

Corrective Action Verification Audit (CVA) Report

Organisation:	Bord na Móna Energy Limited
Certificate Code:	NC-LS-025845
Report Date:	24/01/2018

I. AUDIT PROCESS

Auditor, Qualifications:	Sarah Hickman, LegalSource Auditor	
Audit Date(s):	17/01/2018	
CVA Type:	Desk review <input checked="" type="checkbox"/>	On-site <input type="checkbox"/> Location(s): Click here to enter text.
Audit Overview:	A phone call was made (17 TH January) between the auditor and the organisation where corrective actions were discussed. The organisation updated their Due Diligence Manual which was reviewed by the auditor 24 th January.	
Changes to Scope since last Audit:	NA	

II. NON-CONFORMITY REPORT (NCR) EVALUATION

NCR number: 12167	NC grading:	Major <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (V1) - 7.1 LegalSource standard (V2) - 7.5		
Description of Non-conformance:			
<p>Drawn from the Observation issued at the previous annual evaluation (OBS 12167), BNM was aware of the newly implemented requirement of version 2 of the LS standard, regarding the evaluation of third parties certifications' ability to meet the assurance of low risk of illegal harvest, trade and transport and mixing. During the evaluation, the Biomass Sustainability & Project Manager was not able to supply such evaluation for the FSC scheme they require the product to be certified as (EXH 2, section 7) and that is supplied (EXH 4).</p> <ul style="list-style-type: none"> • Interview with the Project Manager • Review of the Organisation's Due Diligence Manual (exhibit 2) • Review of the Organisation's Risk Assessments (Exhibit 3 and 4) 			

Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
NCR conformance deadline:	3 months (20/01/17)
Client evidence:	<p>The organisation has provided the auditor with an amended Due Diligence Manual V2.2 (Exhibit 1).</p> <p>Exhibit 4, 5 & 6 shows the steps taken and rationale behind the organisations conclusion that the gaps identified in the evaluation have been addressed. These steps are deemed to be sufficient.</p>
Evaluation of Evidence:	<p>Bord Na Mona's Due Diligence Manual (Exhibit 1) Section 6.1 <i>Material Control</i> and Section 9.1.1 <i>Certified and Verified Material,</i>' details the steps Bord Na Mona will take to evaluate certification schemes used and actions taken where gaps are identified.</p> <p>Exhibit 4 shows the steps taken and rationale behind the organisations conclusion that the gaps identified in the evaluation have been addressed. These steps are deemed to be sufficient. For example, the evaluation identifies a lack of systematic transaction verification of the flow of certified material between certified organisations. To address this the has checked the invoice volumes against the volumes recorded by its supplier's financial system. (Exhibit 5 & 6).</p>
NCR Status:	CLOSED
Comments (optional):	<p>Initial observation for OBS 12167:</p> <p>The Organisation should be aware that Version 2 of the LegalSource Standard will include specific requirements for LegalSource certified Organisation's to conduct an evaluation of each Certification Scheme used as part of the risk assessment. This applies to the FSC certification scheme used by the Organisation. An evaluation of this scheme (and any other certification schemes used) should be in place by the time of the next annual audit. The Organisation may utilise the new tool in the revised LegalSource due diligence system (DD-13) to conduct this</p>

	assessment and should be aware of the requirements which will be used for assessment at the next audit (LS-18).
NCR number: 12168	NC grading: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (V1) - 7.5 LegalSource standard (V2) - 7.7
Description of Non-conformance:	
<p>BNM collects a substantial amount of information regarding its material's supply chain and the Biomass Sustainability & Project Manager proves to be aware of the potential risks and necessary mitigation steps needed. However, the actual risk evaluation conducted is not recorded in the documents containing the supply chain information (EXH 6,7,8). Most noticeably, the endangered status of the species used in the material, the risks at country and regional level, the prevalence of armed conflicts, the potential UN or EU bans on timber exports from the supplier countries.</p> <ul style="list-style-type: none"> •Interview with the Project Manager •Review of the Organisation's Due Diligence Manual (exhibit 2) •Review of the Organisation's Risk Assessments (Exhibit 3 and 4) 	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
NCR conformance deadline:	3 months (20/01/17)
Client evidence:	The organisation has provided the auditor with an amended Due Diligence Manual V2.2 (Exhibit 1) and a completed risk assessment checklist (Exhibit 2).
Evaluation of Evidence:	The organisation has adopted NEPCon's DD-08 template for recording risk evaluations and necessary steps (Exhibit 2). [This document is referenced as DD-10 within the organisations DDS.] The use of this document has been recorded in the Due Diligence Manual (Exhibit 1). The organisation will complete DD-10 to record all risk assessments and risk mitigation actions.
NCR Status:	CLOSED.
Comments (optional):	<p>Initial observation:</p> <p>This is adequate to meet the terms of the requirement but could be improved by collating all information in one document as an overview, not only of the risk assessment outcome, but also the detail of the risk assessment</p>

	<p>process. This was discussed with the Project Manager during the audit as the UK Competent Authority (CA) has highlighted the lack of well-documented risk assessments by EUTR Operators. The Project Manager agreed remarked that it may be useful to have a detailed risk assessment report for each supply chain for presentation to the Irish CA and for internal purposes. The Project Manager should review the Risk Identification Checklist Template (DD-08) in the revised LegalSource Due Diligence system for this purpose.</p>
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NCR number: 17212	NC grading:	Major <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (V2) - 4.4		
Description of Non-conformance:			
<p>Bord Na Mona has not yet faced a situation where products have been placed on the market, then identified as presenting a specified risk of being illegally harvested. However, procedures relating to a similar scenario have not been implemented in its own DDS manual (EXH 2) as part of the transition from V1 to V2 of the LegalSource standard.</p>			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
NCR conformance deadline:	3 months (20/01/17)		
Client evidence:	The organisation has added a procedure to their due diligence manual (Exhibit 1); Section 11, <i>Procedure for Suspected Illegal Material</i> .		
Evaluation of Evidence:	<p>Section 11, <i>Procedure for Suspected Illegal Material</i> states that where non-compliant material is identified Bord Na Mona will cease to source this material and review the material's risk assessment. Further material will not be sourced unless risk mitigation actions can bring the material to 'negligible risk' status. The organisation commits to informing the certification body.</p> <p>The organisation is the end users of the material and hence has no customers to inform.</p>		
NCR Status:	CLOSED		
Comments (optional):			

NCR number: 17214	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	LegalSource standard (V2) - 7.2		
Description of Non-conformance:			
The Biomass Sustainability & Project Manager recognised that as part of the risk assessment, the prevalence of armed conflicts or conflict timber was not evaluated specifically. However, he was aware of the potential terrorist threats in the northern part of Cameroon and recognised that it should not impact their supply chain. A more focused evaluation on potential risks of conflict timber entering the supply chain is required to be conducted.			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:	The organisation has provided the auditor with an amended Due Diligence Manual (Exhibit 1) and a completed risk assessment checklist (Exhibit 2).		
Evaluation of Evidence:	The introduction of DD-10 (Exhibit 2) shows that the organisation has considered risk associated with conflict timber and recorded their findings.		
NCR Status:	CLOSED		
Comments (optional):			

NCR number: 17215	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	LegalSource standard (V2) - 7.6		
Description of Non-conformance:			
<p>BNM has collected certification information from their Supplier 1 (NC-CoC-021375) (EXH 4). The certification status was checked by the Biomass Sustainability & Project Manager, however, at the time of audit, Eucalyptus woodchips, were not listed in the scope of the certificate on the FSC database (https://info.fsc.org/details.php?id=a023300000VSwAWAA1&type=certificate). This demonstrate a gap in ensuring the information relates to the product purchased.</p>			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well</p>		

	as the root cause to eliminate and prevent recurrence of the non-conformance.
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date.
Client evidence:	The organisation has provided the auditor with an amended Due Diligence Manual (Exhibit 1) plus interview with Biomass Sustainability & Project Manager.
Evaluation of Evidence:	The Due Diligence Manual (Exhibit 1) Section 9.1.1 <i>Certified and Verified Material</i> states that the claims, scope and validity of the certificate is checked. During the CVA interview the Biomass Sustainability & Project Manager was aware of the requirement to check certificates. He also informed the auditor that he contacted FSC and the lack of information on the supplier was due to an administration error with the FSC database and that the certificate was valid. He informed the auditor that the supplier certificate information is now on the FSC database. The auditor checked the FSC database to confirm that the certificate information was present and that its status was correct.
NCR Status:	CLOSED.
Comments (optional):	

III. OPEN NCRs

Newly issued or upgraded NCRs:

NA

CONCLUSIONS

NCRs Closed:	<input checked="" type="checkbox"/> No follow-up required related to closed NCRs
	<input type="checkbox"/> Original NCRs closed and new NCR(s) issued, see section IV below
NCRs Open:	<input type="checkbox"/> Certification not approved; conformance with NCRs required
	<input type="checkbox"/> Major NCRs not closed; suspension of certification required
	<input type="checkbox"/> Minor NCRs are upgraded to Major; see section IV below
	<input type="checkbox"/> New NCR(s) issued, see section IV below
Comments/Follow-up Actions:	The organisation closed all three major NCRs and two out of the three Minor NCRs. One remaining Minor exists which shall be closed at the next annual audit.