

**Division of Recycling
Informal Regulatory Workshop
Pre-Payment Controls**

I. Objectives

Discussion & Feedback:

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II. Scenarios for Imposing Pre-Payment Controls

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III. Pre-Payment Inspection Status (PIS) – Working Assumptions:

A. Shipping Recycler Notification of PIS Status

1. Prior to placing a program participant on PIS, the department will issue the participant a Notice of Prepayment Controls (NOPC) which will contain all of the following:
 - a) Certified recycler name and ID number(s)
 - b) Operator Name
 - c) Organization Contact Person
 - d) PIS effective date
 - e) Conditions
 - f) Department Contact Phone Numbers
 - g) Printed Name and Signature of Department Staff
 - h) Printed Name and Signature of Certified Operator of Designated Representative

2. The NOPC shall be provided to the participant by certified mail, personal service and/or email.

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B. Processor Notification of Recyclers on PIS Status

- A. On a weekly basis, DOR will email all PRs with an email address on file the Notice of Entities on Pre-Payment Controls (PR Notice).
- B. On a weekly basis, DOR will post the PR Notice on CalRecycle's website and DORIIS Portal landing page.

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C. Conditions for Shipping Recyclers on PIS

1. Pre-Delivery of Materials / Delivery Appointments:
 - a) Notify DOR at least 48 hours prior to shipping a load of CRV eligible empty beverage containers.
 - b) Schedule a delivery appointment at the designated DOR contact number at least 48 hours prior to shipping loads of empty beverage containers.
 - c) Schedule a delivery appointment during Division's normal business hours, 8:00am – 4:30pm Monday thru Friday.
 - d) In general, recyclers on PIS will be restricted from delivering materials on weekends.
 - e) Deliver materials to designated receiving processor of recycling center (recycling center or processor).
 - f) Arrive at the designated delivery location within 1/2 hour of the approved delivery appointment.
 - g) If recycler is unable to keep/believes they will miss their delivery appointment, recycler must contact the DOR's designated contact person prior to 4:30 pm on the business day immediately preceding the date of the delivery appointment to reschedule or cancel the delivery appointment.
 - h) If a shipping recycler decides not to ship on the approved delivery appointment date, the shipping recycler must contact DOR's designated contact person and reschedule the delivery no sooner than 24 hours later.

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2. Delivery of Materials / Certified Recycling Centers:
 - a) All empty beverage container materials which comprise the applicable claim for CRV.
 - b) With the exception of glass materials, a DORiis generated shipping report transaction report (shipping report) for the claimed materials prepared in accordance with 14CCR Section 2530.
 - c) Original consumer purchase receipts and/or logs, prepared in accordance with 14CCR, Section 2525(a) shall be presented upon delivery of materials or shall be immediately available to DOR upon request.
 - d) Daily Summary documents for the reporting period indicated on the shipping report prepared in accordance with 14CCR Section 2525(i).

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3. Delivery of Materials / Certified Dropoff or Collection Programs
 - a) Original records prepared pursuant to 14CCR, Section 2615(a) shall be presented upon delivery of materials or shall be immediately made available to DOR upon request.

4. Delivery of Materials / Certified Community Service Programs
 - a) For certified SP programs, original records prepared pursuant to 14CCR, Section 2715(a) shall be presented upon delivery of materials or shall be immediately available to DOR upon request.

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D. Conditions for Processors Receiving from Recyclers on PIS

1. Make program payments to the shipping recycler only after DOR staff has authorized the processor to make the payment. Any CRV payment made by the processor to the shipping recycler prior to DOR staff releasing the claim for payment will be at the processor's own risk.
2. Must not accept delivery of any shipments more than 1/2 hour after the approved delivery appointment unless otherwise approved by DOR. If a load of material arrives more than 1/2 hour after the scheduled delivery appointment, the processor must refuse to accept the shipping recycler's materials.
3. Verify that receipts and logs, daily summaries, and all other required supporting documentation accompanies, or precedes the load prior to allowing the shipping recycler to unload/deliver materials.
4. Must inspect materials delivered to their facility and determine eligibility for CRV.

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E. Evaluation of Entities on PIS:

1. The PIS list will be evaluated by applicable DOR staff on a weekly basis.
2. If a recycler has been on PIS status for a period of more than 60 calendar days, DOR will evaluate their operational, recordkeeping and reporting compliance to determine whether or not to remove the recycler from PIS or to keep them on PIS. DOR's review will include, but is not limited to the following elements:
 - a) Does the recycler have ongoing reporting, recordkeeping and/or operational compliance issues?
 - b) Has DOR received any complaints issued against the recycler during the period in which they were subject to PIS?
 - c) Has the recycler taken the applicable and appropriate corrective actions to address compliance issues which DOR has identified, documented and informed the participant of via the NOPC?
 - d) Has DOR formally opened an investigation case for the certified recycler?
 - e) Are there any administrative and/or criminal enforcement actions pending adjudication for the recycler?
3. If DOR's determination is to remove the recycler from PIS, the recycler will be formally notified by DOR.
4. If DOR's determination is to keep the recycler on PIS, their applicable information will remain on the weekly PR Notice.
5. Notification to all certified processors will be via the weekly PR Notice.

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IV. Recycler Inspection Process (RIP):

A. RIP Process for Certified Recycling Centers:

1. Loads of empty beverage container materials (i.e., aluminum, glass, plastic and bimetal) delivered by recycling centers to certified processors will be inspected, along with the associated Shipping Reports.

2. Inbound loads will be inspected for eligibility and for comparison to the receipt & logs purchase period and redemption weight reported on the shipping report, and the received weight as documented on the inbound weight ticket prepared by the processor upon receipt of the materials.

3. If inspection of the load reveals the empty beverage containers in the load are eligible for CRV / program payments, and the Shipping Report and weight ticket documentation is valid, accurate and complete, DOR will authorize the processor to make payment.

4. If ineligible material is detected in the load, and/or the shipping recycling center's claim for CRV reimbursement / program payments appears to be invalid, inaccurate and/or incomplete, DOR will:
 - a) Immediately place the shipping report on hold in DORIIS.

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- b) Provide the receiving processor with a Load Inspection Report which authorizes the processor to withhold payment of CRV / program payments.
 - c) DOR audit staff may conduct an onsite review at the shipping recycler's facility. DOR's onsite review may include, but is not limited to, the following:
 - i. Review of the original purchase records (i.e., receipts and/or logs).
 - ii. Interviews with the certified operator, designated contact person and/or employees at the recycling center on the date of the onsite visit.
 - iii. Observe the recycler's consumer related purchase practices.
 - iv. Inspect on-hand inventory of empty beverage container materials at the certified facility address.
5. If DOR's onsite review reveals the shipping recycling center's claim for CRV reimbursement/program payments is valid, DOR will authorize the processor to make payment.
6. If DOR's onsite review reveals the shipping recycling center's claim for CRV reimbursement / program payments is invalid, inaccurate and/or not complete, DOR may reduce the claimed amount, deny the claimed amount and/or issue civil penalties.
7. DOR will provide the processor and the shipping recycler Notice of Non-Compliance and/or Notice of Violation as documentation of DOR's claim reduction, denial and/or civil penalty assessment.

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- a. Immediately place the shipping report on hold in DORIIS.
 - b. Provide the receiving processor with a Load Inspection Report which authorizes the processor to withhold payment of CRV / program payments.
 - c. DOR audit staff will conduct an onsite review at the group's facility address where required documentation is kept, as listed on their official certification application/in their certification file. DOR's onsite review may include, but is not limited to, the following:
 - i. Review of the records required to be prepared and maintained per 14CCR, Section 2615(a) or 2715(a)(3).
 - ii. Interviews with the certified operator, designated contact person and/or employees at the recycler's facility address on the date of the onsite visit.
 - iii. Observe/inspect the groups collection route, dropoff locations and/or event locations.
 - iv. Inspect on-hand inventory of empty beverage container materials at the certified facility address.
6. If DOR's onsite review reveals the groups claim for CRV and other program payments is valid, DOR will authorize the processor to make payment.
7. If DOR's onsite review reveals the shipping group's claim for CRV and other program payments is invalid, inaccurate and/or not complete, DOR may reduce the claimed amount, deny the claimed amount and/or issue civil penalties.

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8. DOR will provide the processor and the shipping recycler Notice of Non-Compliance and/or Notice of Violation as documentation of DOR's claim reduction, denial and/or civil penalty assessment.

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V. Daily Claimed Volume Report (CVR):

A. CVR Process for Recyclers:

1. Based upon review/analysis of data listed on the daily CVR, DOR will place anomalous claims on hold in DORIIS.
2. DOR will immediately notify the applicable processor to inform them of the applicable Shipping Report(s) being placed on prepayment hold in DORIIS. (By doing so, the processor will be restricted from attaching the referenced shipping report to a Processor Invoice until a review by DOR is completed).
3. DOR will attempt to notify the applicable Processor by phone, and via email, of the prepayment hold.
4. DOR may initiate one, or more, of the following actions with the shipping recycler after the applicable shipping report(s) are placed on hold in DORIIS:
 - a) Initiate contact with the certified operator to inform them their shipping report/claim for reimbursement is subject to prepayment control.
 - b) DOR will attempt to notify the shipping recycler by phone, and via email, of the prepayment hold.
 - c) On the phone, or in person, interview the shipping recycler to determine if there is a reasonable explanation for the reporting anomaly DOR detected.

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- d) Request the shipping recycler to submit original supporting documentation so a desk review can be conducted.
 - e) As deemed necessary, DOR will conduct an onsite review at the shipping recycler's facility. DOR's onsite review may include, but is not limited to, the following:
 - i. Review of the original purchase records (i.e., receipts and/or logs).
 - ii. Review of the records required to be prepared and maintained per 14CCR, Section 2615(a) or 2715(a)(3).
 - iii. Interviews with the certified operator, designated contact person and/or employees at the recycler's facility on the date of the onsite visit.
 - iv. Observe the recycler's consumer related purchase practices.
 - v. Inspect on-hand inventory of empty beverage container materials at the certified facility address.
5. If DOR's onsite review reveals the shipping recycler claim for CRV reimbursement/program payments is valid, DOR will release the shipping report from hold in DORIIS and notify the processor.
6. If DOR's onsite review reveals the shipping recycler's claim for CRV and other program payments is invalid, inaccurate and/or not complete, DOR may reduce the claimed amount, deny the claimed amount and/or issue civil penalties.

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7. DOR will provide the processor and the shipping recycler with a Notice of Non-Compliance and/or Notice of Violation as documentation of DOR's claim reduction, denial and/or civil penalty assessment.

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VI. Appeals for reduced/denied loads

1. DOR will provide written notice when DOR has reduced or denied a Shipping Report / CRV reimbursement claim as the result of any of the pre-payment controls outlined above. Each notice will include the basis for the DOR determination/action.

2. As part of the notice, DOR will outline a process/timeline for the recycler to provide DOR with any additional evidence to support their claim.

3. Within a set number of working days, DOR will provide the participant with a written notice of final determination. As a courtesy, DOR will inform them of the actions the participant will need to take with respect to appeals of DOR's final determination.

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California Environmental Protection Agency

Edmund G. Brown, Jr., Governor



DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

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NOTICE OF PREPAYMENT CONTROLS

Certified Entity: _____

Certification/Registration Number(s): _____

Business Address: _____ City: _____ Zip Code: _____

Organization Contact Person: _____

Pursuant to Sections 14552(a) and/or 14573.7 of Division 12.1: California Beverage Container Recycling and Litter Reduction Act (Act), the certified entity(s) listed above is being placed on Prepayment Controls by the Department of Resources Recycling and Recovery, Division of Recycling (Division). Prepayment controls may be imposed on certified entities to ensure that claims submitted for program payments and the supporting records are in compliance with recordkeeping and reporting requirements pursuant to the California Beverage Container Recycling and Litter Reduction Act and related Regulations, and to ensure that the associated beverage container materials are eligible for program payments.

The prepayment control status is effective on: _____ Date

Conditions of Prepayment Controls:

- **Notify the Division at least 48 hours prior to shipping a load for which you intend to claim California Refund Value for the following material types:**

Aluminum _____ PET _____ HDPE _____ Glass _____ Other: _____

- **Original consumer purchase receipts and/or logs supporting each claim must:**

Accompany the load delivered to a certified processor _____

Be immediately available to the Department upon request _____

- **Shipments must be delivered to the certified processor identified as the receiver on shipping report.**

- **Other Prepayment Conditions:** _____

When scheduling a delivery of material contact:

Southern California (310)342-6100 _____ Central/Northern California (916)322-2580 _____

Signature of CalRecycle Staff Date Signature of Representative, Certified Entity Date

Name (printed)

Name (printed)

*Statutory authority on reverse page