PRODUCT CARE ASSOCIATION

NON-FINANCIAL AUDIT

31 DECEMBER 2010

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To: British Columbia Ministry of Environment

As specifically agreed, we have performed test procedures at Product Care Association ("the Agency") as described in this letter for the year ended 31 December 2010 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 and, if applicable, the producer's recovery rate.

The results of applying the procedures are detailed in the attached Appendix. These procedures do not constitute an audit of the Agency's non-financial information and therefore, we express no opinion on the overall accuracy or completeness of the non-financial information of the Agency for the year ended 31 December 2010.

This letter is for use solely by the British Columbia Ministry of Environment in connection with their consideration of the accuracy and completeness of certain non-financial information as reported by Product Care Association for the year ended 31 December 2010.

Rolfe, Benson LLP

CHARTERED ACCOUNTANTS
Vancouver, BC

For the following procedures, test samples were selected from the 31 December 2010, 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/Purpose	Testing Procedures	Results
1.1	To obtain comfort over the existence and accuracy of the collection facilities reported in the Agency's annual report.	1. For the period under review, obtain a listing of all Collection Facilities from the Agency broken out by type (if applicable). 2. Compare total count of collection facilities from the listing with the annual report; investigate any discrepancies with the Agency as applicable. 3. Randomly select a sample of 23 Collection Facilities and obtain the business file for each. Review each file to determine that a registration form meets the following criteria: a. A registration form exists for the Collection Facility. b. The registration form lists contact information and location, which agrees with the detailed listing. c. The registration form is signed by the Collection Facility. d. 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.	1. Received a listing of collection facilities from Product Care Association's ("PCA") Service Coordinator. 2. The listing stated 114 Paint and Paint Plus facilities and 165 LightRecycle drop off locations, both matching the number in the 2010 annual report. 3. Selected a sample of 23 depots from the listing: a-d: For all sites, procedure 3a) to 3d) were completed without exception.

Testing Procedure #	Objective/Purpose	Testing Procedures	Results
1.2	To obtain comfort over the completeness, consistency, and validity of the number of Collection Facilities.	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. 2. Investigate any fluctuations greater than 5% to understand the reason for the fluctuation in the number of collection facilities.	1. Rolfe, Benson LLP reviewed data from 2008 - 2010 for any fluctuations greater than 5%. 2. For 2007 to 2008 the number of Paint and Paint Plus collection facilities increased 6% from 104 to 110 as reported in that year. From 2008 to 2009 there were no changes in the Paint and Paint Plus collection facilities greater than 5%. From 2009 to 2010 there were no changes in the Paint and Paint Plus collection facilities greater than 5%. As of 1 July 2010 the LightRecycle program commenced operations and at this time 165 drop off locations were opened.

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

Testing Procedure #	Objective/Purpose	Testing Procedures	Results
[Where Processors/Manufacturers etc. are subject to audit around their product management practices, ***only*** *Step 2.1 as well as sub-steps 1 – 3 in test 2.2 should be completed. Where Processors/Manufacturers etc. are not subject to audit, Test 2.1 is not relevant, but Test 2.2 should be completed in its entirety.]*			
2.1	To obtain comfort over the effective weight[1] of end-use product collected and the accuracy of the manufacturer's receipt of weight of product.	1. Where available, obtain the 3rd party auditors opinion over registered processors/manufacturers compliance with waste management or program specific guidelines for managing product appropriately. 2. Ensure the auditor's opinion is unqualified.	N/A - Product Care Association's financial statement auditors do not perform testing over registered processors/manufacturers compliance with the program; therefore this test does not apply to this agency.
2.2	To obtain comfort over the accuracy, completeness and existence of end-use of the product collected and the accuracy of 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).	1. Obtain a schedule/listing of products shipped to processors/manufacturer for the period under review. The listing should provide: a. The processor/manufacturer name/address. b. The total weight of the product weighed at the collection site or consolidation site (where applicable). c. The total weight of the product weighed at the processor/manufacturer. d. The date of delivery to the processor/manufacturer. 2. Obtain a listing of all registered processors/ manufacturers.	1-3. Obtained a listing of all product shipped to processors in 2010 and a listing of all processors used in 2010. There were 887 paint and household waste shipments and 244 LightRecycle shipments to processors in 2010. Confirmed with the CFO that PCA does not register its processors. Confirmed through inquiry with the CFO that all processors used in 2010 were at arm's length. Reviewed PCA website and noted that none of the processors used in 2010 were listed as being associated with PCA. Additionally, a Google© search was performed on the listing of processors. No conflicts were detected.

[1] The term "weight" includes "volume" or "quantity," respective to the type of product managed by the Agency.

Testing Procedure #	Objective/Purpose	Testing Procedures	Results
		3. Scan listing to ensure that 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. 4. Randomly select 28 shipments and obtain a copy of the invoice or other supporting documentation. 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. 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.	4-6. Selected a sample of 28 shipments. Reviewed the documents for: • Evidence of review performed over processors/manufacturers prior to product being shipped • Supporting documentation is present to support the total product being shipped • Product shipped as noted on the invoice/supporting documentation matches the product shipped as per the schedule/listing supplied by the agency in step 2.2 #1 No discrepancies were noted.

Non-Financial Information Requirement: BC Reg449/2004, Section 8 (2)(e) - The total amount of the producer's product sold and collected and, if applicable, the producer's recovery rate.

Testing Procedure #	Objective/Purpose	Testing Procedures	Results
*[If a 3rd party audits the Agency's schedule of product collected (recovery rate), complete **only** step 3.1; If no audit is performed, complete steps 3.2 through 3.4]*			
3.1	To ensure that there were no qualifications within the auditor's opinion over the schedule of product recovered.	1. Obtain the Auditor's Opinion over the Schedule of Product Recovered for the most recent fiscal year. 2. Review the opinion to ensure that there are no qualifications. 3. Check the mathematical accuracy of the calculated recovery rate (where applicable), as reported in the audited financial statements. 4. Compare calculated recovery rate to the recovery rate reported by the agency in their annual audited report. Note any discrepancies.	N/A - Product Care Association's financial statement auditors do not perform testing over the Schedule of Product Recovered; therefore this test does not apply to this agency.
3.2	To ensure the accuracy and completeness of total product sold.	Note that the financial statements, in the case of most agencies, include revenues from eco-fees which are tied to the total product sales. 1. Obtain the Financial Statement Auditor's Opinion for the most recent fiscal year. 2. Review the opinion to ensure that there are no qualifications. 3. Obtain a schedule of eco-fees by product type from the agency (in total and by unit). 4. Compare the total eco-fees collected from the above	1-2. Obtained the Financial Statement Auditor's Opinion for 2010 noting an unqualified opinion. 3-4. Obtained from the Agency a schedule of total eco-fees collected in dollars and units. Rolfe, Benson LLP compared the total eco-fees listed on the

Testing Procedure #	Objective/Purpose	Testing Procedures	Results
		schedule to the total reported in the Agency's financial statements (as opined by the financial statement auditor). 5. For the paint and household waste program, obtain the listing of tubs collected and the schedule of average drums produced from processed tubs. For the LightRecycle program obtain the number of boxes collected and the listing of average units per box. 6. For the paint and household waste program recalculate the total product recovered by multiplying tubs collected, as per the listing obtained in #5, by the average drums produced per tub, as per the schedule obtained in #5. Multiply this result by 200L per drum to obtain total litres recovered. For the LightRecycle program recalculate total units collected by multiplying the number of boxes collected as per the listing in #5, by the average units per box. 7. For the paint and household waste program, obtain a listing of drums shipped to producers for the period under review. Multiply the total drums shipped by 200L per drum. Compare the results to the recovered litres determined in #6 above. For the LightRecycle program compare the results of #6 to the number of units shipped to the processor.	schedules to the amounts listed in the annual report. No discrepancies were noted. 5-7. Rolfe, Benson LLP obtained the information as outlined in procedure 5-7 for both the paint and household waste and LightRecycle programs. For the paint and household waste program, management was able to provide reasonable explanation for any discrepancies noted. For the LightRecycle program some discrepancies were noted between the number of units collected and the number of units processed. Per discussion with management it was determined that these were caused by a time delay between the collection and processing of these units.
3.3	To obtain comfort over the completeness, accuracy, cut-off and validity of the total product recovered, test	1. Obtain a listing of product shipments (for each product the Agency manages) from collection facilities for the period under review with the following details: a. The Collection Facility name/address.	1-2. Obtained a listing of product shipped from collection sites. Confirmed with the CFO that PCA monitors product shipped from Paint and Paint Plus depots in the number of tubs delivered and from LightRecycle

Testing Procedure #	Objective/Purpose	Testing Procedures	Results
	on a sample basis, the collection of product recovered.	b. The date of collection from the facility. c. The consolidation site or processor to which the product was delivered. d. The date of delivery to the consolidation site or processor. e. The amount of product collected (in units and in weight, where applicable). 2. Compare the total weight of product collected from the detailed listing to the report total of product recovered from the Agency's annual report. 3. Scan the detailed listing to ensure that there were no collections that were outside of the organization's fiscal year. 4. Randomly select shipments and obtain the supporting document (Bill of Lading or other support) to verify the amount of product shipped. 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. 6. Confirm that the total product (in units/weight etc.) listed on the supporting document matches the total listed on the detailed listing.	drop off locations in the number of boxes shipped. For the paint and household waste program, there were 4,353 shipments from depots for 2010. For the LightRecycle program there were 244 shipments from depots for 2010. For the paint and household waste program, Rolfe, Benson LLP recalculated tubs shipped to litres and compared total litres shipped to total litres recovered per the annual report. No discrepancies were noted. For the LightRecycle program, Rolfe, Benson LLP recalculated the boxes ships to units and compared the total units shipped to the units recovered per the annual report. Minor discrepancies of less than 0.4% were noted. Per discussion with the CFO it was determined that these discrepancies were caused by rounding differences in the calculation of units shipped. 3. Rolfe, Benson LLP confirmed through a scan of the listing that all shipments were completed in 2010. 4-6. Selected a sample of 28 shipments and obtained the supporting documentation. Reviewed the support documentation for evidence of total product shipped and confirmed that the number of tubs/boxes listed on the supporting document matches the listing generated by PCA. No exceptions were noted.

Testing Procedure #	Objective/Purpose	Testing Procedures	Results
3.4	To obtain comfort over the calculated recovery rate, by product type (where applicable).	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. 2. Compare calculated recovery rate to the recovery rate reported by the Agency in their annual report. Note any discrepancies.	1. Recalculated the recovery rates reported in paint and household waste program's annual report and the capture rate reported in the LightRecycle program's annual report for 2010. 2. No discrepancies were noted.