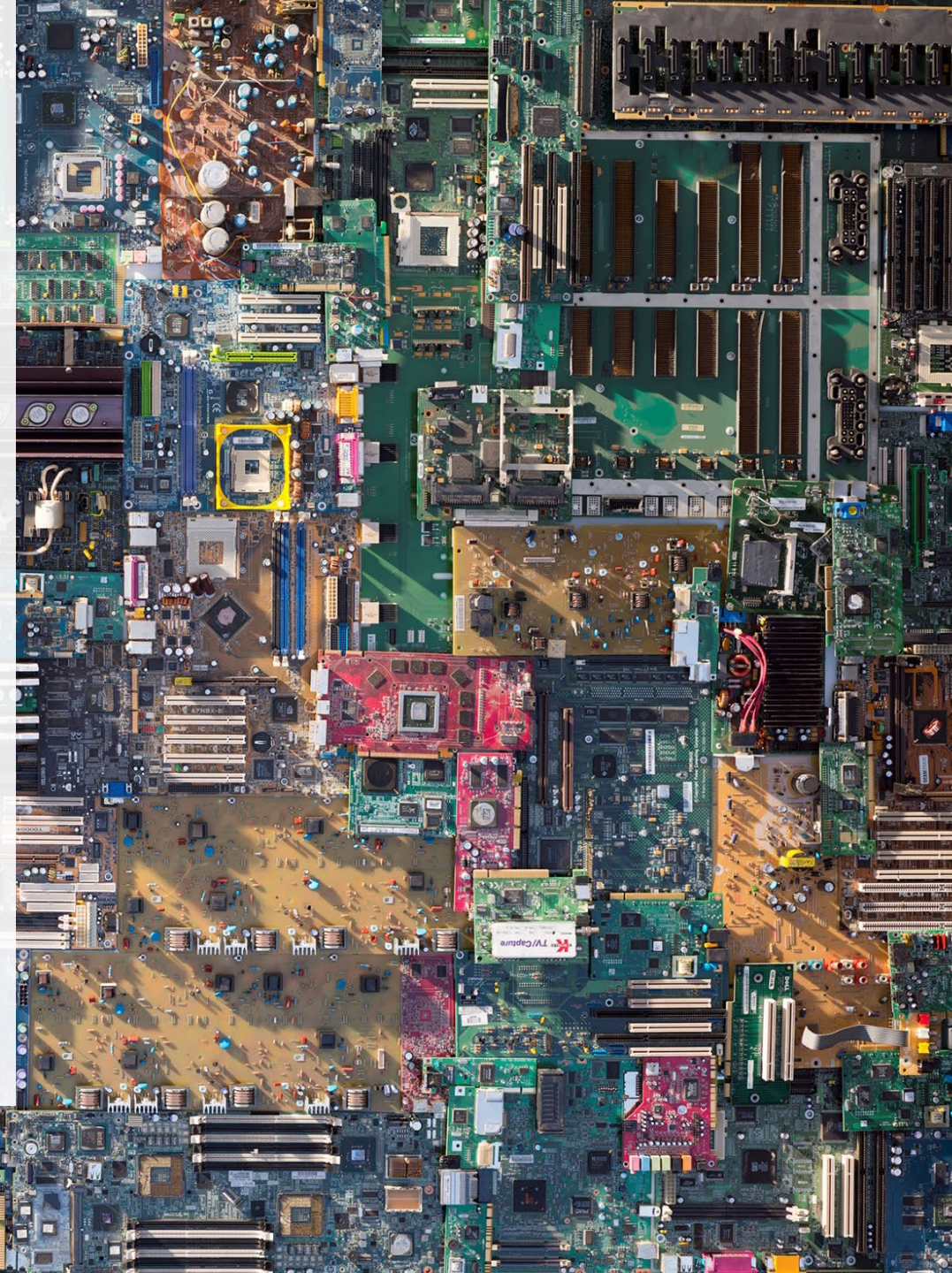


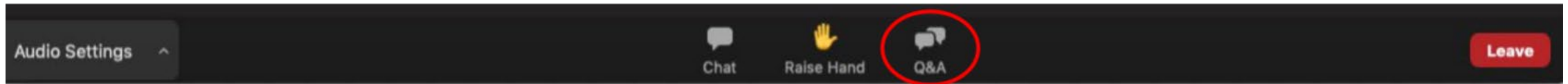
# Review of the Batteries and ITT/AV Supply Data Verification Procedures

September 9, 2021

\*Updated November 1, 2021



# How to ask a question

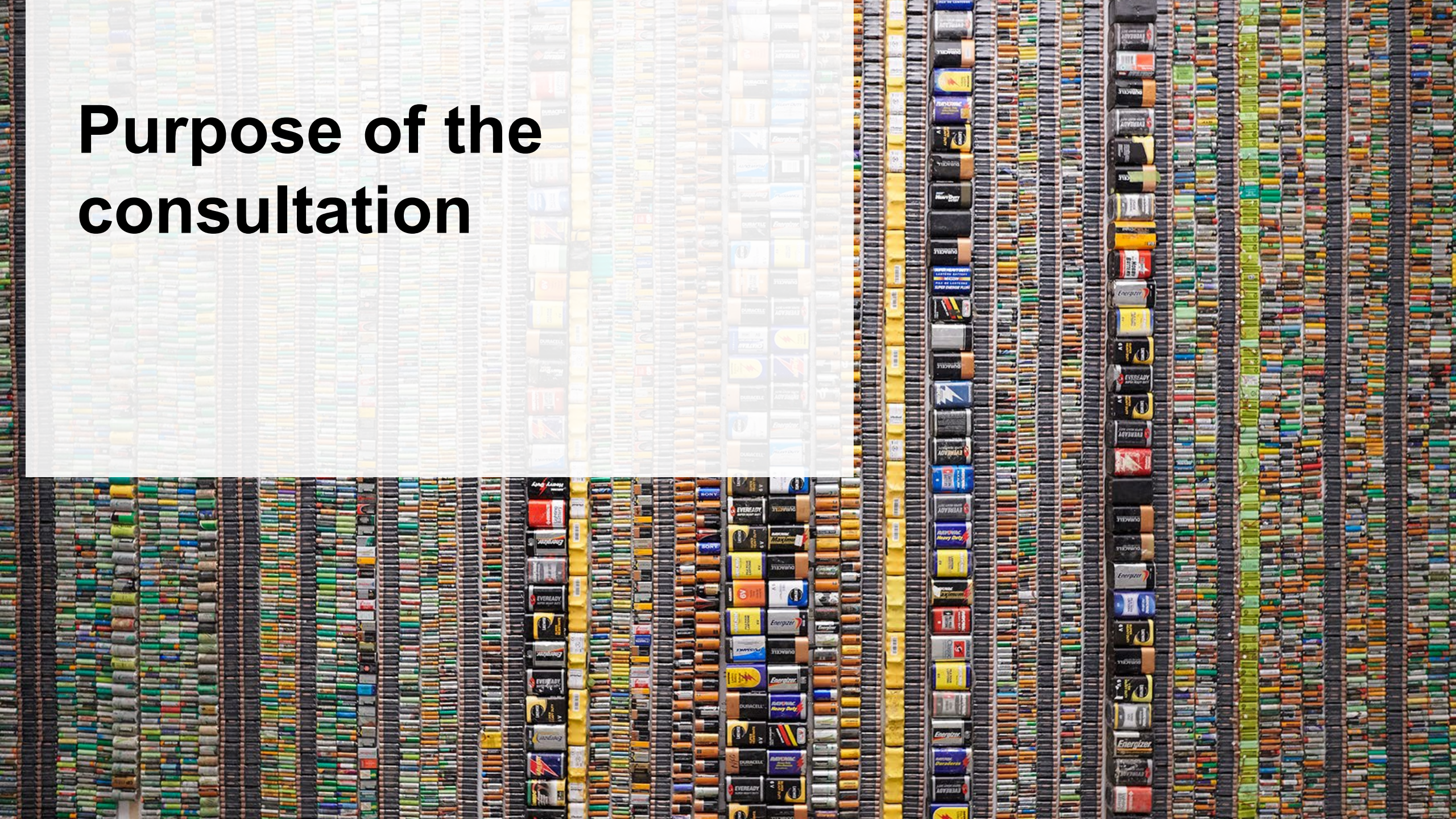


To ask a question at any time during the presentation or for technical assistance, click on the Q&A tab, type your question in the text box and click “send”.

# Agenda

1. Purpose of the consultation
2. Background
3. Consultation topics
  - Verifier
  - Universal or material-specific procedures
  - Proposed approaches
  - Sampling methodology
4. Next steps

# Purpose of the consultation



# Purpose of the consultation

- Review the supply data verification procedures for batteries and information technology, telecommunications and audio-visual equipment (ITT/AV)
- Consult on the following:
  - Verifier
  - Universal or material-specific procedures
  - Proposed approaches
  - Sampling methodology
- Discuss next steps

# Objectives and principles of the procedures

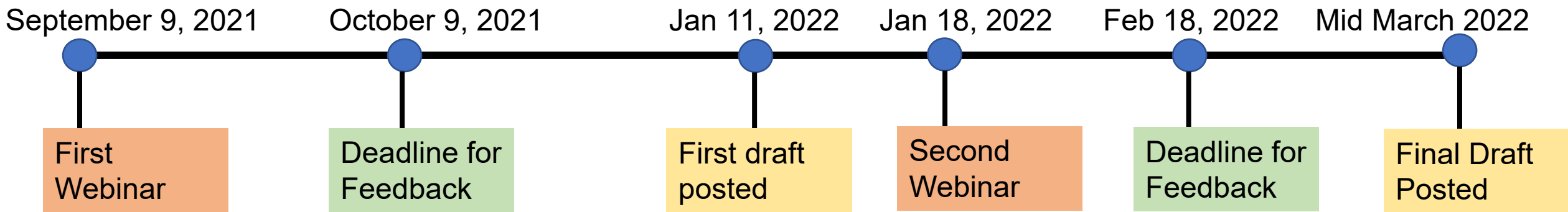
## Objectives

- To provide the Authority with assurance of the completeness and accuracy of data submitted
- Provide direction to allow for consistent verification

## Principles

- Meet the regulatory objective
- Maximize compliance
- Cost-effective and efficient
- Procedures are clear and straightforward
- Ensure a level playing field in terms of accuracy and completeness of reporting

# Timeline for updating the procedures



# Questions

## Do you have questions about:

- The purpose of the consultation
- Objectives and principles of the supply data verification procedures
- Timeline for updating the procedures



# Background



# Supply data reporting requirements

- Under the [Batteries](#) and [Electrical and Electronic Equipment \(EEE\)](#) Regulations, producers of batteries and ITT/AV are required to report new supply information each year in order to establish their management requirement for the following year.
- Starting in 2022, producers will need to submit a **verification report** to verify the supply data being reported to the Authority. Producers will need to work with a **qualified person** to complete a verification report to verify the supply data being submitted.

# Scope and application

Beginning in 2022, verification will be required for the following supply data:

## 2022 Battery Supply Data Reports

- The weight of single-use batteries supplied in 2021
- The weight of rechargeable batteries supplied in 2020
- If applicable, weight (if any) of post-consumer recycled content contained in the batteries supplied

## 2022 ITT/AV Supply Data Reports

- The weight of ITT/AV supplied in 2020
- If applicable, information regarding reduction in management requirement based on post- consumer recycle content, warranties and repair options.

Note: while a verification report is not required for supply data provided in 2020 and 2021, producers are still obligated to provide complete and accurate data and inspectors can still review the data and related records for the purpose of determining compliance.

# Methods to determine supply data

To determine the units or weight of batteries or ITT/AV supplied into Ontario, producers can choose one of the two following methodologies:

## Determine the weight of batteries or ITT/AV

1. The actual weight
2. The calculated weight using Weight Conversion Factors

## Determine the number of units of batteries or ITT/AV

1. The number of actual units
2. The calculated units using percentage of Ontario's population to determine Ontario portion of the units supplied

*\*Reference Appendix A of the audit and verification procedures*

# Consultation Topic 1:

# Qualified person



# List of acceptable verifiers

Unlike other sections of the regulations (i.e., performance reporting) that require an independent CPA to validate the data, the regulations do not define who counts as a verifier to validate supply data.

The Authority is seeking feedback on a definition of a verifier to include in the supply data verification procedure:

## Criteria

Can be an internal employee (i.e., a controller with any designation from the list can be a verifier provided they are not involved in collecting or preparing the supply report. The supply report can be prepared by someone other than the controller.)

# Examples of acceptable verifiers

- CPA, CA
- CPA, CMA
- CPA, CGA
- AICPA (American Institute of Certified Public Accountants)
- ACCA (Association of Chartered Certified Accounts)

Or Non-CPA

- CIA (Certified Internal Auditors)
- CPB (Certified Professional Bookkeepers of Canada)
- RPA (Registered Professional Accountant)

# Consultation Questions

1. Are there any persons who should be added or removed from the list of acceptable verifiers?



## 2. Combined or material-specific procedures



# Options for creating supply data verification

The Authority is responsible for creating supply data verification and audit procedures for each material.

We are seeking feedback on whether the Authority should create a combined procedure for all materials or separate procedures for each material.

**Option 1:** Separate supply verification procedures for each material (i.e., tires, batteries, ITT/AV)

**Option 2:** One supply verification procedure for tires and one combined battery and ITT/AV verification procedure

**Option 3:** One combined procedure for all materials (i.e., tires, batteries, ITT/AV)

# Option 1: Separate supply verification procedures for each material

## Advantages:

- Customized procedures and reporting requirements for each material group
- Relevant procedure tailored to each industry

## Disadvantages:

- Increased reporting burden by following three separate procedures

# Option 2: Combined batteries and ITT/AV approach

## Advantages:

- Increase reporting efficiency by following two procedures instead of three

## Disadvantages:

- Procedures might not be applicable / relevant for different industries

Program	# of producers	Common producers across both programs
Battery	161	52
ITT/AV	162	

# Option 3: Combined approach for all programs

## Advantages:

- Increase reporting efficiency by following just one procedure

## Disadvantages:

- Batteries and EEE regulations are different from Tire regulation
- Reporting requirement is different b/w tire regulation and Batteries and EEE regulations
- Procedures might not be applicable / relevant for different industries

Program	# of producers	Common producers across both programs
Battery	161	5
ITT/AV	162	
Tires	474	

# The Authority's recommendation: Option 2

We are proposing a combined verification procedure for only batteries and ITT/AV for the following reasons:

- The percentage of producers in all three categories is too small to combine all procedures
- Different reporting requirements make it difficult to align procedures
  - Batteries and EEE Regulations are different than the Tires Regulation
  - Reduction of management requirement is only for batteries and ITT/AV

Producers who supply all three materials can still choose to issue one verification report provided that the minimum reporting requirements have been met (i.e., CPA for tires and qualified person for batteries and ITT/AV).

- These producers can exceed reporting requirements to provide one audit report for all materials, or;
- Submit one CPA audited supply report for tires and a second report for batteries and ITT/AV verified by a qualified person

# Consultation Questions

1. Do you support the Authority's recommendation to proceed with Option #2: A combined batteries and ITT/AV procedure and a separate procedure for tires?
2. Are there additional options that the Authority should consider?

# 3. Proposed approaches





# Who will submit a supply data verification report in 2022?

The Authority is proposing that **all** battery and ITT/AV producers submit a one-time verification report in 2022.

## Benefits

- Ensures a level playing field in terms of accuracy and completeness of reporting (i.e., supply data has never been audited)
- Establishes a baseline for supply reporting for new materials and items not included in previous waste diversion programs (i.e., rechargeable batteries and audio equipment)

# Determining verification process based on producer category

In 2023, the Authority is considering options for verification of supply data based on different categories of producers.

## Option 1: Three producer categories

- Large producers: Comprehensive procedure
- Medium producers: Simplified procedure
- Small producers: Inspection

## Option 2: Two producer categories

- Large producers are required to submit a verification report
- The rest of producers will be subject to inspections

# Consultation Questions

1. Do you support the Authority's proposal that all batteries and ITT/AV producers submit a one-time supply data verification report in 2022?
2. Which option to separate producers into different categories do you prefer?
3. What should the Authority consider when determining what the verification process will be for different categories of producers?

# 4. Sampling methodology



# Sampling Methodology

Sampling is a tool widely adopted in verification to obtain confidence without testing 100% of the population.

We are proposing to use a **statistical sampling methodology** which involves a random selection of sample items and using the probability theory to evaluate the sample result.

## Choosing an appropriate sample size:

Selecting the appropriate sample size is important to strike the right balance between accuracy and creating an unnecessary burden on business.

- A larger sample size will increase the likelihood of catching reporting errors and reduce the risk of non-compliance
- A smaller sample size will reduce the level of effort required to verify the supply data

# Level of confidence required

To determine the sample size required, the Authority is seeking feedback on the level of confidence in the accuracy of the supply data reported.

## Number of samples required to obtain level of confidence:

Transactions	99% confidence	95% confidence	90% confidence
10,000	164	93	76
5,000	163	92	76
1,000	152	88	73
500	141	84	70
250	125	78	66
100	70	58	51
50	47	43	40
10	10	10	10



# Consultation Questions

1. Do you support the Authority using a sampling methodology in the supply data verification procedure?
2. What level of confidence do you think is acceptable to ensure the accuracy of the supply data?

# Next steps





# Next steps

- Feedback on the proposed supply data verification procedures can be submitted to [consultations@rpra.ca](mailto:consultations@rpra.ca)
- For more information on this consultation, including this presentation, please visit our consultation webpage at: <https://rpra.ca/consultations/current-consultations/review-of-the-batteries-and-itt-av-supply-data-verification-procedures/>
- The deadline to submit your feedback is **October 9, 2021**
- We are aiming to post the draft procedure **January 11, 2022**
- We will walk through the draft procedure at our next webinar **January 18, 2022**  
Note, a webinar invite will be sent out to battery and ITT/AV producers at a later date

# Questions?

Note: Timeline updated on November 9, 2021