



**PUBLIC SUMMARY
4th SURVEILLANCE AUDIT (4th CYCLE) ON
TERENGGANU FOREST MANAGEMENT UNIT
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC - NF 00115
Date of First Certification: 1st April 2010
Audit Date: 19th - 22nd September 2022
Date of Public Summary: 28th February 2023**

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EXECUTIVE SUMMARY

This surveillance 4 audit on the Terengganu Forest Management Unit (hereafter referred as the Terengganu FMU) was conducted on 19th – 22nd September 2022. This was an audit conducted following the previous audit which was conducted on 12th – 14th July 2021 (remote audit) and 25th – 27th October 2021 (Onsite audit) to assess the continued compliance of the overall forest management system of the Terengganu FMU against the requirements of the Malaysian Criteria and Indicators for Forest Management Certification [MC&I SFM] using the verifiers stipulated for Peninsular Malaysia. The scope of this surveillance 4 audit was limited to the forest management system and practices on the Permanent Reserved Forest (PRF) within the Terengganu FMU.

This surveillance 4 audit was conducted by a 3-member team comprising Hj. Roslee Jamaludin (Lead Auditor), Ismail Adnan Abdul Malek (Auditor), and Azrul Ikhsan Mohamed (Auditor).

Based on the findings of this surveillance 4 audit, it was found that Terengganu FMU had continued to comply with the requirements of the MC&I SFM. This surveillance 4 audit had resulted in the issuance of two (2) Major (4.3.3. and 6.3.2) and five (5) Minor Non-Conformity Reports (NCRs) (4.4.1, 7.1.1, 8.1.3, 8.2.1, 8.3.1) respectively. In addition, one (1) Opportunities for Improvements (OFIs) were raised.

This public summary contains the general information on the Terengganu FMU, the findings of the surveillance 4 audit, NCRs raised as well as the decision on the continued certification of the FMU.

1.0 INTRODUCTION

1.1 Name of FMU

Terengganu Forest Management Unit

1.2 Contact Person and Address

Name : Tuan Haji Roslan bin Rani
Designation : Director, Terengganu State Forestry Department
Address : Level 8, Wisma Negeri,
20200 Kuala Terengganu,
Terengganu

Phone # : 09-6222 444
Fax # : 09-6236 552

1.3 General Background on Terengganu FMU

The Terengganu FMU is managed by the Terengganu State Forestry Department (TSFD). The TSFD is committed in the management of the FMU on a sustainable basis. The administration of the FMU is divided into three forest districts namely the Northern, Western, and Southern Terengganu Forest Districts.

The inland forest is managed under a Selective Management System (SMS) on a 30-year rotation period. For 12th Malaysia Plan (RMK12- 2021-2025), the AAC for Terengganu was approved by 77th National Land Council (Majlis Tanah Negara) meeting on 8th September 2020 at 30,500 ha. at the rate of 6100 ha per year. A Forest Management Plan (FMP) covering the period from 2016 to 2025 had been presented during the audit.

The FMU currently comprises of 540,308.80 ha of PRF as of the date of audit or 42% of the State's total land area of 1,297,400.00 ha. The PRFs within the FMU consist mainly of inland Dipterocarp forests covering an area of 513,341.15 ha with the remaining 25,931.10 ha of peat swamp forests and 1,036.55 ha under mangrove forests. There was also a forest plantation in the certified area covering of 3,833 ha (established before 1 July 2012). A map of the FMU showing the significant features of the forest is attached in **Attachment 1**.

1.4 Date First Certified

1st April 2010

1.5 Location of the FMU

The FMU is located between latitudes 3° 52' 51.1" to 5° 50' 45.5" N and 102° 32' 09.3" to 103° 18' 39.7" E.

1.6 Forest Management System

The FMU had followed the principles of sustainable forest management (SFM). The inland forest is managed under a Selective Management System (SMS) on a 30-year rotation period. A Forest Management Plan (FMP) covering the period from 2016 to 2025 presented during the audit.

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

For 12th Malaysia Plan (2021-2025), the annual allowable cut AAC for the FMU has been set at 6,100 ha a year or a total of 30,500 ha over the five-year duration in the plan. During this surveillance 4 audit, the size of the FMU is 540,308.80 ha.

1.8 Environmental and Socioeconomic Context

Macro-level environmental impact assessment (MEIA) has been conducted by the Terengganu FMU in 2009. Recommendations to mitigate the impacts of forest operations on the environment presented in the MEIA report were incorporated into the mid-term review of the Terengganu FMP (2016 – 2025).

Environmental impact assessments on rare and threatened species of flora and fauna in Terengganu FMU were also implemented.

In the Central Forest Spine (CFS) Programme, several biological corridors were planned within the Terengganu FMU to conserve wildlife movement and habitats. Many of the major wildlife corridors, or Primary Links, identified as the major corridors were in the Terengganu FMU.

There are no indigenous people reserves in the FMU. They live outside the Terengganu FMU (i.e. in state land). The customary rights of the Orang Asli were respected in forest management planning and implementation, as verified during this audit, there was no land claims on certified PRF areas.

The issue of fair and equitable compensation for the commercial utilisation of traditional forest-related knowledge and practices of indigenous peoples was not an issue for Terengganu State Forestry Department (TSFD). TSFD has developed a mechanism in the form of a flow chart with clearly stated the steps and an attached agreement entitled "Compensation Mechanism for Payment of Compensation to the Rights of Orang Asli Traditional Knowledge Commercialised by the Forestry Department" (*Mekanisma Bayaran Pampasan Kepada Hak Pengetahuan Tradisi Orang Asli yang Dikomersilkan oleh Jabatan Perhutanan*) to handle the problem should it arise in the future.

With regards to employment of local people, a perusal of the license files showed that a number of the licensees and their workers were from the local areas.

2.0 AUDIT PROCESS

2.1 Audit Dates

19th -22nd September 2022 / 12 auditor day(s)

2.2 Audit Team

Hj. Roslee Jamaludin	(Lead Auditor)
Ismail Adnan Abdul Malek	(Forester)
Azrul Ikhsan Mohamed	(Forester)

The details on the experiences and qualifications of the audit team members are as in **Attachment 2**.

2.3 Standard Used

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

2.4 Stakeholder Consultations

A one-month stakeholder consultation was conducted beginning 15th August 2022 to solicit feedback from stakeholders on the compliance of the Terengganu FMU against the requirements of the MC&I SFM. The comments by the stakeholders and responses by the audit team are shown in **Attachment 3**.

2.5 Audit Process

The audit was conducted primarily to evaluate the level of continued compliance of the Terengganu FMU's current documentation and field practices in forest management with the detailed of the standard of performances (SOPs) listed in the MC&I SFM, using the verifiers stipulated for Peninsular Malaysia.

For each Indicator, the auditors had conducted either a documentation review, consultation with the relevant personnel of the FMU, local community 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 FMU's overall compliance with the indicator and decided whether to issue a major or minor NCR or an OFI which is defined as follows:

- (i) a major NCR is a non-compliance with the requirements of the MC&I SFM;
- (ii) a minor NCR is a deviation or a lapse in complying with the requirements of the MC&I SFM; and
- iii) an OFI is a situation where the auditor has noted an area of concern on the capability of the forest management system to achieve conformance to the requirements of the MC&I SFM but without sufficient objective evidence to support a non-conformance.

Consultations were held with the local communities in Perkampungan Pasir Akar, Kg. Jongok Batu, Kg. Shukur, Kg. Gerdong, Kg. Kemat, Kg. Sekayu, Kg. Bukit Cina, Kg. Keruak, Kg. Masin, and Kg. Padang Lindung, as well as contractors and workers operating in the active harvesting areas in FMU. The audit team had also held meetings with the officers and the uniformed field staff of the TSFD.

The coverage of this surveillance 4 audit is as shown in the surveillance 4 Audit Plan in **Attachment 4**

The Terengganu FMU had sent a corrective action plan to the audit team to address the major and minor NCRs which the audit team had reviewed and accepted them. The audit team had prepared an interim surveillance 4 audit report and sent it to the Terengganu FMU for comment. A second draft of audit report which had incorporated the comments received from the Terengganu FMU is then finalised.

3.0 SUMMARY OF AUDIT FINDINGS

Based on the findings of this surveillance 4 audit, it was found that the TSFD had continued to manage the Terengganu FMU in compliance with most of the requirements of the MC&I SFM. This surveillance 4 had resulted in the issuance of 2 major, 5 minor NCRs and 1 OFIs. The details on the NCRs/OFIs raised are shown in **Attachment 5**.

The audit team had reviewed, accepted, and verified the corrective actions taken by the TSFD to address the 2 major NCR raised during this surveillance 4 audit. The audit team was satisfied that the corrective action had been effectively implemented and had therefore closed out these major NCRs. The audit team had also reviewed and accepted the TSFD's proposed corrective actions to address the 5 minor NCRs. However, these corrective actions shall be verified by the audit team during the next audit.

The audit team had also verified on the corrective actions taken by the TSFD to address the Minor NCRs and OFI which were raised during the previous audit. Based on verification conducted by audit team on previous findings, all previous findings have been satisfactorily closed except 1 OFI which has been upgraded to Minor NCR due to recurrence of the same issue. The responses made by the audit team leader on these corrective actions and on the final status of the NCRs and OFIs are as in **Attachment 6**.

On indigenous peoples' rights, there were mechanisms in place to resolve disputes over tenure and use rights through meetings held with the Department of Orang Asli Development or Jabatan Kemajuan Orang Asli (JAKOA), Borang Makluman Aduan Pelanggan (Customers' Complaint Form) and Carta Aliran Proses Pengendalian Aduan Pelanggan (Flow Chart for Handling Customers' Complaint) which accessible at State and District Forest Office. It was observed that there was no recorded civil court case pertaining to legal or customary tenure or use rights filed against the Terengganu FMU.

With regard to Criterion 6.10, there was no new conversion of the PRF to forest plantations or other non-forest land uses during the intervening period since the last audit.

As the Major NCR raised during this surveillance 4 audit had been closed out, the audit team had therefore recommended that the Certificate for Forest Management be awarded to the Terengganu FMU be maintained.

The summary on the findings of the surveillance 4 audit on the Terengganu FMU against the requirements of the MC&I (Natural Forest) are as follows:

Principle	Strengths	Weaknesses
Principle 1 Compliance With Laws and Principles	<p>The Terengganu State Forestry Department (TSFD)-Terengganu FMU, has maintained copies of documents pertaining to federal and state laws, regulations, and policies, including Director General Circular from Forestry Department of Peninsular Malaysia were available, and well-kept in the office of Terengganu State Forestry Department (TSFD).</p> <p>Forest offences ranging from various offences such as encroachment, illegal logging, unlicensed factory, and log tax evasion were kept in the Forest Offence file. All the procedures were done as per Director General Circular No. 9/2013 – <i>Tatacara Pengendalian Siasatan Hutan & Lampiran S.I Carta Aliran Pengendalian Siasatan Hutan</i></p> <p>The FMU has maintained to adhere on the existing legally prescribed fees as stated in Warta Kerajaan Negeri Terengganu Kaedah-kaedah Hutan 1986, Kaedah-kaedah Hutan (Pindaan) 2009, Perintah (Pindaan Jadual Ketiga) 2009, and Kaedah-kaedah Industri Berasaskan Kayu (Pindaan) 2009.</p> <p>Two systems (SIMP: Sistem Integrasi Maklumat Perhutanan; T-ifms: Sistem Maklumat Pengurusan Hutan Bersepadu) were used by the Terengganu FMU to manage all the information including fees, royalties, taxes and other charges that were collected.</p> <p>The documents on all the binding international agreements such as International Labour Organisations Conventions (ILO), International Tropical Timber Agreement 1994, United Nations Framework Convention on Climate Change (UNFCCC) and Convention of International Trade of Endangered Species (CITES) which Malaysia is signatory were available.</p> <p>Control of encroachment, illegal harvesting, hunting, and settlement and other unauthorised activities in the FMU were available and appropriate. The monitoring activities were recorded based on the frequencies of monitoring conducted from January – December 2021 and January to August 2022.</p> <p>Terengganu FMU has conducted aerial monitoring using drone for 2022 to monitor illegal activities in the PRF.</p> <p>Commitment of Trengganu FMU to implement sustainable forestry based on the</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	MC&I SFM was found to be appropriate and implemented. Retreat Program on standard MC&I SFM had been conducted on 21 st -25 th August 2022, attended by TSFD officers The course was attended by 21 TSFD staffs.	
Principle 2 Tenure and Use Rights and Responsibilities	<p>The Permanent Reserve Forests (PRFs) in Terengganu was gazetted under the National Forestry Act 1984 (<i>Akta Perhutanan Kebangsaan 1984</i>). The forest reserve gazettment documents were made available to the auditors at TSFD headquarter.</p> <p>Terengganu FMU has submitted the draft of the proposed 55,558.30 ha of stateland for new gazettment as a permanent forest reserve to respective agencies on 11 July 2021 for technical feedback before submission to the state government.</p> <p>Mechanisms for resolving grievances including land claims had been developed by Terengganu FMU and were made available to the auditors during the audit.</p> <p>There was also no negative comment or grievances from the community living adjacent to the active harvesting licence, as confirmed by those chairmen, during consultation with the local communities of JPKK (<i>Jawatankuasa Pembangunan Kemajuan Kampung</i>).</p> <p>Terengganu FMU had recognised and had allowed indigenous people to collect minor forest products for their daily consumption or conserve any cultural/religious sites if present. Water catchment areas and water supply sites for local communities were not disturbed.</p> <p>Various mechanisms were established by Terengganu FMU for resolving disputes over tenure and use rights although dispute over tenure and use rights of PRFs in Terengganu has never been occurred since the PRF is owned by the state government.</p>	There were no negative findings
Principle 3 Indigenous People's Rights	<p>Customary rights of indigenous peoples' lands within relevant federal, state and local laws were documented in the Aboriginal Peoples Act 1954. Orang Asli Reserves and Areas were controlled by the Department of Orang Asli Development (<i>Jabatan Kemajuan Orang Asli/JAKOA</i>) and the Orang Asli.</p> <p>Terengganu FMU had never been involved in any of forest operations in the Orang Asli Reserves, and there never had been any indigenous people's land inside the</p>	There were no negative findings

Principle	Strengths	Weaknesses
	<p>Terengganu FMU certified area.</p> <p>Terengganu FMU management had agreed in principle that forest operations shall not be conducted in the legally recognized land of the Orang Asli (as determined by the Aboriginal Peoples Act, 1954. The issue of forest practices of the Terengganu FMU/logging contractors threatening or diminishing, either directly or indirectly, the indigenous peoples' resources or tenure rights did not arise.</p> <p>Forestry Department of Peninsular Malaysia has established Appropriate procedures for identification and protection of sites of special cultural, ecological, economic, or religious significance to the Orang Asli. Terengganu FMU has followed this procedure.</p> <p>The was no evidence of the utilization of Orang Asli's traditional forest-related knowledge and practices in the use of forest species or management systems in forest operations. However, Terengganu FMU had developed a mechanism in the form of a flow chart with clearly stated steps and an attached agreement entitled "<i>Compensation Mechanism for Payment of Compensation to the Rights of Orang Asli Traditional Knowledge Commercialised by the Forestry Department</i>".</p>	
Principle 4 Community Relations and Workers' Rights	<p>Terengganu FMU provided sufficient support for training, retraining, local infrastructure, facilities, and social programs for departmental staff.</p> <p>With regards to employment of local people, a perusal of the license files showed that several licensees and their workers were from the local area.</p> <p>Policies on Safety and Health had been clearly established, displayed, and communicate at all levels.</p> <p>Consultation with harvesting workers attached to the logging site indicated that they were aware on the need to use PPE when working.</p> <p>The FMU has conducted Safety & Health Committee meetings for 2022 dated 17th April 2022, and 17th April 2022.</p> <p>The Terengganu FMU has submitted the annual accident report (JKKP 8 form) for 2022 to DOSH on 5th January 2022.</p>	<p>Review of employment documents for worker; En. Yaki bin Sidi at License TB-09-22, Compartment 54 (Part) Hulu Terengganu PRF it was found:</p> <ol style="list-style-type: none"> 1. No EPF deduction in Salary Slip: Noncompliance with Employment Provident Fund Act 1991 2. No Employment Contract between worker and Contractor: Noncompliance with Employment Act 1955 <p>Therefore, a Major NCR ISMA 01/2022 for Indicator 4.3.3 was raised.</p> <ol style="list-style-type: none"> 1. During stakeholder's consultation with the representatives of JPKK Pasir Raja, JPKK Jongok Batu, JPKK of Kg. Syukur, Communities of Kg.Gerdong, JPKK Sekayu, JPKK Bukit Cina, JPKK Kg. Masin, and JPKK Keruak, it was found

Principle	Strengths	Weaknesses
	<p>There were sufficient regulations and provisions within relevant federal, state and local legal frameworks to prevent loss or damage affecting the local people's legal or customary rights, property, resources, or their livelihoods, caused by forest operations.</p>	<p>that the representative did not have access to the information on the results of the social impact evaluations.</p> <p>2. The form "Borang soal selidik" to conduct social impact evaluation to the affected parties for prior (sebelum), during (Semasa), and after (Selepas) for licence no. TS-01-08-20 (Compt 19, HS Besut), TU-01-03-22 (Compt 62 partly, HS Gunung Tebu), TU-01-01-22 (Compt. 97, HS Hulu Besut) did not record the date of the social impact evaluation conducted.</p> <p>Previous OFI upgraded to Minor NCR AZR 01/2022 for Indicator 4.4.1.</p>
<p>Principle 5 Benefits From the Forest</p>	<p>Investments and reinvestments have been made in forest management by Terengganu FMU in 2022. This was evident by the report on expenditures which includes, forest conservation and protection, boundary surveying/maintenance, forest management plan preparation, Pre-F and Post-F inventories, timber tagging, nursery, forest plantation, ecotourism, forest ICT, Human Resource Development, and infrastructure/equipment. Funds were also allocated for HCVF, Phenology plots, VJR and establishment of non-timber forest products.</p> <p>Pre-F inventory was conducted according to the SMS requirements at the intensity of 10% with a view to collect the relevant information of the forest composition and physiography for the implementation of the SMS.</p> <p>Post-F inventory practice was conducted within the logged-over forest with the objective to collect data and information pertaining to the forest composition, to be utilized for assessing status of such logged-over forest. Data collected was used for determining the silviculture practices.</p> <p>To encourage the optimal use of forest resources, the Terengganu FMU had included the non-timber forest products (NTFPs) in one of its development programmes aimed at collating data for the management of these resources.</p> <p>To minimise damage on residual stand, Terengganu FMU had implemented the Guidelines of Reduce Impact Logging in Peninsular Malaysia 2003, Guidelines for</p>	<p>There were no negative findings</p>

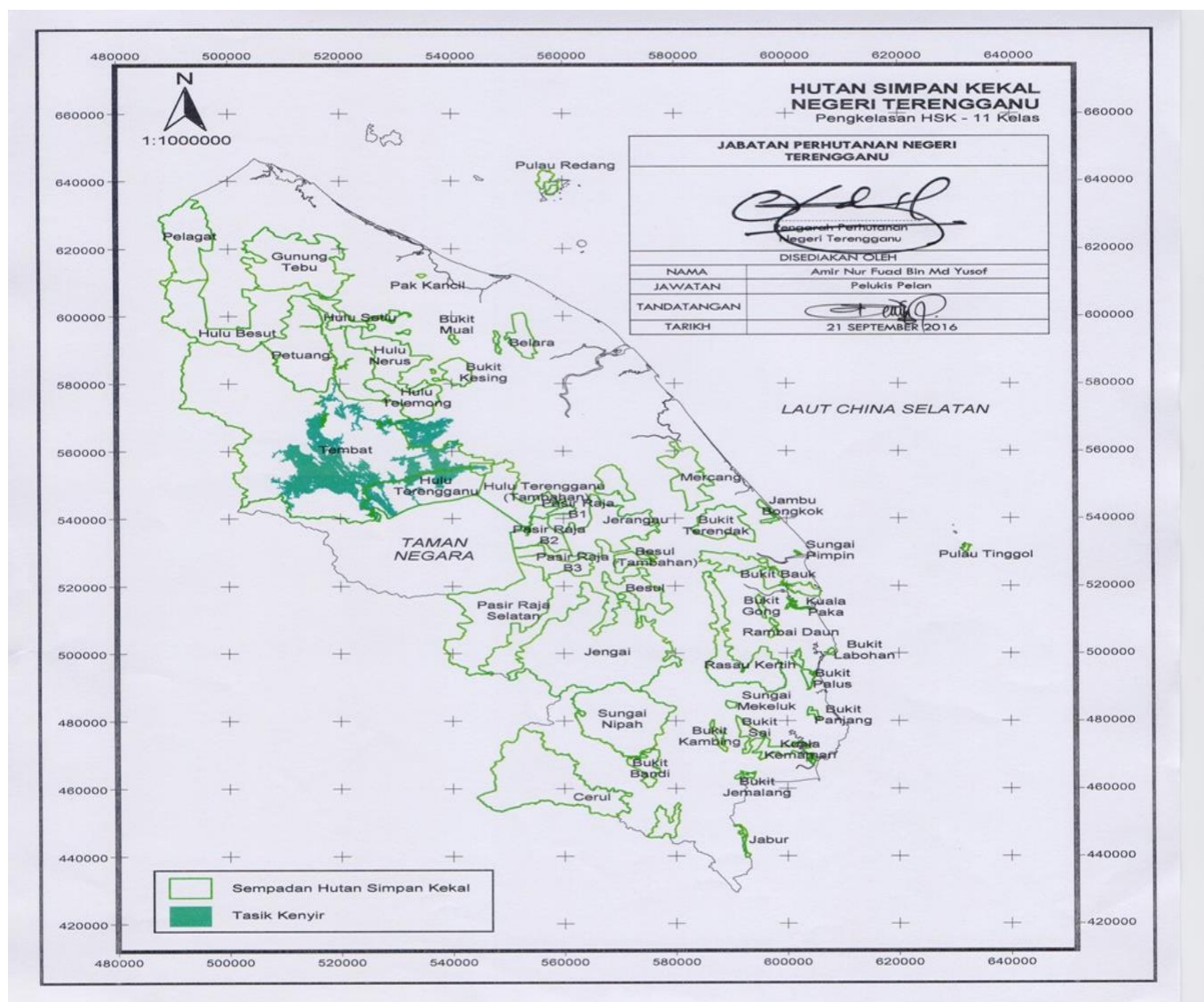
Principle	Strengths	Weaknesses
	<p>Forest Roads 2010 (Amendment 2013) and Forest Harvesting Plan. Implementation of RIL on site was observed at active harvesting area.</p> <p>Training on MC&I requirements was conducted on 21st – 24th February 2022 and the Retreat Program to enhance the understanding of MC&I SFM was also conducted by Terengganu FMU on 21st -25th August 2022.</p> <p>Areas exceeding 1,000 meters above sea level or with slopes of more than 40 degrees were excluded from logging, demarcated, and mapped as protection forests as stated in the FMP.</p> <p>The demarcation and management of riparian buffers in the FMU had further ensured protection of waterways from soil erosion especially during harvesting operations.</p> <p>For 12th Malaysia Plan (RMK12- 2021-2025), the AAC for Terengganu FMU was approved by 77th National Land Council (Majlis Tanah Negara) meeting on 8th September 2020 at 30,500 ha. at the rate of 6100 ha per year. Till August 2022, about 3179.04 ha has been licenced and harvested.</p>	
Principle 6 Environmental Impact	<p>A Macro Environmental Impact Assessment (MEIA) of Forest Harvesting for Terengganu FMU (dated 18/11/2009) was presented and verified by the auditor during the audit. Measures to mitigate impact of forestry operations on ERT were mentioned in the current FMP (2016-2025). Recommendations from the MEIA report were also incorporated in the Mid Term Review of the current FMP (2016 -2025).</p> <p>About 23.6% (127,920.85 ha) of the total PRF in Terengganu FMU had been set aside for protection and conservation purposes.</p> <p>Terengganu FMU had established collaboration with PERHILITAN on the conservation of wildlife in Terengganu FMU.</p> <p>A total of 12 VJRs had been established In the Terengganu FMU, covering a total area of 4,055.61 ha.</p> <p>Auditors' consultation with the logging contractors indicated level of awareness on protection against respective flora and fauna</p>	<p>Documentation review and site inspection to active Licence No. TU-01-01-22 in Comp. 97 (Licencee- Yayasan Terengganu, Contractor – DMT Resources & Development Sdn,Bhd)) Hulu Besut PRF, found that the cutting limit was set as follows;</p> <p>Dipterocarp – 50 cm Non-Dipterocarp – 50 cm Neobalanocarpus heimii (Chengal)- 50cm.</p> <p>Based on the Forestry Manual 2003 Jilid 111, para 7.2 <i>Penentuan Had Batas Tebangan</i> sub para (v)(b) page 1073 the difference in cutting limit for dipterocarp and non-Dipterocarp must be not less than 5 cm. and based on the verifier under Indicator 6.3.2, the minimum cutting limit for Neobalanocarpus heimii (Cengal) be equal or greater than 60 cm dbh.</p> <p>Therefore, a Major NCR RJ02/2022 for Indicator 6.3.2 was raised.</p>

Principle	Strengths	Weaknesses
	<p>and prohibition of hunting activities within PRF.</p> <p>Forest functions were designated for forest protection, such as forest ecosystem, soil, water, wildlife, recreation, research, and education had been included in the 11 recognized functions in the FMU.</p> <p>Harvesting operations in the FMU were conducted based on the requirements of the Guidelines for Reduced Impact Logging in Peninsular Malaysia 2003 and the Forest Road Guidelines 2010 (Amended 2013) to reduce soil compaction.</p> <p>The Terengganu FMU had established an official Policy on Environmentally Friendly Non-Chemical Method of Pest Management. The documented policy signed by the State Director of Forestry dated 22/08/2016. A Chemical Fertilizer Management Plan titled '<i>Pelan Pengurusan Baja Kimia di Tapak Semaian</i>' was also established by Terengganu FMU.</p> <p>Standard operating procedures on waste disposal and re-cycling of liquid and solid non-organic wastes titled Standard Operation Procedure (SOP) "<i>Bagi Pelupusan Sisa Pepejal Dan Cecair Bukan Organik Berdasarkan Keperluan Kualiti Alam Sekitar</i>" was available and displayed at the FMU's office and at the visited active harvesting licensed areas.</p>	
Principle 7 Management Plan	<p>The latest version of Forest Management Plan (2016 – 2025) for Terengganu FMU has been made available during the audit.</p> <p>Forest managers were aware of the new scientific and technical information pertinent to the management of FMU. The training on enchantment of MC&I SFM conducted on 21st – 24th Feb. 2022</p> <p>A summary of primary elements of FMP is available in the TSFD official website and available to the public. http://trgforestry.terengganu.gov.my/index.php?option=com_content&view=article&id=365&Itemid=262&lang=my</p>	<p>Documentation review of Forest Management Plan 2016-2025 and the "<i>Kajian Separuh Penggal</i>" Forest Management Plan 2016-2025 (July – November 2021), found that, para(j) Description of Stakeholders consultation was not included.</p> <p>Therefore, a Minor NCR RJ01/2022 for Indicator 7.1.1 was raised.</p> <p>The scope of work for appointed Safety Officer could further be improved by including the Job description.</p> <p>Therefore, an OFI for Indicator 7.3.1 was raised.</p>
Principle 8 Monitoring and Assessment	<p>The Terengganu FMU had continued to use the monitoring forms A – D, [A: Infrastructure, B: Forest Harvesting, C: Environment, D: Output] for assessing social, ecological, environmental, and economic impacts of forest operations.</p>	<p>Review of the NCR forms and minutes of the management meeting of the Terengganu FMU Internal Audit and Management Review found:</p>

Principle	Strengths	Weaknesses
	<p>The Terengganu FMU has done adequate measures to include research and data collection needed for monitoring and assessment purposes.</p> <p>Mid-term review of Terengganu Forest Management Plan (2016-2025) (Final Draft) during the Audit found that, the results and findings of the monitoring activities had been properly recorded and incorporated into the Mid-term review of the FMP.</p> <p>Summary of the results of the monitoring indicators, including those listed in Criterion 8.2 is available online at: http://trgforestry.terengganu.gov.my/index.php?option=com_content&view=category&id=11&Itemid=252&lang=my</p>	<ol style="list-style-type: none"> 1. No root cause identified for Non Conformance raised in the NCR form of Internal Audit 2. No record of closure of the NCR and corrective action taken in the NCR form 3. Authority responsible for closure of the NCR was not recorded in the NCR form 4. Management review meeting was conducted before closure of NCRs <p>Therefore, a Minor NCR ISMA 02/2022 for Indicator 8.1.3 was raised.</p> <p>Review of Terengganu State Forest Department website found that, Indicator (c) i.e.' Environmental and Social Impacts of Harvesting and other operations in the FMU in Criterion 8.2. (Macro EIA) summary referred to "Guideline for Forest Road 1999". It was not updated to "Guidelines of Forest Roads 2010 (Ammended 2013).</p> <p>Therefore, a Minor NCR ISMA 03/2022 for Indicator 8.2.1 was raised.</p> <p>Document review of Removal Pass for Forest Checking Station Gaung, found that, found that the tagged numbers for log transported from the forest checking station did not include the complete number of the tags. The alphabet in front of the number for the tag was not written in the Removal Pass issued. The samples of the Removal Pass as follows:-</p> <ol style="list-style-type: none"> a. CKT A 343301 Licence No. TB-01-23-21 dated 14th August 2022 b. CKT A 343305 Licence No. TB-01-23-21 dated 14th August 2022 c. CKT A 343314 Licence No. TB-01-23-21 dated 17th August 2022 d. CKT A 343330 Licence No. TB-01-23-21 dated 23rd August 2022 e. CKT A 343315 Licence No. TB-01-23-21 dated 17th August 2022 <p>Therefore, a Minor NCR AZR 03/2022 for Indicator 8.3.1 was raised.</p>

Principle	Strengths	Weaknesses
Principle 9 Maintenance of High Conservation Values	<p>Three HCV areas were identified and demarcated on the ground in Terengganu FMU as follows;</p> <ol style="list-style-type: none"> 1. Compt. 31, Jerangau FR – presence of unique species, <i>Dipterocarpus sarawakensis</i> (Keruing Sarawak) 2. Compt. 5, Pasir Raja FR- presence of the biggest tree of <i>Neobalanocarpus heimii</i> (Chengal Besar) 3. Compt. 34, Jerangau FR – presence of beautiful umbrella-leafed palm of <i>Johannesteijsmannia altifrons</i> (Sal) <p>Determination on the presence of HCV attributes in Terengganu FMU is guided by the document issued by the Forestry Department Peninsular Malaysia (FDPM) entitled "<i>Panduan Penentuan, Penubuhan dan Pengurusan Kawasan Hutan Mempunyai Nilai Pemeliharaan Yang Tinggi (HCVF) Dalam Hutan Simpanan Kekal (HSK) Di Semenanjung Malaysia</i>".</p> <p>Terengganu FMU had consulted relevant stakeholders on the options to maintain or enhance the identified HCVFs.</p> <p>The summary of the management plan for HCV areas for Terengganu FMU is available to the public at http://trgforestry.terengganu.gov.my/index.php?option=com_content&view=article&id=365&Itemid=262&lang=my</p> <p>Periodic monitoring was conducted to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes in the HCVFs.</p>	<p>There were no negative findings</p>

Map of Terengganu FMU



Experiences and Qualifications of Audit Team Members

Names of Audit Team	Role	Qualification and Experience
Haji Roslee bin Jamaludin	Audit Team Leader	<p><u>Academic Qualification:</u> B.Sc. of Forestry (Forest Management), University Putra Malaysia. Diploma in Forestry, Mara Institute of Technology, Malaysia.</p> <p><u>Work Experience:</u> A retiree of Forest Conservator from Forestry Department of Peninsular Malaysia, with 36 years of experience in forest management, operation and administration. Has been working in various position since appointment in 1977, which includes Assistant Forest Management officer in Kuantan, Forestry Department of Pahang, Assistant District Forest Officer in Kuala Lipis Pahang and Segamat, Johor. Forest Plantation Officer in Johor and Terengganu, Forestry Officer for the State of Malacca. Assistant Director for Forest Harvesting and Industries in Selangor, District Forest Officer in Dungun Terengganu, Assistant Director for Forest Management in Negeri Sembilan and the State Director of Forestry Penang before retirement in April 2015. Has involved in several Working Committee form by the Forestry Department of Peninsular Malaysia to further improve the existing procedures, such as, Forestry Manual, Forest Road Guidelines, Forestry Rules, other guidelines regarding the MC&I for forest certification. A member of MAJURUS was appointed as an Internal Auditor for the MC&I. Has attended several forestry Conference overseas and local. A member of IRIM (Institut Rimbawan Malaysia). Appointed as a facilitator and trainer for Forest Road Guidelines by Forestry Department Peninsular Malaysia.</p> <p><u>Training / Research Areas:</u></p> <ul style="list-style-type: none"> • Had Attended and Passed the following Training programmes: • Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] & [MC&I (Plantations)] organised by MTCC, 9 – 10 July 2015 • EMS 14001: 2004 Lead Assessor Training Course organised by SIRIM Training Services Sdn Bhd, 23 Nov. – 27 Nov. 2015. • Briefing on RSPO Principle & Criteria (HCV) organised by SIRIM QAS (Food, Agri & Forestry Section) 21 August 2015. • Workshop on Auditing Technique for FMC (2) organised by SIRIM QAS (Food, Agri & Forestry Section) 26 Jan 2016. • FMC Workshop 28th -29th November 2017 • FMC Workshop for 2018 organised by SIRIM (Food, Agr. & Forestry) 22 November 2018 • COC Workshop 2018 organised by SIRIM 26 November 2018 • Auditor Training Course on PEFC Chain of Custody Certification organized by MTCC on 19th -20th December 2018. • MSPO Training Course 16-17 Feb 2019 organised by SIRIM • Forest Management Certification (FMC) Workshop' for 2019

		<p>on 25 & 26 June 2019 organised by SIRIM QAS (Food, Agri & Forestry Section).</p> <ul style="list-style-type: none"> • CoC Workshop for 2019 on 27/6/2019 organised by SIRIM QAS (Food, Agri & Forestry Section).
Ismail Adnan Abdul Malek	Auditor	<p><u>Academic Qualification:</u></p> <p>Master of Forestry, University of British Columbia, Canada</p> <p><u>Work Experience:</u></p> <p>One year (1974-1975) experience as Sub Assistant Conservator of Forest at the Pahang Forest Department, involved with Forest Administration/Management and Enforcement. Next, seven years (1979-1986) experience as Forest Officer/Logging Superintendent at Syarikat Jengka Sdn. Bhd (SJSB), an integrated timber complex in Pahang. Responsible for Forest Licensing/ Administration, Forest Mapping, Road Construction and Logging Operations. Senior Lecturer at the Forestry Faculty, Universiti Putra Malaysia (UPM) from 1986 to 2014. Responsible for teaching and research in Forest Mensuration, Forest Survey, Forest Road, GIS/Remote Sensing and Forest Mapping. Responsible for academic supervision of more than 100 Bachelor/Master/Phd students in their research and thesis writing. Own research at UPM include various areas such as forest mapping using geo spatial tools, forest inventories, forest harvesting and forest management system (SMS). Also involved with consultancy works which include RPH development and Forest Mapping. Participate in organizing local/international seminars on Forestry areas. Published and presented research findings at seminars/conferences and journals. Currently as Auditor at the Food, Agriculture and Forestry /ion (FAF), SIRIM QAS International Sdn Bhd, since 2016. Involved in conducting assessments on forest management certification MC&I (Natural Forest) & MC&I (Forest Plantations).</p> <p><u>Training / Research Areas:</u></p> <ul style="list-style-type: none"> • Auditor Training Course on MC& I (Natural Forest) and MC&I (Forest Plantation V2), 9th-10th July 2015, SIRIM QAS International Sdn Bhd • ISO 14001:2004 Lead Assessor Training, 23rd-27th Nov 2015, SIRIM Training Services Sdn. Bhd • Training on Auditing Techniques, 26th January 2016, SIRIM QAS International Sdn Bhd
Azrul Ikhsan Mohamed	Auditor	<p><u>Academic Qualification:</u></p> <p>Diploma in Agriculture, Universiti Putra Malaysia Kampus Bintulu</p> <p>Bachelor of Science with Honours (Plant Resource Science and Management), Universiti Malaysia Sarawak.</p> <p><u>Work Experience:</u></p> <p>Five years of Experience in the field of Forestry, 2 Years of Forest Plantation as Assistant Plantation Manager in Forestry Assets SDN BHD in the year from 2015 to 2017, and 4 Years in</p>

		<p>Natural Forest as Forest Manager in RELIWOOD SDN BHD in the year 2018 – 2021. Main responsibility is Assisting and Manage in the administrative work, forest development, and forest operations based on the MC&I SFM standard. Work closely with relevant stakeholders on the development of the Forest such as Enrichment planting, HCV collaboration, Improvement of the Reduced impact logging, and developing procedures.</p> <p>Training / Research Areas:</p> <ul style="list-style-type: none"> · Auditor Training Course on Forest Management Certification Under the Malaysian Timber Certification Scheme (MTCS) – (13th – 15th October 2021) · SIRIM LEAD AUDITOR COURSE INTEGRATED MANAGEMENT SYSTEMS (IMS) ISO 9001, ISO 14001 & ISO 45001 (LIMS02) – (25th – 29th October 2021)
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Comments Received from Stakeholders and Responses by Audit Team Leader

No.	Comments/Issues Raised	Response by Audit Team
1	None	None
2		

Surveillance 4 Audit Plan

DAY	TIME	PROGRAM		
		AUDITOR 1 (Hj.Roslee)	AUDITOR 2 (Ismail Adnan)	AUDITOR 3 (Azrul)
Sunday (18/09/2022)		<ul style="list-style-type: none"> All auditors travel by own car to Kuala Terengganu Audit team stay at Continental Hotel Kuala Terengganu Briefing by Audit Team Leader on the audit plan 		
Day 1 Monday (19/09/2022)	8.30 am – 12.30 pm	<ul style="list-style-type: none"> Opening Meeting with representatives of FMU Briefing session by Forest Manager on progress of forest activities Evaluation of changes to the management of the FMU Check on progress of planned activities aimed at enhancing the operation system Check on complaints, stakeholder comments and follow-up actions with Government agencies and NGOs Check on verification for closing NCRs raised during the previous audit Evaluate on internal audit and management review Q&A Session 		
	2.00 – 5.30 pm	AUDITOR 1 (Hj.Roslee)	AUDITOR 2 (Ismail Adnan)	AUDITOR 3 (Azrul)
		Documentation and records review	Documentation and records review	Documentation and records review
		<ul style="list-style-type: none"> Principle 1 – Compliance with Laws and Principles Principle 5 – Benefits from the forest. Principle 7 – Management Plan 	<ul style="list-style-type: none"> Principle 6 – Environmental Impact Principle 8 – Monitoring and Assessment Principle 9 – Maintenance of High Conservation Value Forests 	<ul style="list-style-type: none"> Principle 2 – Tenure and Use Rights and Responsibilities Principle 3 – Indigenous Peoples' Right Principle 4 - Community Relations and Worker's Right <p>Interview with Kesatuan Pegawai-Pegawai Hutan Melayu Semenanjung (KPHMSM)</p>
		<ul style="list-style-type: none"> Review of Day 1 Findings by Audit Team Leader Auditor 1 overnight in Kuala Terengganu Auditor 2 and 3 overnight in Terengganu Selatan 		
Day 2 Tuesday (20/09/2022)	7.00 am – 8.00 pm	AUDITOR 1 (Hj.Roslee)	AUDITOR 2 (Ismail Adnan)	AUDITOR 3 (Azrul)
		<u>Terengganu Utara</u>	<u>Terengganu Selatan</u>	<u>Terengganu Selatan</u>
		<ul style="list-style-type: none"> Inspection of active harvesting area- Compt. 97 Hulu Besut PRF(TU-01-01-22) (30%) and Compt.62 Gunung Tebu PRF (TU-01-03-22) (0%) Forest Checking 	<ul style="list-style-type: none"> Inspection of active harvesting area – Compt. 25B Rasau Kerteh PRF (TS-01-04-22) Forest Checking Station- Temporary Dungun BPH Inspection of closed 	<ul style="list-style-type: none"> Documentation review at District Forest Office Interview with local community/MPKK/ Ketua Kg.: JPKK Pasir Akar JPKK Jongok Batu JPKK Kg. Shukur

		Station- Pasir Akar temporary BPH. • Inspection of PRF external boundary- Gunung Tebu PRF at Compt. 62. • Inspection of closed harvesting area- Compt.94C, Hulu Besut (TU-01-04-21) • HCV- TER Lata Tembakah	harvesting area- Compt. 4, Besul PRF (TS-01-06-20)	• VJR – Compt. 8, Bukit Bauk PRF <u>Terengganu Barat</u> • Documentation review at District Forest Office • Interview with local community/MPKK/ Ketua Kg.; • Kg.Gerdong • JPKK Kg. Kemat • JPKK Kg Sekayu • HCV – Compt. 37 and 34 Jerangau PRF
		• Review of Day 2 Findings by Audit Team Leader • All auditors overnight in Kuala Terengganu		
Day 3 Wednesday (21/09/2022)	7.00 am – 8.00 pm	AUDITOR 1 (Hj.Roslee) <u>Terengganu Barat</u> • Inspection of active harvesting area- Compt. 136(part) Tembat PRF –(TB-01-13-22) (50%). (Inaccessible due to landslide. Review document in Camp.) • Alternative active area – Compt. 111(part) Petuang PRF(TB-01-23-21). (Inaccessible due to slippery road-raining) • Inspection of closed area- Compt. 16 Jerangau PRF (TB-01-04-21)- (inaccessible due to rain.)	AUDITOR 2 (Ismail Adnan) <u>Terengganu Barat</u> • Inspection of active harvesting area – Compt. 54, Hulu Terengganu PRF(TB-01-09-22) (80%) (inaccessible due to rain) • Pre-F inventory- Compt. 21, Rasau Kerteh PRF • Inspection of PRF external Boundary- Besul, Bandi and Rasau Kerteh PRF. • Post-F Inventory- Compt. 6 (part) Bandi PRF.	AUDITOR 3 (Azrul) <u>Terengganu Utara</u> • Documentation review at District Forest Office • Interview with local community/MPKK/ Ketua Kg.- • JPKK Bukit Cina • JPKK Keruak • JPKK Kg. Masin • JPKK Padang Lindung
		• Review of Day 3 Findings by Audit Team Leader • All auditors overnight in Kuala Terengganu		
Day 4 Thursday (22/09/2022)	8.00 am – 12.00 pm 2.00 – 5.00 pm	AUDITOR 1 (Hj.Roslee) • Continue documentation and records review for any unfinished area.	AUDITOR 2 (Ismail Adnan) • Continue documentation and records review for any unfinished area	AUDITOR 3 (Azrul) •Continue documentation and records review for any unfinished area
		• Closing meeting		
		*All auditors Travel back to Kuala Lumpur		

Details on NCRs and OFIs Raised During this Surveillance 4 Audit and Corrective Actions Taken

Indicator	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Major NCR: ISMA 01/2022	<p>Requirement: Indicator – 4.3.3 - The right of workers to employment benefits and social protection is assured under applicable laws and/or regulations</p> <p>Finding: Contractor K.S.M Trading did not comply with Employment Act 1955 and Employment Provident Fund Act 1991 for its worker.</p> <p>Objective evidence: Review of employment documents for worker; En. Yaki bin Sidi at License TB-09-22, Compartment 54 (Part) Hulu Terengganu PRF it was found:</p> <ol style="list-style-type: none"> 3. No EPF deduction in Salary Slip: Non compliance with Employment Provident Fund Act 1991 4. No Employment Contract between worker and Contractor: Non compliance with Employment Act 1955 	<p>Result of investigation and determination of root cause:</p> <p>The investigation by Terengganu FMU revealed that, the Licencee was in the process of deducting the EPF in the salary slip of the worker and preparing the agreement during the inspection been carried out.</p> <p>Correction and corrective action plan including completion date:</p> <p>The Terengganu FMU has sent a letter the licencee for the Licence No. TB-01-09-22 to expedite the EPF deduction for their worker, Mr. Yaki Bin Sidi, and to prepare the workers agreement as in attachment 7. The Licencee has taken action to deduct the EPF and prepare the agreement between worker and employer as in attachment 8.</p>	<p>Terengganu FMU has sent a letter Ref. no. Bil(44) dlm.PHDTB.4/1/1020 dated 25th September to the licensee KSM Trading, regarding the findings of the SA4 audit. Mentioning their worker Yaki bin Sidi has no evidence that the EPF been deducted and the agreement between workers and employer has not been prepared.</p> <p>Base on the document submitted by FMU, regarding the deduction of EPF contribution Borang A (KWSP 6) Form Ref. no 0151312761022, contribution for Yaki Bin Sidi has been conducted for the month of October 2022.</p> <p>Status: Closed.</p>
Major NCR: RJ 02/2022	<p>Requirement: Indicator 6.3.2 - Availability and implementation of guidelines for the conservation of genetic, species and ecosystem diversity in the FMU.</p> <p>Finding: Cutting Limit has been set not according to Forestry Manual 2003 and verifier under Indicator 6.3.2.</p>	<p>Result of investigation and determination of root cause:</p> <p>Terengganu FMU has identified the cause of the non compliance involved the approval by “<i>Lembaga Mengambil Hasil Hutan (LMMH) Bil. 1/2020</i>” for the Yayasan Terengganu concession areas.</p>	<p>Based on a letter Ref. No PHNT.100/6/16 Bhg.16 (30) dated 27th November 2022, TSFD has sent this letter to SIRIM QAS, to inform the action taken by TSFD to closed Major NCR for Indicator 6.3.2. The letter mentioned that, TSFD has conducted twice the Meeting with Yayasan Terengganu on 29 September 2022 and 30th October 2022, chaired by, Senior Private Secretary of YAB Menteri Besar of Terengganu. The meeting has agreed to set the new cutting limit as, Minimum 55cm for Dipterocarp, 50cm</p>

	<p>Objective evidence:</p> <p>Documentation review and site inspection to active Licence No. TU-01-01-22 in Comp. 97 (Licencee- Yayasan Terengganu, Contractor – DMT Resources & Development Sdn,Bhd)) Hulu Besut PRF, found that the cutting limit was set as follows;</p> <p>Dipterocarp – 50 cm Non Dipterocarp – 50 cm Neobalanocarpus heimii (Cengal)- 50cm.</p> <p>Based on the Forestry Manual 2003 Jilid 111, para 7.2 <i>Penentuan Had Batas Tebangan</i>, sub para (v)(b) page 1073 the difference in cutting limit for dipterocarp and non Dipterocarp must be not less than 5 cm. and based on the verifier under Indicator 6.3.2, the minimum cutting limit for Neobalanocarpus heimii (Cengal) be equal or greater than 60 cm dbh.</p>	<p>Correction and corrective action plan including completion date:</p> <p>TSFD has submitted a working paper for the LMHH <i>Secara Pekeliling Bil 3/2022</i> dated 23rd November 2022 to revoke the present decision and to approve new cutting limit. However, the document is in confidential status and will be submitted to the auditor after the decision been made by LMMH “<i>Secara Pekeliling Bil. 3/2022</i>”.</p>	<p>for non dipt, and 60cm for Chengal. Then TSFD has prepared a working paper to <i>Lembaga Mengambil Hasil hutan secara Pekeliling Bil. 3/2022</i> dated 23rd November 2022 to revoke the previous cutting limit and to approved new cutting limit as mentioned above.</p> <p>A letter Ref. No. PHN. (Sulit).62 Bhg.14(13) dated 23rd November 2022, was sent to Senior Private Secretary of YAB Menteri Besarsent by TSFD, attached with the working Paper regarding the new cutting limit, to be table in Bil. 3/2022 of LMMH meeting.</p> <p>A letter Ref. no. PHNT 100/6/16/2 Bhg.2 (5) dated 15th January 2023, TSFD has sent this letter to SIRIM QAS, mentioning that, new cutting limit has been approved by LMHH during the meeting <i>Bil 3/2022 Secara Pekeliling Bil. 3/2022</i>. This letter also has attached the approval letter that has been sent to Yayasan Terengganu by TSFD Ref. No. PHNT(SULIT)62/SK.1/BHG.22 (37) dated 12th Jan. 2023. The letter has confirmed that, the meeting of LMMH Bil 3/2022 conducted on 10th January 2023, has agreed to revoke the previous cutting limit 50cm for Dipterocarp, 50cm nondiptercoarp and 50cm Cengal. (Previous approval letter: Ref. No. PHNT (SULIT)62/SK.1/Bhg.17 (46) dated 2nd July 2020. The letter has mention the LMMH has approved the new cutting limit of 55cm fo dipterocarp, 50cm for Dipterocarp, and Cengal 60cm, for the area that has not been conducted tree tagging. The letter also has mentioned that, the cutting limit will be reviewed in RMKe13 (2026-2030).</p> <p>Status: Closed.</p>
<p>Minor</p> <p>NCR: AZR 01/2022</p>	<p>Requirement: Indicator 4.4.1 Forest managers shall evaluate, through consultations, social impact of forest operations directly affecting communities, and the people and groups directly affected by the forest operations shall have access to information on the results of the social</p>	<p>Result of investigation and determination of root cause:</p> <p>There is a lack of knowledge regarding the analysis of SIA after the SIA form been received by the FMU. Regarding the date of SIA conducted not been recorded, is due to</p>	<p>Corrective Action Plan was submitted by FMU on 18th October 2022. The audit team has accepted the CAPs.</p> <p>Status: Implementation and effectiveness and of the corrective action will be verified during next audit.</p>

	<p>impact evaluations.</p> <p>Finding: Local Communities directly affected by the forest operations did not have access to information on the results of the social impact evaluations.</p> <p>Objective evidence:</p> <p>3. During stakeholder's consultation with the representatives of JPKK Pasir Raja, JPKK Jongok Batu, JPKK of Kg. Syukur, Communities of Kg.Gerdong, JPKK Sekayu, JPKK Bukit Cina, JPKK Kg. Masin, and JPKK Keruak, it was found that the representative did not have access to the information on the results of the social impact evaluations.</p> <p>4. The form "Borang soal selidik" to conduct social impact evaluation to the affected parties for prior (sebelum), during (Semasa), and after (Selepas) for licence no. TS-01-08-20 (Compt 19, HS Besut), TU-01-03-22 (Compt 62 partly, HS Gunung Tebu), TU-01-01-22 (Compt. 97, HS Hulu Besut) did not record the date of the social impact evaluation conducted.</p> <p>Previous OFI upgraded to Minor NCR AZR 01/2022</p>	<p>the staff negligence.</p> <p>Correction and corrective action plan including completion date:</p> <p>A letter of feedback of SIA analysis has been sent to JPKK Chairman involved. Based on the feedback and action taken by Licencee involved the interest of local community, the road linking to their agricultural land has been repaired and upgrade by Contractor for easy access by the community. SIA form has been updated. Attachment 2.</p>	
Minor NCR RJ 03/2022	<p>Requirement Indicator: 7.1.1 - Availability and implementation of forest management plan including consideration of risks and opportunities concerning compliance with the requirements of the standard.</p> <p>Finding: The Forest Management Plan 2016-2025, did not provide para (j) "</p>	<p>Result of investigation and determination of root cause:</p> <p>TSFD has identified the root cause for the non compliance is due to the description of stakeholders has not been included in the existing list.</p>	<p>Corrective Action Plan was submitted by FMU on 18th October 2022. The audit team has accepted the CAPs.</p> <p>Status: Implementation and effectiveness and of the corrective action will be verified during next audit.</p>

	<p>Description of stakeholders consultation”</p> <p>Objective evidence:</p> <p>Documentation review of Forest Management Plan 2016-2025 and the “<i>Kajian Separuh Penggal</i>” Forest Management Plan 2016-2025 (July – November 2021), found that, para(j) Description of Stakeholders consultation was not included.</p>	<p>Correction and corrective action plan including completion date:</p> <p>TSFD has list out the Description of Stakeholders into the present list of Stakeholders.Attachment 3.</p>	
<p>Minor NCR: ISMA 02/2022</p>	<p>Requirement: Indicator 8.1.3 - Forest managers shall undertake annual internal audit and management review of forest management for continual improvement. The conduct of internal audit, management review and continual improvement is stipulated in APPENDIX A.</p> <p>Finding: Annual Internal Audit and Management Review of forest management for continual improvement conducted the Terengganu State Forest Department did not comply with requirements as stipulated in Appendix A of MC & I SFM</p> <p>Objective evidence: Review of the NCR forms and minutes of the management meeting of the Terengganu FMU Internal Audit and Management Review found:</p> <ol style="list-style-type: none"> 1. No root cause identified for Non Conformance raised in the NCR form of Internal Audit 2. No record of closure of the NCR and corrective action taken in the NCR form 3. Authority responsible for closure of the NCR was not recorded in the 	<p>Result of investigation and determination of root cause:</p> <p>TSFD has identified the root cause for the non compliance is due to, the feedback on the audit findings has been sent without using the format , it was only sent by normal letter of info by Head of Unit/District Forest Officer concern.</p> <p>Correction and corrective action plan including completion date:</p> <p>TSFD has prepared a complete format to answer the noncompliance of the audir findings. The Document has been verified by the Lead Auditor as in Attachment 4.</p>	<p>Corrective Action Plan was submitted by FMU on 18th October 2022. The audit team has accepted the CAPs.</p> <p>Status: Implementation and effectiveness and of the corrective action will be verified during next audit.</p>

	NCR form 4. Management review meeting was conducted before closure of NCRs		
Minor NCR: ISMA 03/2022	<p>Requirement: Indicator 8.2.1 - Forest managers shall gather the relevant information, appropriate to the scale and intensity of the forest management operations, needed to monitor the items (a) to (e) listed in Criterion 8.2.</p> <p>Finding: Public Summary in the Terengganu FMU website for Indicator (c) i.e.' Environmental and Social Impacts of Harvesting and other operations in the FMU (Criterion 8.2) was not updated.</p> <p>Objective evidence: Review of Terengganu State Forest Department website found that, Indicator (c) i.e.' Environmental and Social Impacts of Harvesting and other operations in the FMU in Criterion 8.2. (Macro EIA) summary referred to "Guideline for Forest Road 1999". It was not updated to "Guidelines of Forest Roads 2010 (Amended 2013)"</p>	<p>Result of investigation and determination of root cause:</p> <p>TSFD has identified the root cause for non compliance was due to the information of EIA in the Website of TSFD has not been updated</p> <p>Correction and corrective action plan including completion date:</p> <p>TSFD has updated the information in the website of TSFD. Arrchement 5</p>	<p>Corrective Action Plan was submitted by FMU on 18th October 2022. The audit team has accepted the CAPs.</p> <p>Status: Implementation and effectiveness and of the corrective action will be verified during next audit.</p>
Minor NCR: AZR 03/2022	<p>Requirement : Indicator 8.3.1 - Forest managers shall provide relevant documents to ensure that all forest products leaving the certified area can be identified (including volumes and types) so that their origin can be determined. Specific claims to communicate the origin of products are specified in APPENDIX B.</p> <p>Finding : The BPJH Procedure (Chain of Custody) was not comply</p>	<p>Result of investigation and determination of root cause:</p> <p>TSFD has identified the root cause for non compliance was due to the Removal pass from Gaung Forest checking Station has not include the complete number of tree tag number. Person InCharge was not aware the necessity of writing the alphabet in front of tag number in the issued Remonal Pass.</p> <p>Correction and corrective action plan including completion date:</p>	<p>Corrective Action Plan was submitted by FMU on 18th October 2022. The audit team has accepted the CAPs.</p> <p>Status: Implementation and effectiveness and of the corrective action will be verified during next audit.</p>

	<p>Objective evidence :</p> <p>Document review of Removal Pass for Forest Checking Station Gaung, found that, found that the tagged numbers for log transported from the forest checking station did not include the complete number of the tags. The alphabet in front of the number for the tag was not written in the Removal Pass issued. The samples of the Removal Pass as follows:-</p> <ul style="list-style-type: none"> f. CKT A 343301 Licence No. TB-01-23-21 dated 14th August 2022 g. CKT A 343305 Licence No. TB-01-23-21 dated 14th August 2022 h. CKT A 343314 Licence No. TB-01-23-21 dated 17th August 2022 i. CKT A 343330 Licence No. TB-01-23-21 dated 23rd August 2022 j. CKT A 343315 Licence No. TB-01-23-21 dated 17th August 2022 	<p>TSFD has improved on the recording of tag number in Removal Pass, based on the finding by SIRIM QAS auditor. TSFD has recorded the complete tag number. Attachment 6.</p>	
OFI	<p><u>Indicator 7.3.1 - Forest managers shall clearly define and assign specific roles to and responsibilities of the forest worker to ensure effective implementation of the forest management plan.</u></p> <p>The scope of work for appointed Safety Officer could further be improved by including the Job description.</p>	Not Required	Not Required

Corrective Actions Taken and Final Status on NCRs and OFIs Raised During Previous Audit

Indicator	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Major NCR: ANS03/ 2021	<p>Requirement: Indicator 1.5.2 – FMU shall be protected from encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities.</p> <p>Finding: A registered Headman (Kepala Hutan) has not been issued a Sub- Licence.</p> <p>Objective evidence: During site inspection to active licence area No. TS-01-08-21 Compt. 88 (Part) in Jengai PRF, there was no evidence of a registered Headman (Kepala Hutan) in the Licence Document TB-01-08-21 been issued a Sub-Licence as a requirement in Rule 32, State Forest Rule 1986.</p>	<p>Result of investigation and determination of root cause: Based on the investigation found that there was no sublicense application for Kepala Hutan appointed by the licensee to the department during the review.</p> <p>Correction and corrective action plan including completion date: The department instructed the licensee to apply for a sub -license for Kepala Hutan. Accordingly, the licensee has taken further action as in Appendix 8. A compound action of RM 50.00 has also been issued to the licensee as provided in the license conditions refer to item 8.0 Sublicense Ownership as in Appendix 9.</p>	<p>Audit team has verified letter PHNT 100/3//1/12 (24) dated 10 November 2021 on the compound. the licensee was paid the compound based on the resit number (21EVTR0501092) dated 16 November 2021.</p> <p>Status: Closed</p>
Minor NCR: RJ01/ 2021	<p>Requirement: Indicator 4.2.3 - Appropriate safety and operational equipment in good working condition, including. operational procedures, shall be made available to forest workers in the work place</p> <p>Finding:</p>	<p>Result of investigation and determination of root cause: Based on the investigation found that the licensee TB-01-03-21 did not make the storage of chainsaws according to the guidelines that have been set during the review. This is because the workers in the logging conglomerate do not have the knowledge</p>	<p>During this Surveillance 4 audit, site inspection to active harvesting area in Compt.97 Hulu Besut PRF, licence No. TU-01-01-22, Compt 62 Gunung Tebu PRF licence. No. TU-01-03-22, and 25B Rasau Kerteh PRF (TS-01-04-22) the chainsaws stored were with safety cover and maintenance record for all the equipment registred in the licence and were properly record</p>

	<p>1. Operational equipment stored an inappropriate safety measure.</p> <p>2. Record of equipment and maintenance not adequate.</p> <p>Objective evidence:</p> <ol style="list-style-type: none"> Five (5) Chainsaws stored at Workers camp at licensed No. [TB-01-03-21] Compt. 25 (Part) in Petuang PRF were without safety cover. Record of equipment and maintenance for Contractor Cocopalm Beach Resort Sdn Bhd in licensed No. [TU-01-01-21] Compt. 58 (Part) in Gunung Tebu PRF did not include all type of maintenance of equipment registered in the licence. 	<p>related to the proper storage of chainsaws. Apart from that, the licensee for the TU-01-01-21 license failed to provide equipment maintenance records in the station area because they did not have the relevant records.</p> <p>Correction and corrective action plan including completion date:</p> <p>The department has taken immediate action through the licensee as per Appendix 1 ' and 2 twins. For this matter, the Department has also sent 10 staff involved in the logging area to participate in the Directional Tree Felling Techniques Course Series 1 Year 2021 organized by JPSM on 15-18 November 2021. This course aims to provide exposure on the basics and techniques of directional tree felling, as well as the basics of operation and maintenance of chainsaws. The course invitation letter is as in appendix 3.</p>	<p>Status: Closed</p>
<p>Minor ANS01/202 1</p>	<p>Requirement: Indicator 4.3.3 - The right of workers to employment benefits and social protection is assured under applicable laws and/or regulations.</p> <p>Finding :</p> <p>Employment contract between Contractor and works not complied with Employment Act 1955.</p> <p>Objective evidence :</p> <p>Employment contract between Contractor of Syarikat Dasar Timur Sdn Bhd at License [TB-01-03-21] and</p>	<p>Result of investigation and determination of root cause:</p> <p>The results of the review found that the licensee had used the records/documents of the employer and employee contract agreement which were not updated during the review.</p> <p>Correction and corrective action plan including completion date:</p> <p>The department has reprimanded the licensee regarding this matter. Accordingly, the licensee has updated the records/documents of the contract</p>	<p>Review of employment records at Logging Contractor K.S.M Trading at License TB-01-09-22, Compartment 54 (Part), Hulu Terengganu Tambahan PRF found employees were provided the current Malaysia Minimum Wage (RM1500 per month).</p> <p>However, A Major NCR ISMA01/2022 was raised for difference issue of non compliance.</p> <p>Status: previous Minor NCR (ANS 01/2021) Closed.</p>

	Contractor Cocopalm Beach Resort Sdn Bhd in licensed No. [TU-01-01-21] did not follow current Malaysia minimum wage.	agreement between the employee and the employer based on the current minimum wage as shown in Appendix 4 and 5.	
Minor RJ02/ 2021	<p>Requirement Indicator 7.3.2- Availability of programmes to train forest workers to and their respective roles to and responsibilities of the forest worker to ensure effective implementation of the forest management plan.</p> <p>Finding: Training of the MC&I SFM Principles and Criteria not provided</p> <p>Objective evidence:</p> <p>Uniformed forest officer interviewed found they had not attended training on the MC&I SFM principles and Criteria and not aware of the standard.</p>	<p>Result of investigation and determination of root cause:</p> <p>The results of the review found that the Department's staff working at the Cheneh Forest Inspection Station were newly appointed staff who did not have further disclosure on the principles and criteria of MC&I SFM. Basically for the year 2021 a course related to the understanding of MC&I SFM has also been designed but due to the spread of COVID-19, this course has been postponed.</p> <p>Correction and corrective action plan including completion date:</p> <p>The department has planned the implementation of MC&I SFM courses for the staff of this department in early 2022 subject to the current SOP of COVID-19. For that at an early stage, the department has taken the initiative to conduct a Service Examination Preparation Course and Service Examination Organization for the Grade G19 Hulan Invigilator Scheme in Terengganu on 21-23 November 2021. This course will provide initial exposure on tree identification. leaves and wood Isl as per the letter in Appendix 6. In addition Itu. a circular letter related to the findings of MC&I SFM Independent Audit non - conformities was also distributed to all unit heads and District Forest Controllers to be made public/distributed to all levels of staff to provide an advance on MC&I SFM audits.</p>	<p>During this Surveillance 4 audit, the Terengganu FMU has conducted a retreat program for MC&I SFM for uniformed officers, on 21-25 August 2022.</p> <p>Status: Closed</p>

OFI Indicator 4.4.1	Terengganu FMU has conducted social impact consultation with villagers using Borang Soal Selidik. However the villagers have no access result of SIA report.	Not required.	<p>In this surveillance 4 audit (2022), OFI for Indicator 4.4.1 was upgraded to MINOR NCR AZR 01/2022 for Indicator 4.4.1</p> <p>Status: Upgraded to Minor NCR AZR 01/2022</p>
OFI Indicator 5.1.2	Planting in Skid trails, ex log landing could be further improved by keeping the proper record of species planted, monitoring, inventory and treatment as required under para 4.5 “Tanaman Mengaya” in Manual Perhutanan Jilid 111.	Not required.	<p>Site inspection to post harvesting areas in Compt. 94C Hulu Besut PRF, and Compt. 4 Besul PRF and documentation review for Compt. 81 Ulu Nerus PRF, and Compt. 16 Jerangau PRF, the planting in Skid trails, ex log landing has been conducted by FMU, and the proper record of species planted, monitoring, as required under para 4.5 “<i>Tanaman Mengaya</i>” in <i>Manual Perhutanan Jilid 111</i>” has been adhered to, the inventory will be conducted later.</p> <p>Status: Closed.</p>

End of Report