



AUDIT GUIDANCE TO INBOUND AND OUTBOUND TRANSACTION SHEETS

PURPOSE

The purpose of the inbound and outbound transaction sheets is to provide the auditor with a working document that allows them to triangulate and correlate information related to the transactions found on the Summary of Inbound and Outbound Transactions to the scope of the R2 Facility and the R2 Facility's four key plans: Legal Compliance Plan, Data Sanitization Plan, FM Management Plan, and R2 Reuse Plan (as applicable).

Note: Use the Broker-Specific Transaction Sheet and Auditor Guide to Broker-Specific Transactions for brokered shipments.

INTRODUCTION

Get Focused – Core 1

The scope of the R2 Facility should always be the framework by which an auditor establishes audit trails to collect evidence and corroborate each record and document maintained by an R2 Facility.

Note: Recalibrate during the audit and ask the question, “Does the evidence being reviewed fall within the framework of the scope?”

Start with the Summary of Inbound and Outbound Transactions - Core 5

The R2v3 Standard provides the perfect requirements in Core 5-Tracking Throughput, to start the process of completing the Transaction Sheets. Core 5 requires detailed commercial records of equipment, components, and materials managed by the R2 Facility, and it also requires two summaries: Summary of Inbound Transactions and a Summary of Outbound Transactions.

An auditor should triangulate the information from the unique commercial records and the shipping records, sampling different records for the same transaction. Looking at a variety of records for the same transaction will help the auditor validate the accuracy of the description and the parties involved. Use the following topics to choose the initial sample from the Summary of Inbound and Outbound Transactions:

- **Scope – Core 1:** Audit R2 Controlled Streams and Unrestricted Streams that corroborate the scope of the R2 Facility. However, at the same time, be on the lookout for shipments that may reflect the scope that needs to be expanded for additional equipment, components, and materials.

Auditor Aware: R2 Facilities are required to have an EHSMS certificate issued by a CB that is accredited by an AB that is an MLA Signatory, with activities that complement and do not contradict the R2 Scope of certification. For example, it would be expected that an EHSMS certificate stating the R2 Facility conducted data wiping would result in the R2 Certificate having a scope that included Appendix B for logical data sanitization.



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Auditor Aware: An R2 Facility that does test and repair is required to have a QMS certificate issued by a CB that is accredited by an AB that is an MLA Signatory, with test and repair named as activities in the QMS scope.

- **Transboundary Movements – Core 4:** Audit international movements. These need to meet the applicable legal and regulatory requirements for the specific inbound and outbound equipment being sampled. Ensure the **legal compliance plan** has identified and documented the applicable legal requirements of the exporting, transit, and importing countries to demonstrate the legality of an international shipment under Core 4.
- **Data Sanitization Plan – Core 7: Audit** the specific equipment and components containing data. Are the types of equipment being sampled identified in the Data Sanitization Plan?
- **Focus Materials Management Plan – Core 8(a)(1) & (2):** Audit the specific equipment, components, and materials that are identified in the sample of transactions. A Focus Materials Management Plan at a minimum must include demonstrated expertise, capabilities, planned methods, and demonstrated capacity for each type of ELECTRONIC EQUIPMENT containing an FM. Does the Plan corroborate the shipments of R2 Controlled Streams and Unrestricted Streams. For example, if an R2 Facility only sorts and sends whole equipment and has materials recovery or testing and repair, it would be expected that transaction records would reflect whole equipment, as well as the Focus Materials Management Plan.
- **DSV Flow – Core 8(a)(3):** Audit shipments where electronics are sent to companies with names that have words not related to used electronics recycling. For example: words such as “tires,” “automotive,” and other non-related terms. In addition, ensure that the streams going to the DSVs correlate with the scope for which they were qualified.



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COMPLETING THE TRANSACTION SHEETS

Key pieces of the Transaction “Puzzle”

An auditor should look at each part of the transaction as if it were a piece of a puzzle. Do ALL the pieces reflect an accurate picture of transaction, supplier records, the R2 Facility's scope, and the movements to each DSV?

Transaction Sheet

General Notes for Commercial Records 1&2	Two commercial records will be sampled as related to one transaction. <i>Commercial record examples: Invoice, Purchase Order, Packing List, BOL, Contract, Permit, Airway Bill, Seaway Bill, Train Manifest, Settlement Sheet, etc.</i>
General Notes for Commercial Record Identifiers	Commercial Record identifiers can be an Invoice Number, BOL Number, Packing List Number, number assigned by the R2 Facility or by an ERP software to name a few. The number should be able to help identify other trails by correlating the same number to other documents. Feel free to add multiple numbers that identify the one shipment and <i>designate</i> which document the number came from. For Example – BOL Number SXC-1516, Purchase Order W00097, and Invoice Number DCF-01.
Generals Notes for Detailed Descriptions	This description should be taken from one or more of the identified documents above for that designated shipment, demonstrating the unique equipment types and quantities. The description must be detailed enough to be able to triangulate information, ensure conformance to the Focus Materials Management Plan, and corroborate the scope. Remember the description can come from records created by the R2 Facility, such as settlement sheets, or other receiving records corroborating WHAT was sent to the DSV. What is sent is critical in identifying the necessary controls later identified in the Appendices for the DSV. For example, if a load of “used electronics” was identified as being scrap laptops and scrap printers, these would have trails associated to materials recovery for circuit boards, mercury tubes (from the laptop screen and scanner beds of printers), and batteries (lithium primary/button from the printer and lithium-ion primary/button from a circuit board, and lithium-ion from the laptop), in addition to physical sanitization of data (or potentially even logical sanitization if the hard drive was harvested and reusable) at the DSV. If the load of “used electronics” was sent to the DSV and identified as cell phones and LED monitors, the trails might be for test, repair, logical and physical sanitization,



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	and later materials recovery for circuit boards and lithium-ion batteries qualifications for the DSV. This can be corroborated by the description of the downstream vendor’s capabilities within the Focus Materials Management Plan, and by the processes that the downstream vendor has been qualified to perform, i.e., data sanitization, test and repair, materials recovery. The Detailed Description is meant to provide connection to the applicable processes based on said description to connect with trails to DSV qualification in Appendix A.
Commercial Record #1 for Inbound	
Supplier Name	It is the company the shipment came from. Name should be taken directly from the original commercial record. Supplier names can connect you to contractual requirements. In some cases, equipment is coming in from an R2 supplier categorized in accordance with the REC (or equivalent internal categorization). In this case, connection to the R2 supplier’s certification status is key.
Supplier R2 Status	Check whether the supplier is certified or not. Feel free to screenshot the supplier from the SERI website in this section. It will give a visual on the scope and status during the audit to know whether the REC category was already assigned.
Supplier Contract Requirements	These are specific requirements for processing. What was the R2 Facility hired to do? What about the provision of data sanitization services (what type, physical/logical), materials recovery. Are there turnaround times for sanitization, requirements for not reusing and testing per supplier criteria, or other requirements? Contract requirements can be in emails, statements of work, or other documents. Have these requirements been communicated to the DSV as applicable?
Commercial Record #1 for Outbound	
Transportation/Shipment Record from R2 Facility to DSV.	This record reflects the movement from the R2 Facility to the DSV. <i>Auditor Aware: Look for other players in the downstream chain that have not been identified.</i>
Date and Shipment from R2 Facility and Arrival to DSV.	Choose the shipment date from a transportation record. This date puts perspective on the expectation for dates on other records. If a shipment went out on August 1, 2022, connect to when a DSV was qualified. Were they qualified prior to being sent the shipment? Was the DSV Flow updated with SERI prior to the shipment if they register their DSV with SERI? You can check by reviewing the Downstream



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	Vendor Registration email sent from SERI and checking that the file revision date and file version number are consistent with the updated qualified DSVs.
Shipment Destination (DSV/Buyer Address)	Specific address from commercial record. An R2 DSV would need to be certified to the specific address from the commercial record. A non-R2 DSV would be qualified to a specific address as well. Note: Per GDPR requirements for personal privacy, if the buyer is a person/user, feel free to abbreviate the name and address to not violate data security requirements.
If International Shipment, Evidence of Verification of Legality, Core 4	Depending on the country in which you are auditing, the shipment may be coming in from another country. Check the supplier's address; where does the shipment originate? Check the DSV's address; where does the shipment end up? Connect the two to identify requirements for import/export. If international, check the legal compliance plan and record the type of applicable legal requirements associated with the shipment.
Transporter Name	The transportation company's name. The transporter name is helpful when looking at Core 10-Transport requirements. In addition, ensure that necessary legal and regulatory requirements for transport are included in the documents and records of Core 4.
Commercial Record #2 (Inbound and Outbound)	
General Notes for Commercial Record 2	Choose another record for the same transaction. The purpose of this record is to compare the details of types and quantities of streams as well as the entities involved. <i>Commercial record examples: Invoice, Purchase Order, Packing List, BOL, Contract, Permit, Airway Bill, Seaway Bill, Train Manifest, Settlement Sheet, etc.</i>
Additional Details	
Equipment, Components, and Materials for Materials Recovery	Describe the specific process as defined in the FM Management Plan. Focus on the details of the FM Management Plan. How is the equipment containing FMs processed, including demonstrating capabilities and capacities. Remember, this will be compared to the R2 Facility's expertise, capabilities, methods of processing, and capacities, either internally or at DSV.
Appendix A DSV Qualification Notes for Appendix E	Describe specific details related to Appendix E qualifications. Has the R2 Facility ensured that the DSV has implemented Appendix E requirements? For example, has the DSV performed a hazards assessment in accordance with Appendix E? Does the DSV have pollution liability insurance, guaranteed reserves, or a government guarantee? Is the DSV R2 certified? Is R2 DSV certified to either



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	<p>Appendices A or E? If only A, are the capabilities and capacities accurately described in the FM Management Plan?</p>
<p>Data Sanitization Status</p>	<p>If a status was pre-sanitization, it is expected that an auditor will provide details in the next section on the sanitization processes being conducted by the R2 Facility or R2 Facility’s DSV. If it is checked non-data, a description of categorization process from Core 6 is required for the equipment shipped/sold or evidence that it was a non-data device. For non-data, the records reviewed to demonstrate equipment was already sanitized could be an R2 supplier’s certificate and appropriate REC Categorization as sanitized, or records of sanitization from a non-R2. All equipment and components shall be evaluated for data, and data devices shall be secured and controlled. The R2 Facility needs to demonstrate this process even though they never physically receive the equipment and components. <i>Check all that apply.</i></p> <p><i>Auditor Aware: All R2 Facilities must meet the requirements of Core 7, including a detailed Data Sanitization Plan. They are required to know and understand their role in protecting data and ensuring the sanitization is completed.</i></p>
<p>Equipment and Components for Data Sanitization</p>	<p>If the shipment was marked Pre-Sanitization, notes are expected in this section for the type of sanitization being done by the DSV. What details are in the Data Sanitization Plan for the types of sanitizations required? From the types of devices sent to the DSV, the auditor may be able to trace specific IMEIs or serial numbers that were sent, if that was a contracted process.</p>
<p>DSV Qualification Notes for Appendix B and Core 7</p>	<p>What are the specific details related to Appendix B and Core 7 qualifications?</p>
<p>Equipment and Components for Reuse</p>	<p>Describe the processes as defined in the FM Management Plan for sending R2 Controlled equipment and components for reuse. Does the plan account for equipment that fails testing and repair? Follow past the audit trail of whether it is repairable. If it is not, what is done with the devices? Appendix A(8)(e)(3) requires the R2 Facility to understand what is done for devices that are not repairable.</p>
<p>Appendix A DSV Qualification for Appendix C and Core 6</p>	<p>What are the specific details related to Appendix C and Core 6 qualifications? Remember to fill in the box for Appendix E above if there are further steps that need to be followed past the test and repair process for unrepairable equipment and components.</p>



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	Remember that most refurbishers will also have the data sanitization qualification sections filled out as well.
REC Status	<p>This status is dependent on what was received or shipped out or sold directly to an end-user/buyer. There may be more than one status applicable to an entire shipment. <i>Check all that apply.</i></p> <p><i>Auditor Aware: All R2 Facilities must still meet the requirements of Core 6 as applicable, including evaluation for reuse and categorization. Knowing the categories of the equipment will ensure the appropriate DSV is qualified.</i></p>
Functional Equipment, and Unrestricted, Core 2 and Core 6	The focus on the notes in this section will be to ensure that the categorization process in Core 6 was followed, as well as additional requirements of Core 6 related to controls for “outputs.” Follow Core 2 and Core 4, to ensure the hierarchy is being met and the shipment is legal. To know whether the hierarchy of an Unrestricted Stream is met, you may have to know past the first tier. The goal is to ensure the Unrestricted Stream is going to a materials recovery operation.
Other Comments Related to Shipment (as applicable)	This box is to note any other trails.