Label Reconciliation

Definition

Inventory reconciliation is the process of comparing physical inventory counts with records of inventory on hand.

Applicable Code Requirements

Primary reference:

- 2.6.1.2

Secondary references:

1. 2.3.2.7
2. 2.4.1.1
3. 2.8.1.9

Implementation & Audit Guidance

What does it mean?

(see also the Edition 9 Guidance on 'Product Identification')

The 2.6.1.2 reference to label reconciliation is in clause 2.6.1 *Product Identification* and is included to support the process of label application and to ensure that "the correct product is in the correct package" and correctly identified.

In the context of 2.6.1.2, reconciliation means that the number of labels used (ie applied to product) needs to be compared to the unused label inventory, and any significant differences explained and resolved.

The method used to reconcile labels is up to the individual site and will depend on a number of factors including label size, label type, rate of use, and the number of scheduled changeovers. Packaging runs may be long and continuous covering many shifts, or short, requiring a number of label changes per shift. The reconciliation procedure needs to be appropriate to the needs of the business but sufficient to identify any anomalies or inconsistencies in label use. Any identified inconsistencies must be investigated to ensure incorrect labels have not been applied.

2.6.1.2 requires that product start-up, product changeover, and packaging changeover (including label changes) procedures are in place and that changeovers are inspected and approved by an authorized person. The procedure for label reconciliation may be incorporated into the product changeover procedure.

Label reconciliation records must be kept, and inconsistencies in the label changeover process investigated and resolved using the site's corrective and preventative action and root cause analysis programs.

Why is it in the Code & why is it important?

This is a mandatory clause.

Food labels provide consumers with the information they need and desire to make food choices. Food labels may tell consumers about the qualities and benefits of a product as well as the potential risks from the product (FAO, Food Labelling). Most countries have mandatory legislation governing the information included on the label and even the design and presentation of that information to facilitate consumer choice. Label information must accurately reflect the contents of the package.

There has been a significant increase in global recalls due to mislabeling of product, including from SQF certified sites. As a result, the edition 9 codes reinforce the emphasis on label accuracy, label application, and product start-up and changeover procedures.

In the mandatory *Food Legislation* clause (2.4.1.1) certified SQF sites are required to comply with food safety legislation applicable in the country of manufacture and sale, including packaging, product description, net weights, nutritional, allergen, and additive labeling, and labeling of identity preserved foods.

2.3.2.7 requires finished product labels to be accurate, comply with relevant legislation, and be approved by qualified company personnel; and 2.8.1.9 requires procedures to control the accuracy of label allergen information.

In addition to managing the label approval process to ensure label accuracy, procedures are also required to manage the label application processes, notably at product start-up, changeover, and label and packaging changeovers. It is at these steps that mislabeling can occur – label over-runs, product changeovers without label changes, incorrect labels used, etc. Though infrequent, these events can result in costly and unnecessary withdrawals and recalls.

Documented procedures for product, package, and label changes supported by appropriate training (2.9.2.1) for key personnel such as packaging line employees, label room supervisors are necessary to prevent this type of occurrence. The label reconciliation requirement ensures that, even if product changeover procedures fail for any reason, miss-labeled product can be identified and isolated before the product is distributed, and the product changeover procedure corrected to prevent future recurrence.

See RIO Chart on following page.

RIO Road to Audits (Records, Interviews, and Observations)

Records

The following are examples of procedures to assist in the implementation and review of this topic:

- *Product start-up, product changeover, and packaging changeover procedures*
- *Label reconciliation procedure*
- *Finished product specifications*
- *Training programs for operators involved in packaging/label changeovers.*

The following are examples of records to assist in the implementation and review of this topic:

- *Product, packaging and/or ingredient changeover records*
- *Training records for authorized person responsible for changeovers*
- *Training records for line operators involved in product/label changeovers*
- *Training records for those responsible for labeling of finished product*
- *Training records for those responsible for label and packaging creation and approval*
- *Label and packaging approval signoffs*

Interviews

The following are examples of people to interview to assist in the implementation and review of this topic:

- Personnel authorized for label approval
- Authorized person responsible for changeovers
- Line operators responsible for product start-up, product changeover, and packaging changeover procedures

The following are examples of questions to ask to assist in the implementation and review of this topic:

- Describe how label and packaging is reconciled during a changeover.
- How are employees trained to inform the authorized person of a changeover?
- Describe what takes place when product is recalled or withdrawn due to incorrect labeling or packaging.
- How does the site keep apprised of labeling requirements in the country (ies) of production and sale?

Observations

The following are examples of observations to assist in the implementation and review of this topic:

- Label approval practices
- Label or packaging changeover
- Label and packaging storage area
- Select and check some label examples for accuracy

See Additional References on following page.

Additional References

- FDA, Guidance for Industry Food Labeling Guide: https://www.fda.gov/regulatory-information/search-fda-guidance-documents/guidance-industry-food-labeling-guide
- Australia New Zealand Food Standards Code – Standard 1.2.1: Requirements to have labels or otherwise provide information https://www.legislation.gov.au/Details/F2021C00657

