Specified audit procedures performed on non-financial information and results

Post-Consumer Pharmaceutical Stewardship Association

December 31, 2011

Ouseley Hanvey Clipsham Deep LLP
Chartered Accountants

To: Management of the Post-Consumer Pharmaceutical Stewardship Association

As specifically agreed, we have performed test procedures at the Post-Consumer Pharmaceutical Stewardship Association (the "Association") operations in the Province of British Columbia 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 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 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.

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

OHCD LLP.

OUSELEY HANVEY CLIPSHAM DEEP LLP
Licensed Public Accountants

Ottawa, Ontario

June 28, 2012

Appendix A – Specified Audit Procedures and Results

For the following procedures, test samples were selected from the year-ended December 31, 2011, 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	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 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. 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.	1. We obtained a list of all of the Collection Facilities from the Association as at December 31, 2011. 2. The listing stated 1033 facilities, matching the number in the 2011 annual report. 3. We randomly selected 30 Collection Facilities in accordance with the Sample Size General Guidance as provided. Management indicated that registration forms were not available from these facilities because as of January 1, 2012 the Association began using a new company to manage the program. Any forms would be with the old company, and could not be retrieved. Management indicated that starting in 2012, there will be

Testing Procedure #	Objective and Purpose	Testing Procedures	Results
			registration forms filled out and retained for new registrants. They will not go back and get old registrants to sign a new form. 4. We randomly selected 30 Collection facilities using the contact information in the listing. We called each facility and verified the existence by confirming the address of the facility. We asked each facility to acknowledge the existence of the Medication Returns Program pails at the location, with no exceptions except as follows: a) Two of the locations called had closed subsequent to registering and no longer exist. b) One location was not aware of the program. They directed us to call back to speak with the Pharmacy Manager. The Manager was aware of the program. c) One location had closed and

Appendix A – Specified Audit Procedures and Results

Testing Procedure #	Objective and Purpose	Testing Procedures	Results
			all of their clients were transferred to another Pharmacy. The other Pharmacy is a participant in the program, so we called them and they were aware of this program.
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. 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 – 1033; 2010 – 1022; 2009 – 1080. 2. The calculated fluctuation in the number of Collection Facilities for 2011 is an increase of 1% compared to 2010, and a decrease of 4% versus 2009. Both fluctuations are under the 5% threshold for investigation.

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

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Testing Procedure #	Objective and 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.	Not applicable – Management stated that the Association does not engage 3rd party auditors to give an opinion on the processor's compliance with waste management guidelines.
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	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.	1. There is no listing of products shipped. There were only 4 shipments in the year, so the information was readily available from the shipping documents. The shipping documents contain all of the information in items (a) through (d). 2-3 The only processor used by

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

Testing Procedure #	Objective and Purpose	Testing Procedures	Results
	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).	2. Obtain a listing of all registered processors/ manufacturers. 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 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.	the Association was Wainwright Waste to Energy Authority ("Wainwright") who is the only approved processor. 4-6 We randomly selected one shipment in accordance with the Sample Size General Guidance as provided, and obtained the invoice and bill of lading. The invoice was issued by Wainwright and the bill of lading was issued by Pearson Transport Ltd. The invoice is supported by a Certificate of Destruction presented to the Association to certify that all waste defined on the bill of lading was received and destroyed. The weight recorded on the bill of lading provided by Pearson Transport Ltd indicated the 48,500 lbs was shipped while the processor (Wainwright) indicated that 22,410kgs (49,302lbs)

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Testing Procedure #	Objective and Purpose	Testing Procedures	Results
			converted) was received.

Appendix A – Specified Audit Procedures and Results

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 and 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.	Not applicable as there are no product's recovered.
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 schedule to the total reported in the Agency's financial statements (as	1. We obtained the audited financial statements for the year ended December 31, 2011 for the Association. 2. The opinion was issued with no qualifications. 3-6. Not applicable. Management has stated that the Association

Testing Procedure #	Objective and Purpose	Testing Procedures	Results
		opined by the financial statement auditor). 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. 6. Compare calculated total product sold to the amounts reported by the Agency in their annual report. Note any discrepancies.	does not collect eco-fees.
3.3	To obtain comfort over the completeness, accuracy, cut-off and validity of the total product recovered, test on a sample basis, the collection of product recovered.	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. 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	1. As outlined in 1.1, the Association changed program managers; As such a detailed listing of product shipments (containing the information outlined in a-e of the procedures) was not available. There was a summary report, that shows the total weight collected per district and overall. The detailed report will be available in 2012, and management did show us an example of the 2012 report. 2. The total weight collected on the

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		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.	summary (69,044kg) from Collection facilities per the listing and the weights reported on the annual report agree without exception. 3. The listing does not indicate when the shipment occurs. But management stated one shipment was in 2012, and this appears on their 2012 detailed listing (Service Date 1/1/2012). 4-6. There is no detailed listing available. However the Association did have the shipping returns documents on file. These documents are filled out by the Collection Facility. We randomly selected 25 samples in accordance with the Sample Size General Guidance as

Testing Procedure #	Objective and Purpose	Testing Procedures	Results
			provided. Of the samples tested, 16 were signed by the Collection Facility. The weights were indicated on the documents, but they could not be traced to the bill of ladings or the detailed listing, since as outlined earlier no detailed breakdown was available for 2011.
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.	The Association does not publish its Recovery rate. Procedure 3.4 is not applicable.