

Handout 8

Workshop Materials on WEEE Management in Taiwan

October 2012

Auditing and Supervision of Collection and Recycling Enterprises

Introduction to the Auditing System

Since the 4-in-1 Recycling Program took effect in 1997, the most important program innovation has been the creation of an independent auditing system. The system has two components: the Auditing and Certification Groups¹ (ACGs) and the Auditing and Certification Supervisory Committee. The work of these organizations determines the amount of subsidy given to collectors and recyclers of RRW under the 4-in-1 Recycling Program.

The ACGs are organizations contracted by Environmental Protection Administration Taiwan (EPAT) to independently conduct audits for the 4-in-1 Recycling Program and to verify compliance of subsidized collectors and recyclers with EPAT standards. These standards include environmental protections, reporting requirements and other measures. Recycling subsidies are determined and granted by EPAT's Recycling Fund Management Board (RFMB) based on the results of ACG inspections. The auditing system is shown in Figure 1.

The Auditing and Certification Supervisory Committee oversees the work of the ACGs to ensure that audits are fair and that all processes are implemented in full legal compliance.

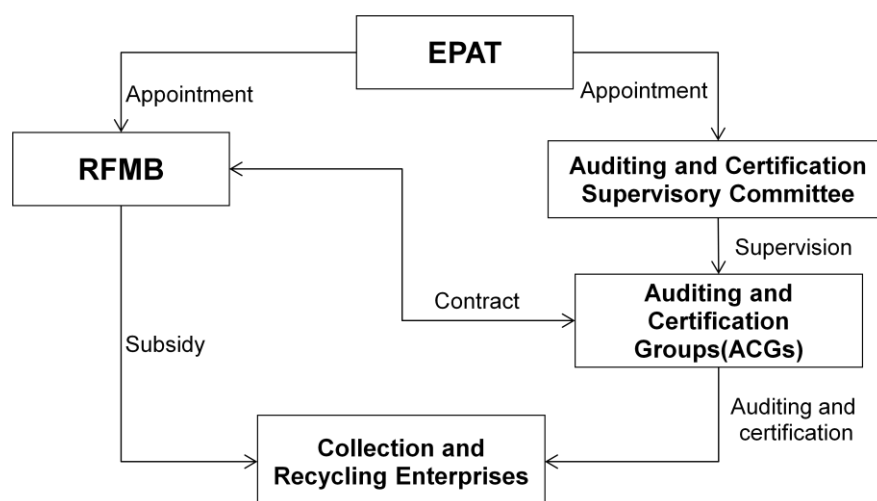


Figure 1: Operation of Auditing System

¹ It should be noted that the ACGs do not confer any “certification” to subsidized recyclers as the R2 and E-Stewards programs do in the United States. Instead, the ACGs verify that subsidized enterprises are in compliance with their regulatory requirements and that they receive subsidy amounts corresponding to the amount of material recycled according to EPAT’s standards.

Handout 8

Workshop Materials on WEEE Management in Taiwan

October 2012

Responsibilities of the Auditing and Certification Groups

Collection and recycling enterprises that are registered for subsidy in the 4-in-1 Recycling Program are audited daily. Every facility or company is visited by one to two ACG members each day for routine inspections. It should be noted that WEEE collectors are not required to be audited by the ACGs because they are not eligible for subsidy under the 4-in-1 Recycling Program. However, WEEE recyclers must be audited.

Figure 2 gives an overview of ACGs' core auditing responsibilities.

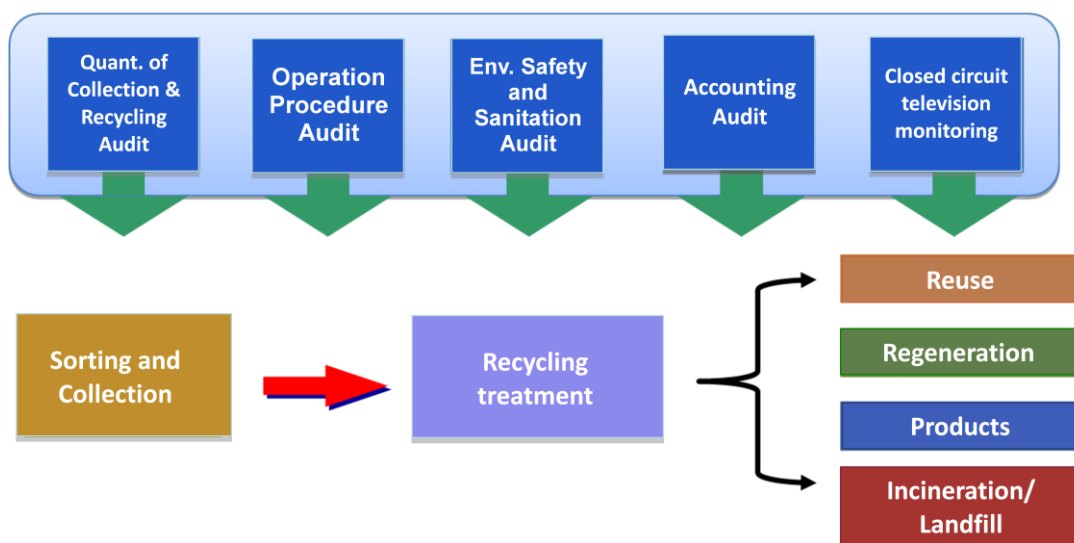


Figure 2 Overview of ACGs' Activities

According to EPAT regulations, the ACGs have to perform seven functions during inspections:

- a. Before entering a collection or recycling enterprise for an auditing inspection, the ACGs must verify that the company possesses all necessary licenses. If the company does not have the necessary licenses, the inspection cannot be conducted and the ACGs must report this license violation to EPAT.
- b. During an audit of a collection or recycling enterprise, the ACGs must inspect company operations to ensure compliance with EPAT's standards, including environmental and safety protections and equipment requirements.
- c. During an audit of a collection or recycling enterprise, the ACGs must verify the sources and downstream destinations of each type of regulated recyclable waste (RRW) handled by the enterprise. The ACGs must also audit the company's reports to EPAT on the daily quantities of RRW handled by the enterprise. RFMB uses the results

Handout 8

- of these audits to determine subsidy amounts for registered collectors and recyclers.
- d. When auditing the daily quantities of RRW handled by the enterprise, the ACGs must inspect the following documents: inventories of RRW items received and resource commodities generated from those items, RRW stock inventories, and resource sales accounts.
 - e. During an audit of a collection or recycling enterprise, the ACGs must verify the mass balance of RRW items collected or recycled in order to determine the subsidy amount for which the enterprise is eligible.
 - f. The ACGs must report unusual conditions or violations to EPAT and must follow up on these issues during the next inspection.
 - g. Other work related to auditing, as specified by the Environmental Protection Administration.

After inspecting recyclers and collectors, ACGs must report their findings to EPAT. If an enterprise is found to be out of compliance with its requirements, EPAT and local Environmental Protection Bureaus (EPBs) may choose to penalize the company by levying fines, revoking licenses, subtracting quantities of processed RRW, or suspending auditing and verification of subsidy eligibility.

Membership and Responsibilities of the Auditing and Certification Supervisory Committee

(1) Membership of the Auditing and Certification Supervisory Committee

Every two years, EPAT appoints a group of 15 individuals to participate in the Committee. This group is made up of representatives from the government sector, NGOs, and academia that have expertise in the fields of environmental protection or consumer protection.

(2) Responsibilities of the Auditing and Certification Supervisory Committee

The Supervisory Committee oversees the ACGs by accompanying auditors during inspection visits and auditing the ACGs' documents. The Supervisory Committee generates an annual report on ACGs' performance; based on this report, EPAT makes decisions on whether to renew the auditors' contracts for the following year.

Handout 8

Workshop Materials on WEEE Management in Taiwan

October 2012

Penalties for Violations by the Auditing and Certification Groups

If an Auditing and Certification Group is found to be in violation of its regulatory requirements, the contractor can be given demerits by EPAT. EPAT has the right to terminate the contract if the group accumulates six demerits in a three-month period. Accumulating 20 demerits in a one-year period will make the contractor ineligible for a new Auditing and Certification Group contract for the following two years. Depending on the terms of the contract, EPAT may choose to reduce the contract budget instead of issuing demerits.

Electronic Reporting System

Since June 2007, RFMB has used digital infrastructure as part of the auditing system. First, RFMB developed an online reporting system where the ACG can record the results of inspections and audits. This system is connected to the online reporting system used by recyclers and collectors in the 4-in-1 Recycling Program. Second, in 2010, RFMB required recyclers to install closed-circuit television (CCTV) real-time monitoring systems in their facilities, including at the entry and exit points where mass balances are taken. The CCTV video information is available for use by RFMB staff and ACGs, and can also be used by recyclers themselves for self-monitoring. In the future, RFMB plans to require recyclers to connect their mass balance equipment to the ACGs' online system to provide real-time information on the volumes of wastes being received for recycling.

EPAT hopes that these online systems will enhance ACGs' access to information and reduce the cost of auditing. Detailed diagrams of current and future online monitoring tools are given in the Appendix.

Handout 8

Workshop Materials on WEEE Management in Taiwan

October 2012

Appendix: Current and Future Electronic Auditing Systems

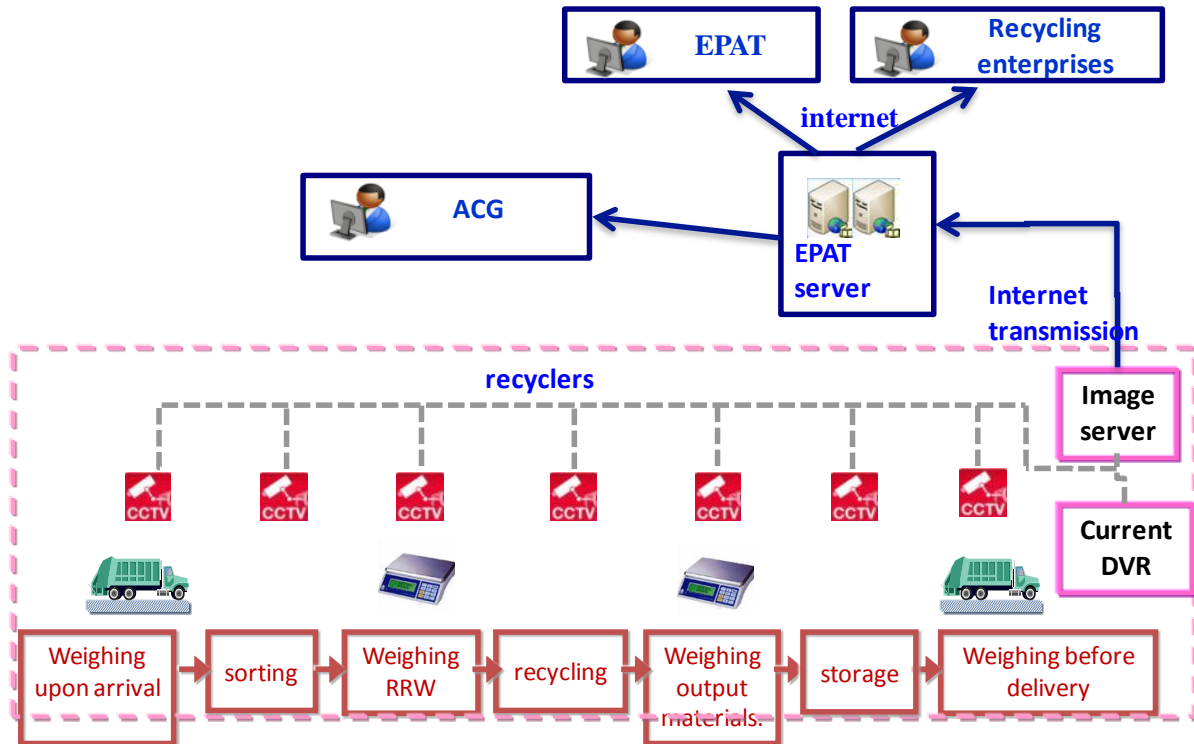


Figure 3 Structure of CCTV real-time monitoring system

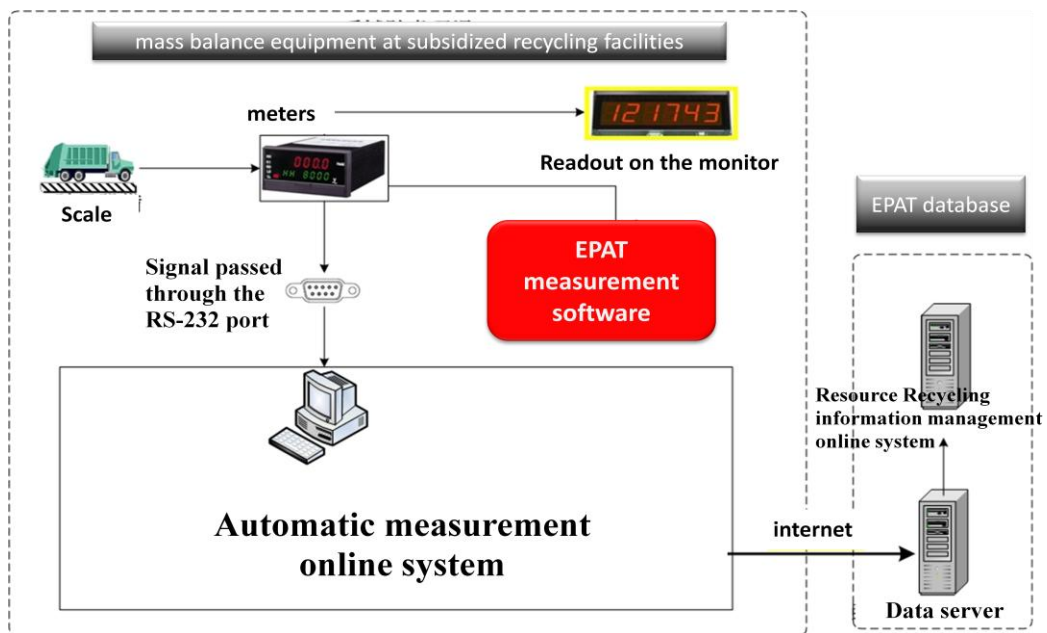


Figure 4 Planned real-time monitoring of mass balance equipment at subsidized recycling facilities