



HAS Policy and Guidance Notes on Auditing and Risk Management 2018

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Signed:

The Halal Agency Serbia (HAS) defines risk as the threat that internal or external events will adversely affect its ability to achieve its strategy, policy and operational goals.

It recognizes that risk is something that cannot be wholly contained but aims to manage the exposure to those risks to a satisfactory level.

It is the intention that effective, proactive risk management supporting structured well managed risk taking is integrated into the culture of HAS.

Principles

HAS will identify and manage risks that endanger the achievement of the strategic aims defined in its Business Plan or the operational aims defined in HAS plans.

The approach adopted will meet the requirements of ISO/IEC 17065

HAS's internal control framework incorporates its risk management approach. Management of risk will be embedded at all levels of the organization, supported by an active training and education program.

Risk Assessment

Risks will be assessed against estimation criteria approved by the HAS Board. These criteria cover the potential impact of the risk and the likelihood of its occurrence. The risk will be considered for its effect on strategy, operations, finances or reputation and whether they are external or internal.

Risk Tolerance

The senior manager responsible for the work carrying a risk will, at the start of a year for operational services or at the start of a program or project, assess the risks that that work may be subject to.

They will use the estimation criteria noted above. They will also be responsible for identifying the acceptable tolerance level for the risks involved and confirming them with the HAS staff.

As risks are managed this tolerance level will be used as the prompt for the escalation of risk reporting to senior management.

Risk Management

Risks will be managed in accordance with an agreed approach ranging from terminating the risk, through possible reduction measures, acceptance and monitoring or passing the risk on. Review of the risks will be carried out by the manager assigned responsibility for it.



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Risks will be reviewed:

- Annually by the Board of Directors as part of the planning cycle;
- Quarterly by the Exec Team as part of the business plan monitoring process;
- At each of its meetings by the Impartiality Committee;
- Monthly by the Exec Team on an exception basis;
- Monthly by HAS Staff for their own subset of risks;
- A Local risk register will be developed as needed based on these policy principles.

Roles and responsibilities

Each level of HAS has a responsibility for risk awareness and management. The main roles and responsibilities are as follows:

Board

The Board is responsible for confirming that the risk management approach will aid the achievement of policy aims.

Technical Director

The Technical Director is responsible for ensuring that the risk management framework is adequate and that processes are in place to ensure that it is working effectively.

Staff at all levels are responsible for ensuring that risks to their activities are identified, recorded, assessed and managed on an agreed basis. Internal Audits act as an independent review of HAS's overall internal control framework, including risk management, and reports their findings to the Accountant and BOD.

Risk Strategy for Certification and Auditing

Halal Certification of Food Products is inherently risky due to the types of foods, ingredients; processing methods and so a policy to define what the risks are and how HAS will identify and manage the risk is necessary.

HAS will carry out Annual Audits (1 yearly) as a minimum. For higher risk plants and products, HAS will evaluate the risk and will carry out extra or additional audits, which must be paid for by the clients. The additional audits are necessary to ensure product compliance (ISO/EC 17021) to halal Guidelines as defined in the international Halal standards and related national Fatwa's. For the issuance of Batch Certificates, HAS auditor will either supervise production OR HAS will require additional information before the Batch certificate is issued.

The Certification Cycle will be for 3 years with year 1 being the initial Audit (with Desk audit carried out before on site audit)-this is an on-site audit (See table 1).



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Table 1

Year	Audit type	Process	Notes
1	Initial Audit	Desk Audit (Stage 1 Audit) then On Site Audit (Stage 2 Audit) 2 Auditors: 1 HIAE, 1 Technical Auditor	Review Documents, Application forms, Ingredients, Process etc Check and Verify the details in the application and supporting documents conform to Food Safety, GMP and Halal Standards. Audit time Calculation must be carried out using formula from Annex B UAE 2055-2: 2014
2	Re-certification Audit	On site Audit	Review Documents, Previous Audit forms, Ingredients, Process etc. Ensure Corrective Actions completed , Ingredients, Process etc Check and Verify the details in the application and supporting documents conform to conform to Food Safety, GMP and Halal Standards.
3	Re-certification Audit	On Site Audit	Review Documents, Previous Audit forms, Ingredients, Process etc. Ensure Corrective Actions completed Check and Verify the details in the application and supporting documents conform to conform to Food Safety, GMP and Halal Standards.

HAS have an internal Risk Map and H1-H9 Coding system for identifying Haram ingredients and manufacturing plants in order to help the auditors and ingredient reviewers to identify and mitigate risk during the Audit and Certification Process.

For Food Production Plant Halal Certification and Auditing: Risk Map

	Sample Risk				
Production Plant type					
Abattoir					
Meat Processing					Critical
Gelatine					High
Consumer Food Production					medium
Dry Mixing and Blending					low



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Plants					
Wet Mixing and Blending Plants					
Packing Plants/Co Packers					
Dairy					
Fermentation Plant					
Nutraceutical Plant					
Juice Manufacturer					
Beverage Company					

There is a second Classification System based on Process types/sectors:

Category codes and risk	Categories	Examples of sectors
A	Farming 1 (Animals)	animals; fish; egg production; milk production; beekeeping; fishing; hunting; trapping
B	Farming 2 (Plants)	fruits; vegetables; cereals; spices; horticultural products
C	Processing 1 (Perishable animal products)	including all activities after farming, e.g. slaughtering meat, poultry, eggs, dairy and fish products
D	Processing 2 (Perishable vegetable products)	fresh fruits and fresh juices; preserved fruits; fresh vegetables; preserved vegetables
E	Processing 3 (Products with long shelf life at ambient temperature)	canned products; biscuits; snacks; oil; drinking water; beverages; pasta; flour; sugar; salt
F	Feed production	animal feed; fish feed
L	(Bio)chemical manufacturing	additives; dietary supplements; cleaning agents; processing aids, bio-cultures and microorganisms
M	Packaging material manufacturing	packaging material
N	Other materials manufacturing	cosmetics, textile, leather products etc.

There is another risk system H1-H9 which is used for ingredients classification.

H1 Halal status 'H1' does not require Halal certificate or Questionnaire. This category includes:

- Pure botanicals Plant materials*
- Pure minerals ingredients Pure synthetics ingredients*
- Heat processed dairy ingredients*

H2 Halal status 'H2' requires Halal Questionnaire and/or Halal certificate based on the information provided by the company. H2 ingredient may be moved to another category. This category includes

- Single seafood Fish ingredients Enzymes*



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Ingredients processed with enzymes Smoke flavouring

Cheese and by products Fatty chemicals

Amino acids Mixtures Flavourings

H3 This category includes all items that require a Halal certificate as determined by the information provided by the company or available from other sources

H4 Halal certificate by HAS or another acceptable Islamic organization

H5 This category requires Batch Halal certificate from HAS or an organization which follows Halal standard similar to that of HAS's

Meat and meat ingredients Gelatin

Poultry products Beef products Beef Extract Beef tallow Chicken skin Chicken fat

H6 'H6' includes ingredients that contain ethanol. No halal certificate is issued for this category. These may use in the Halal products but alcohol must be reduced to less than 0.1% in the final products.

H7 Reserved

H8 Reserved

H9 These products are from Haram sources and are not Halal certifiable

Pork and porcine by-products

Blood products

Alcoholic drink

Ingredients from Haram animals

The three classification systems used by HAS for Ingredients, Manufacturing Plant and Process Type have been developed using a risk-based approach. The risk has been defined by the following criteria:

- Risk of Cross Contamination: Mixed lines, Segregation of RM and Products, Inadequate cleaning and sanitation etc.
- Risk of Haram Ingredients: source of ingredients, method of production, Halal certified ingredients by reputable HCB's
- Risk of Inadequate and Ineffective Auditing due to lack of experience or wrong experience.
- Risk of Certified Clients not complying

To understand some of the HAS company and Auditing Risks, Roles and Responsibilities and How to mitigate against these risks, HAS have developed a Risk Register to define responsibilities and SOP's to help identify and manage these risks.

HAS Company Risk Register

Risk	Probability	HAS Control	Impact	Monitoring
Cross Contamination on site/line	Medium to low	Annual Audit	High- plant can be delisted.	Audit report review
		Questionnaire and Contract	Loss in consumer Confidence	Annual Audit-visual inspection
		Halal Training given as part of Audit.		



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Audit Not Carried out	Medium to Low	HAS periodically reviews all Production sites and has a risk rating. High risk plants	High- Dry blending plants and plants in Multinationals producing	Database has flags
Auditor Competence	Low	Rotation of Auditors, Training, Technical Director carries out witness audits Dual Audits Islamic Scholar as second auditor. HAS have specialist auditors- veterinary Surgeon, Medicinal Chemist with industrial experience.	Can be high. Some larger production plants and flavours plants which do dry blending/wet blending, the sheer number of lines and scale mean that one auditor is not enough as it affects confidence in the audit.	HAS have a list of Plants where only the most experienced auditors will audit.
Change of Management of site	High	Due to the sheer number of M&A's Site management changes and changes in production/products have happened in the past. New QA staff are unaware of the Halal Guidelines	Very high. Some larger production plants and flavours plants which do dry blending/wet blending have changed hands several times in a few years	Annual audit, regular contact and Regular training
Multinational site -processes are moved from other sites	High	All Multinational companies regularly look at optimising manufacturing and consolidating lines HAS ensure Corporate management have halal policy and are	Impact is V. Low Multinationals have excellent controls and are mostly kosher certified as well so it has a mitigating factor	Regular contact Annual audits



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		trained. Regular audits		
National Guidelines Change and Conflict with halal guidelines	Medium	Stunning in abattoirs	Impact is very high UAE Guidelines, Pakistan Guidelines don't accept Stunning.	Regular updates to Abattoir's Attending training in Muslim/Islamic Countries
Food Safety, Cosmetics, guidelines changes	High	HAS need to Keep Staff trained and educated on the standards. This involves culture change	Impact is high Auditors cannot do effective audit without the relevant knowledge	Regular Auditor meetings and assessment
Loss of Recognition/ accreditation	Low	HAS must ensure compliance. Adequate resources and training are necessary	High Loss of business and loss of consumer/client confidence	BOD regular management meetings and internal audits Regular Plant Audits with Audit reports witnessed by plant QA staff.
Non-Acceptance of HAS halal Certificates by other halal agencies	High	This is predominantly a political issue Increasing accreditation and awareness, this should resolve with time. HAS make every effort to communicate with other agencies.	High- it affects trade for client companies	Feedback from clients. Feedback from Regulators and Accreditation agencies