
DATE: March 18, 2021

TO: Depot Network

RE: **Quality Control Framework – clarification of the process**

1.0 Introduction

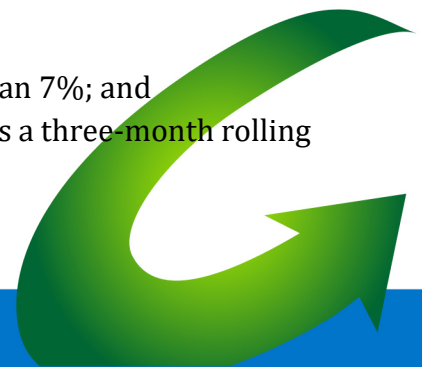
The Quality Control (QC) Framework sets a series of standards for the accurate sorting and shipment of beverage containers. This notice will explain each step of the Quality Control process, and let you know what actions you can take as a Depot Owner, as well as the potential outcomes and consequences of the framework. All the information in this notice is taken from the Depot By-law found [here](#), and the service agreement between ABCRC and ABDA found [here](#).

2.0 Process Summary

When a shipment arrives at the Alberta Beverage Container Recycling Corporation (ABCRC), bags are selected to be counted either by hand or using approved counting machines, called Tomra and Anker-Anderson, depending on the material stream. After being counted, the counts are communicated to the BCMB and once all Target/Target, Random/Random bags and extrapolation are removed, a variance is calculated. There are two “zones” that an audit can land in. A “Zone 1” audit has a variance less than or equal to $\pm 2.5\%$ from the expected count. The containers that were counted are then processed, no change is made to your depot’s payment, and there is no entry into the BCMB’s QC Framework. A “Zone 2” audit will have a variance greater than $\pm 2.5\%$. These containers are set aside, and the results are communicated to the Depot via QMS. After the ticket is created, **depots have until the end of their next day of operation** to inform ABCRC that they wish to challenge the results. Interpreting results and challenging audits are explained in more detail in sections 3.0 and 4.0 below.

After a 30-day period, to allow time for audits to be challenged and processed, the BCMB will begin to interpret audit data and determine whether depots will enter the Quality Control Framework. There are two ways in which this can occur:

1. Audit variance for a single material stream in a shipment is greater than 7%; and
2. Average audit variance over the previous three months (also known as a three-month rolling average) is greater than:





- a. 1.7% for containers up to 1 litre;
- b. 3.5% for containers greater than 1 litre;
- c. 2% for all containers.

If the variance is found to exceed the above thresholds, the depot will enter Level 1 of the Quality Control Framework.

Once a depot has entered the Quality Control Framework an **entire shipment** will be audited by the ABCRC. Once all Target/Target, Random/Random bags and extrapolation is removed, if the average variance over the entire load is less than 2.5% the depot will exit the Framework immediately. If the average variance is greater than 2.5%, the depot will be escalated into the next level of the QC Framework and will incur a \$400 compliance fee. The steps and outcomes of each Level are explained in more detail in sections 5.0, 6.0, 7.0 and 8.0 below. Additionally, section 9.0 includes a flow chart.

3.0 Interpreting ASRs

If the ABCRC reports an audit with Zone 2 results (variance greater than 2.5%), the results are posted on the Quality Monitoring System (QMS) to allow the depot to challenge those results and recount the bags. The depot has until **the end of their next day of operation** to inform ABCRC that they wish to challenge the audit. The Audit Summary Report (ASR) will be attached to the QMS ticket for review by the Depot. ASRs are separated into glass and non-glass formats. This section will highlight the important parts of a typical ASR as they relate to the Quality Control Framework.

Below is a typical non-glass ASR:

abcrc Audit Summary

R-Bill: [Redacted]

QC Type	Tag	Item Type	Released	Expected	Actual	Non-Conf	% Variance	De
Target/Random	[Redacted]	R-Bill: [Redacted] (08/20/20)						
At this time, no deductions have been made. Dollar amounts have been projected.								
Expected	000010060000 [Redacted]	Aluminum 0 -1 Litre	2020-08-20	2,484	2,173		(12.52)	
	000010060000 [Redacted]	Aluminum 0 -1 Litre	2020-08-20	2,484	2,381		(4.15)	
	000010060000 [Redacted]	Aluminum 0 -1 Litre	2020-08-20	2,484	2,300		(7.41)	
		Total Sampled	3 SCs	7,452	6,854	0	(8.02)	
		Extrapolation	16 of 19 SCs	39,744	36,555	0		
		Regular Adjustment	19 SCs	47,196	43,409	0		(\$516.55)
								ABDA Fee 2.35
								BCMB Fee 3.43

Callouts in image:

- Depot Name (points to redacted depot name)
- Bag Tag # (points to redacted tag numbers)
- Variance of individual bag (points to (12.52) variance)
- Average Variance (points to (8.02) average variance)
- Not used (points to Extrapolation row)





The amounts extrapolated by ABCRC are not used in the Quality Control Framework and are subtracted from the total reported variance when entire shipments are audited. Also, non-beverage or non-deposit bearing containers are listed on ASRs when they are found during the audit.

Below is a typical glass bag ASR:

abcrc Audit Summary

R-Bill: [REDACTED] *MM*

Depot Name: [REDACTED]

QC Type	Tag	Item Type	Gross Wt	Tare Wt	Expected	Actual	Non-Conf	Net Wt	% Variance	Deduction/Credit
Random/Random	[REDACTED]	R-Bill:	[REDACTED]							
At this time, no deductions have been made. Dollar amounts have been projected.										
Expected	0000300600000	Glass 0 -1 Litre	286.0	23.0	1,116	772		245.0	(30.82)	
Non-Conformant	0000300600000	Refillable					8	2.1		
	0000300600000	Cullet Weight					0	14.6		
Cullet Conversion		Allowable				44				
Glass Factor: 0.335		Total Sampled	1 SCs		1,116	816	8	261.65	(26.88)	Zone 2
		Extrapolation			0	0	0			
		Regular Adjustment	1 SCs		1,116	816	8			(\$54.07)
							ABDA Fee			0.17
							BCMB Fee			0.24
RBill Total					1,116	816	8			(\$54.07)
Pay QC Line Excl. Tax										(\$53.66)
TAX Amount										(\$1.18)
Pay QC Line Total										(\$54.84)

Annotations: Variance of individual bag (points to (30.82)), Average Variance (points to (26.88)), Cullet Weight (points to 14.6), Allowable Containers (points to 44), Bag Tag # (points to 0000300600000).

As you can see, glass ASRs are slightly different from non-glass ASRs. Of note is the addition of a cullet conversion. In this section, ABCRC weighs the amount of broken glass found in a glass bag and calculates the approximate number of containers which created the cullet. In the case of this ASR, the cullet weight was calculated to be equivalent to 44 containers, which lowered the average variance. Note that the cullet weight is listed under the "Non-Conformant" section. This is because when the cullet weight is above an amount determined by ABCRC, the cullet is not counted, and no containers are added to the final count. Improperly sorted, non-deposit bearing containers and non-beverage containers are also listed under the Non-Conformant section, in this case 8 refillable containers were found in the bag.

For more information consult the ABCRC and ABDA service agreement found [here](#).





4.0 Challenging Audits

As mentioned above, Zone 2 audits are posted in the QMS to allow depots a chance to challenge the audit, or in other words, recount the containers. After the audit results are posted to the QMS, the depot has **until the end of their next day of operation** to provide a written response declaring that they would like to challenge the audit. This declaration should be issued through the QMS by replying to the ticket with the ASR summary. Because of this, **it is vital that you check your QMS at least once per day**. If no response is received before the deadline, it will be assumed that the depot accepts the audit results.

When challenging an audit, depot permit holders must arrange a time for a recount within the next five business days to attend the recount. If you are busy or travel to ABCRC is not possible or convenient, you may choose to request a representative of the ABDA to witness the recount instead. Please confirm with the ABDA in advance of the audit recount date.

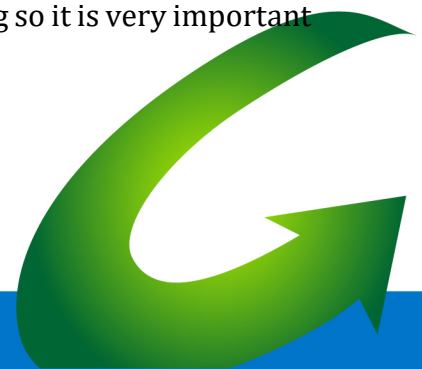
Once the recount is complete, ABCRC will publish the new ASR to the original QMS ticket, at which point you will be informed if your challenge was successful or not and a new ASR will be posted. All payments will be adjusted according to the findings of the recount.

5.0 Level 1 Steps and Outcomes

As mentioned above, a depot can enter Level 1 of the Quality Control Framework by one of two ways:

1. Audit variance for a single material stream on a shipment is greater than 7%
2. Average audit variance over the previous three months (also known as a three-month rolling average) is greater than:
 - a. 1.7% for containers up to 1 litre
 - b. 3.5% for containers greater than 1 litre
 - c. 2% for all containers

When a depot enters Level 1 of the QC Framework ABCRC will audit an entire shipment of containers, typically between 14 and 17 bags. Note that extrapolated numbers are not used in these audits and only the data from bags that were counted will be used. This audit will occur any time after a ten-day grace period provided to a depot to make the changes necessary to improve shipping container accuracy. The depot will not be notified prior to the audit occurring so it is very important to ensure that **all** shipments are as accurate as possible.





If the average variance across all the audited bags is less than or equal to 2.5%, then the depot will exit the framework immediately. If the audit result is greater than 2.5%, then the depot will enter Level 2, and pay a compliance fee of \$400. **Note that audits can still be challenged following the QMS process for all Level 1, 2, and 3 audits.**

6.0 Level 2 Steps and Outcomes

Upon receiving a Level 1 audit which has a result of greater than 2.5% variance, the depot will enter Level 2 of the Quality Control Framework. Level 2 involves the same steps as Level 1: a shipment will be audited following a ten-day grace period and the results will be assessed using the same 2.5% benchmark. If the audit results are less than 2.5% the depot will re-enter Level 1 and the process will be repeated determining whether a depot exits the framework or moves up to level 2. If the results (from the level 2 audit) are greater than 2.5% the depot will enter Level 3 of the Quality Control Framework and will be issued a \$400 compliance fee.

Note: all audits are challengeable at any level of the QC Framework – see section 4.0.

7.0 Level 3 Steps and Outcomes

Level 3 involves another audit of an entire shipment; however, this audit is witnessed by a BCMB Compliance Officer. This audit is again held to the standard of 2.5%. If the audit result is less than 2.5% the depot will re-enter Level 2 and that process will be repeated. Note that when a depot moves downward in the QC Framework, this is positive and no compliance fees are issued. If the Level 3 audit results are greater than 2.5%, the depot will be moved into Level 4 also referred to as Compliance Review and a \$400 compliance fee will be issued.

Note: all audits are challengeable at any level of the QC Framework – see section 4.0.

Upon entering Compliance Review, the Quality Control Compliance history of the depot will be forwarded to the Complaints Director of the BCMB. Once the Complaints Director has completed the review, the following may take place:

1. The Complaints Director decides that no further action is required;
2. The depot is re-entered into the framework;
3. An investigation into the depot's actions is opened; and/or
4. The situation is referred to a hearing.



9.0 Process Diagram

