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FSC Surveillance of ICILA for 2007

**Follow-up Forest Management Audit to
Teteriv development-production state forestry (ICILA-FM/COC-1006)**

Date of audit: 02 -04 July 2007

(Final)

	NAME	DATE
Report drafted by:	Guntars Laguns	25 July 2007
Reviewed by ASI:	Paolo Tranquillini	07 August 2007
Reviewed by ICILA:	ICILA	06 September 2007
Finalized by ASI:	Guntars Laguns	18 September 2007
Report last updated:		

FSC Forest Management Surveillance Audit of ICILA for 2007 in Ukraine

Credits

The author would like to thank Riccardo Giordano, Maria Rita Gallozzi (Lead auditor), Liviu Amariei (Lead Auditor), and Julia Koroleva (ILMEST) as well as all Teteriv state forestry's staff for their cooperation and help in organizing this surveillance forest management audit.

1 Background

The operation audited by ICILA

Name	Teteriv development - production state forestry (ICILA-FM/COC-1006)
Name of contact person	Ivan Evtushyn
Address	50 rokiv Zhiovtnya str., 3 - 12701 Baranjvka town, Zhitomyr area
Country	Ukraine

ASI Audit Details

ASI lead auditor	Guntars Laguns
Local Expert/ translator	Pavlo Popovich
Audit language	Ukrainian, Russian, Italian, English

Audit agenda

02/07/2007 1st day	
9:00 to 10:00	Opening meeting ICILA audit team and ASI auditor
10:00 to 12:30	ICILA audit team meeting, evaluation standard review
14:00 to 16:00	ICILA Stakeholder consultation meeting
03/07/2007 2nd day	
7:30	Travel to Teteriv
9:30-10:30	Opening meeting
10:30 – 13:00	Follow up on CARs from last year's audit, review of P7&9
13:00 – 13:30	Log yard visit, as well as sawmill (not working since begging of year 2007)
14:30 – 17:30	Review of FSC P 6, 7, 8 & 9
04/07/2007 3rd day	
9:00 – 11:00	Document review in office
11:00 – 14:00	Forest site visits
15:00 – 16:00	Document review in office
16:00 – 18:45	ICILA team meeting
18:45 – 20:00	ICILA audit closing meeting
20:00 21:00	Closing meeting ASI audit team with ICILA audit team

People involved in the audit

ICILA	Liviu Amariei (Lead Auditor)
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FSC Forest Management Surveillance Audit of ICILA for 2007 in Ukraine

	Maria Rita Gallozzi (Auditor) Angela Lo Monaco (Auditor) Igor Buksha (local expert) Bondaruk Georgiy (local expert)
Forest enterprise	Forest enterprise staff members
Others	None

2 Audit objectives

The objectives of this forest management surveillance audit are:

Follow-up by ASI on compliance with major and minor corrective action requests proposed following the ASI 2006 FM surveillance audit in June 2006, at Teteriv development - production state forestry (ICILA-FM/COC-1006) and Belocorovichi state forestry (renewal audit) (ASI-REP-54-ICILA-2006-Ukraine).

ASI auditor participated only in the ICILA audit in Teteriv development - production state forestry, since Belocorovichi state forestry audit was not yet scheduled.

3 ASI stakeholder consultation process

ASI did not perform a thorough stakeholder consultation process as the objective of this surveillance audit was to follow-up on previous outstanding minor and major corrective action requests.

4 Audit findings based on outstanding minor and major corrective action requests

Based on the objective evidence evaluated during the FSC surveillance audit, the following CARs have been closed, or upgraded¹ and new CARs have been proposed:

CAR.ICILA.FM.2006.01.UA	() MAJOR	(X) MINOR
Nonconformity	<p>During the audit it appears that certified companies do not have certification contracts or their status is unclear for management of companies. Also, in case of suspension, client was not appropriately informed about the ICILA decision.</p> <p>Also it was not clear how peer review comments were incorporated into the certification report.</p> <p>Thus during the audit there was no evidence that ICILA complied with all FSC-STD-20-001 requirements.</p>	
Normative Reference	FSC-STD-20-001 parts 7, 18	
Timeline	Next office audit	
Results from ASI audit in	The ASI issued CAR in 2006 covered three aspects from	

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

FSC Forest Management Surveillance Audit of ICILA for 2007 in Ukraine

July 2007	<p>FSC-STD-20-001, from which one part was closed, in regards to certification contract. Teteriv Forest Enterprise has a 5 year certification contract with ICILA. Copy of contract is available in company documents.</p> <p>Second part of the non-compliance was in regards to peer review comments and their incorporation in reports. Due to the specific of this audit (no need for peer reviews in surveillance audits) the compliance is impossible to verify. It is proposal that this aspect is to be verified during the office audit, where similar projects will be assessed to see how ICILA incorporate peer review comments in the audit reports</p> <p>Third aspect related to this CAR was about the suspension: not properly informing client of the suspension. Also, due to the specific of this audit, (surveillance audit) the aspect it is not possible to verify during this audit and further evaluation will be carried during the next ICILA office audit to ensure that ICILA inform and process suspension according FSC requirements</p>
Decision	<p>OPEN</p> <p>Prolonged until the next office audit.</p>

CAR.ICILA.FM.2006.02.UA	(X) MAJOR () MINOR
Nonconformity	<p>Standard used by ICILA team during this audit does not comply with FSC requirements for evaluation standards to ensure that indicators should refer to a single aspect of performance to be evaluated, shall include elements that contribute to the achievement of the objective of the applicable FSC Criterion, shall specify outcomes or levels (i.e. thresholds) of performance that are measurable during an evaluation.</p> <p>The nonconformity is considered as Major since FSC objective of requirements for evaluation standards is to improve consistency and transparency in certification decisions thereby to enhance the credibility of the FSC certification scheme as a whole.</p>
Normative Reference	FSC-STD-20-002, part 3.7, 3.9, 3.11, 3.12
Timeline	1 month after finalization of this report
Results from ASI audit in July 2007	<p>ICILA has updated its evaluation standard to ensure its compliance with FSC requirements during the begging of 2007. The standard (rev. Jan 07, last document update 020707) has been partly reviewed, using checklist attached to the FSC report from last year audit.</p> <p>During this review no major non-compliance was identified.</p>
Decision	Closed 04/07/2007

FSC Forest Management Surveillance Audit of ICILA for 2007 in Ukraine

CAR.ICILA.FM.2006.03.UA	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR
Nonconformity	<p>Standard adaptation is not appropriate and does not comply with FSC-STD-20-003 requirements. None of consulted stakeholders were aware of ICILA standard adaptation process before certification as well as there are no evidence that local features are considered in the standard since only 3 additional indicators are included in ICILA generic checklist.</p> <p>This CAR is considered as Major because objective of FSC requirements for standard adaptation is to ensure that the certification body has identified any forest stewardship issues which are considered difficult or controversial in the region concerned and has determined, in consultation with local stakeholders and prior to the audit itself, how such issues should be evaluated for the purpose of certification.</p>
Normative Reference	FSC-STD-20-003, part 3, 4.3, 4.4
Timeline	1 month after finalization of this report
Results from ASI audit in July 2007	<p>It was evident that ICILA performed its evaluation standard adaptation before the audit, taking the Ukraine FSC draft standard into account as well.</p> <p>ASI auditor considers that this standard adaptation process has been carried out too late. However, no further Major non-compliance with the FSC requirements have been identified.</p> <p>ASI auditor reviewed the ICILA website to check if this adopted standard is available to the public. However, the standard for Ukraine ICILA had on their website on 02/08/2007 was not the same version that ICILA used for evaluation during this audit.</p> <p>ASI proposes: CAR.ICILA.FM.UKR.2007.01.</p>
Decision	Closed 04/07/2007

CAR.ICILA.FM.2006.04.UA	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR
Nonconformity	In several occasions ICILA auditors based their conclusions on explanations of FMU representatives without evaluating objective documented evidence.
Normative Reference	FSC-STD-20-004, ISO 19011, part 6.5.4 – 6.5.6.
Timeline	Next office audit
Results from ASI audit in July 2007	During this audit ICILA audit team demonstrated good audit control and sampling strategy, as well as independent collection of evidence.
Decision	Closed 04/07/2007

CAR.ICILA.FM.2006.05.UA	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR
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FSC Forest Management Surveillance Audit of ICILA for 2007 in Ukraine

Nonconformity	<p>There was no evidence that stakeholder consultation conducted by ICILA was appropriate and comply with FSC-STD-20-006 requirements.</p> <p>Several stakeholders expressed the opinion that ICILA did not contact them before the certification process as well as that none of interviewed stakeholders were aware of existence of the ICILA's mechanisms for resolution of complaints or disputes, as well as other FSC-STD-20-006 part 2 requirements.</p> <p>It was evident that a lot of activities of stakeholder consultation process actually were carried out by the Ilmest (representative of buyer of certified products from certified companies) and Pavlo Kravets (applicant FSC Contact Person in Ukraine), but not by ICILA audit team.</p>
Normative Reference	FSC-STD-20-006, part 1.1, 1.4, 2
Timeline	Next office audit
Results from ASI audit in July 2007	<p>ICILA performed stakeholder consultation before this audit. The stakeholder consultation letter and list of people/ organization consulted where reviewed.</p> <p>ASI auditor considers that this stakeholder consultation process has been carried out too late. However, no further Major non-compliance with the FSC requirements have been identified.</p>
Decision	<p>Closed 04/07/2007</p> <p>New REC is raised to address ICILA forest management evaluation procedure to ensure that in all FM evaluations appropriate stakeholder consultation process is carried out.</p> <p>ASI proposes: REC.ICILA.FM.UKR.2007.03.</p>

CAR.ICILA.FM.2006.06.UA	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR
Nonconformity	ICILA auditor(s) did not visit a sufficient variety and number of sites within each FMU selected for evaluation as to make direct, factual observations as to compliance with all the indicators of the applicable Forest Stewardship Standard as well as time given for auditors for this audit was not sufficient to complete all the requirements of the assessment.
Normative Reference	FSC-STD-20-007, part 3.4.2.
Timeline	Next office audit
Results from ASI audit in July 2007	During this audit ICILA audit team visited sufficient number and variety of sites to evaluate company implementation of its FMP.
Decision	Closed 04/07/2007

FSC Forest Management Surveillance Audit of ICILA for 2007 in Ukraine

CAR.ICILA.FM.2006.07.UA	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR
Nonconformity	There is no evidence that certified forest enterprises production sites (sawmills) are evaluated against relevant FSC standards (CoC) and separate report are prepared as requested by FSC standards. This CAR is raised as Major since certificate holders are selling certified timber without proper own chain of custody system evaluation.
Normative Reference	FSC-STD-20-008, box 1, part 6.2
Timeline	1 month after finalization of this report
Results from ASI audit in July 2007	There is reorganization process in Ukraine forest administration system, mainly related in separation of wood processing activities from forest management activities. Teteriv Forest Enterprise has closed its wood processing facilities at the end of 2006, so ASI CAR related to forest enterprise COC system is not applicable anymore.
Decision	This CAR is closed on 04/07/2007

CAR.ICILA.FM.2006.08.UA	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR
Nonconformity	ICILA audit reports for these certification audits are not in line with FSC requirements.
Normative Reference	FSC-STD-20-008, part A) FSC-STD-20-009, part A), 1.1 and 7
Timeline	Next office audit
Results from ASI audit in July 2007	ICILA webpage was evaluated on 02/08/2007. On the webpage there was one report available for 4 enterprises, which is not in line with FSC requirements. Also, no updates from last surveillance audits are available on the website.
Decision	Upgraded to MAJOR, with time line 3 months. If within 3 months ICILA will not provide appropriate evidence that this non-compliance is being addressed, disciplinary measures against ICILA will be proposed.

CAR.ICILA.FM.2006.09.UA	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR
Nonconformity	During the certification process, ICILA audit team did not appropriately evaluate compliance with all requirements of FSC Principle 1 in terms of certificate holder compliance with all national and local laws and administrative requirements.
Normative Reference	FSC Principle 1, Criteria 1.1
Timeline	Next office audit
Results from ASI audit in July 2007	During this audit ICILA audit team demonstrated appropriate evaluation techniques which ensure

FSC Forest Management Surveillance Audit of ICILA for 2007 in Ukraine

	certificate holder's evaluation against FSC P1 requirements.
Decision	Closed 04/07/2007

CAR.ICILA.FM.2006.10.UA	(X) MAJOR () MINOR
Nonconformity	During the certification process, ICILA audit team did not appropriately evaluate compliance with requirements of FSC Principle 6. The CAR is raised as Major because of significant certificate holder non compliance with relevant FSC Principle.
Normative Reference	FSC Principle 6, Criteria 6.1, 6.2, 6.3, 6.4, 6.7
Timeline	1 month after finalization of this report
Results from ASI audit in July 2007	During the audit ICILA audit team in details evaluated the company compliance with the Principle 6 requirements. ASI auditor concludes that during this audit forest management evaluation considering Principle 6 requirements was appropriate; however, conclusions from the audit fully did not cover all the findings. ICILA audit team raised Major CAR related to environmental impact assessment. ASI auditor considers that this Major CAR and other ICILA conclusions and findings presented in the closing meeting did not cover all aspects which from ASI auditor perspective are important and are in non-compliance with the FSC requirements, as for example, effective system with safeguards to protect rare, endangered and threatened species, maintenance of ecological functions of forest (dead wood management, old growth trees, etc). Until the full list of ICILA audit findings will be available in the ICILA audit report, ASI auditor will not make a final conclusion. This aspect will be treated after review of ICILA report during the next office audit.
Decision	OPEN Prolonged until the next office audit or until finalization of the ICILA report.

CAR.ICILA.FM.2006.11.UA	(X) MAJOR () MINOR
Nonconformity	During the certification process, ICILA audit team did not appropriately evaluate compliance with requirements of FSC Principle 7. The CAR is raised as Major because of significant certificate holder non compliance with relevant FSC Principle.
Normative Reference	FSC Principle 7, Criteria 7.1, 7.4
Timeline	1 month after finalization of this report
Results from ASI audit in	During the audit ICILA audit team in details evaluated the

FSC Forest Management Surveillance Audit of ICILA for 2007 in Ukraine

July 2007	<p>company compliance with the Principle 7 requirements. ASI auditor concludes that during this audit forest management evaluation related to Principle 7 requirements was appropriate; however, conclusions from the audit fully did not cover all the findings.</p> <p>ICILA audit team did not present any findings related to the Forest Management planning. ASI auditor considers that ICILA conclusions and findings presented in the closing meeting did not cover all aspects which from ASI auditor perspective are important and are in non-compliance with the FSC requirements mainly related to environmental and social issues.</p> <p>Since full list of ICILA audit findings will be available in the ICILA audit report, ASI auditor will not make a final conclusion on this aspect after review of ICILA report during the next office audit.</p>
Decision	<p>OPEN</p> <p>Prolonged until the next office audit or until finalization of the ICILA report.</p>

CAR.ICILA.FM.2006.12.UA	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR
Nonconformity	<p>During the certification process, ICILA audit team did not appropriately evaluate compliance with requirements of FSC-STD-20-007; FSC Principle 8.</p> <p>The CAR is raised as Major because of significant certificate holder non compliance with relevant FSC Principle.</p>
Normative Reference	FSC Principle 8, Criteria 8.2 c) d), 8.4, 8.5
Timeline	1 month after finalization of this report
Results from ASI audit in July 2007	<p>During the audit ICILA audit team in details evaluated the company compliance with the Principle 8 requirements. ASI auditor concludes that during this audit forest management evaluation related to Principle 8 requirements was appropriate; however, conclusions from the audit fully did not cover all the findings.</p> <p>ICILA audit team raised Minor CAR related to monitoring aspects. ASI auditor considers that this Minor CAR and other ICILA conclusions and findings presented in the closing meeting did not cover all aspects which from ASI auditor perspective are important and are in non-compliance with the FSC requirements, for example, monitoring of environmental and social impact, public summary of monitoring results.</p> <p>Since full list of ICILA audit findings will be available in the ICILA audit report, ASI auditor will not make a final conclusion on this aspect after review of ICILA report</p>

FSC Forest Management Surveillance Audit of ICILA for 2007 in Ukraine

	during the next office audit.
Decision	OPEN Prolonged until the next office audit or until finalization of the ICILA report.
CAR.ICILA.FM.2006.13.UA	(X) MAJOR () MINOR
Nonconformity	During the certification process, ICILA audit team did not appropriately evaluate compliance with requirements of FSC Principle 9. The CAR is raised as Major because of significant certificate holder non compliance with relevant FSC Principle.
Normative Reference	FSC Principle 9, Criteria 9.1, 9.2, 9.3, 9.4
Timeline	1 month after finalization of this report
Results from ASI audit in July 2007	<p>There was inappropriate interpretation of audit evidence by ASI team related to the management of protected areas during the last year audit. In Ukraine there are two possibilities of management of protected areas. National level protected areas, which normally is under the management of Environmental Ministry, does not exists in Teteriv forest enterprise and thus all existing protected forest areas are in the scope of this forest enterprise.</p> <p>According to ICILA and enterprise representatives all areas, protected by national legislation, are considered as HCVF.</p> <p>During the audit several protected areas, considered as HCVF were visited. One nature protection site (nature monument) visited during this audit is considered by enterprise as social valuable forest and accordingly managed, e.g. removal of trees dangerous for public. Also, audit team visited another protected area (nature reserve) where enterprise performed selective harvesting. There was another example during this audit, where in one area, which is considered as protected area (water protection zone), clear cut is performed. It should be said, that all those activities are performed legally and according to national legislation, so, from legal perspective there are no non-compliance. However, it is clear that relaying only on legal requirements on protection and management of HCVF is far away from FSC understanding of identification and management of HCVF attributes in certified forest management.</p> <p>It is evident that company is missing clear definition, procedure of identification and management of HCVF. There is no evidence of consultation process for identification and management of HCVF during this audit. Although, many areas are considered as HCVF and</p>

FSC Forest Management Surveillance Audit of ICILA for 2007 in Ukraine

	<p>virtually under protection, in most of them high conservation values related attributes are not defined and thus there are no evidences that these attributes are maintained during the harvesting and other management operations.</p> <p>Forest enterprise shall clarify status of presence of HCVF in the FMU, ensuring that there are clear definitions of HCVF, identification and management of such HCVF attributes to maintain its high conservation values.</p> <p>ICILA audit team raised Minor CAR related to requirements of identification and management of HCVF. ASI auditor considers that this Minor CAR and other ICILA conclusions and findings presented in the closing meeting did not cover all aspects, which from ASI auditor perspective are important and are in non-compliance with the FSC requirements, outlined above.</p> <p>Since full list of ICILA audit findings will be available in the ICILA audit report, ASI auditor will not make a final conclusion on this aspect after review of ICILA report during the next office audit.</p>
Decision	<p>OPEN</p> <p>Prolonged until the next office audit or until finalization of the ICILA report.</p>

1.3 The ASI auditor proposes the following recommendations²:

Observation	During the audit it was apparent that auditors started to get tired after extensive auditing week which may cause incomplete assessment of some of the aspects in the audit.
REC.ICILA.FM.2006.01.UA	It is recommendation for ICILA to give auditors spare time for rest between audits to ensure more efficient audit for each certificate holder.
Follow up on ASI 2007 audit	NA

Observation	Each of ICILA team has their own translator, who also worked as a local expert. However, in several occasions ICILA teams during evaluation split in two parts and one translator is not enough to ensure that both ICILA auditors have proper translations during the audit.
REC.ICILA.FM.2006.02.UA	It is recommendation for ICILA to consider use of more translators if audit team is going to be split in parts.
Follow up on ASI 2007	ICILA audit team was constructed appropriately ensuring

² **Note:** Recommendations 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, recommendations which are not considered by the CB may be upgraded to conditions in the following audit.

FSC Forest Management Surveillance Audit of ICILA for 2007 in Ukraine

audit	that each non-local member of ICILA audit team has possibility of translation when teams were split.
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5 New nonconformities and observations resulting from this audit

Major CAR(s)	Minor CAR(s)	Observations
-	1	3

CAR.ICILA.FM.UKR.2007.01	() MAJOR (X) MINOR
Nonconformity	ASI auditor reviewed the ICILA website to check if this adopted standard was available for public. However, the standard for Ukraine ICILA had on their website on 02/08/2007 was not the same version what ICILA used for evaluation during this audit.
Normative Reference	FSC-STD-20-001, 9.4
Timeline	Next office audit

Observation	During this audit, ICILA lead auditor Liviu Amariei left the audit after second day (after first day in certified enterprise) of the audit. Further lead auditor for the audit was Maria Rita Gallozzi. This exchange was not clearly communicated to the client who expressed some confusion of this situation. Also, such auditor exchange did not ensure proper audit result presentation causing some discussion during the audit.
REC.ICILA.FM.2007.01.UA	It is recommendation for ICILA to ensure that no lead auditor change happen during the audit.

Observation	During the closing meeting the local experts and interpreters started to disagree with the ICILA lead auditor in front of client, thus making presentation of the audit findings more difficult. It must be clear to all team members, that the lead auditor is the decision maker and the whole team has to support the team leader in front of client; even if there is a disagreement with team members. Also, interpreters are there to translate lead auditor findings, and not express their own opinion not being expert in auditing, FSC certification and forest management.
REC.ICILA.FM.2007.02.UA	It is recommendation for ICILA to ensure that no team member express their own opinions or disagreement with findings during the closing meeting.

FSC Forest Management Surveillance Audit of ICILA for 2007 in Ukraine

Observation	ICILA forest management evaluation procedure does not ensure that in all FM evaluations appropriate stakeholder consultation process is carried out.
REC.ICILA.FM.2007.03.UA	It is recommendation for ICILA to review its stakeholder consultation procedures to ensure that adequate consultations are carried on each certification project.

6 Conclusion and recommendation

During this ASI surveillance audit, ICILA audit team performed professional audit. Although ASI auditor did not agree with all the audit findings, presented during the ICILA closing meetings, further evaluation of how ICILA addresses ASI issued Major CARs will be carried out after ICILA report of this audit is sent to ASI.

At this stage, ASI auditor recommends continued accreditation of ICILA in the Ukraine until the final decision of closure of ASI Major CARs is taken.

ICILA should also consider ASI CARs and Recommendation identified during this audit in the follow-up to certified companies.