

## AUDIT REPORT

Certification Audit 
 Triennial Audit 
 Surveillance Audit 
 Preassessment

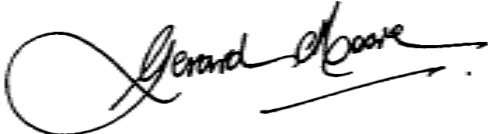
**Client Name:** DERM Forest Products

**Certification Standard(s):**
 ISO 9001 : 2000 Quality
   
  AS/NZS 4801 : 2001 Safety  
 ISO 14001 : 2004 Environment
   
  QS9000 : 1998 Automotive  
 HACCP Food Safety
   
  Q-Base : 1995 Small Business  
 Investors in People : 2000
   
  **AS4708 : 2007 AFS**

Site Audited	Audit Date	Audit Team
Head Office Level 12, 400 George Street Brisbane, QLD., 4000	6 Sept 2010 8 Sept 2010	Gerard Moore Senior AFS Assessor
Cypress FMA Inglewood Dalby	2 Sept 2010 3 Sept 2010	
South East FMA Benarkin Gympie	7 Sept 2010 8 Sept 2010	

Action Plans accepted, Gerard Moore 03 October 2010.

**Recommendation:**
 The management system complies with the requirements of the nominated Standards.  
 The management system complies with the requirements of the nominated Standards subject to a plan to address 'M' non-conformances raised in this report.  
 The management system does not comply with the requirements of the nominated Standards.



Gerard Moore  
ASSESSOR/TEAM LEADER



David Ward  
AUTHORISED REPRESENTATIVE

Date: 13<sup>th</sup> September 2010

Date: 13<sup>th</sup> September 2010

## AUDIT REPORT

### PURPOSE AND SCOPE OF AUDIT

This audit report represents:

An Assessment Audit of DERM Forest Products Forest Management System and native forest management practices in the Cypress Forest Management Area (FMA) and South East FMA to:

- Determine the organisation's level of documentation and internal procedures for its Forest Management System;
- Determine the level of compliance of the organisation's Forest Management System with its documentation and internal procedures;
- Determine compliance of the organisation's Forest Management System with the Standard;
- Assess the effectiveness of the Forest Management System in providing improved management, statutory compliance and performance;
- Identify additional areas of risk improvement opportunities; and
- Provide the organisation with feedback to facilitate ongoing development and implementation of their management systems

The specific areas/functions audited are as detailed in the final version of the audit program dated the 22<sup>nd</sup> August 2010.

The audit included a review of the organisation's management system at Head Office Brisbane, and field visits to:

- Cypress FMA (Inglewood and Dalby regional office and operational areas); and
- South East FMA (Gympie regional office and Benarkin and Curra operational areas).

An Exit Meeting with the DERM Forest Products management team was conducted on the 8<sup>th</sup> September 2010 at Level 12, 400 George Street, Brisbane.

The audit was conducted from the 2<sup>nd</sup> – 8<sup>th</sup> September 2010 in the company of DERM Forest Products staff.

## AUDIT REPORT

### EXECUTIVE SUMMARY

DERM Forest Products employs 105 full-time equivalent staff and manages sales of timber and other forest products under a sale permit to Permittees. The Permittees engage contractors to conduct forest harvesting operations.

The organisation demonstrated its commitment to its Australian Forestry Standard management system through the allocation of significant time and resources to address the shortcomings identified at the previous audit, principally in relation to the system elements of Criterion 1.

DERM Forest Products Defined Forest Area is now described in the Defined Forest Area Reporting Procedure, and the development of the organisation's 'Aspects, Impacts and Risks' (AIRS) document, are outcomes from this process.

The AIRS document describes a new approach to identifying and managing the organisation's Environmental Aspects and Impacts/potential impacts, and includes:

1. a Corporate AIRS document that describes all the organisation's aspects and their impacts/potential impacts; and
2. Forest Management Area specific AIRS documents that describe aspects and their impacts that are specific to a particular FMA.

Development of this document and the systems to manage the information in it, in particular to link Significant Environmental Aspects with other elements of the Standard into the organisation's operational planning and management activities, are a Work in Progress.

The link between the organisation's Significant Environmental Aspects and setting Objectives & Targets, Competency Training and Awareness assessment, Emergency Preparedness scenarios and testing, Monitoring/Operational Control and Internal Audit functions for its Forest Management System, is not clear.

While the organisation has addressed the shortcomings identified at the previous audit in part, and closed out the non-conformances in relation to the Defined Forest Area, and for Environmental Aspects and Impacts (x2), the shortcomings addressed at the previous audit for Competence Awareness and Training, Emergency Preparedness and Response, and for Internal Audit have not been fully addressed. While some work has been done for each of the issues, close out of the previous audit findings is linked to the completion of the AIRS document.

Key findings in this report for the organisation to act on are:

- Competence Awareness and Training
- Emergency Preparedness and Response
- Internal Audit

DERM Forest Products is encouraged to complete the AIRS document and its implementation as soon as possible, to then be in a position to effectively address the shortcomings for these three elements of the Standard.

Importantly, DERM Forest Products staff demonstrated a confident understanding of their responsibilities in managing the organisation's harvesting operations and the inherent risks in these operations (described in a holistic way in the AIRS document for corporate, financial, safety, environmental, economic, social, cultural risks) associated with meeting the full range of forest management performance requirements of the Standard.

As with all NCS International reports, a number of 'Observations' have been included within the body of the report; these do not require an action plan to be submitted to NCS International, however you are encouraged to assess them for risk management and continuous improvement opportunities. The Observations are designed to assist the organisation in the maturation of the system and expanding the return to the organisation from the Forest Management System.

## AUDIT REPORT

The Auditor considers the Forest Management System operated by DERM Forest Products complies with the requirements of the Australian Forestry Standard, subject to the necessary corrective actions for the minor non-conformances described in this report.

I want to thank DERM Forest Products staff for their input to this Surveillance Audit for their help and co-operation during the audit and their willingness to provide information in an open and transparent way. And for providing prepared documented evidence of the organisation's activities in relation to the Standard,