



# Organic Food Federation

## Explanatory Note 325

*These notes are intended to help applicants comply with Organic EC Regulation 2092/91. They are not exhaustive and are for explanation only. In cases of doubt the Regulation or the OFF should be consulted.*

### Annual Organic Reconciliation

#### **Introduction**

Our inspectors sometimes find that they are unable to complete a satisfactory reconciliation during inspection. This delays certification renewal and the extra time required adds to the fees that have to be charged. It is therefore essential to understand what is required for this element of the inspection and to have the appropriate information ready for the inspector.

#### **Reconciliation**

This is an exercise carried out twelve months after the initial assessment inspection and every twelve months thereafter to compare organic inputs and outputs.

#### **Inputs**

Organic Standards require that the purchases of organic raw materials and ingredients must be recorded separately from those of non-organic raw materials and ingredients and in a readily accessible format.

#### **Outputs**

Organic Standards also require that records are kept of the quantities of each product made so that the usage of inputs from stock can be compared with the usage of inputs which are theoretically present in the finished products. These must be worked out for a specified period (normally 12 months from the date of the last organic inspection.)

Manual or electronic records are acceptable providing they are available for scrutiny on demand.

#### **Input Record:**

Goods received number	Date received	Supplier	Material received	Quantity (sacks, boxes etc)	kg/ sacks, boxes etc	Quantity kg	Traceability code
Total received:							

If raw material/ingredient records are kept manually it makes reconciliation much easier when a separate card is kept for each organic material used. This enables the inputs of each material to be accurately summarised.

If an electronic record is kept a spreadsheet similar to the above will provide the necessary information, and input data can be readily collated using the sort facility. It is important however that each input material is given the same description every time an entry is made.

The Traceability code could be the expiry date of the material, or if a closed code is applied by the manufacturer this should be used. If there is no code the Goods Received Number (GRN) and date received may be used as the basis of Traceability.

## Stock

A stocktaking record also needs to be kept and it is recommended that stocks should be checked and recorded at 1 –3 month frequency.

The actual raw material usage should be calculated for each organic raw material/ingredient used.

Actual Usage = Opening Stock + Goods received – Closing stock.

## Specification or Recipe

Every organic product must have a recipe sheet or specification to show the usage of every raw material/ingredient used in the recipe. If organic materials are used in non-organic products their usage must also be recorded.

## Output Record

A typical Manual record should show

	QUANTITY PRODUCED			
Date/Product	Product 1	Product 2	Product 3	Product 4
<b>Totals:</b>				

Where a product is made in more than one size the quantity produced can be shown as largest size equivalents e.g. if a loaf is sold as 800g and 400g, the quantity of 400g loaves can be halved and shown as large loaf equivalents.

Alternatively the quantity produced = quantity sold + quantity of finished product in stock at time of audit (closing stock) – quantity of finished product in stock at commencement of audit period (opening stock).

The theoretical usage of each organic ingredient can be calculated from the specification or recipe for each individual product and then added to the usages of the same ingredient in other products made on site to obtain the total theoretical usage.

When calculating total usages, materials which are used for purging, flour dusting, releasing agents or which are also used in non-organic products must also be taken into account. If standard allowances are made, the basis of these must be documented.

## Example of a Reconciliation

If a 54kg dough mix yields 60 x 900g dough pieces.

The dough mix contains

Organic Flour	25.0kg
Organic Shortening	1.0kg
Yeast	0.5kg
Salt	0.1kg
Water	27.4kg
	<b>54.0kg</b>

A 900g dough piece produces 1 large loaf at 800g.

Thus for every 60 dough pieces we are using a theoretical quantity of 25kg of flour and 1 kg shortening.

If for example the production for the whole year had been 6240 large loaves, theoretical dough production would be  $6240 / 60 = 104$  mixes.

Therefore flour usage would be  $104 \times 25\text{kg} = 2.600$  tonne.

There would be further flour used for dusting (say 0.5 kg per batch = 52kg per 104 batches) and the theoretical usage may be 2.652 tonne (just over 106 bags).

If we compare this with say 120 x 25kg flour purchased with zero opening stock and 13 bags closing stock the actual usage is 107 bags. The reconciliation of flour would therefore be satisfactory.

This calculation needs to be carried out for each organic raw material/ingredient.

**Remember that to reconcile satisfactorily, actual usage MUST be greater than theoretical usage.**

### NOTES:

Do introduce a system which makes reconciliation quick and easy to cross-check.

If the system is computerised, make sure that someone, who is fully conversant with it, is available at the time of inspection.

If there is a lot of data it should be summarised so that the inspector can assess it by conducting random spot checks. (There may be so much information that it is impracticable for the inspector to audit every ingredient).

Alternative systems of record keeping are acceptable providing that the system enables all the information required to be readily accessed. Remember it is a major non compliance not to be able to reconcile inputs and outputs or for records to be incomplete.

**Remember: Failure to keep records which can be audited for the purposes of reconciliation is a major non-compliance.**

The Organic Food Federation may make additional charges for time spent on trying to reconcile data when it is difficult to access. It is your responsibility to ensure that the inspector is provided with all the necessary information.