

Specified audit procedures and results

**Electronics Stewardship  
Association of British Columbia**

December 31, 2011

## Accountant's Report on Specified Procedures Performed on Non-Financial Information

To the Management of the Electronics Stewardship Association of British Columbia

As specifically agreed, we have performed certain test procedures at the Electronics Stewardship Association of British Columbia (the "Association"), as described in this letter for the year ended December 31, 2011, over certain non-financial information related to:

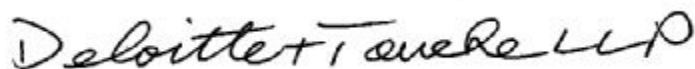
1. BC Reg449/2004, Section 8(2)(b) - the location of its collection facilities, and any changes in the number and location of collection facilities from the previous report;
2. BC Reg449/2004, Section 8(2)(d) - a description of how the recovered product was managed in accordance with the pollution prevention hierarchy; and,
3. BC Reg449/2004, Section 8(2)(e) - the total amount of the producer's product sold and collected.

A summary of the procedures performed and our findings, including a description of any exceptions, are set out in the attached Appendix. This specified procedures engagement was conducted in accordance with the guidelines set out in the Canadian Institute of Chartered Accountants Handbook, Section 9100, *Reports on the Results of Applying Specified Auditing Procedures to Financial Information other than Financial Statements*.

Our procedures did not constitute an audit of the Association's non-financial information and therefore, we express no opinion on the overall accuracy or completeness of the non-financial information of the Association for the year ended December 31, 2011.

The sufficiency of the procedures outlined in this report is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures set out therein, either for the purpose for which this report has been requested, or for any other procedures performed by the Association.

This report is for use solely by management of the Association in connection with their consideration of the accuracy and completeness of certain non-financial information as reported by the Electronics Stewardship Association of British Columbia for the year ended December 31, 2011.



Chartered Accountants  
Vancouver, British Columbia  
May 30, 2012

For the following procedures, test samples were selected from the 2011 calendar year, unless otherwise noted.

**Non-financial information requirement: BC Reg449/2004, Section 8(2)(b) – the location of its collection facilities, and any changes in the number and location of collection facilities from the previous report**

Testing Procedure #	Objective and Purpose	Testing Procedures	Results
1.1	Procedures with respect to the collection facilities reported in the Agency's annual report	<ol style="list-style-type: none"> <li>1. For the period under review, obtain a listing of all Collection Facilities from the Agency broken out by type (if applicable).</li> <li>2. Compare the total count of collection facilities from the listing with the annual report; investigate any discrepancies with the Agency as applicable.</li> <li>3. Randomly select a sample of Collection Facilities and obtain the business file for each. Review each file to determine that a registration form meets the following criteria:               <ol style="list-style-type: none"> <li>(a) A registration form exists for the Collection Facility</li> <li>(b) The registration form lists contact information and location, which agrees with the detailed listing</li> <li>(c) The registration form is signed by the Collection Facility</li> </ol> </li> <li>4. Using contact information on the facility listing provided in #1 above, phone each randomly selected Collection Facility to verify their existence and that they have an adequate understanding of the program.</li> </ol>	<ol style="list-style-type: none"> <li>1. We obtained a listing of all Collection Facilities from the Association.</li> <li>2. The listing stated 129 facilities, matching the number in the 2011 report.</li> <li>3. We randomly selected ten collection sites and reviewed the business file for each. A signed registration form exists for each of the Collection Facilities, and the contact information, location and address on the form is consistent with the detailed listing.</li> <li>4. We contacted the ten Collection Facilities using the contact information in the listing. We verified their existence by confirming the address directly with the Collection Facility. We asked each facility to list the types of products accepted, and verified their understanding that handling fees are paid by weight collected, with no exception.</li> </ol>

Testing Procedure #	Objective and Purpose	Testing Procedures	Results
1.2	Procedures with respect to the number of Collection Facilities	<ol style="list-style-type: none"> <li>1. Obtain the historical data for the total number of Collection Facilities for the past 3 years as reported by the Agency in their annual reports.</li> <li>2. Investigate any fluctuations greater than 5% to understand the reason for the fluctuation in the number of collection facilities.</li> </ol>	<ol style="list-style-type: none"> <li>1. We obtained the historical data for the total number of Collection Facilities for the past 3 years as reported by the Association in the annual reports: 2011 - 129; 2010 - 111; 2009 - 99</li> <li>2. The calculated fluctuation in number of Collection Facilities in current year is 16%. This is due to the 18 additional Collection Facilities registered to the growing End of Life Electronics program for the year ended December 31, 2011.</li> </ol>

**Non-financial information requirement: BC Reg449/2004, Section 8(2)(d) - a description of how the recovered product was managed in accordance with the pollution prevention hierarchy**

Procedure #	Objective/Purpose	Testing Procedures	Results
<p><i>[Where processors/manufacturers etc. are subject to audit around their product management practices, <b>only</b> Step 2.1 as well as sub-steps 1 to 3 in test 2.2 should be completed. Where processors/manufacturers are not subject to audit, Test 2.1 is not relevant, but Test 2.2 should be completed in its entirety.]</i></p>			
2.1	Procedures with respect to the effective weight of end-use product collected and the manufacturer's receipt of weight of product	<ol style="list-style-type: none"> <li>Where available, obtain the 3<sup>rd</sup> party auditors opinion over registered processors/manufacturers compliance with waste management or program specific guidelines for managing product appropriately.</li> <li>Ensure the auditor's opinion is unqualified.</li> </ol>	<ol style="list-style-type: none"> <li>We obtained the report issued by EPRA dated April 2, 2012, certifying that the following processors are in compliance with the Electronics Recycling Standard and approved for involvement in the End of Life Electronics program per the audit performed by SGS Systems and Certifications in 2010 under version 2.1: <ul style="list-style-type: none"> <li>(a) Teck Cominco</li> <li>(b) GEEP</li> <li>(c) eCycle Solutions</li> </ul> And under the new RQP program the following recyclers have been audited and verified: <ul style="list-style-type: none"> <li>(a) FCM Recycling Inc.</li> <li>(b) Genesis Recycling Ltd.</li> <li>(c) Sims Recycling Solutions</li> </ul> </li> <li>The auditor's opinion is unqualified.</li> </ol>
2.2	Procedures with respect to the end-use of the product collected and the manufacturer's or processor's receipt of weight of product, test on a sample basis the deliveries of product recovered to their end-use (or next along the custody chain)	<ol style="list-style-type: none"> <li>Obtain a schedule/listing of products shipped to processors/manufacturers for the period under review. The listing should provide: <ul style="list-style-type: none"> <li>(a) The processor/manufacturer name/address</li> <li>(b) The total weight of the product weighed at the collection site or consolidation site (where applicable)</li> <li>(c) The total weight of the product weighted at the processor/manufacturer</li> <li>(d) The date of delivery to the processor/manufacturer</li> </ul> </li> <li>Obtain a listing of all registered processors/manufacturers.</li> </ol>	<ol style="list-style-type: none"> <li>We have obtained a schedule of products shipped to the processors for the year ended December 31, 2011. The schedule indicated there were 2,246 shipments to processors in 2011 and included all required information.</li> <li>The list of registered processors are as follows: Teck Cominco, SIMS Recycling Solutions, Genesis Recycling, GEEP, FMC, and eCycle Solutions.</li> </ol>

Procedure #	Objective/Purpose	Testing Procedures	Results
<p><i>[Where processors/manufacturers etc. are subject to audit around their product management practices, <b>only</b> Step 2.1 as well as sub-steps 1 to 3 in test 2.2 should be completed. Where processors/manufacturers are not subject to audit, Test 2.1 is not relevant, but Test 2.2 should be completed in its entirety.]</i></p>			
		<ol style="list-style-type: none"> <li>3. Review listing to ensure all receivers of product were approved processors/manufacturers. If there is not a listing of approved manufacturers/processors, ensure that the manufacturer is not a related party to the processor by researching the related parties of each organization and ensuring that the transaction was made at arm's length.</li> <li>4. Randomly select shipments and obtain a copy of the invoice or other supporting documentation.</li> <li>5. Verify that each invoice or other supporting document has evidence of the weight of the product shipped by the Processor and received by the customer.</li> <li>6. Compare the total weight listed on the Invoice or other supporting documentation with the weight listed on the detailed listing received in #1 and note any discrepancies.</li> </ol>	<ol style="list-style-type: none"> <li>3. We obtained contracts for each of the processors to ensure that they are valid and approved by the Association. We reviewed the Association's website and noted that none of the processors were listed as being associated with ESABC. We also verbally confirmed with Association management that the processors are not related party to the manufacturers.</li> </ol> <p>4-6. Not required since step 2.1 was performed.</p>

**Non-financial information requirement: BC Reg449/2004, Section 8(2)(e) - the total amount of the producer's product sold and collected**

Procedure #	Objective/Purpose	Testing Procedures	Results
<i>[If a 3<sup>rd</sup> party audits the Agency's schedule of product collected (recovery rate), complete <b>only</b> step 3.1; If no audit is performed, complete steps 3.2 through 3.4]</i>			
3.1	Procedures with respect to the auditor's opinion over the schedule of product recovered	<ol style="list-style-type: none"> <li>1. Obtain the Auditor's opinion over the schedule of products recovered for the most recent fiscal year.</li> <li>2. Review the opinion to ensure that there are no qualifications.</li> <li>3. Check the mathematical accuracy of the calculated recovery rate (where applicable), as reported in the audited financial statements.</li> <li>4. Compare calculated recovery rate to the recovery rate reported by the agency in their annual audited report. Note any discrepancies.</li> </ol>	<b>The Association's schedule of product recovered is not audited. Step is not applicable.</b>
3.2	Procedures with respect to total product sold	<p>Note that the financial statements, in the case of most agencies, include revenues from eco-fees which are tied to the total product sales.</p> <ol style="list-style-type: none"> <li>1. Obtain the Financial statement auditor's opinion for the most recent fiscal year.</li> <li>2. Review the opinion to ensure that there are no qualifications.</li> <li>3. Obtain a schedule of eco-fees by product type from the agency (in total and by unit).</li> <li>4. Compare the total eco-fees collected from the above schedule to the total reported in the Agency's financial statements (as opined by the financial statement auditor).</li> </ol>	<ol style="list-style-type: none"> <li>1. We have obtained the audited financial statement for the year ended December 31, 2011.</li> <li>2. We reviewed the opinion of the financial statements as issued by Deloitte &amp; Touche LLP and noted that there are no qualifications.</li> <li>3. We have obtained the a schedule of the total Environmental Handling Fees (EHF) collected for the year ended December 31, 2011, in total dollars and units.</li> <li>4. The amount per the schedule is \$25,596,630 and agrees with the amount reported per the audited financial statements.</li> </ol>

Procedure #	Objective/Purpose	Testing Procedures	Results
<i>[If a 3<sup>rd</sup> party audits the Agency's schedule of product collected (recovery rate), complete <b>only</b> step 3.1; If no audit is performed, complete steps 3.2 through 3.4]</i>			
		<ol style="list-style-type: none"> <li>5. Recalculate the product sold by unit by dividing the total fees by product type by the per unit fee to arrive at total product sold for each unit.</li> <li>6. Compare calculated total product sold to the amount reported by the Agency in their annual report. Note any discrepancies.</li> </ol>	<p>5-6. Based on the fees schedule obtained as part of step 3.2.3, we have recalculated the total units sold as 6,551,111. The Agency has reported total units of 6,550,986. Management has explained that the 125 unit discrepancy is a result of a difference in EHF rates for amounts collected in the current year relating to prior year transactions where different EHF rates were charged. The difference is .002%.</p>
3.3	Procedures with respect to total product recovered, test on a sample basis, the collection of product recovered	<ol style="list-style-type: none"> <li>1. Obtain a listing of all product shipments (for each product the Agency manages) from collection facilities for the period under review with the following details:               <ol style="list-style-type: none"> <li>(a) The collection facility name/address.</li> <li>(b) The date of collection from the facility.</li> <li>(c) The consolidation site or processor to which the product was delivered.</li> <li>(d) The date of delivery to the consolidation site or processor.</li> <li>(e) The amount of product collected ( units and in weight, where applicable).</li> </ol> </li> <li>2. Compare the total weight of product collected from the detailed listing to the reported total of product recovered from the Agency's annual report.</li> </ol>	<p>1-2. We have obtained a listing of all product shipments from collection facilities for the year ended December 31, 2011 that outlined the required information. There were 8,327 shipments from collect facilities for the year with a total weight of 21,255,006, matching the amount reported in the Agency's annual report.</p>



Procedure #	Objective/Purpose	Testing Procedures	Results
<i>[If a 3<sup>rd</sup> party audits the Agency's schedule of product collected (recovery rate), complete <b>only</b> step 3.1; If no audit is performed, complete steps 3.2 through 3.4]</i>			
		<ol style="list-style-type: none"> <li>3. Scan the detailed listing to ensure that there were no collections that were outside of the organization's fiscal year.</li> <li>4. Randomly select shipments and obtain the supporting document (Bill of lading or other support) to verify the amount of product shipped.</li> <li>5. Verify that each of the supporting documents received has appropriate evidence of the total product shipped and weight of product received by the consolidation site supported by a scale ticket or like support, and signatures by the collection facility, consolidation site and hauler/transporter.</li> <li>6. Confirm that the total product (in units/weight etc) listed on the supporting document matches the total listed on the detailed listing.</li> </ol>	<ol style="list-style-type: none"> <li>3. We scanned the listing and noted that all shipments were completed in 2011.</li> </ol> <p>4-6. From the listing of all product shipments from the collection facilities, we randomly selected 25 samples to trace to the Movement Authorization (MA) form. We verified that:</p> <ol style="list-style-type: none"> <li>(a) The MA was signed by the collection facility, without exception.</li> <li>(b) The MA was signed by the transporter, without exception.</li> <li>(c) The MA was signed by the consolidation site/processor, without exception.</li> <li>(d) There is a scale ticket attached to the MA and/or, other form of sign-off by the collection facility and transporter.</li> <li>(e) The weight listed on the MA agrees to the listing, without exception.</li> </ol>
3.4	Procedures with respect to the calculated recovery rate, by product type (where applicable)	<ol style="list-style-type: none"> <li>1. Check the mathematical accuracy of the calculated recovery rate (where applicable) by dividing product recovered by product sold, as reported in the audited financial statements.</li> <li>2. Compare calculated recovery rate to the recovery rate reported by the Agency in their annual report. Note any discrepancies.</li> </ol>	<b>The Association does not publish its Recovery rate. Step is not applicable.</b>