

Department for Environment, Food and Rural Affairs

## Review into the Integrity and Assurance of Food Supply Networks

# Note of meeting with AHVLA, FSA and DEFRA

**Location:** Nobel House

**Date:** 21 March 2014

**Attendees:**

Neil Leach (NL) – Defra

Marcia Nightingale (MN) – FSA

Scott Reaney (SR) – AHVLA

Jose Gomez-Luengo (JG-L) – FSA

Debbie Bailey – Defra

Christina Papadopolou - AHVLA

Mike Steel (MS) – Review into the Integrity and Assurance of Food Supply Networks

Sarah Appleby (SA) – Review into the Integrity and Assurance of Food Supply Networks

Nick Hughes (NH) – Review into the Integrity and Assurance of Food Supply Networks

## Discussion

MS noted the concern the Elliott Review interim report had expressed about the possibility of animal-by-product entering the human food chain and also the risk of Category 1 material being redirected to Category 3 – a fraud for which the financial incentive is huge. He acknowledged the resource constraints facing those responsible for enforcement but asked whether we are doing all we can to close the gaps in the system that would-be criminals can exploit.

NL said AHVLA was aware there were unscrupulous elements operating within the rendering industry and that AHVLA had received information about Cat 1 being redirected to Cat 3. He noted, however, that AHVLA had a good system in place for assessing risk. He explained that businesses that want to process ABP must first apply for approval of their facilities. Once they have achieved approval they are put on a rolling programme of risk-based inspections with risk assessed by the strength of their controls and compliance. Half of inspections are unannounced and are carried out by trained staff. Veterinary officers (VO) also hold monthly telecons to discuss and disseminate information.

MS made the point that the system was not designed to catch people who were deliberately circumnavigating the law. He said there was likely to be a recommendation in

the final report that there should be a change of orientation in enforcement practices to consider the risk of fraud rather than to assess compliance. NL said the current system is sufficiently flexible that it allows AHVLA officers to respond to specific concerns and reports of poor or illegal practice. In this regard enforcement is intelligence-led. MS acknowledged the point but added that auditors and inspectors are not trained to look for fraud and their skills would need to be improved. SR agreed that AHVLA officers were not specifically trained to detect fraud but said they were trained to be aware of the movements of product between different plants and were trained in how to interpret commercial documents, albeit they were not trained in forensic accountancy. MS said it takes a certain mindset to look for signs of fraud and that forensic accountancy was a potentially valuable discipline.

SR said that aside from looking at the commercial documentation for material coming into and leaving plants, AHVLA also did a basic mass balance check. Whilst this current check was described as very crude AHVLA is working on a project to enhance mass balance checks which will consider the volume of material coming in and out as well as the energy used in processing the material. JG-L explained that staining of specified risk material was another control currently in place.

MS said the problem with commercial documents is they were easy to forge. He suggested that by concentrating enforcement resources on undertaking an intensive accounting exercise on the small number of Cat 1 processors operating in the UK over a period of three months, you would go a long way to stamping out the problem of redirection of Cat 1 to Cat 3. He noted that short, sharp, strategic missions could yield good results adding that would-be criminals did not currently view inspectors as a threat. SR acknowledged that this could be an useful strategy but warned that focussing significant resource on a small number of operators would leave other ABP sectors uncontrolled and this could result in an increase in notifiable disease risk..

MS raised the issue of 'wet' ABP being diverted from pet food into the human food chain. He noted that there was a significant quantity of material coming into processing plants that looked like meat for human consumption and the financial incentives for diverting it from pet food into the human chain were significant.

He also made the point that coldstores are subject to infrequent inspections and that from an enforcement perspective they are considered low-risk as food will not be 'going off' in a coldstore. He added that carrying out an audit in a coldstore can be uncomfortable because of the oppressively low temperature and as such these premises were often not thoroughly inspected. JG-L said that FSA does approve coldstores but only if they are co-located with a slaughterhouse or cutting plant, otherwise they would be subject to risk-based inspection by local authorities. He added that there are very few coldstores that are approved for storing ABP. MN noted that LA resource was variable and LAs are targeting their resources at areas based on intelligence often based on the type of product produced or how products are handled. All visits tend to be unannounced. She said the FSA was acutely aware of resource constraints.

MS asked if the FSA received information from a whistleblower about illegal activity which led to a visit by a LA enforcement officer what that visit would entail. MN said it would depend on the nature of the information but they may carry out an unannounced inspection and look at paperwork or they may carry out some surveillance work. She said that one or two officers would take part in a typical inspection.

In response to a direct question, MN said that the risk of food fraud was not fully explored in current risk matrices; though confidence in management of the business is. She said the FSA had been looking at the issue of food authenticity with the NTSB to reconsider risk matrices so they take into account current threats. MS said it can be difficult to detect signs of fraud; however he said it is unusual for businesses to perpetrate large-scale fraud without leaving evidence but because regulators are not trained in food fraud detection it is unreasonable to expect them to pick up signs of food fraud. They need greater fraud awareness. MN noted that the FSA circulates regular food fraud briefings to LAs which highlight potential frauds to look out for. The FSA also provides funding to LAs should they wish to carry out their own investigations. The budget was £300,000 this year and will increase to £400,000 next year. She made the point that the FSA has people with experience of investigating complex cases who can provide assistance in LA investigations. MS asked how we could use the resources we have to the maximum effect. SA suggested that knowledge sharing and experience were key. SR said AHVLA had close liaison with FSA, Environment Agency and Local Authority, with whom they often carried out joint visits.

NH asked for views on an industry accreditation scheme for businesses dealing in ABPs. All were in favour of such a scheme if it was properly audited however it was noted that these type of schemes cost money and whilst there is some industry support for a scheme there is a lack of drive from many businesses to push forward with it.

The point was made that government is currently considering an EU proposal to allow charging for ABP inspection and approval.

It was noted that there is a significant amount of intra-community trade in ABP and that any UK moves to strengthen controls had to be viewed in this context.

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