

**PRODUCT CARE ASSOCIATION**

**NON-FINANCIAL AUDIT OF  
BC LIGHTRECYCLE PROGRAM**

**31 DECEMBER 2011**

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11 July 2012

To: British Columbia Ministry of Environment

As specifically agreed, we have performed test procedures at Product Care Association ("the Agency") for the BC LightRecycle program as described in this letter for the year ended 31 December 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 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 2011.

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 2011.

*Rolfe, Benson LLP*  
**CHARTERED ACCOUNTANTS**

Vancouver, BC

For the following procedures, test samples were selected from 31 December 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/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.	<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 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 20 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> <li>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.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Received a listing of collection facilities from Product Care Association's ("PCA") Service Coordinator.</li> <li>2. The listing stated 197 LightRecycle drop off locations, matching the number in the 2011 annual report.</li> <li>3. Selected a sample of 20 depots from the listing: <ol style="list-style-type: none"> <li>a-d: For all sites, procedure 3a) to 3d) were completed without exception.</li> </ol> </li> </ol>

Testing Procedure #	Objective/Purpose	Testing Procedures	Results
1.2	To obtain comfort over the completeness, consistency, and validity of 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. Rolfe, Benson LLP reviewed data from 2010 - 2011 for any fluctuations greater than 5%.</li> <li>2. From 2010 to 2011, the number of drop off locations increased 19% from 165 to 197 as reported in that year. The increase in the number of drop off locations is in accordance with the expansion of the program during the first full year of operations in 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**

Testing Procedure #	Objective/Purpose	Testing Procedures	Results
[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 – 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 <sup>1</sup> of end-use product collected and the accuracy of 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>	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).	<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: <ol style="list-style-type: none"> <li>The processor/manufacturer name/address.</li> <li>The total weight of the product weighed at the collection site or consolidation site (where applicable).</li> <li>The total weight of the product weighed at the processor/manufacturer.</li> <li>The date of delivery to the processor/manufacturer.</li> </ol> </li> <li>Obtain a listing of all registered processors/manufacturers.</li> </ol>	<p>1-3.</p> <p>Obtained a listing of all product shipped to processors in 2011 and a listing of all processors used in 2011. There were 2,548 LightRecycle shipments to processors in 2011. Confirmed with the CFO that PCA does not register its processors. Confirmed through inquiry with the CFO that all processors used in 2011 were at arm's length. Reviewed PCA website and noted that none of the processors used in 2011 were listed as being associated with PCA. Additionally, a Google© search was performed on the listing of processors. No conflicts were detected.</p>

<sup>1</sup> The term "weight" includes "volume" or "quantity," respective to the type of product managed by the Agency.

Testing Procedure #	Objective/Purpose	Testing Procedures	Results
		<ol style="list-style-type: none"> <li>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.</li> <li>4. Randomly select 25 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>	<p>4-6. Selected a sample of 25 shipments. Reviewed the documents for:</p> <ul style="list-style-type: none"> <li>• Evidence of review performed over processors/manufacturers prior to product being shipped</li> <li>• Supporting documentation is present to support the total product being shipped</li> <li>• 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</li> </ul> <p>No discrepancies were noted.</p>

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 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]			
3.1	To ensure that there were no qualifications within 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 Product 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>	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.	<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</li> </ol>	<p>1-2. Obtained the Financial Statement Auditor's Opinion for 2011 noting an unqualified opinion.</p> <p>3-4. As the Agency's financial statements do not disclose the eco-fees collected specifically related to the LightRecycle Program this procedure was not</p>

Testing Procedure #	Objective/Purpose	Testing Procedures	Results
		<p>schedule to the total reported in the Agency's financial statements (as opined by the financial statement auditor).</p> <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 amounts reported by the Agency in their annual report. Note any discrepancies.</li> </ol>	<p>possible to complete.</p> <p>5-6. Obtained from the Agency a schedule of total product sold in units. Rolfe, Benson LLP compared the total units listed on the schedules to the amounts listed in the annual report. No discrepancies were noted.</p>
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.	<ol style="list-style-type: none"> <li>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:               <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 (in units and in weight, where applicable).</li> </ol> </li> <li>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.</li> </ol>	<p>1-2. Obtained a listing of product shipped from collection sites. Confirmed with the CFO that PCA monitors product shipped from LightRecycle drop off locations in the number of boxes shipped. For the LightRecycle program there were 2,548 shipments from depots for 2011. This corresponds with the number of shipments reported in procedure 2.2 #1-3 as PCA ships all LightRecycle materials directly from drop of location to processor.</p> <p>Rolfe, Benson LLP recalculated the total units shipped by multiplying the number of boxes shipped by the average units per box. This was compared to the total units recovered per the annual report. Minor discrepancies were noted. It was determined that these discrepancies were caused by rounding differences in the calculation of units shipped.</p>



Testing Procedure #	Objective/Purpose	Testing Procedures	Results
		<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. Rolfe, Benson LLP confirmed through a scan of the listing that all shipments were completed in 2011.</li> <li>4-6. Selected a sample of 25 shipments and obtained the supporting documentation. Reviewed the supporting documentation for evidence of total product shipped and confirmed that the number of boxes listed on the supporting document matches the listing generated by PCA. No exceptions were noted.</li> </ol>
3.4	To obtain comfort over 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>	<ol style="list-style-type: none"> <li>1. Recalculated the capture rate reported in the LightRecycle program's annual report for 2011.</li> <li>2. No discrepancies were noted.</li> </ol>