



## Retailer Audits - An Overview

### Introduction and a history lesson

The food industry has always faced over recent years an unprecedented level of scrutiny. Consumers concerns about safety have prompted an increase level of regulation. Consumers have ever higher expectations of quality and food manufacturers have responded by developing systems to measure, manage and improve product quality more effectively. At the same time there has been a shift in the relationship between the industry and those setting and enforcing standards. The traditional approach was a paternalistic one, with regulators setting and enforcing prescriptive standards and food manufacturers responding retrospectively to infringements identified by regulatory inspections.

This approach historically has been increasingly seen as inflexible and reactive. It is being replaced by a new relationship in which within a framework of appropriate standards, food manufacturers take greater responsibility for the safety and quality of their products.

The role of the regulator in this new move away from inspection of specific techniques and products to auditing the system of the business to manage safety or quality proactively to prevent problems. With this shift, auditing has become a key issue for the food industry, from how regulators audit food businesses effectively, to how food businesses audit themselves to improve their performance.

One of the main factors behind the increase in auditing experienced by food manufacturers is the demand of retailers. Retailers want to know that the products they sell are of a specified and consistent quality and are safe. This increased level of auditing poses problems for both retailers and those manufacturers supplying them.

In the past a site producing products for more than one retailers might find themselves being audited repeatedly by auditors from differing retailers, disrupting its operations and facing potentially conflicting recommendations from differing auditors. With their international supplier base, retailers faced

## Retailer Audits - An Overview

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the prospect of having to employ a large auditing team. Therefore to overcome this dilemma, came about the development and introduction of the British Retail Consortium Global Food Standard, now in its 6th version or from an international perspective, the International Food Standard, also in its 6th version.

The BRC Global Food Standard now addresses the whole issue discussed in the previous paragraph by the having a common standard recognised now not just by food retailers, but also food service companies, and food manufacturers themselves for their raw material suppliers. In the UK, this global food standard is particularly significant as the food industry is dominated by a small group of large retailers who account for over 50% of all food sold being in the retailers own label!

### The Retailer's Perspective on Audits – Some of the Critical Areas

Most retailers if not all of them, but certainly the major players, have produced specific guidelines and specific code of practices which detail the management control systems that they expect to find in their suppliers of retailer branded goods. They also spell out the conditions of the structure and equipment that they believe is necessary to comply with legal requirements and ensure product safety consistently. Auditing is simply a check against these criteria to ensure that the systems and conditions are both adequate and operating properly. Risk assessment is often used to define the conditions required and the frequency of re-audits and the number and frequency of product checks that should be carried out by both the supplier and the retailer.

The retailer has a responsibility and a commercial need to ensure that products carrying their name are safe and legal and that the information provided about the product is legal, decent, honest and truthful. To this end, the audit is usually designed primarily to ensure that the supplier has not breached the retailer's guidelines, thereby moving both the supplier and retailer forward in improving both quality and service for the customer.

In consequence, an audit is frequently planned in advance to ensure that the supplier has all the appropriate people and documentation available on the day. Although unannounced audits, are whilst not common, do happen and it is usually due to serious issues that have been discovered by the retailer through

## Retailer Audits - An Overview

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either a 'spike' in customer complaints or occasionally from a 'whistleblower'.

The norm is for two types of audits, namely:

1. Routine:

- Approval of a new supplier
- Regular inspection of an existing supplier to ensure continued compliance with the previously approved quality management system. This is usually described as a 'due diligence' audit and is carried out by the retailer or a 3rd party organisation.

2. Non-routine, for the following reasons:

- Serious interruption of supply caused by product withdrawal or product recall
- Variable product quality noticed
- High customer complaint levels
- Adverse microbiological trend reported
- Adverse media reports
- Anonymous tip-off

## Quality Management Systems & HACCP

One very clear indicator of the suitability of a supplier would be the existence of a fully documented safety and quality management system. This should be detailed in a manual which contains a description of all the control measures taken within the factory and stipulates the frequency with which all checks are carried out, together with the name of the most senior manager accountable for these measures. Systems change continuously within a factory as a response to the introduction of new equipment, ingredients and processes. A retail audit would therefore expect to see evidence that the management system is under continuous review.

The auditing of any supplier will always include a detailed and thorough examination of their hazard analysis critical control point (HACCP) and quality management systems both on paper and what happens in practice. Retailers are primarily concerned with the safety of their customers. The existence of a fully documented HACCP plan is both a legal requirement and a pre-requisite from all retailers, and therefore a detailed examination of this is essential. There are real benefits when HACCP is effectively designed, implemented and most importantly maintained. This is not just from HACCP alone; the benefits

## Retailer Audits - An Overview

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really come through having a well-designed broad reaching food safety programme that has HACCP at the core. Key benefits include the following:

- Public Health Protection
- Brand Protection
- Cost Benefits

HACCP is a tool that was designed to enhance not hinder food safety programmes, and for the retail auditor it is frustrating to see that many companies have yet to fully take on board and grasp the concept and how many misconceptions remain. However, this also means that the opportunity to implement a really good HACCP programme remains available to many in the food industry.

In particular, during the factory inspection by the retail auditor they will ask and challenge by asking questions of departmental managers, line leaders and operatives where the critical points are in the area are and how often they are monitored.

The ability to answer additional questions on why these points are critical would give a measure of the effectiveness of the important area of hygiene training. The design of quality control sheets can assist in reinforcing this knowledge by indicating where the ccp's are in the process and what action should be taken if there is a deviation from permitted values.

A review of staff training records in this area along with frequency of training of staff would be also undertaken.

### Traceability

This is another key requirement in the traceability of all the ingredients from the coding on incoming raw materials through processing into the finished product.

The systems for doing this would be documented in the quality systems manual but can and will be checked during the factory inspection and/or by asking for in advance for all of the records for one product made on a particular day to be available, although it is the norm to ask for this information to be assembled on the day against a timeline of 2 to 3 hours.

## Retailer Audits - An Overview

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Clearly full traceability is essential to ensure that withdrawals or recalls from sale for both quality and safety purposes catch all affected products and at least a minimum of an a quarterly test should be conducted by the manufacturer. Sound systems are particular necessary if the agreed product specification allows rework material to be included in finished product no matter how small the quantity.

The practical application of the traceability system can also be verified by checking the labelling of tote bins or racks, for example, during the factory inspection.

### **Pest Control**

The presence of pests in any food handling premises is wholly unacceptable to retailers. The risk posed by pests includes:

- The spread of disease
- Damage to property
- Contamination of work surfaces and foodstuffs
- Adverse public opinion and loss of reputation
- Prosecution and closure

Pest management by the supplier is part of the Good Manufacturing Practices (GMP) for food businesses, which is a retailer prerequisite for the HACCP based system which is in place at the site. As an integral part of GMP, it should be carried out with due diligence and be fully documented. The importance of pest prevention through good hygiene, stock management and exclusion practices should be emphasised. Site personnel have a day to day responsibility of ensuring a pest management programme is maintained.

As a minimum, the supplier must have a pest control contract in place with the company being a member of the British Pest Control Association (BPCA) and have a minimum of 8 visits by a Technician and 4 visits by a Field Biologists per annum.

The whole site should be covered by the contract with a detailed plan in place showing where all the bait points are located including EFKs (Electric Fly Killers). All visits conducted must be recorded in the report book and include any recommendations that need to be undertaken by the supplier. Additionally, a records should be kept of any pest sightings including those

## Retailer Audits - An Overview

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made by personnel other than those involved in pest management.

If possible it is recommended that visits conducted by the pest control company should be accompanied and a closing meeting is held at the end of each visit. EFks should also be inspected as part of the contract and the tubes should be replaced annually just prior to the commencement of the summer period.

Where an infestation problem has been identified then all necessary steps must be taken by the supplier to eradicate the problem as quickly as possible and their efforts should be supported by daily visits by the Technician until it has been eliminated.

### **Conclusion**

This Hygiene in Focus (HIF) leaflet I hope goes some way in giving a brief outline of some of the key requirements that can be expected when you have a retailer's audit is carried out and, whilst the subject matter is very broad, I have focussed in on some of the more critical and key areas that the auditor will have on their agenda for the visit.

The Society would like to thank Jonathon Bayne, A Food Technologist at Waitrose and a Director of SOFHT, for preparing this document.