



June 20, 2012

**To: Ministry of Environment**

As specifically agreed, we have performed test procedures enumerated below at Encorp Pacific (Canada) ("Encorp" or "the Agency") as described in this letter for the year ended December 31, 2011, over certain non-financial information related to the following:

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 Encorp's non-financial information as at and for the year ended December 31, 2011 and, accordingly, we express no opinion on the overall accuracy or completeness of that information.

This report is intended solely for the information of the British Columbia Ministry of Environment in connection with their consideration of the accuracy and completeness of certain non-financial information as reported by Encorp for the year ended December 31, 2011. Consequently, the report should not be distributed to other parties without our prior written consent. Any use that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third party. We accept no responsibility for any loss or damages suffered by any third party as a result of decisions made or actions taken based on this report.

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## Appendix

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	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.</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. 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> </ol>	<ol style="list-style-type: none"> <li>1. We received a listing of collection facilities (depots) from Encorp's Assistant Controller. The listing specified 172 beverage container collection facilities.</li> <li>2. We compared the total count of depots from the listing with the annual report and noted that the listing generated and the 2011 annual report both stated 172 depots.</li> <li>3. We selected a sample of 25 depots from the listing and performed the following:               <ol style="list-style-type: none"> <li>a. Obtained the depot registration form (contract form) for each sample selected.</li> <li>b. Agreed the contact information and location on the registration form to the detailed listing. On 3 of the sampled forms the address per the form differed from the detailed listing. Per discussion with management the depots had moved during the year. We examined the change of address forms created in each case. No differences were noted.</li> </ol> </li> </ol>



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Testing Procedure #	Objective and Purpose	Testing Procedures	Results
			<p>c. Examined the forms for signatures from both the depot and Encorp. No missing signatures were noted.</p>
		<p>4. Using contact information on the facility listing provided in #3b above, phone each selected collection facility to verify their existence and that they have an adequate understanding of the program.</p>	<p>4. We phoned each of the selected depots to verify their existence. Each contact was asked a basic question regarding the recycling program and the types of materials they recycled. All contacts provided information which were consistent with our understanding of the program.</p>
<p><b>1.2</b></p>	<p>To obtain comfort over the completeness, consistency, and validity of the number of collection facilities.</p>	<p>5. Obtain the historical data for the total number of collection facilities for the past three years as reported by the Agency in their annual reports.</p> <p>6. Investigate any fluctuations greater than 5% to understand the reason for the fluctuation in the number of collection facilities.</p>	<p>5. We obtained Encorp's annual reports from the website of the Ministry of Environment for 2001 to 2010. The number of depots for 2011 was agreed to the detailed listing tested in procedure 1.1.</p> <p>6. We calculated fluctuations from year to year in the number of depots for the years from 2008 to 2011. No changes to the number of depots greater than 5% were noted.</p>



## Appendix

**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 and 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 – 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.]</i></p>			
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>1. Where available, obtain the third party auditor’s opinion over registered processors/manufacturers compliance with waste management or program specific guidelines for managing product appropriately.</li> <li>2. Ensure the auditor’s opinion is unqualified.</li> <li>3. Perform steps 1 through 3 from Testing Procedure 2.2 below and report any discrepancies.</li> </ol>	There are no third party audit opinions available over processors and/or manufacturers.
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>1. Obtain a schedule/listing of products shipped to processors/manufacturer for the period under review. The listing should provide:               <ol 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 weighed at the</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. We obtained listings of product shipped for the period under review.               <ol style="list-style-type: none"> <li>a. These listings provide the processor name. We cross referenced the processor by address to the detailed listing of processors described in #2 below.</li> <li>b. The listings provide the total weight shipped to the processors as weighed at the collection site.</li> </ol> </li> </ol>

<sup>1</sup> The term “weight” includes “volume” or “quantity,” with respect to the type of product managed by the Agency.



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Testing Procedure #	Objective and Purpose	Testing Procedures	Results
		<p>processor/manufacturer.</p> <p>d. The date of delivery to the processor/manufacturer.</p>	<p>c. The listings do not contain the amount weighed at the processor. The weight at the processor was obtained through the testing performed in # 4, 5 and 6 below.</p> <p>d. The listings contain the date of delivery.</p>
		<ol style="list-style-type: none"> <li>2. Obtain a listing of all registered processors/manufacturers.</li> <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. Select a sample of 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> </ol>	<ol style="list-style-type: none"> <li>2. We obtained a listing of all processors used for the period under review.</li> <li>3. We were not provided with a listing of approved manufacturer/processors. We confirmed through inquiry with the Controller that no processors used are related to Encorp. We performed an online search of each processor and noted no indication that they are related to Encorp.</li> <li>4. We selected a sample of 25 shipments and obtained a copy of the invoice or movement authorization form (MA).</li> <li>5. We verified for each invoice selected in procedure 2.2.4 that each invoice or MA has evidence of the weight of the product shipped by the depot and received by the processor. We also verified that each document is signed by 2 of the depot,</li> </ol>



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Testing Procedure #	Objective and Purpose	Testing Procedures	Results
			transporter and processor.
		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.	6. We compared the total weight listed on the invoice or MA with the weight listed on the detailed listings received in procedure 2.2.1 above and noted no discrepancies.



## Appendix

**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
<p><i>[If a third 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></p>			
<p><b>3.1</b></p>	<p>To ensure that there were no qualifications within the auditor's opinion over the schedule of product recovered.</p>	<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>	<ol style="list-style-type: none"> <li>1. PwC performed the 2011 audit and provided the Auditor's report over the Schedule of Deposits Received and Refunds Paid for the year ended December 31, 2011.</li> <li>2. We noted that the auditors' report dated May 14, 2012, completed by PwC contained no qualifications.</li> <li>3. We reperformed the calculation of the recovery rate as stated in the Schedule of Deposits Received and Refunds Paid for the year ended December 31, 2011. The recovery rates were calculated accurately.</li> <li>4. The recovery rate of 79.8% per the Annual Report is based on units collected and recycled divided by units sold. The recalculated amount agreed to the recovery rate of 79.8% per the Schedule of Deposits and Refunds Paid.</li> </ol>



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Testing Procedure #	Objective and Purpose	Testing Procedures	Results
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 schedule to the total reported in the Agency’s financial statements (as opined by the financial statement auditor).</li> <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>	N/A. We obtained the audited Schedule of Deposits Received and Refunds Paid as noted in procedure #3.1 above. The audit opinion was unqualified therefore this procedure does not apply to this agency.



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<p><b>3-3</b></p>	<p>To obtain comfort over the completeness and accuracy of the total product recovered.</p> <p>To obtain comfort over the cut-off and validity of the total product recovered.</p>	<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 depot 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>   <li>3. Scan the detailed listing to ensure that there were no collections that were outside of the organization's fiscal year.</li> </ol>	<p>N/A. We obtained the audited Schedule of Deposits Received and Refunds Paid as noted in procedure #3.1 above. The audit opinion was unqualified therefore this procedure does not apply to this agency.</p>
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		<ol style="list-style-type: none"> <li>4. Select a sample of 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>	
<b>3.4</b>	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>	N/A. We obtained the audited Schedule of Deposits Received and Refunds Paid as noted in procedure #3.1 above. The audit opinion was unqualified therefore this procedure does not apply to this agency.