

# The evolution of auditing in the USA

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News reports continue to increase awareness of health and safety issues related to food and companies are concerned about environmental and liability risks. Consumers want to know that the food they eat is safe and retailers want to make sure that the food they sell is safe. As the supply chain for food has expanded globally, it has become evident that there are weaknesses in the chain that can be improved upon. Utilising rigorous food safety standards will play a major role in this effort.

Until recently, the culture in the USA was to externally verify that a company was producing safe food by relying on supplier audits. These audits were conducted by internal staff employed by retail and food service companies, or by employing outside auditing firms that could conduct generic or customised food safety audits.

This does not mean that third party certification programmes were unknown, but the other alternatives were the preferred options.

## Two major questions

Two major questions arise from this. The first is, 'Why has third party certification auditing historically been less popular?' There are several reasons for this, but some seem reasonably obvious.

'If it's not broken, don't fix it' might describe the traditional approach to auditing which seemed, prima facie at least, to be working reasonably well. Therefore, until recently, there was no real impetus to change from this method.

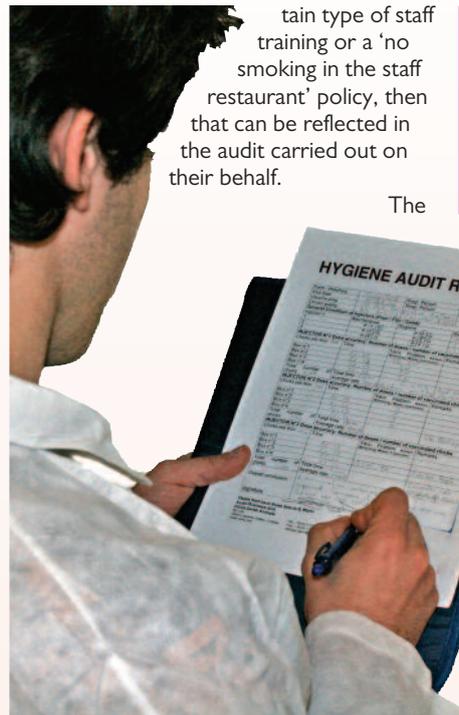
Another reason is that third party certification auditing requires a degree of trust by the retailers in systems that are not in their direct control, and it is generally more expensive.

The traditional multi system approach also allows each retailer a certain amount of individual choice and control, which is not the case in third party certification auditing.

The basics of a sound food safety policy/system remain the same – for example, a HACCP system is a HACCP system is a HACCP system – but if a retailer has a particular interest in say 'fair trade' or a cer-

tain type of staff training or a 'no smoking in the staff restaurant' policy, then that can be reflected in the audit carried out on their behalf.

The



second major question is, 'What has prompted the cultural evolution to third party certification audits?' A number of factors have driven this cultural shift.

Firstly the food suppliers have complained for many years about the number of audits required to satisfy their diverse customer needs.

In short, their argument is – 'If the product is safe enough for Tesco, then it should be safe enough for Wal-Mart and vice versa.' The move to general acceptance of Global Food Safety Initiative (GFSI) should save them time and money because one audit has the potential to satisfy the needs of multiple customers.

## The supply chain

Food originates at the farm and is processed through many channels in the supply chain before it is consumed. Producers, manufacturers, distributors, restaurants and retailers are all part of this supply chain. As global trade flows are increased, there is a strong desire to trace the origin of food.

Therefore, more regulations and standards have been developed. However, to be accepted globally there is a need for these food safety and quality standards to be consistent. So, there is a further need to evolve in order that quality requirements can be increased for the entire chain and even more so for companies that utilise quality as a point of differentiation.

Another change in the industry attitude has been prompted by the change in the past commercial rivalries between different third party certification audit systems. For example, was BRC better than IFS or SQF?

Some retailers would argue that there was such a significant difference that it justified a supplier being audited to different third party certification audit standards. Most suppliers would argue that they are all just slightly different ways of achieving the same end result – safer food.

Now the GFSI comes out heavily in support of the supplier's argument in that it states that food safety is a basic requirement and not a commercial battlefield.

'The customer is king.' Although an often quoted cliché, it is a basic truth for businesses with commercial aspirations.

In late 2007, major global retailers began requiring that all food suppliers achieve audit certification against one of the recognised GFSI standards and other internationally recognised standards.

The standards recognised include:

- 1 British Retail Consortium (BRC).
- 1 Safe Quality Food (SQF).
- 1 International Food Standard (IFS).
- 1 Dutch HACCP.
- 1 Global-GAP (non GFSI standard for the produce industry).

Currently, seven major global retailers (Carrefour, Tesco, Metro, Migros, Ahold, Wal-Mart and Delhaize) have agreed to common acceptance of these four global food safety certifications.

This is the most common way for 'cultures' to change in that the change is dictated by external pressures and not by internal pressures.

It may be useful to explain, at this point, that the GFSI was established to ensure confidence in the delivery of safer food to con-

*Continued on page 13*

*Continued from page 11*

sumers. The goal is for continuous improvement in food safety supply chain management. GFSI also provides a benchmark to ensure consistency between countries and the products that have been certified.

GFSI was launched in May 2000 by CIES – The Food Business Forum, an independent global food business network in more than 150 countries, with retailers as its largest group. GFSI is a retailer driven certification programme. Certifications cover food, packaging, consumer goods, storage and distribution, for primary producers, manufacturers and distributors. CIES benchmarked the standards below as part of GFSI:

1 British Retail Consortium (BRC).

1 Safe Quality Food (SQF).

1 International Food Standard (IFS).

1 Dutch HACCP.

This approach by the GFSI has allowed mutual recognition of standards and its adoption by major retailers paves the way for a more consistent, and hopefully, a more cost effective and resource friendly system of supplier auditing.

This shift towards third party auditing certification presents challenges for various sectors in the food chain. It would be a rather facile comment to say that many companies in the food chain are already audited to a high standard, therefore, this shift is really no big deal.

The truth, however, is a bit more complicated as can be seen by the European situation over the past decade. Let us take a quick look at some of the challenges from different viewpoints.

## Food suppliers

It would be very satisfying to argue that all the perceived ills of the present system will in the short term magically disappear.

Unfortunately, this simply will not happen. Why? The answer lies in the basic fact that not all retailers have signed up to GFSI.

Therefore, many suppliers will still have to cope with the diverse demands of their customers. From the supplier's point of view, the hope is that the vanguard action of many of the major retailers in promoting the GFSI approach will, in time, influence the approach of other major retailers.

The challenge for the supplier is, therefore, to persuade their customers that their BRC/IFS/SQF certification/registration will meet everyone's requirements and that there is really no need to be audited another 10 times per annum to satisfy the slightly different requirements of 10 customers who do not acknowledge GFSI.

## Certification bodies

The various certification/registration bodies in the USA also face challenges. They need to have trained and experienced auditors and a system which can itself be challenged

for its consistency and transparency. In addition, it must have the flexibility to change from a strict but flexible system of auditing to each client's requirements – to a strict and fairly inflexible system allowing little scope for opinion or advice.

This is not such a major issue in that many such bodies already carry out third party certification auditing even if it is not, at present, their primary function.

## Auditors

There are many highly trained food safety auditors in the USA, but by no means are all of them experienced in third party certification audits like BRC and SQF.

They can be trained relatively easily to the various standards but that is perhaps the easiest, if not the least expensive, part of the equation.

The difficulty, which should not be underestimated, is the cultural change from having the ability to offer advice to third party certification audits.

For example, no longer will the auditor be able to say 'There is a problem in Line XXA, let us discuss some possible solutions'.

Now what the auditor needs to say is 'There is a non-conformance in Line XXA in that a, b or c does not meet the requirements of Clause x, y or z of the standard – what corrective action do you propose to take and in what timescale?'

Most, but not all, auditors tend to be helpful people with good communication skills; therefore many find this change of approach, at least in the beginning, rather difficult.

Another challenge for the auditors is the requirement for witness auditing. Usually about once per year the certification/registration body has to have some of its auditors checked by the accreditation body for consistency of approach and correct application of the standard.

In addition, there are in some cases requirements for the certification/registration body to carry out these kinds of checks themselves.

This witness auditing is carried out by 'peer' auditors from the certifying body or the accrediting organisation. Although this is an undoubted stress for the auditor, it is a valuable tool in achieving auditor consistency.

## Retailers

The challenge for the retailer is the acceptance of an audit report which cannot be directly controlled or influenced by them.

This is a normal challenge related to any form of delegation.

Do I trust the person/organisation/system enough to accept what they are telling me? Only time and positive experience will foster this trust.

## Consumers

Why is there a challenge for the consumer some might ask?

The short answer is that without the consumer the rest is theoretical.

There is a tendency to look at auditing as way of ensuring that a food company, in whatever branch, has sound, proven systems in place for food safety, which are well implemented and documented and there is often a tendency to forget what food safety is actually about – prevention of illness or death.

In this regard, the consumer has an important role to play. The consumer should be able to pick any container of food from the shelf and say, "there is no guarantee that I will like this product but is there a guarantee that nothing has happened to this food which would make me or my family ill, or cause death?"

Although we are some time away from even a majority of consumers thinking this way, the retailers who have signed up to GFSI have gone a long way to assist the consumer in meeting this challenge by helping to ensure that every product on their shelves has been rigorously, consistently and independently audited.

## Are challenges being met?

I am not in a position, either academically, intellectually or commercially, to answer this question on behalf of the USA. I can only share with you some of the ways in which NSF are rising to the challenge.

NSF International, an independent, not-for-profit organisation, is a trusted, accredited provider of third party audits with expertise in BRC, SQF, IFS and Dutch HACCP, as well as other food safety and quality standards like Global-GAP, and currently completes over 100,000 audits worldwide. We have been working with the food industry since 1944.

In North America we have a continuous programme of adding to our pool of experienced auditors by training auditors to the various GFSI standards and helping them gain experience in this form of auditing.

This is, in part, being achieved by using the vast international experience and knowledge of colleagues at NSF International.

Our team of auditors have a minimum of 20 years of industry experience and know the auditor performance criteria for these certification schemes.

We also have to continue to be flexible in meeting the requirements of our customers, current and prospective, regardless of which system of auditing they require – it is not for us, as a service provider, to dictate which services are provided to our customers, but rather to provide all services to the best of our ability and then let the customer choose based on their needs.

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