

ASI-ACCREDITATION SERVICES INTERNATIONAL GmbH

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FSC Annual Surveillance of ICILA 2007

**Forest Management Audit to
Hercegbosanske Sume d.o.o. Kupres FMA Kupreško
(ICILA-FM/COC-001011)**

Bosnia and Herzegovina (BIH)

Date of audit: 29th to 31st August 2007

PUBLIC SUMMARY

	NAME	DATE
Report drafted by:	Martin Walter, Marco Lovric	08 September 2007
Reviewed by ASI:	Paolo Tranquillini	21 September 2007
Reviewed by CAB:	No comments received	-
Finalized by ASI:	Paolo Tranquillini	10 December 2007
Report last updated:		

Credits

The authors would like to thank Marco Mršo and all staff of FMA Kupreško involved in the audit for preparing and making the arrangements that made this audit possible and efficient.

1 Background

The operation audited by ICILA

Name of operation	Hercegbosanske Sume d.o.o. Kupres FMA Kupreško
Total area	26.843,5 ha
Type of management	Temperate natural forest management
Name of contact person	Marco Mršo
Address	80320 Splitska b.b.
Country	Bosnia and Hercegovina
Phone number	+ 387 34 274 801
Fax number	+ 387 34 274 800
URL	
E-mail address	komercijala.hbsume@tel.net.ba

The certification history

Pre-audit	Two days, July 2006
Main audit:	11 th to 14 th September 2006
Date of certificate issue	22 nd December 2006
Date of 1st surveillance	29 th to 31 st August 2007 (this audit)
Date of 2nd surveillance	

ASI Audit Details

Purpose of audit	Surveillance of ICILA for forest management in 2007
ASI lead auditor	Martin Walter
Local Expert/ translator	Marco Lovric, local expert
Audit language	Serbo-Croatian (translation into English)
Sites audited	Headquarters and different forest sites of FMA Kupreško

Audit agenda

Date 29th August 2007	
12.00 – 15.00	Travel from Sarajevo to Kupres
15.00 – 16.45	Lunch, opening meeting
17.00 – 18.00	Discussion of outstanding CARs

18.00 – 19.00	ICILA team discussion on audit schedule
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Date 30th August 2007	
8.00 – 11.20	Discussion on outstanding observations from previous audit and document review
11.20 – 11.30	Site selection
12.00 – 13.00	Travel to compartment 2/2
13.00 – 15.00	Audit in compartment 2/2 (harvest intensity, damage to soil and trees, felling quality)
15.00 – 16.30	Audit in compartment 2/1 (worker's safety, equipment, accommodation)
17.00 – 18.30	Document review
19.00 – 20.00	Interview with municipality representative

Date 31th August 2007	
8.45 – 9.45	Drive to site
9.45 – 11.00	Site visit, coppice forest, health and safety of fire wood collectors, mine problem
11.00 – 12.00	Site visit, monitoring carried out by forest guards, safety problems, protection of endangered species
12.00 – 12.30	Interview with fire wood collectors
12.30 – 13.30	Way back to Kupres
13.30 – 15.00	Lunch
15.00 – 16.00	Document review
16.30 – 18.30	ICILA audit team meeting for discussion of audit findings
19.00 – 20.00	Closing meeting of ICILA audit
20.00 – ca. 21.00	Closing meeting of the ASI audit (in the car on the way back to Sarajevo)

People involved in the audit

CAB	Liviu Amariei, Lead Auditor Maria Rita Gallozzi Elmedina Krisalevic, local expert
Operation	Marco Mršo, manager of FMD Kupres Milenko Vila, assistant manager in charge of forest utilization Ile Mihaljević, associate expert Perica Radoš, district forester Ivica Zrno, manipulant, district forester Ančić Božo, assistant manipulant (assistant district forester) Ivica Kuštura, assistant manipulant (assistant district forester)
Others	Workers of contractor "Amor Trade": Manever Čeharić Đželo Rahma Đželo Suad

2 Audit objectives and planning

The objectives of this forest management surveillance audit are:

1. Evaluation of certification body's performance in implementing the accredited certification system in accordance with FSC accreditation requirements.
2. Witness an audit team to determine whether or not the team:
 - a) adequately applies the procedures and instructions of the certification body;
 - b) members exhibit the characteristics of an auditor as detailed in ISO 19011;
 - c) has the required expertise of the sector in which the audit is being undertaken;
 - d) applies appropriate expertise in the correct sense;
 - e) undertakes the audit effectively and draws correct conclusions.
3. Evaluation of the conformity of the certificate holder with FSC and certification body's certification requirements in so far as this is necessary to verify the performance of the certification body.
4. Evaluation of stakeholder comments or complaints ASI received in relation to this operation.

ASI annual surveillance audits are conducted as "*witness audits*" and are based on a sample of the valid certificates of the audited CB within the scope of accreditation. The number of audits per year is determined by ASI surveillance policy; sampling is based on the ASI sampling procedure. Due to the nature of ASI surveillance procedures, audit evidence is only based on a sample of the information available and therefore there is always an element of uncertainty in the audit findings.

3 ASI stakeholder consultation process (ML)

The stakeholder consultation process employed by ASI consists of 2 parts:

1. public announcement of the audit on the FSC electronic fora and on the ASI website about one month prior to the audit to solicit stakeholder comments;
2. direct interviews with selected key-stakeholders mainly conducted by the contracted local expert prior, during and after the audit.

Thirty eight stakeholders have been consulted prior to audit, and then during the audit. Stakeholders contacted prior to audit have stipulated that FE "Hercegbosanske Šume", and especially FMD "Kupres" are exemplar when it comes to good forest management practice and that they deserve to be certified. Few issues have been raised.

Stakeholder comments	ASI response
Control of the contractors should be intensified	Noted. The issue has been revised by ICILA in appropriate manner
FMD "Kupres" should raise awareness of the local population on environmental and forestry issues	Noted. The issue has been revised by ICILA in appropriate manner

Selling of logs should be done also by bidding	Noted. This issue is mentioned in FMD "Kupres" future management plans
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Please note that some stakeholders provided their comments in confidence. ASI and FSC are respecting these requests.

(See Local Expert's report attached for details; ASI version only)

4 Audit findings

CAB AUDIT PERFORMANCE	
FSC requirements	Findings and conclusions
Standard adaptation (20-003)	<p>The standard adaptation process was carried out according to the rules as laid down in FSC-Std 20-003. ICILA used many indicators which were developed by the working group active in Bosnia-Herzegovina. This working group is so far not accredited by FSC and the draft standard developed has not yet been analysed by ASI.</p> <p>During the audit, various problematic issues from the ICILA interim standard which are mainly related to the indicators taken from the draft national standard could be observed as e.g.:</p> <ul style="list-style-type: none"> ○ Indicator 5.3.3 requiring biodegradable fuels and lubricants is not applicable as these materials seem to be not available in the country. ○ Indicator 9.1.2 cannot be implemented when third parties do not carry out research activities. ○ Indicators under criterion 4.2 related to health and safety do not reflect the internationally set rules for health and safety in forest work. ○ The security problems related to mines are not dealt with in the standard <p>CAR.ICILA.FM.BIH.2007.01</p>
Auditor qualification (20-004)	No formal auditor records were checked during the audit, but the observations on the audit quality made indicate a high level of experience and professional knowledge and behaviour. Apart from minor omissions (s. company evaluation) ICILA auditors carried out the audit with much oversight and knowledge of the forest management practices and the respective standard requirements.
Stakeholder consultation (20-006)	Stakeholders interest have been properly considered by ICILA.
Evaluation process (20-007; ISO 19011)	The evaluation was carried out according to the requirements as set in FSC-Std 20-007. Evaluation intensity and the sites visited were appropriate to assess compliance of the company with the previously raised corrective action

	<p>requests and the elements of the standard selected by ICILA for this audit (principles 4, 6 and 9).</p> <p>However, the audit should have taken into account the changes made in the chain of custody system of the company and should have more thoroughly evaluated the certificate holder against ILO conventions. Particularly, the ILO convention 'C 111 Discrimination (Employment and Occupation)' which is ratified by Bosnia-Herzegovina could be of relevance, as the company exclusively employs people of Croatian origin. ICILA shall obtain more information from its client, in order to assess the issue.</p> <p>In addition, the accommodation of the workers in camps should have been evaluated against the respective requirements of the ILO Code of Practice on Safety and Health in Forestry Work (ILO 1998), section 10.</p> <p>CAR.ICILA.FM.BIH.2007.03</p>
<p>Audit report (20-008)</p>	<p>The report includes some areas where further observation in surveillance audits may be required. It proved to be difficult for the ICILA audit team to identify these recommendations as they were not highlighted in the report.</p> <p>REC.ICILA.FM.BIH.2007.01</p> <p>There are some minor omissions in the ICILA report on FMA Kupres.</p> <ul style="list-style-type: none"> o Data base for estimate of maximum sustainable yield (1.6.2) o Names of peer reviewers (3.2.2) o General itinerary with dates (3.3.1) o Main sites visited within each selected FMU (3.3.4) o A statement of the total person days (3.4) <p>CAR.ICILA.FM.BIH.2007.04</p>
<p>Public summary (20-009)</p>	<p>The public summary was evaluated against the FSC requirements in FSC-STD 20-009. No non-compliances could be identified.</p>
<p>Decision making (20-002, Part 2)</p>	<p>In general, the ICILA decision making system was correctly applied during this year's audit and for the decision on certification. However, in contrast to the ICILA procedures and FSC standards, corrective action requests issued by ICILA make reference to more than one indicator. In some cases the indicators for the CARs refer to more than one principle. This leads to problems for assessing compliance at indicator level. Moreover, assessment of compliance with CARs during surveillance visits is made more difficult when at the same time various standard requirements</p>

	<p>have to be considered for evaluation of close-out evidence. As grading is carried out for corrective action requests and not at the level of non-compliances, the application of the ICILA decision making system is severely complicated when CARs cover various requirements of the standard.</p> <p>CAR.ICILA.FM.BIH.2007.02</p>
Application of FSC policies and guidelines	The aspects of partial certification were correctly evaluated by ICILA. No other special issues could be identified.

5 Nonconformities and observations

Major CAR(s)	Minor CAR(s)	Observations
-	4	1

See nonconformity reports (attached) for details.

Note 1: the failure to successfully address MAJOR CARs within the given timeline may result in disciplinary measures, including the suspension of accreditation.

Note 2: Observations are related to an area of concern, a process, document, or activity that is currently conforming that may if not improved, result in a nonconforming system, product or service. Thus, observations which are not considered by the CB may lead to corrective action requests in the future.

6 Conclusion and recommendation

ICILA conducted a systematic and professional audit and addressed all issues in a professional manner.

Based on the findings of this audit, the ASI auditor recommends to FSC AC the continuation of the FSC forest management accreditation for ICILA, subject to the timely closing of the nonconformities identified during the audit and specified in the nonconformity reports (attached).

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	CAR.ICILA.FM.BIH.2007.01	Date	8th September 2007	
Nonconformity detected by (name of auditor)		Martin Walter		
Through (e.g. office audit, document review)		FM audit		
Nonconformity		Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION	
The ICILA interim standard for Bosnia Herzegovina includes some indicators which are either not applicable or not appropriate to efficiently assess the performance of the operation.				
Normative Reference(s)		FSC-STD 20-003, 4.4 c) and 4.3 c)		
Corrective Action Request: ICILA shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.				
Timeline for implementation		Next FM audit in Bosnia Herzegovina or next office audit		
Corrective Action implemented by Certification Body				
Here: describe action taken in detail				
Corrective Action evaluated by ASI				
Here: describe conclusion in detail				
<input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*		Name auditor:		Date:
Comments:				

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	CAR.ICILA.FM.BIH.2007.02	Date	8th September 2007	
Nonconformity detected by (name of auditor)		Martin Walter		
Through (e.g. office audit, document review)		FM audit		
Nonconformity		Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION	
ICILA issued corrective action requests which cover more than one indicator. Grading is carried out for corrective action requests and not at the level of non-compliances. Application of the ICILA decision making system and assessment of compliance with corrective action requests is severely complicated by this deficit in implementation of FSC and ICILA procedures.				
Normative Reference(s)		FSC-STD 20-002, 8.1-8.3		
Corrective Action Request: ICILA shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.				
Timeline for implementation		Next office audit		
Corrective Action implemented by Certification Body				
Here: describe action taken in detail				
Corrective Action evaluated by ASI				
Here: describe conclusion in detail				
<input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*		Name auditor:		Date:
Comments:				

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REF. No.	CAR.ICILA.FM.BIH.2007.03	Date	8th September 2007	
Nonconformity detected by (name of auditor)		Martin Walter		
Through (e.g. office audit, document review)		FM audit		
Nonconformity		Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION	
<p>The following aspects were not sufficiently evaluated during the ICILA audit</p> <ul style="list-style-type: none"> ○ Chain of custody system of the company ○ Discrimination in employment ○ Conditions for forest workers living in forest camps <p>ICILA shall obtain more information from its client, in order to assess the issue of discrimination in employment.</p>				
Normative Reference(s)		FSC-STD-01-001, 8.2 – FSC-STD-20-007 ILO Convention C111 Discrimination (Employment and Occupation) ILO Code of Practice on Safety and Health in Forestry Work (ILO 1998), section 10		
Corrective Action Request: ICILA shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.				
Timeline for implementation		Next audit of certificate holder		
Corrective Action implemented by Certification Body				
Here: describe action taken in detail				
Corrective Action evaluated by ASI				
Here: describe conclusion in detail				
<input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*		Name auditor:		Date:
Comments:				

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	CAR.ICILA.FM.BIH.2007.04	Date	8th September 2007	
Nonconformity detected by (name of auditor)		Martin Walter		
Through (e.g. office audit, document review)		FM audit		
Nonconformity		Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION	
<p>The following aspects are missing in the ICILA report:</p> <ul style="list-style-type: none"> ○ Data base for estimate of maximum sustainable yield (1.6.2) ○ Names of peer reviewers (3.2.2) ○ General itinerary with dates (3.3.1) ○ Main sites visited within each selected FMU (3.3.4) ○ A statement of the total person days (3.4) 				
Normative Reference(s)		FSC-STD-20-008		
Corrective Action Request: ICILA shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.				
Timeline for implementation		Next office visit		
Corrective Action implemented by Certification Body				
Here: describe action taken in detail				
Corrective Action evaluated by ASI				
Here: describe conclusion in detail				
<input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*		Name auditor:		Date:
Comments:				

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	REC.ICILA.FM.BIH.2007.01	Date	8 th September 2007	
Nonconformity detected by (name of auditor)		Martin Walter		
Through (e.g. office audit, document review)		FM audit		
Nonconformity		Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> OBSERVATION	
<p>The report includes some areas where further observation in surveillance audits may be required. It proved to be difficult for the ICILA audit team to identify these recommendations as they were clearly outlined in the report.</p> <p>ICILA should highlight this information for more efficient auditing.</p>				
Normative Reference(s)				
Corrective Action Request:				
Timeline for implementation				
Corrective Action implemented by Certification Body				
Here: describe action taken in detail				
Corrective Action evaluated by ASI				
Here: describe conclusion in detail				
<input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*		Name auditor:		Date:
Comments:				