

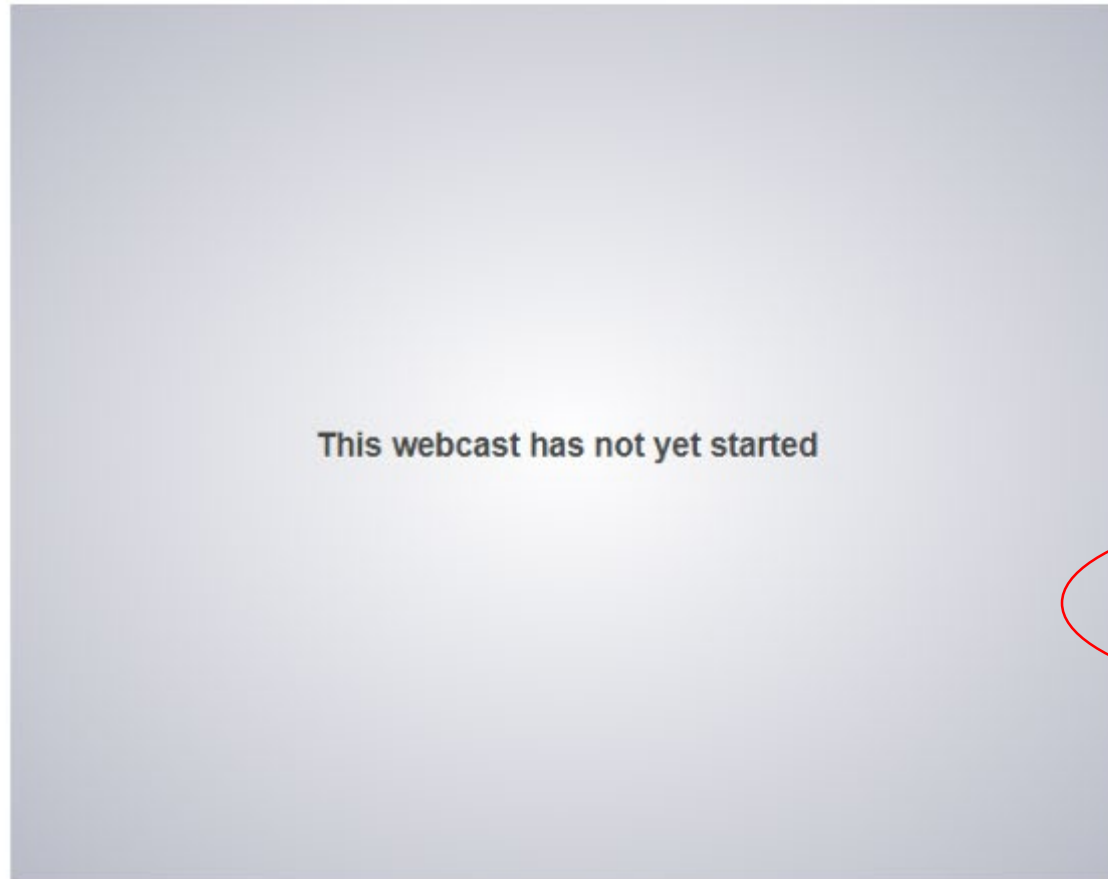
Tire Performance Verification Audit Procedure

Consultation Session Three

March 25, 2019



Webinar Interface



Questions and Answers

Question : test

Answer pending

Type a question and press 'Enter'.

To ask a question at any time during the presentation or for technical assistance, type your question in the text box and press 'Enter.'



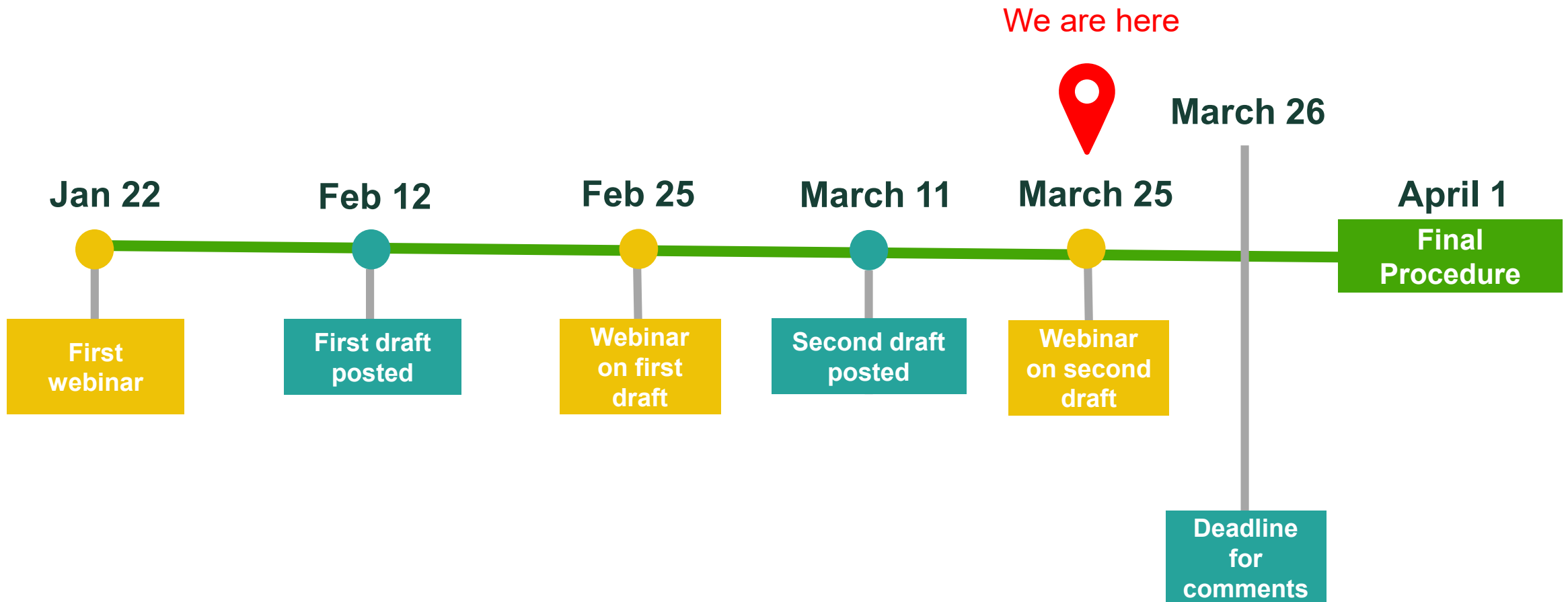
RPRA Resource Productivity
& Recovery Authority

Agenda

1. Changes and Additions to the Audit Procedure
2. Sampling Methodology
3. Tire and Material Flow Maps
4. Guidance Document
5. Questions
6. Next Steps

Process for developing the audit procedure

January 15 to March 31



Changes and Additions to Audit Procedure

Draft Procedure – Pages 5 and 6

Clarification of audit procedure 3.n. and 5.m. regarding mass balance testing

- n) Confirm that the total weight of processed material allocated to the PRO equals the total weight of collected tires allocated to the PRO multiplied by the processor's processed percentage, as confirmed by the mass balance recalculation.
 - If the processor calculates the mass balance ~~producer allocates processed material~~ on a more frequent than annual basis (e.g. monthly) and uses new mass balances to identify the processed percentage on each occasion, repeat this procedure for each ~~allocation~~ mass balance.

Changes and Additions to Audit Procedure

Draft Procedure – Page 6

Clarification of audit procedure 6 regarding the statement confirming whether the producer met their resource recovery standard of 85%

Old

6. A statement confirming whether the producer met their resource recovery standard of 85%.
- a) Obtain the PRO's contract/service level agreement/statement of work with each producer they represent to determine how tires and processed materials collected by the PRO have been allocated to the producer.
 - b) Using the recalculated weight of tires from performance metrics 1, 2 and 3 (if they are not the same as the reported figures), confirm that the total equals at least 85% of the collection target provided by RPRA.
 - c) The auditor needs to verify that material was allocated in line with contract/SLA/SOW.
 - d) Review all tires and material collection and processing performance for each PRO broken down by producer to ensure that no collected tires or processed material was allocated to more than one producer.

Revised

6. A statement confirming whether the producer met their resource recovery standard of 85%.
- a) Using the recalculated weight of tires from performance metrics 1, 2 and 3 (if they are not the same as the reported figures), confirm that the total equals at least 85% of the PRO's producer's aggregate collection target provided by RPRA.
If the PRO has not achieved at least 85% of the PRO's producer's aggregate collection target:
 - b) Obtain the PRO's allocation methodology and allocated volumes for each producer they represent to determine how tires and processed materials collected by the PRO have been allocated to the producer.
 - c) Review all tires and material collection and processing performance for each PRO broken down by producer to ensure that no collected tires or processed material was allocated to more than one producer.
 - d) Confirm which producers, if any, meet their resource recovery standard of 85% and which did not.

Changes and Additions to Audit Procedure

Draft Procedure – Page 8

Clarification in Appendix B that “collection facility” should read “collector”

- c) It was collected in Ontario by a ~~collection facility~~collector in compliance with the Tires Regulation, and transported to a registered processor or registered retreader by a registered tire hauler or transferred for reuse. A list of RPRA registered ~~collection facilities~~collectors, tire haulers, retreaders and processors can be obtained from RPRA and is available on their website.

Changes and Additions to Audit Procedure

Draft Procedure – Page 10

Clarification in Appendix D that a “unique document ID number” would be expected on supporting transfer documentation

Collection Facility to Hauler

- Electronic or hard copy record of transfer of material from collection facility to hauler, which includes at least:
 - Name and location of collection facility
 - Name of tire hauler
 - Unique document ID number
 - Signed by representatives of the collection facility and hauler
 - Estimated number of tires under 700 kg
 - Estimated number of tires over 700 kg

Changes and Additions to Audit Procedure

Draft Procedure – Page 16

Clarification in Appendix G regarding “Collection Year vs Resource Recovery Performance Year” and rims

Collection Year vs Resource Recovery Performance Year ~~and Stockpiled Material~~

Tires collected in the collection year (January 1 to December 31) can be processed up until March 31 of the following year and count towards the producer’s Resource Recovery processing target. Any tires collected in the ~~audit period~~Collection Year that have not been processed and / or ownership of processed material has not been transferred to an End Market or RPM by March 31 of the following year must be reported as “stockpiled” and cannot count towards the ~~audit period’s processing~~Resource Recovery target.

January 1	April 1	December 31	March 31
Collection Year			
	Resource Recovery Performance Year		
Audit Period			

Changes and Additions to Audit Procedure

Draft Procedure – Page 16

Clarification in Appendix G regarding rims

Rims

~~Processors~~ Producers are obligated to accept collect tires regardless of whether they are attached to rims. Therefore if a processor receives tires attached to rims ~~However,~~ the weight of the rims cannot count towards collection performance nor can the weight of the rims be counted towards resource recovery performance.



Questions?

Sample Sizes – Attribute Sampling (Statistical)

95% Confidence Level

Population	Sample size required	Deviations
500+	60	0
250	50	0
100	40	0
50	30	0
10	10	0

Assumptions: 0% Expected Deviation Rate, 5% Tolerable Deviation Rate.

If any deviations are identified then sampling is no longer an appropriate testing method and more detailed substantive procedures need to be applied to validate the control or data.

Sample Sizes – Additional Detail

Audit Procedure 1 (Reuse)

- Population would be all recorded transactions of reused tires within the PRO's system, a sample would need to be selected from that population. The auditor would have to validate the inbound and outbound for each sample. (If the tire has been reported as reuse by a processor the inbound population would only need to be sampled, and validated, once for audit procedure 1, 3 and 5.)

Audit Procedure 2 (Retread)

- Population would be all recorded transactions of retreaded tires and tires not retreaded and sent to processors within the PRO's system, a sample would need to be selected from that population. The auditor would have to validate the inbound and outbound of each sample.

Audit Procedure 3 (Processed Material)

- For each processor the PRO would have an inbound population and an outbound population

Sample Sizes – Additional Detail cont.

Audit Procedure 4 (Types of Product and Packaging)

- There is no sample testing for this procedure. All product and packaging types must be validated.

Audit Procedure 5 (Non-Processed)

- For each processor the PRO would have an inbound population and an outbound population reflecting both sides of the mass balance. (For each processor the inbound population would only need to be sampled, and validated, once for audit procedure 3 and 5.)

Audit Procedure 6 (Resource Recovery Standard)

- There is no sample testing for this procedure.

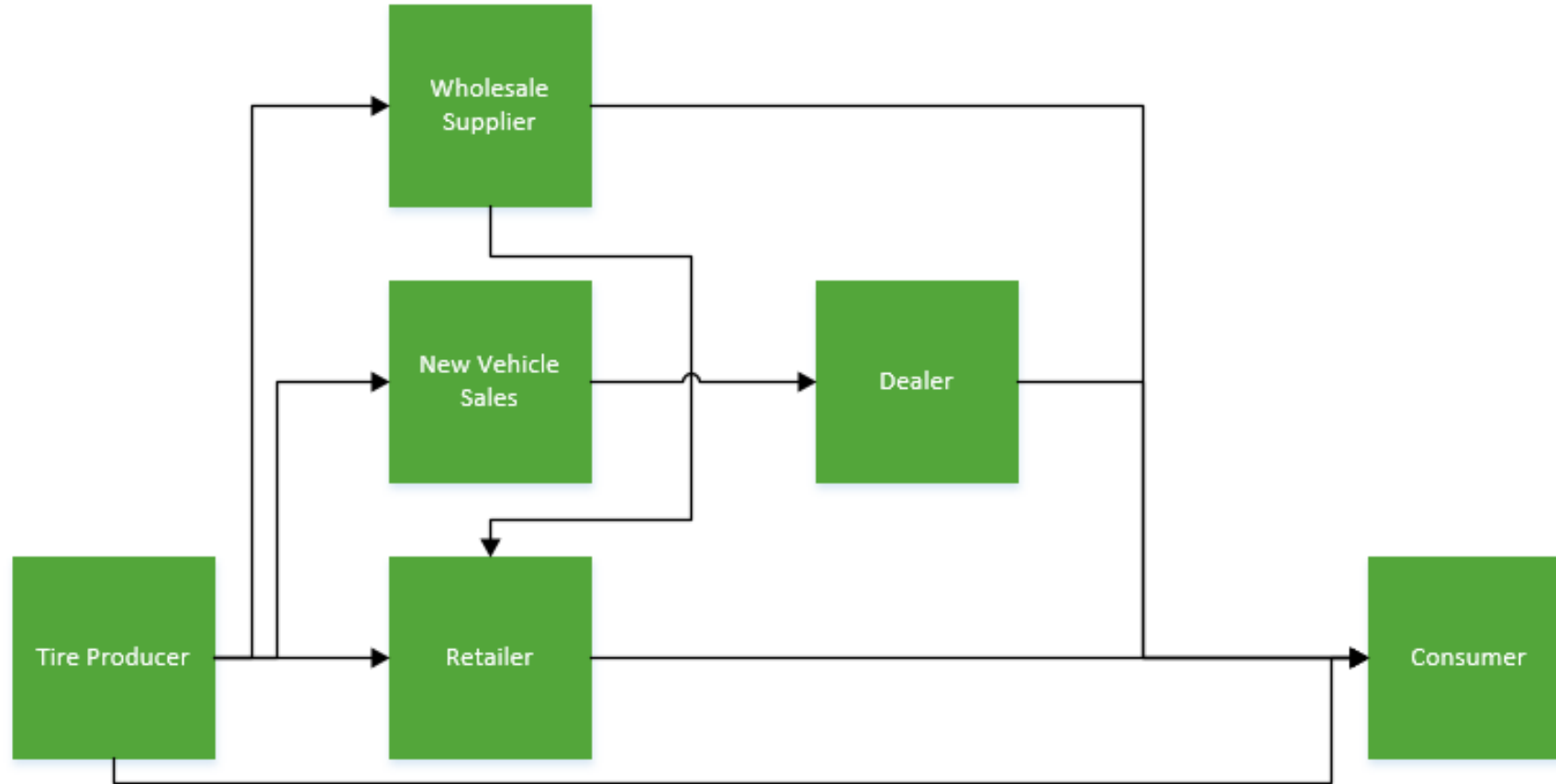


Questions?

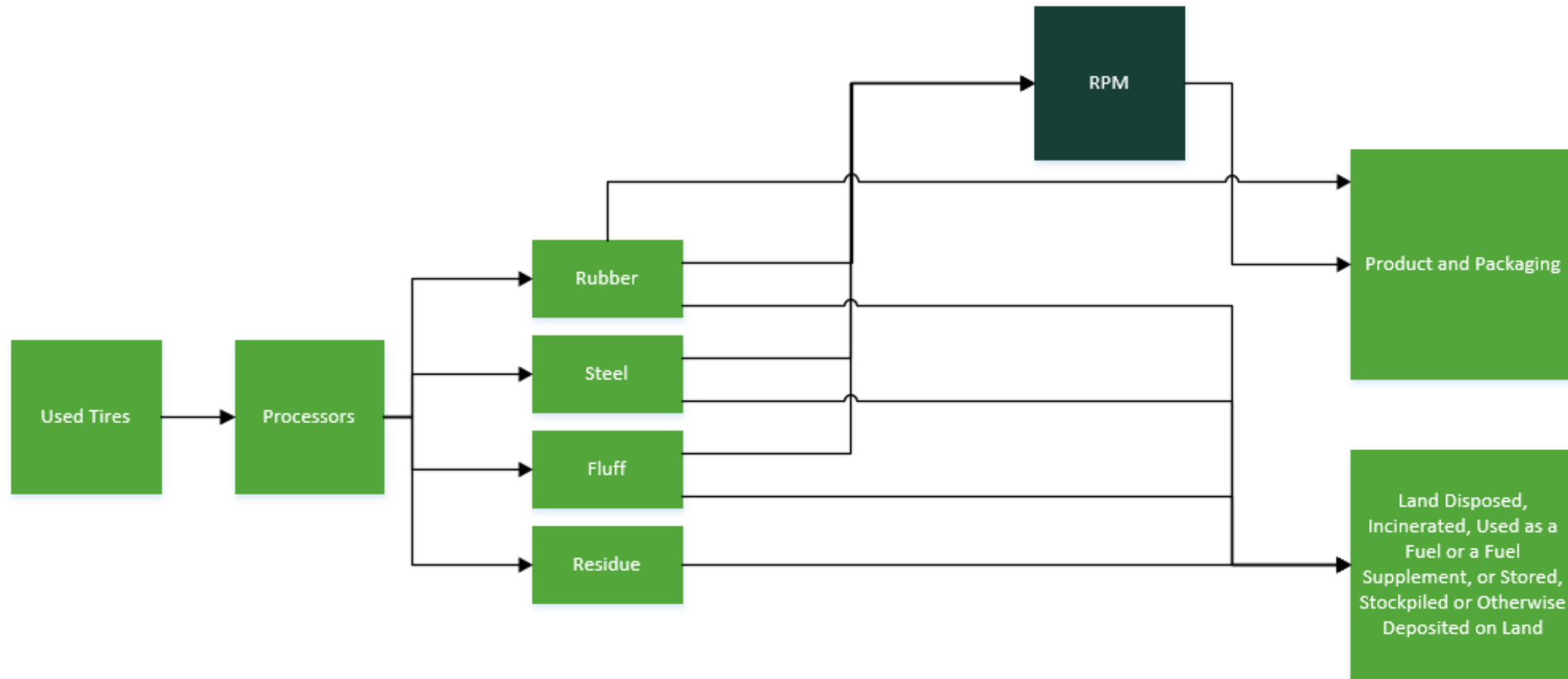
Tire and Material Flow Maps

1. New Tire Supply Flow
2. Tire Derived Commodities Flow
3. Macro Tire / Material Flow
4. Micro Tire / Material Flow

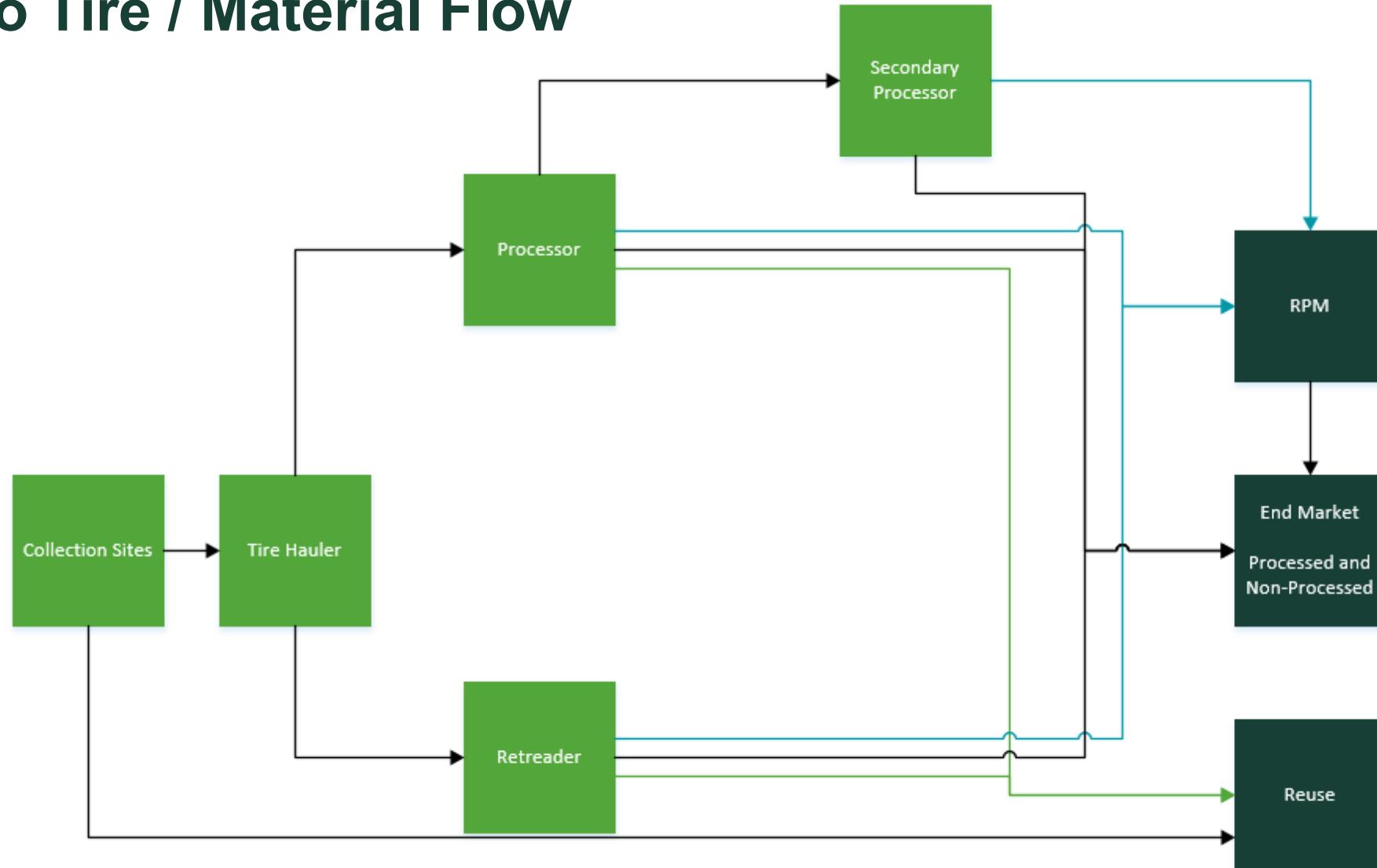
New Tire Supply Flow



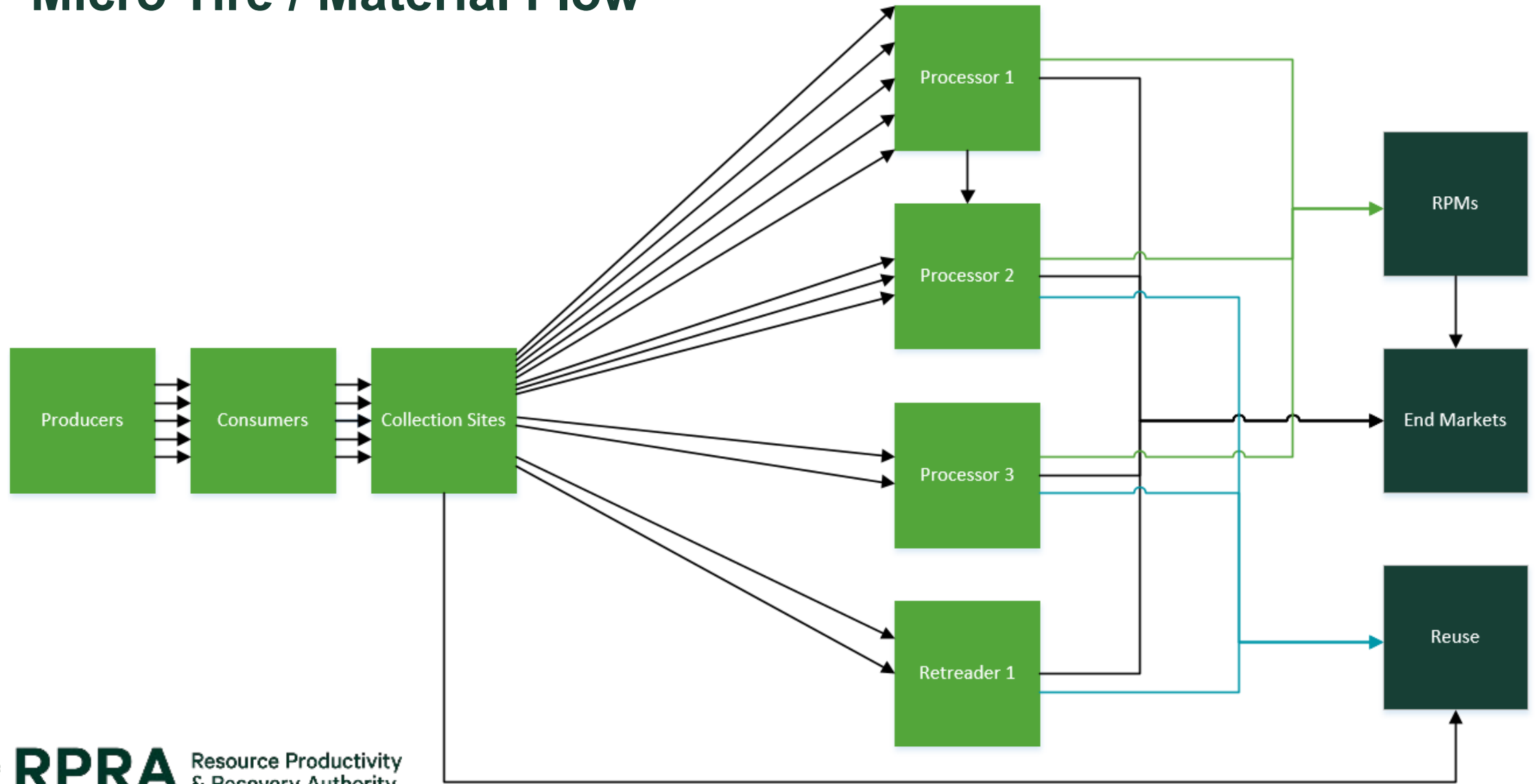
Tire Derived Commodities Flow



Macro Tire / Material Flow



Micro Tire / Material Flow





Questions?

Guidance Document

The document will include information that would be inappropriate to be included in the Audit Procedure but would be useful to the reader, including:

- General background
- Things to note for specific areas
- Frequently asked questions



Questions?

Next steps

- Producers: sign up with a PRO (if you haven't already) and ensure your contracts include flow-through auditability rights.
- Consultation documents, including today's webinar recording, are available at <https://rprra.ca/consultations/current-consultations/development-of-tire-audit-procedures/>
- Final comments on the draft procedure can be submitted to consultations@rprra.ca until **March 29**
- The final audit procedure will be posted on our website

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