

Contract Review

Planning, Completing and Recording Contract Review Activities

Development

To define detail, scope and purpose.

Development

This information can be used to develop food safety and quality programs that meet the requirements of modern Regulatory, Customer and Industry Standards:

- We take the time to explain the expectations and requirements of food safety and quality compliance as these relate to your food safety and quality programs.
- You may choose to use our Premium Resources to build, enhance or upgrade your food safety and quality program.
- We encourage you to share this webpage with any food compliance associates and peers you believe may benefit from our commitment to providing our users with user-friendly information and resources to achieve superior Food Compliance Culture.
- We welcome your suggestions for additions of general or specific content through the haccp.com Contact Page.

Key Definitions for Contract Review

- Contract: A legally binding agreement between a supplier and a customer that sets out the products or services to be provided and the terms on which they are supplied.
- Contract Review: Contract review is the structured system through which supply contracts are assessed and confirmed with relevant parties.
- Customer Focus: Customer focus is a term used to describe the structured systems through which a food business reviews, trends and analyses customer expectations and requirements. This may also include customer contact and communication requirements.
- Identity Preservation: A system of segregation and documentation that maintains the identity of a specific ingredient, product or lot from its origin through to delivery, often specified in customer contracts to support claims such as organic or allergen free.
- Tender: Commonly also known as a bid. A formal proposal to sell or buy a commodity or service at a specified price.

Contract Review Development

When considering the development, documentation, and implementation of Contract Review within food safety and quality management systems, the following information should be considered to ensure effective outcomes:

About Contract Review

Contract review is a systemic requirement that promotes and nurtures supplier and customer relationships. For legal reasons, and for the transparency of customer expectations, contracts should be developed, documented, implemented, and reviewed on an ongoing basis between suppliers and customers. Contract review processes are often closely linked to customer focus systemic elements.

It is also important to consider that Contract Review requirements may not just apply to customers; they can be reversed and applied with similar methods for suppliers of materials or services (see Approved Supplier Management).

Contract Review Process

The following process outlines a common logical sequence of steps within a Contract Review Process, based upon a scenario in which a new or pre-existing customer relationship includes Contract Review elements:

- Understanding customer requirements and expectations;
- Definition and documentation of customer requirements;
- Review of the contract;
- Contract agreement;
- Contract review frequency.

Understanding Customer Requirements and Expectations



Open discussion with the customer helps clarify their expectations and requirements.

It is important within any Contract Review activity to ensure the requirements and expectations of any prospective or existing customer are fully understood. This element of the Contract Review process requires clear and open communication channels between the food business and their customer.

Customer requirements and expectations commonly include provisions for:

- Quality;
- Safety;
- Timeframes;
- Cost;
- Delivery;
- Industry acceptance;
- Volumes;
- Identity preservation;
- Use of trademarks and claims;
- Verification and validation;
- Emergency provisions;
- Sub-contracting of products or services;
- Regulatory compliance;
- Ethical sourcing standards;
- Allergen controls;
- Food defence and food fraud controls;
- Certification requirements;
- Labelling and packaging;
- Product specifications and shelf life;
- Traceability and product recall requirements.

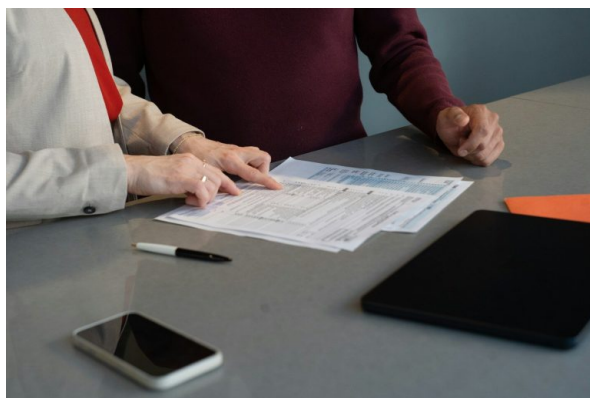
Definition and Documentation of Customer Requirements



Documented customer requirements should be stored where authorised staff can find them.

Once your food business clearly and fully understands customer requirements and expectations, a defined and documented contract for a current or proposed product or service will generally be formatted. This format must be inclusive of 'understood' and 'accepted' customer requirements and expectations, which are presented in alignment with the services or products to be supplied through the contract. It is important to consider that a documented contract is legally binding, so it is not uncommon for qualified legal representatives to be involved in the process.

Review of the Contract

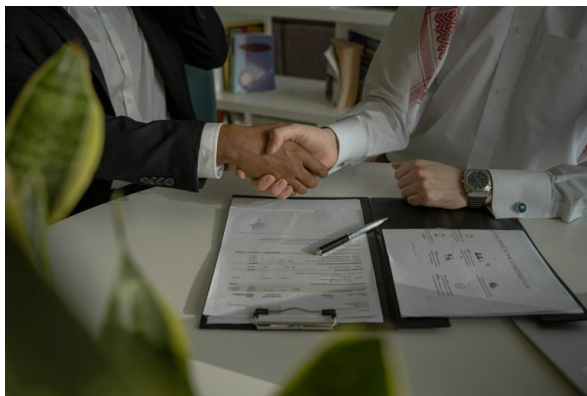


Reviewing the contract line by line helps confirm that every requirement can be met.

Once the documented contract is available for review, it is generally reviewed by all associated parties. This review is conducted to ensure customer requirements and expectations are clearly declared, and that your business is capable of supplying the proposed products or services to the required standards.

It is important at this step to ensure that differences between customer requirements and expectations are resolved with a mutually agreeable acknowledgement from all involved parties. Where issues are identified, the contract should be reworked and revalidated to ensure appropriate outcomes.

Contract Agreement



A signed contract confirms that both parties agree to the stated requirements.

Once the Contract Review step is completed and all parties are comfortable with the content and implementation of the 'contract', it is commonly signed by an authorised representative of all involved parties. It is once again important to consider that all documented contracts are legally binding, so it is not uncommon for qualified legal representatives to be involved in the process.

It is generally accepted that the full content of 'contracts' is confidential, so contracts are commonly retained securely for legal compliance. In this context, it is always important to ensure that relevant team members have access to 'contract' information relevant to their roles. The management review process is commonly used as a tool to ensure key team members are aware of relevant 'contract' content.

Contract Review Frequency

The frequency at which a Contract Review activity is scheduled and conducted is commonly dictated by the timeframes nominated within the contract itself. Food businesses commonly have contracts linked to the supply of products which may be seasonal or through a 'tender' arrangement.

In most cases, it is recommended that contracts are reviewed on a schedule that allows a new or renewal contract to be signed before any supply of products or services included in the contract begins, unless such arrangements are within a defined and agreed 'trial' period. This provides the strongest legal protection for all parties involved in the supply of products or services.

Typical Contract Content

The content of a supply contract varies with the product, the customer and the market. Contracts commonly address:

- Scope of supply and product specifications;
- Pricing and payment terms;
- Delivery arrangements and timeframes;
- Quality and food safety requirements;
- Audit and inspection rights;
- Traceability and recall responsibilities;
- Confidentiality;
- Term, renewal and termination;
- Dispute resolution.

The same elements may be applied when reviewing contracts with suppliers of materials or services, as discussed under supplier management.

Who Should Be Involved in Contract Review

Contract review is most effective when each function that is affected by the contract has an opportunity to confirm that its requirements can be met. This commonly includes:

- Sales or account management, who manage the customer relationship;

- Quality and food safety, who confirm that product and system requirements can be met;
- Production, who confirm that volumes, timeframes and processes are achievable;
- Purchasing, who confirm the availability of materials and services;
- Finance, who confirm pricing and payment terms;
- Legal representatives, who review the contract terms.

This information is general guidance only and is not legal advice.

Regulatory and Industry References

Review of customer and product requirements is a feature of the major quality and food safety management system standards. The following references may assist in the development of your program:

- ISO 22000:2018 Food safety management systems: Requirements for any organization in the food chain (International Organization for Standardization);
- ISO 9001 Quality management systems: Requirements (International Organization for Standardization).

Your certification body, regulator and customers may also specify requirements that apply to your Contract Review program.

Contract Review Records



Organised contract records make it easier to find agreed requirements and amendments.

Records of contract review demonstrate that requirements were understood and agreed before supply began. Records commonly include:

- The completed Contract Review worksheet;
- The signed contract;
- Correspondence and approved variations;
- A contract register showing contract terms and the next review date.

Contract records should be retained securely, for the period required by legislation or the contract, and be accessible to relevant team members.

If your food business supplies foodstuffs manufactured to a customer's specifications, it is important to consider any specific Contract Review Development requirements in relation to their items.

Contract Review Development Key Points

- Contract Review programs must be developed to meet relevant Regulatory, Industry, and Customer standards and requirements;
- The Senior Management of your business is committed to providing adequate resources for the development of your Contract Review program;
- Should you require additional resources for the development of Contract Review program elements, please discuss this with the relevant Senior Management representative;
- A properly developed Contract Review program will provide a strong framework for your business to maintain

compliance with relevant Regulatory, Industry, and Customer standards and requirements;

- A poorly developed Contract Review program will not fully support your business and may contribute to significant non-compliance against Regulatory, Industry, and Customer standards and requirements.

Documentation

To establish the developed detail in a viewable format to facilitate information.

Documentation

Document: A document provides guidance and/or direction for performing work, making decisions, or rendering judgments that affect the safety or quality of the products or services that customers receive.

Documented policies, procedures, work instructions, and schedules form the basis of any food safety and quality management system. The following documentation formats may be considered to ensure ongoing compliance with specified requirements for Contract Review:

- Contract Review policy;
- Contract Review development procedures;
- Contract Review implementation procedures and work instructions;
- Contract Review monitoring procedures;
- Contract Review corrective and preventative action procedures;
- Contract Review verification schedule;
- Contract Review verification procedures;
- Contract Review validation schedule;
- Contract Review validation procedures;
- Contract Review training procedures.

If your food business supplies foodstuffs manufactured to a customer's specifications, it is important to consider any specific Contract Review Documentation requirements in relation to their items.

You may wish to visit the Contract Review Templates section of haccp.com for examples of Contract Review documentation, record, and resource formats commonly applied within food safety and quality systems.

Contract Review Documentation Key Points

- Contract Review programs must be documented to meet relevant Regulatory, Industry, and Customer standards and requirements;
- All documented Contract Review program elements must be controlled to ensure compliance;
- Key documented Contract Review program elements should be available to your business team at all times to ensure they can facilitate required tasks;
- A properly documented Contract Review program will provide a strong framework for your business to maintain compliance with relevant Regulatory, Industry, and Customer standards and requirements;
- A poorly documented Contract Review program will not fully support your business and may contribute to significant non-compliance against Regulatory, Industry, and Customer standards and requirements.

Implementation

To facilitate the application of the documentation.

Implementation

Implementation: Implementation is the application of documented food safety and quality system elements into the actual business operation.

The implementation of Contract Review within any food business requires genuine commitment from senior management, staff, and visitors to ensure the nominated goals of implementation are achievable on an ongoing

basis. It is a step that requires significant planning and consideration of general and specific food business circumstances to ensure that the outcomes of the Contract Review do not negatively impact the safety and quality of the food items dispatched from the business.

Implementation of Contract Review must include a clear definition of responsibilities and authorities for all levels of participation by senior management, staff, and visitors to the site.

When implementing Contract Review within the food safety and quality system, you may wish to consider the following requirements before completion:

- Communication and display of the Contract Review policy;
- Completion of Verification and Validation of Contract Review development procedures;
- Availability of Contract Review implementation procedures and work instructions;
- Availability of Contract Review monitoring procedures and record templates (where applicable);
- Availability of Contract Review corrective and preventative action procedures and record templates (where applicable);
- Availability of the Contract Review verification schedule;
- Availability of Contract Review verification procedures;
- Availability of the Contract Review validation schedule;
- Availability of Contract Review validation procedures;
- Completion of Contract Review training procedures;
- Completion of product design and development requirements related to Contract Review;
- Completion of process design and development requirements related to Contract Review;
- Completion of training for team members who have responsibilities and involvement within Contract Review;
- Completion of competency approval for team members who have responsibilities and involvement within Contract Review.

If your food business supplies foodstuffs manufactured to a customer's specifications, it is important to consider any specific Contract Review Implementation requirements in relation to their items.

Premium Resources on haccp.com that support this element include the Template CONREV Contract Review Record and the Work Instruction CONREV Contract Review Record.

Contract Review Implementation Key Points

- Contract Review programs must be implemented to meet relevant Regulatory, Industry, and Customer standards and requirements;
- Your Contract Review program must be fully implemented as per relevant documented Policies, Procedures, and Work Instructions;
- The implementation of Contract Review requires a commitment to the provision of resources by the Senior Management of your business;
- A properly implemented Contract Review program will provide a strong framework for your business to maintain compliance with relevant Regulatory, Industry, and Customer standards and requirements;
- A poorly implemented Contract Review program will not fully support your business and may contribute to significant non-compliance against Regulatory, Industry, and Customer standards and requirements.

Monitoring

To review, confirm and document evidence of the implementation against documented limits.

Monitor

Monitoring: Monitoring is the act of reviewing and confirming measurable parameters of a defined process or product status.

Monitoring requirements within food industry sectors are generally identified against limits of acceptability defined

within HACCP plans, implementation procedures, and work instructions. Monitoring usually includes some element of record-keeping, which may be maintained manually or through digital systems. It is important to consider that advancements in technology have produced many systems and processes that are self-monitored or self-adjusted when variances are identified. Regardless of the system used, the goal of any monitoring activity is to provide sufficient evidence that any limit of acceptability has been met.

Traditional Contract Review monitoring requirements include manual recording and the application of corrective actions when the results of monitoring are found to be outside acceptable limits. Corrective Actions should also generally be strongly linked to the monitoring process where applied to ensure full traceability of the applied actions.

The following examples of monitoring activities and record formats may apply to Contract Review:

- Contract Review Worksheet: The Contract Review process must be conducted to meet all relevant criteria to ensure the outcomes meet the goals of the activity. It is common for businesses to implement a Contract Review worksheet format that includes prompts for criteria to be considered, against which the outcomes and status are identified. This can then be used to format a summary of each respective Contract Review activity.
- Contract register: A register of current contracts that records the customer, the agreed products and services, key requirements, review dates and any amendments, so that the status of each contract can be confirmed at a glance.

If your food business supplies foodstuffs manufactured to a customer's specifications, it is important to consider any specific Contract Review Monitoring requirements in relation to their items.

You may wish to visit the Contract Review Templates section of haccp.com for examples of Contract Review documentation, record, and resource formats commonly applied within food safety and quality systems.

Contract Review Monitoring Key Points

- Monitoring provides real-time confirmation and evidence that your risk-based FS&Q Controls are effectively implemented;
- Contract Review programs must be monitored to meet relevant Regulatory, Industry, and Customer standards and requirements;
- Monitoring of Contract Review must be facilitated as per relevant documented Policies, Procedures, and Work Instructions;
- Nominated monitoring records for Contract Review must be maintained as per relevant documented Policies, Procedures, and Work Instructions;
- A properly monitored Contract Review program will provide a strong framework for your business to maintain compliance with relevant Regulatory, Industry, and Customer standards and requirements;
- A poorly monitored Contract Review program will not fully support your business and may contribute to significant non-compliance against Regulatory, Industry, and Customer standards and requirements.

Corrective Action and Preventative Action

To apply "real time" interventions to documented monitoring limits.

Corrective Action

Corrective Action: Corrective action is mandatory action to be taken when a deviation from the Quality System occurs, particularly in relation to a Critical Control Point.

Preventative Action: At any step in the process where a hazard has been identified, preventative action must be put into place to prevent re-occurrence.

Corrective Action and Preventative Action are implemented to ensure that any identified non-conformance issues are documented, investigated, and rectified within appropriate timeframes. Corrective action is any action applied to regain control over a product, process, policy, or procedure that has been identified as being non-conforming or outside nominated limits of acceptability. Preventative action is any action applied to prevent any identified non-conformance from reoccurring.

The outcomes of corrective and preventative actions should result in regained process control after effective application. Specified corrective actions are commonly linked to the HACCP Plans and the food business certification process.

Below are Corrective Action and Preventative Action examples which may be associated with Contract Review related non-conformance:

- Review of the Contract Review policy;
- Review of Contract Review development procedures;
- Review of Contract Review implementation procedures and work instructions;
- Review of Contract Review monitoring procedures;
- Review of Contract Review corrective and preventative action procedures;
- Review of the Contract Review verification schedule;
- Review of Contract Review verification procedures;
- Review of the Contract Review validation schedule;
- Review of Contract Review validation procedures;
- Review of Contract Review training procedures;
- Re-training in Contract Review;
- Review of management review activities to include Contract Review as an agenda item;
- Initiation of 'product hold' procedures where safety or quality may be compromised;
- Initiation of a product recall or product withdrawal procedures where investigations show that there is a substantial safety or quality risk to the released product;
- Contacting stakeholders including customers regarding any confirmed or potential Contract Review concerns involving their product.

If your food business supplies foodstuffs manufactured to a customer's specifications, it is important to consider any specific Contract Review Corrective Action requirements in relation to their items.

You may wish to visit the Corrective Action and Preventative Action section of haccp.com for examples of best practice applications for this food safety and quality system element.

Contract Review Corrective Action and Preventative Action Key Points

- The implementation of Corrective Action and Preventative Action provides confidence that your FS&Q Program is effectively implemented and that FS&Q criteria are being met;
- Where deviations or variations are observed, Corrective Action and Preventative Action must be facilitated to meet relevant Regulatory, Industry, and Customer standards and requirements;
- Corrective Action and Preventative Action of Contract Review must be facilitated as per relevant documented Policies, Procedures, and Work Instructions;
- Records of Corrective Action and Preventative Action for Contract Review must be maintained as per relevant documented Policies, Procedures, and Work Instructions;
- Proper application of Corrective Action and Preventative Action for your Contract Review program will provide a strong framework for your business to maintain compliance with relevant Regulatory, Industry, and Customer standards and requirements;
- Poor application of Corrective Action and Preventative Action for your Contract Review program will not fully support your business and may contribute to significant non-compliance against Regulatory, Industry, and Customer standards and requirements.

Verification

To review and confirm documented monitoring and corrective actions against documented parameters.

Verify

Verification: The act of reviewing, inspecting, testing, checking, auditing, or otherwise establishing and documenting whether items, processes, services, or documents conform to specified requirements.

Verification is the detailed review of all food safety and quality system elements to confirm that they are effectively developed, documented, implemented, monitored, and reviewed. All food safety and quality system elements, including documented policies, procedures, training, HACCP plans, and their operational applications must be verified on an ongoing scheduled basis. The verification process commonly includes a defined schedule for which verification activities are required, how often they are conducted, who is responsible, and detailed documented procedures for each nominated verification activity.

The general goal of an established verification process is to ensure any systemic non-conformance issues are identified and rectified within an appropriate timeframe. When non-conformance issues are identified through the verification process, Corrective Actions and Preventative Actions should be implemented to ensure they do not impact the effectiveness of the food safety and quality system.

The following examples of verification activities may be applicable to Contract Review:

- Review of the Contract Review policy;
- Review of Contract Review development procedures;
- Review of Contract Review implementation procedures and work instructions;
- Review of Contract Review monitoring procedures;
- Review of Contract Review monitoring records;
- Review of Contract Review corrective and preventative action procedures;
- Review of the Contract Review verification schedule;
- Review of Contract Review verification procedures;
- Review of the Contract Review validation schedule;
- Review of Contract Review validation procedures;
- Review of Contract Review training procedures;
- Review of Contract Review performance since the last review and historically;
- Review of completed contracts against the products and services supplied to confirm that requirements were met;
- Inclusion of Contract Review as an agenda item within the Management Review Process.

If your food business supplies foodstuffs manufactured to a customer's specifications, it is important to consider any specific Contract Review Verification requirements in relation to their items.

You may wish to visit the Verification Activities section of haccp.com for examples of best practice applications for this food safety and quality system element.

Contract Review Verification Key Points

- Your verification program provides evidence that your FS&Q Controls have worked;
- Contract Review programs must be verified to meet relevant Regulatory, Industry, and Customer standards and requirements;
- The verification of Contract Review must be facilitated as per relevant documented Policies, Procedures, and Work Instructions;
- Nominated verification records for Contract Review must be maintained as per relevant documented Policies, Procedures, and Work Instructions;
- A properly verified Contract Review program will provide a strong framework for your business to maintain compliance with relevant Regulatory, Industry, and Customer standards and requirements;

- A poorly verified Contract Review program will not fully support your business and may contribute to significant non-compliance against Regulatory, Industry, and Customer standards and requirements.

Validation

To confirm the documented monitoring or procedural limits.

Validate

Validation: The process of gathering evidence to provide a scientific basis for the documented act of demonstrating that a procedure, process, and activity will consistently lead to the expected results. It often includes the qualification of systems and equipment.

Validation is the provision of evidence to support the limits of control or acceptability for food safety or quality parameters nominated within systemic elements. Limits of control or acceptability are commonly included within documented food safety and quality systems elements such as procedures, HACCP plans, and specifications.

Common sources of validation include regulatory and legislative standards, finished product specifications and customer requirements, industry codes of practice and guidelines, verified and validated research, historical product, and process control outcomes, and analytical testing.

The general goal of an established validation process is to ensure any inappropriate limits of control or acceptability are identified and rectified within an appropriate timeframe. When non-conformance issues are identified through the validation process, Corrective Actions and Preventative Actions should be implemented to ensure they do not impact the effectiveness of the food safety and quality system.

Validation activities are commonly defined within the verification schedules and procedures of established food safety and quality management systems.

The following examples may apply to validation of the limits of control or acceptability for Contract Review:

- Confirmation of nominated food safety and food quality control limits for Contract Review. These limits may apply to regulatory, industry, customer, or finished product specifications;
- Confirmation that the business has the capability to meet contract requirements, including capacity, equipment, skills, ingredient availability and shelf life, before a contract is accepted.

If your food business supplies foodstuffs manufactured to a customer's specifications, it is important to consider any specific Contract Review Validation requirements in relation to their items.

You may wish to visit the Validation Activities section of haccp.com for examples of best practice applications for this food safety and quality system element.

Contract Review Validation Key Points

- Your validation program provides evidence that your FS&Q Controls will work;
- Contract Review programs must be validated to meet relevant Regulatory, Industry, and Customer standards and requirements;
- The validation of Contract Review must be facilitated as per relevant documented Policies, Procedures, and Work Instructions;
- Nominated validation records and supporting documentation for Contract Review must be maintained as per relevant documented Policies, Procedures, and Work Instructions;
- A properly validated Contract Review program will provide a strong framework for your business to maintain compliance with relevant Regulatory, Industry, and Customer standards and requirements;
- A poorly validated Contract Review program will not fully support your business and may contribute to significant non-compliance against Regulatory, Industry, and Customer standards and requirements.

Training, Competency and Resources

Skills, knowledge and competency requirements to facilitate development, documentation, implementation, monitoring, corrective action, verification and validation of every Food Safety and Quality System Element.

Skills and Knowledge

Skills and Knowledge: Skills and knowledge are attributes of human interactions commonly linked to competency within any specific job-related task.

Training and competency requirements for Contract Review must be ongoing, including regularly scheduled reviews to ensure the effectiveness of training and competency outcomes.

Team members who have defined responsibilities regarding Contract Review should have knowledge including:

- Basic Contract Review requirements;
- Positive outcomes of Contract Review;
- Negative outcomes of a lack of Contract Review;
- Current Contract Review procedures, methods, and techniques;
- General operational, corporate, and social awareness regarding Contract Review;
- Regulatory, industry, and customer requirements regarding Contract Review.

Team members who have defined responsibilities regarding Contract Review should have skills including:

- Competency in basic Contract Review;
- Effective application of current Contract Review procedures, methods, and techniques;
- Negotiation, communication and contract awareness, including recognition of common contract terms;
- The basic development, documentation, and implementation of HACCP and Prerequisite Programs within the food industry sector.

Team members who have defined responsibilities regarding Contract Review should have access to resources including:

- Contract Review training;
- Contract Review associations and events;
- Regulatory standards, industry and customer information, and updates regarding Contract Review;
- Incidents within the food industry sector regarding Contract Review;
- Commitment to Contract Review by senior management;
- Suitably qualified food industry professionals with verified experience in Contract Review;
- Effective communication systems including email, internet, and phone through which Contract Review information can be sent and received within suitable timeframes.

If your food business supplies foodstuffs manufactured to a customer's specifications, it is important to consider any specific Contract Review Training, Competency, and Resources requirements in relation to their items.

You may wish to visit the Training, Competency, and Resources section of haccp.com for examples of best practice applications for this food safety and quality system element.

Contract Review Training, Skills, and Knowledge Key Points

- Your Training, Skills, and Knowledge program ensures all participating personnel, visitors, and contractors have the required skills and knowledge to effectively facilitate the requirements of your FS&Q Program;
- Training, Skills, and Knowledge programs for Contract Review must be facilitated to meet relevant Regulatory, Industry, and Customer standards and requirements;
- Training, Skills, and Knowledge programs for Contract Review must be facilitated as per relevant documented Policies, Procedures, and Work Instructions;
- Training, Skills, and Knowledge records for Contract Review must be maintained as per relevant documented Policies, Procedures, and Work Instructions;

- Properly applied Training, Skills, and Knowledge programs for Contract Review will provide a strong framework for your business to maintain compliance with relevant Regulatory, Industry, and Customer standards and requirements;
- Poorly applied Training, Skills, and Knowledge programs for Contract Review will not fully support your business and may contribute to significant non-compliance against Regulatory, Industry, and Customer standards and requirements.

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