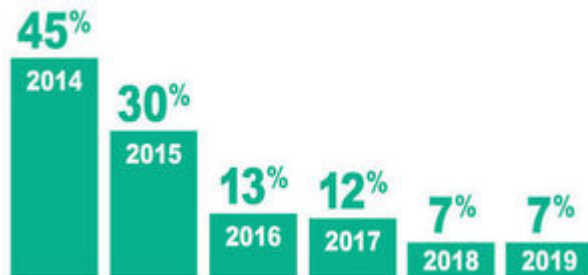


# Forensic auditing: Retailer voluntary commitment

## Forensic auditing



Find out which of the retailers regulated under the Groceries (Supply Chain Practices) Market Investigation Order 2009 have agreed to limit the auditing of their suppliers' trading accounts, providing this is done on a reciprocal basis.

## Background

Under the Limitation Act 1980, contracting parties are able to make claims against one another going back up to six years. The Groceries Code Adjudicator (GCA) heard this was being used proactively by some regulated retailers to make claims against suppliers for historic invoicing errors or omissions. Suppliers were being asked for significant sums of money with the burden of proof falling on them to show that any discrepancies were not valid claims. The documentary audit trail was often complex and difficult to piece together after a long period of time. Suppliers reported that deductions would be applied by retailers with little or no notice.

## Potential Groceries Supply Code of Practice (the Code) breach

Although it cannot interfere with parties' statutory rights to bring contractual claims, the GCA considers that where unilateral deductions are made by regulated retailers against suppliers' current invoices, the effect of this practice falls under paragraph 5 of the Code: No delay in Payments, read with paragraph 2 of the Code: Principle of fair dealing.

## GCA progress

In signing up to the GCA's voluntary commitment, retailers agree to limit the auditing of suppliers' trading accounts in search of missed claims to no more than the current and previous two financial years, on a reciprocal basis with those suppliers. This means that only suppliers who agree to limit their own audit activity in return can benefit from any retailer's commitment to do so.

In 2014, eight out of 10 of the original regulated retailers signed up to the voluntary commitment. The eight retailers were:

- Aldi Stores Ltd;
- Asda Stores Ltd;
- Co-operative Group Ltd;
- Lidl UK GmbH;
- Iceland Foods Ltd;
- Marks and Spencer plc;
- Tesco plc; and
- Wm Morrison Supermarkets plc.

In 2019 three additional retailers also made the voluntary commitment, these were:

- B&M European Value Retail SA
- Ocado Group plc; and
- Waitrose Limited

In 2020, TJ Morris Limited (trading as Home Bargains) also signed up to the voluntary commitment.

The retailers which signed up each set out how they implement the voluntary commitment. The GCA continues to monitor what suppliers report of their experiences, particularly in relation to the one retailer which has not signed up to the voluntary commitment, J Sainsbury plc.

Published 20 November 2019

Last updated 18 March 2020 [+ show all updates](#)

1. 18 March 2020

TJ Morris Limited (trading as Home Bargains) has signed up to the voluntary commitment.

2. 20 November 2019

First published.