

FRAUDE

1. Introduction

Until now, no specific framework to combat food fraud has been defined in the European Food legislation. Moreover, the latter has not even provided a definition relating to the term Food fraud. Given that the European Food Legislation wants to protect the interest of users/consumers, it therefore states that users/consumers should not be deceived or misled by the information provided to them¹.

Several documents² define fraud as being a deliberate and intentional action of deceit (substitution, addition, forgery, a false or misleading statement,... described in Annex 1) towards the user for economic or financial purposes.

There are three main factors to help food companies to determine the vulnerability to fraudulent activities (elements used in the « Food Fraud Vulnerability Assessment » SSAFE & PwC Tool, see Annex 3):

- **Opportunity:** Is it easy to commit fraud (according to one of the above described types) on goods received or on the finished product? Are there methods in place to detect fraud? Have there been cases relating to fraud on goods or on the finished product, reported by the media?
- **Motivation:** Is the price of the goods subject to market fluctuations and / or changes in the environment? Does the price of the goods depend on the methods of production (e.g.: biological)? Is the corruption level high in the country from where the goods originate? What is the financial health of the supplier?
- **Control measures against fraud:** Analysis of products, traceability extent of its own system and system of the suppliers, contractual requirements with the suppliers,...

The first two elements are potential risk factors relating to fraud, whereas the third element makes it possible to prevent or detect fraud.

2. Why and how to integrate the fight against fraud in your quality system?

Fraudulent acts may adversely affect companies, even more so if they have received media attention. The confidence of customers, farmers, consumers, but also control authorities, are negatively impacted which could potentially lead to economic losses for the companies.

The integration of contents relating to fraud in all the quality management systems is currently not on the agenda. It is not because a supplier or a customer holds one or more certifications that he is not susceptible to commit fraud; a certificate is not a guarantee.

However, initiatives have been implemented with the aim to help FEED and FOOD companies to assess and to manage the risks relating to Fraud. Two initiatives have been retained and are presented in a more detailed manner in Annex 2 and 3.

¹ Regulation No 178/2002 – Art.8 ; Regulation No 1169/2011 ; Regulation No 767/2009 – Art.11

² Sources :

Brochure food authenticity : better to prevent than cure, FEVIA, 30/11/2015

Spink J, Moyer DC Research Grants. In *Backgrounder: Defining the Public Health Threat of Food Fraud*.

Minneapolis, Minnesota: National Center for Food Protection and Defense; 2011a.

SSAFE Food Fraud Vulnerability Assessment Tool, SSAFE, 16/12/2015

The first initiative is a brochure developed by FEVIA, "Ensuring Food authenticity: 5 steps to help you company to protect itself against Food fraud (Dutch / French)". This brochure was elaborated to serve as a procedure to be applied by companies belonging to the FOOD sector. However, the latter can also be applied by companies belonging to the FEED sector. This brochure enables companies to identify, to access and to manage the upstream fraud risks (supply).

The second initiative enables companies to assess their potential vulnerability to fraud through a tool launched by the SSAFE³ association in collaboration with PwC⁴ (but also with the Wageningen University and the Free University of Amsterdam). It concerns the « Food Fraud Vulnerability Assessment » tool. This tool which is accessible online is free of charge and its use is adapted both to FEED and FOOD companies.

An interesting way to integrate fraud management in the quality management system is to perform analyses on the goods and/or products. It is not really necessary to increase their number, but one must think carefully about their purpose:

- **Targeted or non-targeted analysis?**

The targeted analysis detects and quantifies the previously determined components (e.g. for a compound feed: research and quantification of the composition of maize, soya and wheat – addresses the question: does my feed actually contain maize, soybeans and wheat, and if so, how much?) whereas the non-targeted analysis provides the profile of the ingredient or product (provides an answer to the question "what is the composition of my feed?").

- **Where? What? When?**

The identification of risk points in the supply chain, verification of the composition (systematic analysis, determining the frequency and whether the program is targeted (risk products) or random).

In the first instance, all products and goods are not required to be specifically targeted. It is more relevant to focus on the so-called 'sensitive' products, for example: expensive products or products with great added value, products intended for sensitive animal groups (young animals) or yet those representing a large volume for the company.

Finally, note that the primary focus of this document is not to promote mistrust between partners, but rather to add a parameter in your hazard analysis in order to ensure the manufacturing and/or marketing of even safer animal feed.

³ SSAFE (Safe Supply of Affordable Food Everywhere) SSAFE is a global non-profit membership organization incorporated in 2006 to help integrate food safety, animal health and plant health across food supply chains to improve public health and wellbeing.

⁴ PwC is « a network of American companies specialized in audit, accounting and consulting missions for businesses. »



Annex 1: Examples of fraud

A user may face several types of fraud⁵ :

Dilution	Mixing a liquid ingredient of high value (\$/€) with a liquid of lower value.
Substitution	Replacing an ingredient, or part of the product, of high value (\$/€) with another ingredient, or part of the product, of lower value.
Concealment	Hiding the low quality of food ingredients or product.
Mislabelling	Placing false claims on packaging for economic gain.
Unapproved enhancement	Adding unknown and undeclared materials to food products to enhance the quality attributes.
Counterfeiting	Copying the brand name, packaging concept, recipe, processing method etc. of food products for economic gain.

Moreover, the Rapid Alert (RASFF) notifications - periodically synthesized by OVOCOM - indicate problems for which a fraudulent cause could be considered. For example, here are a few cases illustrating the concepts defined above:

- The product contains an undeclared GMO [*mislabelling*];
- Incorrect, incomplete or inaccurate name (hydrolyzed feather meal vs. hydrolyzed protein) [*mislabelling, substitution or dilution*];
- Presence of ruminant DNA in non-ruminant products [*substitution or dilution*];
- Unclear country of origin [*mislabelling*];
- Presence of mineral oil in a feed quality oil [*substitution or dilution*];
- Presence of fats from sources (plant / animal species) other than those mentioned in documents [*mislabelling*];
- Addition of melamine into a product normally rich in protein [*mislabelling, concealment, substitution or dilution*];
- Grinding, pelleting and flavouring of a low quality product [*dissimulation*].

Given these examples, classification and identification of the fraud type can be a source of discussion, but what really matters is that fraud is discovered and detected in time.

⁵ SSAFE Food Fraud Vulnerability Assessment Tool, SSAFE, 16/12/2015

Annex 2: Food Authenticity - FEVIA

The [brochure on food authenticity](#) developed by FEVIA can be considered a procedure. It consists of 5 steps. Each of them contains:

- the questions one has to ask himself in order to gather, step by step, the essential elements to assess the vulnerability of the company to fraud;
- suggestions to ensure the results of your efforts are as complete / comprehensive as possible.

Here below you will find a brief summary of the contents of these steps:

- **Step 1: Map the supply chain**

The aim is to create a map (visual and / or number-based) of the supply chain of the company. This first step is based on the analysis and study of the purchasing criteria, of the product properties and of what is deemed necessary.

- **Step 2: Identify the impact, risks and opportunities⁶**

This step ensures you to understand the risks and opportunities of fraud in the supply chain of the company. This can be done notably by identifying resources that may be the target of fraud, by evaluating suppliers and by making sure to know the key factors that may influence the company's supply chain (p .ex. linked to economic or environmental changes).

- **Step 3: Evaluate and prioritize the findings / conclusions**

After fraud risks and opportunities to limit fraud have been identified, the company must analyze how it can manage fraud (e.g. by taking into account, when checking the suppliers, the possibility that these suppliers can subcontract an activity to a third party).

- **Step 4: Create an action plan**

An action plan is developed based on the findings / conclusions highlighted in step 3. First, this plan lays down the actions in order to limit fraud, e.g. authenticity test, communication with the suppliers on identified risks,...

- **Step 5: Implement, monitor, review and communicate**

This last step should allow the full integration of the action plan (and the underlying steps) in the operation of the company. It is therefore necessary:

- to do a follow-up on the plan (integrating the plan in the supplier evaluation and in the audit systems);
- to internally communicate the impact of the plan (transparency - importance for the support of third parties);
- to implement this plan for future developments (product, process, supplier).

⁶ The notion of "opportunity" appears several times in this document, but should be interpreted differently depending on whether it is used by FEVIA or by SSAFE. In the first case, opportunity means the opportunity to reduce fraud, while in the second case, the word refers to an opportunity to commit fraud because of a weakness.

Annex 3: "Food Fraud Vulnerability Assessment" tool – SSAFE & Pwc

The "Food Fraud Vulnerability Assessment" tool has been developed to help businesses understand and identify the situations that offer fraud possibilities / opportunities⁷. Thus, these companies can develop strategies to limit them.

The tool can be used by all links in the supply chain - from animal feed and primary production to food production and catering - to assess vulnerability of an ingredient, a product or service, regardless of the business type, size or geographic location. You can download the [free online tool](#) with no strings attached or [directly conduct the assessment online](#) (provided you have a login).

The tool is an Excel file in which the company must answer 50 questions about fraud opportunities, motivations (e.g. economic health of suppliers / customers, variable product prices) and monitoring measures at the level of all the links and stakeholders in the supply chain.

These answers are then processed, after which an assessment of the risks and existing control measures is generated. This evaluation is therefore intended to provide a basis for the company to develop adequate measures in order to remedy the identified weaknesses.

Please note that the online evaluation is anonymous and confidential; the identity of participants is not accessible from the recorded information. The results, however, will be exploited by the website manager.

⁷ The notion of "opportunity" appears several times in this document, but should be interpreted differently depending on whether it is used by FEVIA or by SSAFE. In the first case, opportunity means the opportunity to reduce fraud, while in the second case, the word refers to an opportunity to commit fraud because of a weakness.