

PURPOSE

- Verify information provided on the application for approval (and accuracy of label claims)
- Verify compliance with use of terms and wine standards (Section 6 of VQA Act and Regulation 406)
- Reconcile production recoveries, inventory, transfers, sales to substantiate origin claims
- Verify required reports are submitted and accurate

POLICY & PROCEDURE

Each winery is subject to an annual review of records to substantiate compliance. The review may take the form of an on-site Audit or a records Review. Each winery will also be the subject of a Retail Inspection.

The nature and frequency of compliance verification is determined based on a risk matrix, which is updated annually.

RISK MATRIX

The risk matrix assigns a quantitative score to each winery, taking into account a five-year history of:

- Provincial Offenses Act charges
- Compliance orders
- Warnings resulting from using terms without approval
- Label correction requests (incorrect alcohol%; incorrect appellation; bottled more than approved; bottled after approval period)
- Import use
- Wine approval failure and resubmission rates
- Time since joining VQA program (less than 3 years)
- Record keeping accuracy, compliance with reporting requirements and fee payments
- Overall commitment to compliance and cooperation when interacting with Appellation Authority

AUDIT

In accordance with the risk-based assessment, a winery may be selected for an Audit.

The winery is requested to submit information on new production, bulk and cased goods inventory, transfer, and sales. This information covers a period of approximately one year, beginning with the end of the most recently audited period.

Once notified, the winery is provided at least 2 weeks to submit the information.

The Auditor collects all relevant information from the winery which may include:

- Grapes, juice or wine harvested or purchased
- Bulk and cased goods inventory, with origin and composition details
- Production and bottling details
- Bulk and cased goods transfers or sales
- Sales by channel, with VQA approval information as applicable

A site visit is then conducted to gather further information, to verify the accuracy of records provided and that all label claims are substantiated. A retail inspection confirms compliance for all wines offered for sale. **The audit may include on-site and off-site storage and retail locations, along with other retail outlets.**

At the conclusion of the audit a summary statement is issued outlining the audit period, information collected, results and any outstanding issues. A report is prepared at the close of each audit with closing balances and shared with the winery. Discrepancies or deficiencies in reporting may be resolved through the collection of more information or inspections, which may include a site visit(s) if necessary. If non-compliance is discovered, the auditor may order corrective actions or refer the matter for investigation.

REVIEW

In accordance with the risk-based assessment, a winery may be selected for a Review.

The winery is requested to submit information on new production, bulk and cased goods inventory, transfer, and sales. This information covers a period of approximately one year, beginning with the end of the most recently audited period. Detailed information may be requested on a certain aspect of operations such as bottling, sales, inventory etc.

Once notified, the winery is provided at least 2 weeks to submit the information.

A review of selected records is conducted to verify compliance and establish a closing balance. A retail inspection may be conducted as part of the Review.

At the conclusion of the Review a summary statement is issued outlining the review period, information collected, results and any outstanding issues. A report is prepared at the close of each Review with closing balances and shared with the winery. Discrepancies or deficiencies in reporting may be resolved through the collection of more information, a site visit(s) or retail inspection as necessary. If non-compliance is discovered, the auditor may order corrective actions, a full audit or refer the matter for investigation.

NEW WINERIES

Baseline information is collected through an onsite visit within 6 months of becoming a member of the Authority.

At least one complete full on-site audit after the initial visit shall be conducted before a winery is eligible for a Review.

MINIMUM INTERVAL BETWEEN SITE VISITS

Notwithstanding the risk matrix assessment, the minimum interval between Audits should be no more than 3 years.

RETAIL INSPECTION

Periodic unannounced inspections are conducted to monitor winery compliance. These inspections collect information related to the sale, advertising and representation of wines using regulated terms. They may include visits to retail stores, websites, social media accounts or third party sites.

A random unannounced visit to a winery retail store of each winery is conducted at least every 2 years. Inspectors may request access to areas not open to the public, including retail, hospitality, administration, storage or production to confirm label compliance on any inventory.

Inspectors may visit other locations or channels where wine is sold to confirm label compliance.