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## Supermarkets urged to review forensic auditors' six-year-old money claims

THE Groceries Code Adjudicator Christine Tacon has urged supermarkets to review their practice of employing forensic auditors to go back up to six years to find examples of suppliers owing them money.

Christine Tacon said: "What I have termed 'forensics' is the single biggest source of complaints I have picked up from suppliers since becoming formally installed in June."

She told a Westminster conference how retailers are employing auditors on the equivalent of a "no win, no fee" basis to pore through records of dealings between them and their suppliers dating back six years – the maximum time allowed in law.

The practice has been reported by suppliers of a range of products, including fresh produce, meat and processed foods.

Mrs Tacon cited a theoretical example where the auditors might find a single email suggesting the supplier was over-

paid on 5,000 cases at £5 each when the product was on promotion.

The supplier is then told by the auditor it owes £25,000, which will be deducted from his or her payments, she said.

She added: "The fees for the auditors often ranged from 50 to 90 per cent of the money raised, meaning they were using tiny scraps of evidence to extract money from suppliers."

"The onus was on the supplier in these cases to prove that it did not owe the money, but this can be almost impossible to do, especially when those directly involved in the transaction have moved on, as is often the case."

"To go back five years and produce a piece of paper to say 'You owe me some money' is horrific and it is causing enormous burdens on suppliers."

"In some cases they are getting asked for very large sums of money – I am talking hundreds of thousands, which is get-

ting deducted," she told the seminar on the Adjudicator and the food chain organised by the Westminster Food and Nutrition Forum.

"The message I am getting back from suppliers is: if you can contain this, it will be absolutely fantastic."

She acknowledged that, in some cases, the auditors were looking for "reasonable" examples of where mistakes had resulted in undue gains for suppliers, who had not raised the mistake with supermarkets and that she has discussed the issue with the Code Compliance Officers employed by the ten supermarkets covered by the Grocery Supply Chain Code of Practice and is asking those who deploy the practice to go back and review it. She is keen, in particular, to reduce the length of time the forensic auditors are going back, suggesting the current and previous financial years would be a more reasonable timeframe."