



April 2, 2015

File: 44200-00

DELIVERED BY EMAIL

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Abbotsford BC V2T 1W5

Robin Smith
Chair
BC Chicken Marketing Board
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Brad Bond
Chair
BC Egg Marketing Board
250 – 32160 South Fraser Way
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Ralph Payne
Chair
BC Turkey Marketing Board
106 – 19329 Enterprise Way
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Dear Chairs:

FINANCIAL ACCOUNTABILITY – ISSUES ARISING

Recently, the BC Farm Industry Review Board (BCFIRB) became aware of certain issues arising with respect to the funding of your respective poultry associations and through those associations, of the BC Poultry Association (BCPA). Those questions relate to the use, management and accounting of funds sourced through the collection of levies by the poultry boards under the authority of the *Natural Products Marketing (BC) Act (NPMA)*.

After release of BCFIRB's [*Rainbow Poultry Ltd. et al v. BC Chicken Marketing Board*](#), (December 18, 2013) decision, the issue of financial accountability between the first instance regulator and an organization(s) receiving funding was further considered by the BCFIRB board. Subsequently, this board's expectations were communicated, including by way of a March 14, 2014 letter (attached) which advised:

The intent of this letter is to reiterate the continued expectations of the BC Farm Industry Review Board (BCFIRB) that boards and commissions exercise and demonstrate (through annual reporting, audited financial statements and other appropriate tools), transparent and accountable financial management.

Financial accountability is a key part of good governance. It includes both:

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- accounting practices that are in accordance with legislation, regulations, published standards, and stakeholder expectations of accountability and transparency; and,
- establishing and maintaining appropriate financial accountabilities with producer associations and other organizations that may receive funding from boards and commissions to carry out delegated responsibilities under the NPMA and the schemes. [emphasis added]

These overarching expectations are also reflected in a [March 3, 2015](#) letter to your boards concerning poultry disease insurance:

Given BCFIRB's order, BCFIRB would expect no funds garnered under the regulatory authority of the poultry boards have or will be used directly or indirectly in establishing the captive insurance company at this time. As first instance regulators, poultry boards are responsible for funds collected and distributed under authority of the NPMA. [emphasis added]

Our own review of recent poultry board and association financial statements indicates that the implementation of required *NPMA*-related financial accountability measures with respect to the poultry associations and other organizations remains a work in progress. Further indication was provided on March 5, 2015, when BCFIRB was advised that insufficient financial reporting information was available from the BCPA in order for poultry boards to exercise the due diligence required of them in accounting for the disposition of any funds provided to the BCPA that were "collected and distributed under authority of the *NPMA*".

We reconfirm that it is BCFIRB's expectation that your boards will exercise all due diligence in ensuring that funding collected under the authority of the *NPMA* and provided to "producer associations and other organizations" is managed through "accounting practices that are in accordance with legislation, regulations, published standards, and stakeholder expectations of accountability and transparency". Annual reporting and financial statements going forward are to clearly demonstrate that all boards have effective financial accountability frameworks fully in place.

In closing, we note again the reported absence of financial accounting information regarding any *NPMA*-related funding provided to the BCPA. We also understand that at least one of the boards is already following up with the BCPA with respect to this matter. Given these circumstances, we direct that all poultry boards are to exercise their own due diligence with respect to this specific financial accountability matter and report their detailed findings to BCFIRB not later than June 30, 2015.

Yours truly,



John Les
Chair

Attachment

cc: BCFIRB website