal requirements as required by MC&I standard (Natural Forest) including Wildlife Conservation Act 2010 (Act 716).</p>
2	Stakeholder 2	<p>1. Pengurusan hutan di Malaysia khususnya di Kelantan perlu penglibatan daripada semua pihak bukan hanya dipertanggungjawabkan kepada Pejabat Perhutanan Negeri semata-mata. Masyarakat perlu didedahkan tentang kepentingan biodiversity melalui rangkaian hutan simpan yang menjadi sumber alam semulajadi yang kaya dengan flora dan fauna.</p> <p>2. Kepelbagaian flora dan fauna ini perlu dipertahankan dengan pengekalan dan pengukuhan habitat itu sendiri. harimau, beruang tenok, ikan kelah dan Bunga Rafflesia misalnya akan menjadi sejarah sebagaimana Tasmanian tiger dan dinasor yang telahpun pupus.</p>	<p>1. The FMU has collaborated with their stakeholders in order to improve forest management towards Sustainable Forest Management (SFM) such as JAKOA, DOSH, DOE, JKKK, local universities, FRIM, and etc.</p> <p>2. The FMU has conducted various programmes to conserve and monitor flora and fauna within the PRFs such as identified HCVF - <i>Rafflesia kerri</i> ,</p>

		<p>3. <i>Pencerobohan hutan simpan perlu diberi perhatian yang serius, Pejabat Perhutanan Negeri perlu memulakan prosiding mahkamah ke atas mana-mana pihak yang menceroboh hutan simpan. Langkah tegas ini, pastinya akan menjadi 'deterrent' kepada mana-mana pihak yang ingin menceroboh, baik untuk mendapatkan hasil-hasil hutan seperti buluh dan rattan tetapi juga memburu binatang-binatang dan menangkap ikan, malah menebas tebang hutan simpan untuk dibuat ladang.</i></p> <p>4. <i>Sistem 'tagal' seperti yang diamalkan di kampung Luanti, Sg. Moroli Sabah perlu diperluaskan dan diamalkan di negeri ini. Satu jawatankuasa perlu ditubuhkan dengan penglibatan pelbagai pihak termasuk ketua-ketua kampung berkenaan sebagai Pemegang Amanah kepada sungai-sungai yang menjadi anak angkat kepada kampung berkenaan bagi mengekalkan sepsis ikan yang hamper pupus seperti ikan kelah, sebarau, baung, tapah dan sebagainya. Pemuliharaan ikan-ikan yang hampir pupus ini akan menarik minat pelancong untuk bertandang ke sungai berkenaan dan akan membuka ruang kepada masyarakat untuk mendapatkan peluang ekonomi seperti penyediaan kedai amakan dan restoran, homestay dan penginapan, sewa kenderaan, penunjuk arah (guide) dan sebagainya.</i></p> <p>5. <i>Hasil hutan yang mempunyai nilai tambah yang tinggi seperti kayu gaharu, rattan, damar dan pokok balak yang berkualiti tinggi boleh dikeluarkan dengan kawalan yang ketat. Tanaman spesis hutan dan kaedah penanaman semula (replanting) perlu diperluaskan bagi menjana hasil dan mengekalkan hutan itu sendiri.</i></p>	<p>conservation of forest area with altitude more than 1,000 m and etc.</p> <p>3. Legal action has been taken to anybody who encroached forest reserve (PRFs) without legal permit.</p> <p>4. 'Tagal' system cannot be apply in Peninsular Malaysia because the system is not practiced by local communities.</p> <p>5. Auditor has verified that harvesting of commercial tree species and NTFPs such as rattan and agarwood (gaharu) were strictly monitored by the FMU. Replanting technique using native tree species is a mandatory procedure</p>
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		<p>6. <i>Pembinaan menara tinjau bagi melihat binatang liar, santuari, sungai dan air terjun serta 'jungle track' sepertimana Santuari orang utan di Semenggoh, Sarawak akan menjadi tarikan pelancongan yang menarik dan menjana peluang-peluang ekonomi kepada masyarakat.</i></p>	<p>before closing harvesting area. The replanting shall be conducted by licensee as agreed in the agreement.</p> <p>6. The FMU will consider the suggestion on ecotourism such as sanctuary, jungle track and wildlife watching.</p>
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Attachment 3 NCRs and OFIs Raised During this Audit and Corrective Actions Taken

Indicator	Specification Major/Minor/OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
<p>Indicator 6.5.3</p> <p>NCR #: LYD01- 2015</p>	<p>Minor</p> <p>Area/Location:</p> <p>Compartment 56, PRF Nenggiri & Compartment 32, PRF Stong</p>	<p>The implementation of guidelines for the forest road layout and construction, including drainage requirements was found to be inadequate. Skid trails were constructed not in accordance to the approved harvesting plan (RPH).</p> <p>3. Additional branches to the skid trails LP9/JT1 at Compartment 56, PFR Nenggiri has been constructed without approval from District Forest Officer</p> <p>4. At skid trail LP2/JT4 Compartment 32, PFR Stong Utara, slope has exceed the limit and found to be at 23° and 27°</p> <p>5. Over blading (stipulated around 1.8m) at LP2/JT4 Compartment 32 PFR Stong Utara has been constructed</p>	<p>1. The FMU has checked the skid trail LP9/JT11 at Compartment 56 PRF Nenggiri by District Forest Officer Kelantan Selatan dated 15/10/2015 – Laporan Semakan PHJKS:48/1/2893. The skid trail was constructed without approval. DFO has compound the contractor.</p> <p>2. The skid trail LP2/JT 4 Compartment 32, PFR Stong Utara was an old road which has been re-used by contractor in order to reduce construction of new skid trail as recommended by the FMU – PHN.KN.180/1/71J.3(29).</p> <p>3. The over blading was due to maintenance of old skid trail and safety of bulldozer driver</p>	<p>Auditor has received corrective action PHN.KN.180/1/71J.3(3) dated 13/10/2015. The corrective action was appropriately taken by the FMU.</p> <p>Status: The implementation and effectiveness of the corrective action will be verified during next audit.</p>

<p>Indicator 6.10.1</p> <p>NCR #: MRS 01 2015</p>	<p>Major</p> <p>Area/Location:</p> <p>Scope of certification and conversion of natural forest to forest plantations or non-forest use</p>	<ol style="list-style-type: none"> 1. The KSFD has zoned 6,221.4 ha of the PRFs (HSK) to forest plantations in the scope of certification area. 2. No precise data on the mining areas (within the certified FMU area (1,363 ha) 3. PRF Limau Kasturi (2,172 ha) has been excluded from certified PRFs area 4. Record of forest conversion, including maps/aerial photographs/satellite imageries were not available. 	<ol style="list-style-type: none"> 1. The FMU has converted PRFs area to forest plantation (Zon Ladang Hutan) from certification scope (refer to attachment – Jadual 1). The FMU has excluded the conversion area from certification scope by themselves (refer to attachment – Jadual 1). 2. Auditor has received list of mining area inside the certified PRFs which has been approved by <i>Pejabat Tanah dan Galian (PTG) Negeri Kelantan</i> ‘Jadual 2 – Senarai lombong yang telah diluluskan dalam kawasan HSK dalam skop persijilan hutan MC&I (Hutan Asli)’ 3. Limau Kasturi PRF has been degazetted from permanent reserve forest started from 27/11/2013 by Kelantan State Government Jil. 67, No. 3, <i>Pengeluaran Tanah-tanah daripada Hutan Simpan Kekal di bawah Seksyen 13</i>, Government of Kelantan Gazette dated 20/01/2014. 4. Current PRFs area and conversion area were not clearly depict in the map. 	<ol style="list-style-type: none"> 1. Auditor has received corrective action PHN.KN.180/1/71J.3 (3) dated 13/10/2015. The evidence has proved that the FMU has converted the PRFs to forest plantation and Timber Latex Clone (TLC). The FMU also has excluded the conversion area from certification scope by themselves (Jadual 1) although has been certified by SIRIM QAS. The corrective action is not sufficient to close the non-conformity. The auditors also have agreed that the conversion of PRFs to forest plantation and TLC has seriously violated the audit scope and failed to meet certification requirements 2. Auditor has verified list of mining area in the PRFs. The mining was temporary activities. The FMU will restore the mining area by replanting technique to enhance recovery of mining area to natural forest. 3. Degazettement was approved by Kelantan State Government as stated in the Government of Kelantan Gazette dated 20/01/2014. 4. The map of forest conversion was not clearly depict in the map given. <p>Status: Not closed.</p>
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<p>Indicator 8.2.1</p> <p>OFI #: 1</p>	<p>OFI</p> <p>Area/Location:</p> <p>Pre-F and Post-F analyses</p>	<p>Pre-F and Post-F analyses on floristic change were made and documented. However, some results observed were erroneous. For example the 2014 analysis for PRF G. Basor, Kelantan Barat, recorded the reduction in number of commercial species (dipterocarp and non-dipterocarp, in the size range 30-45 cm diameter) from 40 to 17 or a drop of 57.5%. The actual figure shown in the result was 0.58 %. The change in the non-dipterocarp component was from 36 to 16, an actual reduction of 55.6 % instead of 0.75% as stated. Similar errors in analyses were recorded in the same inventory year for PRF Jeli, Kelantan Barat and PRF Sg. Rek, Kelantan Timur involving data for main plots and sub-plots.</p>	<p>Not required to be responded in 2015 but will be followed through in 2016.</p>	<p>Not required</p>
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Attachment 4 Verification on Corrective Actions Taken on NCRs and OFIs Raised During Previous Audit

Indicator	Specification Major/Minor/OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
<p>Indicator 6.5.3</p> <p>NCR #: SAM-1</p>	<p>Minor</p> <p>Area/Location:</p> <p>Compartment 310 Perias FR</p>	<p>Implementation of guidelines for forest road layout and construction including log landings and drainage requirements were not adequate</p> <p>During the inspection of the main access road leading to and within Compartment 310, Perias F.R., it was found drainage was not adequate as that there were no cross drains and very few side ditches constructed. This has resulted in ponding and poor road conditions in some parts of the road.</p>	<p>The main access was repaired. The drainage and cross drains including side ditches was constructed by contractors.</p>	<p>During site review at Compartment 28 PRF Sg. Rek (DT01-20-2015), Compartment 32 PRF Stong Utara (DB01-27-14) and Compartment 56 PRF Nenggiri (DS01-22-15), log landings and drainage have followed forest road specifications 'Garis Panduan Jalan Hutan 2010 (pindaan 2013)' and the Guidelines of Reduced Impact Logging in Peninsular Malaysia 2003.</p> <p>Status : Closed</p>
<p>Indicator 6.5.4</p> <p>NCR #: KN-1</p>	<p>Minor</p> <p>Area/Location:</p> <p>Compartment 310 Perias FR and Compt 76 Sungai Durian FR</p>	<p>The implementation of guidelines for reduced impact for the conservation of buffer strips along streams and rivers were not adequate</p> <p>In the construction of the main access road in Compartment 310 of Perias F.R., it was found that the soil has been pushed into the river system. The road was still uncompleted and a bridge was supposed to have been constructed. It was also found that wood debris was also pushed into the riparian buffers in Compartment 76 of Sungai Durian F.R.</p>	<p>The construction of the main access road and bridge was repaired. The wood debris in the riparian buffers was cleaned by the contractors.</p> <p>Monitoring records "Borang A" dated 30 Oct 2014 with pictorial report was verified.</p>	<p>Implementation of guidelines for conservation of buffer strips along streams and rivers was found adequate as verified at active harvesting area such as Compartment 28 PRF Sg. Rek (DT01-20-2015), Compartment 32 PRF Stong Utara (DB01-27-14) and Compartment 56 PRF Nenggiri (DS01-22-15). Proper retain wall for natural culvert and riparian buffer have been established and maintained at all visited area.</p> <p>Status : Closed</p>
<p>Indicator 7.2.2</p>	<p>Minor</p> <p>Area/Location:</p>	<p>The implementation of new scientific and technical information pertinent to the</p>	<p>A report entitled "Rumusan Kajian dan Pelaksanaan Projek Perintis</p>	<p>Auditor has verified the evaluation report. And, KSFD has decided to stop all experimental</p>

<p>NCR #: SAM-2</p>		<p>management of the area to be certified found to be inadequate.</p> <p>Areas above 1000m were harvested under a research project involving 2200 ha in Sg Betis, Brok and Lojing PRFs using reduced impact logging guidelines. In the previous audit in 2013, an NCR was raised as the final report for the research was not completed. In this audit, A report entitled "Laporan Kajian Pembalakan Berimpak Rendah di Kawasan Tanah Tinggi" was prepared by Telemont Timber Sdn Bhd. The report was presented by Telemont to KSFDF in a meeting held 20-21 Aug 2014 in Cameron Highlands. Based on the meeting, Telemont was asked to improve the report. Subsequently an improved report was prepared. KSFDF is expected to re-evaluate the report. At the same time, KSFDF has decided to stop all experimental logging of areas above 1000m. The NCR is maintained to follow-up on the outcome of the evaluation of the report by KSFDF.</p>	<p>Pembalakan Berimpak Rendah di Tanah Tinggi Kelantan" was prepared by Kelantan State Forestry Department. The outcome of the evaluation of the report was included in the report</p>	<p>logging of areas above 1,000 m.</p> <p>Status: Closed</p>
<p>Indicator 1.1.2</p> <p>OFI #: 2</p>	<p>OFI</p> <p>Area/Location:</p> <p>Regulatory</p>	<p>During site review, auditor has found that contractor had insured their employees with insurance or socso. However, not all the workers were insured. Some of the new workers were not insured.</p>	<p>Not required</p>	<p>Interview with contractors and workers at Compartment 56 PRF Nenggiri, and Compartment 32 PRF Stong Utara have confirmed that workers are covered with SOCSO (social security schemes through the Social Security Act 1969, the Employment Injury Scheme and Disability Scheme under PERKESO) as insurance coverage against injuries and related incident of</p>

				occupational safety and health. Status: Closed
Indicator 4.2.3 OFI #: 3	OFI Area/Location: Safety and operational equipment	Records of equipment and maintenance were made available at the logging camp. However, some of safety and operational equipment were not recorded such as first aid box, chainsaw and fire extinguisher.	Not required	Records of equipment and maintenance were made available at the logging camp at Compartment 28 PRF Sg. Rek (DT01-20-2015), Compartment 32 PRF Stong Utara (DB01-27-14) and Compartment 56 PRF Nenggiri (DS01-22-15). including safety and operational equipment (first aid box, chainsaw, and fire extinguisher). Status: Closed
Indicator 4.2.4 OFI #: 4	OFI Area/Location: Safety committee meeting	Safety committee meeting had been conducted by management. However, content of safety and health committee meeting minutes were not up-to-date. It was found that issues that were raised and discussed in the previous meeting minutes were not reviewed in the latest meeting minutes.	Not required	Auditor has verified that safety and health committee meeting minutes were up-to-date and issues that were raised from previous meeting has been discussed and followed up was made. Status: Closed
Indicator 4.1.1 OFI #: 1	OFI Area/Location: Training on schedule waste	Management had conducted various training related to forest management and logging operation for their staff and contractors. However, management could further improve the training program by considering training or awareness on management of schedule waste and accident reporting procedures (e.g: identification, handling, labelling, transportation, storage and spillage or discharge of schedule waste).	Not required	KSFD has planned to conduct training on management of schedule waste titled 'Kursus Pengendalian Bahan Kimia' dated 9-10 September 2015 and training on accident reporting procedures titled 'Seminar Keselamatan dan Kesehatan Persekitaran Pekerjaan' dated 13-15 September 2015. Status: Closed

<p>Indicator 9.1.1</p> <p>OFI #: 5</p>	<p>OFI</p> <p>Area/Location:</p> <p>HCVF</p>	<p>The FMU has still to date only officially identified one HCVF site. Being a large FMU there is much potential for additional areas to be identified as FMU. The FMP has identified some potential sites. KSFD is also in the process of acquiring an area of 1000 acres of State Land forest in lojing as PRF. This site has a large population of rafflesia and can be a potential HCVF site. Inspection of Compt 1 Lojing FR also found the presence of rafflesia. This is also a potential HCVF site. The FMU needs to intensify its effort in assessing and establishing new HCVF sites.</p>	<p>Not required</p>	<p>Kelantan FMU is in the process of acquiring an area of 1 Ha of Compartment 1, Lojing FR. 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 to solicit useful information in identifying HCVF sites.</p> <p>Status: Closed</p>
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