

Milk Utilization Audit Committee Regulations

made under Section 9 of the

Dairy Industry Act

S.N.S. 2000, c. 24

N.S. Reg. 254/2009 (July 21, 2009)

Citation

1 These regulations may be cited as the Milk Utilization Audit Committee Regulations.

Definitions

2 In these regulations,

(a) “Act” means the Dairy Industry Act;

(b) “audit year” means the 12-month period between August 1 and July 31 which is the subject of the audit;

(c) “Committee” means the Milk Utilization Audit Committee established by Section 3;

(d) “contract auditor” means the auditor appointed by the Council to conduct milk utilization audits in accordance with Section 10;

(e) “Milk Classes and Categories Regulations” means the Milk Classes and Categories Regulations made under the Act;

(f) “Milk Pricing Regulations” means the Milk Pricing Regulations made under the Act;

(g) “milk utilization adjustment” means an adjustment required to be made by a processor in the event of a difference between the processor’s monthly report as originally submitted to the Board under the Milk Pricing Regulations and the processor’s monthly report as recalculated based on the contract auditor’s findings;

(h) “Milk Utilization Audit Standards” means the Milk Utilization Audit Standards approved by the Canadian Milk Supply Management Committee and referred to in the Milk Pricing Regulations;

(i) “Provincial auditor” means the individual appointed to the Committee by the Canadian Dairy Commission under clause 4(1)(a).

Milk Utilization Audit Committee established

3 The Milk Utilization Audit Committee is established to assist the Provincial auditor with

(a) ensuring that processors follow the Milk Utilization Audit Standards;

(b) facilitating the independence of the external audit process and addressing issues arising from the audit process; and

(c) ensuring that processors adopt, maintain, and apply appropriate milk utilization reporting processes and procedures as required by the Milk Pricing Regulations and the Milk Classes and Categories Regulations.

Constitution of Committee and appointment of members

4 (1) The Committee must consist of no more than 7 members as follows:

(a) 1 member appointed by the Canadian Dairy Commission to serve a 2-year term and to act as the Provincial auditor, who must

(i) be a non-producer, non-processor and non-distributor, and

(ii) be an inspector appointed under both the Canadian Dairy Commission Act (Canada) and the Act;

(b) 2 members appointed by the Council from among members of the Council, each to serve a 2-year term, except that initially one must be appointed for a 1-year term and the other for a 2-year term;

(c) 2 members appointed by the Board from among members of the Board, each to serve a 2-year term, except that initially one must be appointed for a 1-year term and the other for a 2-year term;

(d) 2 members to be appointed by the Processor Association from among members of the Processor Association, each to serve a 2-year term, except that initially one must be appointed for a 1-year term and the other for a 2-year term; and

(e) Committee members must not be a member of more than one of: the Council, the Board, or the Processor Association, while serving on the Committee.

(2) At least 60 days before the expiry date of the terms of members appointed by the Board and the Processor Association, the Council must contact both the Board and the Processor Association requesting the names of appointees for the coming year.

(3) If no appointments are made within the 60 days referred to in subsection (2), the Council must send a second request by registered letter.

(4) If no response is received within 7 days of the receipt of the registered letter, the Council may appoint processors and Board members to increase the number of members to 7.

(5) If a Committee member dies or resigns or becomes unavailable to act before their term expires, the organization that appointed the member must appoint a person as a member for the remainder of the term.

(6) If a Committee member cannot attend a meeting, the organization which appointed that Committee member may send a substitute from their organization.

(7) Any Committee member may be reappointed.

Chair of Committee

5 (1) The Provincial auditor is the Chair of the Committee.

(2) The Chair is responsible for planning and conducting meetings, and must report the contract auditor's general findings and recommendations to the Committee.

(3) The Chair must ensure that meeting agendas are sent to Committee members and that minutes of meetings are recorded and distributed.

Provincial auditor carries out Committee decisions and recommendations

6 (1) The Provincial auditor must carry out the decisions and recommendations of the Committee and must ensure that milk utilization adjustments are made by the deadline specified in subsection 10(1).

(2) The Committee has no administrative powers to carry out its decisions and recommendations.

Responsibilities of Committee

7 (1) The Committee must do all of the following:

(a) create and annually review the selection process for the contract auditor;

(b) select a contract auditor and recommend the appointment of the contract auditor to Council;

(c) review the performance of the contract auditor;

(d) annually review the Provincial audit plan and provide the Provincial auditor with suggested changes;

(e) review the contract auditor's general recommendations and provide the Provincial auditor with suggestions for carrying out the Committee's decisions and recommendations; and

(f) keep the Council informed of Committee matters.

Committee meetings

8 (1) The Chair must call a meeting of the Committee at least once a year to review reports provided by the contract auditor and consult on audit matters.

(2) In addition to the annual meeting, the Chair must call a meeting of the Committee

(a) if a majority of Committee members submit a written request; or

(b) if the contract auditor submits a written request.

(3) The quorum for a meeting is 5 members with at least 1 representative from each of: the Council, the Processor Association, and the Board.

(4) The minutes of all Committee meetings must be circulated to Committee members as soon as practicable.

(5) The minutes from the previous meeting are subject to approval at each Committee meeting.

(6) At the Committee's discretion, the chief executive officer and other executives from member organizations, and other external experts, may be invited to attend Committee meetings.

Committee voting and decisions

9 (1) Each Committee member, including the Chair, has 1 vote.

(2) All decisions of the Committee must be reached by consensus, but if consensus cannot be reached, the issue must be resolved by the Council.

Contract auditor's responsibilities

10 (1) The contract auditor must complete all audits for an audit year in accordance with the contract agreement between the contract auditor and the Council, including notifying the processors of the required milk utilization adjustments for that audit year and arranging for the adjustments to be forwarded to the Provincial auditor so that the adjustments can be processed by the Board within 12 months following the end of the dairy year subject to audit.

(2) The contract auditor must meet or exceed the minimum standards set out in the current version of the Milk Utilization Audit Standards.

The processor's responsibilities

11 (1) The processor, subject to the audit, must cooperate with requests from the contract auditor.

(2) The processor must submit completed milk utilization adjustments in hard copy to the Provincial auditor within the 12 months following the end of the dairy year subject to audit.

If audit discloses non-compliance

12 If an audit discloses that a processor is not in compliance with the Milk Pricing Regulations, the Milk Classes and Categories Regulations, the Milk Utilization Audit Standards, or these regulations, the Committee must refer the matter to Council, who may

(a) require the processor's area or regional senior representative or designate to appear before Council to explain the non-compliance and to indicate the actions they will undertake to remedy the non-compliance, and require the representative or designate to re-appear before Council to follow up on the agreed-on action plan; or

(b) suspend or cancel the processor's licence for non-compliance.