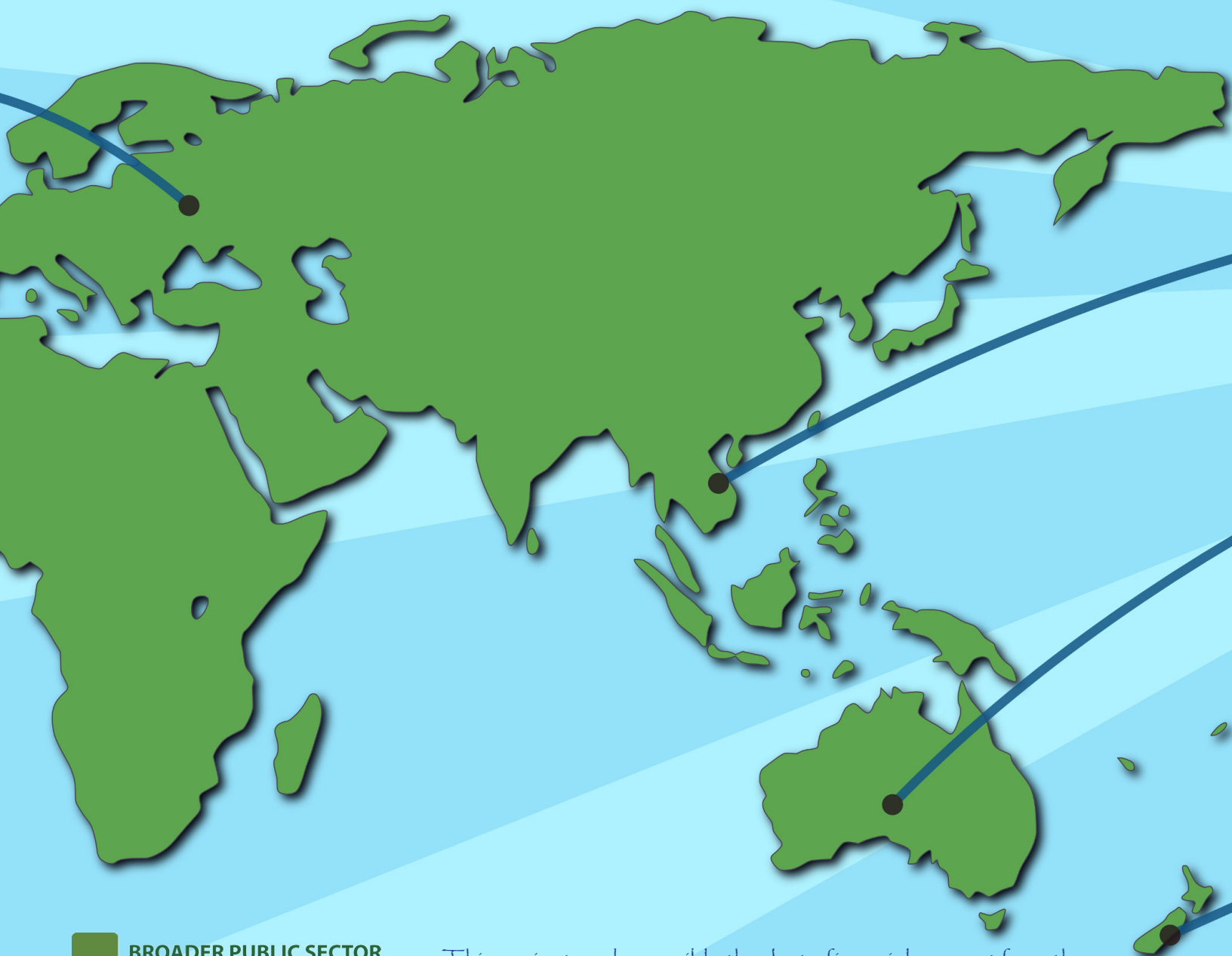


Conducting Food Origin Audits: a step-by-step guide

Do you know where your food comes from?

Hayley Lapalme, Elin Marley, Brendan Wylie-Toal (Editor)





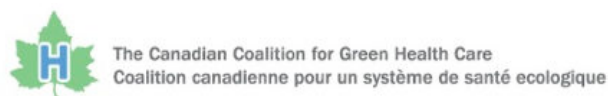
**BROADER PUBLIC SECTOR
INVESTMENT FUND**
Promoting Ontario Food

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Executive Summary

This document is a guide to conducting a food origin audit. The audit process is valuable as it helps organizations or institutions determine the origin of the food they purchase. Once completed, the audit provides the purchaser a baseline from which to track its progress towards purchasing more local food. The basic process of a food origin audit is that the food manufacturer responsible for bringing an audited food to market is contacted and asked to provide details on the origin of the ingredient(s) in that food. Below is a basic summary of the steps involved in a food origin audit. See the later sections of this document for expanded details and examples for each of the five steps.

Five Steps to Conducting a Food Origin Audit

Step 1: Set a Goal

- Establish a goal for the audit by deciding why are you doing it, and what would you like to see happen after you complete it.

Step 2: Define Scope and Priorities

- Decide what definition of “local” you will use, what food categories you want to audit (ex: fresh/frozen produce, meat, and dairy, but not canned goods and processed meals).
- Measure baselines of local food purchases by food dollars and number of products. For example, if 100 items are being audited, how many are local, and what is their collective value?

Step 3: Prepare for the Audit

- Collect product and contact information for the foods you want to audit. This includes prices, SKUs, volumes, and contact information for the manufacturers who make the food products, and the distributors who deliver it.
- Create a database for all your food product information, including audit results. Organize foods by manufacturer to ensure you only contact each company once.
- Prepare as much information on the manufacturers as you can before starting the audit: outline all your questions, create a form that lists the food products and information you’re seeking, and create a letter from your facility that endorses the audit.

Step 4: Conduct the Audit

- When first contacting manufacturers, describe your project and ask if they agree to participate. Assure them that results will be kept confidential.

- Typically, it will take manufacturers time to collect the information you need. Schedule a follow-up interview with personnel who can answer your questions, and provide them with the list of products and information you are requesting.
- Some food manufacturers may decline to participate in the audit, or fail to respond to you. The letter of endorsement can be used to encourage participation.

Step 5: Organize and Analyze Data

- Once the audit is complete, and all the information has been entered into your database, determine which products meet your definition of local food. Use this data to determine your facility's baseline of local food purchases.

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Food Origin Audit Overview

The Need for a Food Origin Audit Guide

The local food movement has been growing in recent years, for environmental, social, economic, and food quality reasons. Many provincial, regional, and municipal governments along with non-government associations are promoting the increased purchasing of local food, especially in public institutions. Health care represents a large market for local foods, where more than 115,000,000 meals are served every year in Ontario's hospitals and Long Term Care (LTC) facilities.

Recently, many health care facilities have begun showing interest in increasing their procurement of local food. However, in order to increase local food procurement in a health care facility, it is important to first determine how much of the food currently purchased is already of local origin. This can be done by conducting a food origin audit, a method for establishing baseline values for local food purchases. These baseline values can be used for setting targets for increases in procurement, and the audit results can be periodically updated as a means of tracking progress towards these targets.

How to Use the Food Origin Audit Guide

This food origin audit guide is designed to provide guidelines for health care facilities that have already determined that they want to increase their local food purchases. It outlines a methodology for establishing baseline values for current local food procurement. You can use findings from the audit to set targets and to identify potential strategic points of intervention to increase procurement of local food. Establishing such strategies is beyond the scope of the audit and will be determined by your own observations and specific results.

This guide can be applied while conducting origin audits in other institutional food systems beyond health care, such as with universities, school boards, government offices, etc. The guide can also be used for examining procurement of organic food, fair-trade food, or even non-food items and supplies.

Benefits of Using the Food Origin Audit Guide

This document will help you to:

- Conduct an origin audit to determine which food purchases are local
- Measure baseline values for current local food procurement
- Identify potential areas of improvement for increasing local food procurement
- Organize your audit so that it is focused and efficient
- Create useable tools to make the audit simple and easily updated
- Avoid mistakes made by others before you

- Develop strategies to increase the cooperation of suppliers

What you Need to Successfully Conduct an Food Origin Audit

- ✓ Detailed food contracts and purchase orders from the food service department (e.g. categorized lists of foods purchased from each manufacturer or distributor for a typical month or year).
- ✓ Employees with excellent communication and organizational skills who will guide the project and carry out the research; proficiency with Excel and data management skills are assets.

Project Timelines

Depending upon its complexity, an initial audit could take up to four months. However, most of that time is spent waiting for replies to requests for information. After the initial audit is complete, updates can be made to check on the progress being made toward local food procurement goals.

Ideally, the origin audits (no matter whether they are initial audits or updates) are timed to coincide with an event that will encourage responses to requests for information. For example, scheduling an audit prior to an imminent RFP, or a food showcase may encourage participation. The audit may also be done simultaneously with the sourcing of desirable local food alternatives for products found not to be local.

Conducting a Food Origin Audit

Step 1: Set a Goal

1.1. Establish a goal for the audit

Why are you doing the audit, and what would you like to see happen after you complete it? This goal should guide each of the following steps of the audit.

Example Goal: *Use the food origin audit to determine baseline procurement of local food for the current fiscal year, and identify opportunities and targets for increased procurement of local food.*

Step 2: Define Scope and Priorities

2.1. Define key terms and concepts

Before the project begins, it is important to define what “local” means. This remains a point of debate, but the most practical definition is that food is grown or raised within the province/territory where your facility is located. Many provinces will have their own definitions of local, such as Foodland Ontario:

<http://www.foodland.gov.on.ca/english/industry/ind-definitions.html>

See Appendix A for definitions of terms encountered while conducting an audit.

2.2. Identify food categories to audit

Foods can be organized into several categories, such as dairy, eggs, fresh/frozen produce, meat/poultry, canned goods, etc.... Focus the audit on food categories with the greatest potential impact for increasing local food procurement, such as:

- Foods where local alternatives are known and available
- foods with greater value; centre-plate foods

- Fresh foods that are prepared on-site

2.3. Decide how baselines will be measured

Are you measuring the amount of local food purchased by weight, volume, number of SKUs, or price? A recommended metric is to use the percentage of food dollars spent on local products. This makes it easy to compare across food categories that use different units of measurement.

2.4. Determine how much detail is needed on product origin

It is recommended to gather information on where the product is manufactured (province - or country if not Canada), what the main ingredient is, and where that ingredient comes from (province - or country if not Canada). Some issues to consider include:

- If you auditing processed foods, do you need to know the origin of all the ingredients, or is the main ingredient enough?
- Do you need to know where the product is manufactured?

Tip: some food categories are easier to audit than others. Generally, the less processed a product is, the easier it is to get information about the origin of ingredients.

Step 3: Preparing for the Audit

3.1. Collect Product and Contact Information

Based on the food categories selected in step 2.2, the person(s) doing the audit will need to itemize all the foods being audited. They will need access to purchasing records to determine food item prices and volumes purchased. Contact information for all the companies whose food is being audited is also required. Work with your purchasing coordinator and distributors to gather the necessary lists of purchases and contact information.

3.2. Create a Database to Record Product Information

This database will serve as a master file where all your product information and food origin results are recorded. It should list all the food products being audited, along with columns to record all necessary product information, such as price, volumes purchased, manufacturer, and product origin. Figure 1 provides an example of a database that can be used. Organize the foods in the database by manufacturer, with a separate tables or tabs for each food category. It is important to do this prior to starting the audit to avoid contacting the same manufacturer multiple times. See Appendix B for a description of standard reporting methods.

3.3. Develop interview questions for suppliers

To prepare for contacting food companies,

create a standard list of questions that will be used to collect product origin information for the food items in the database. This ensures that similar information will be requested of each food company. These questions will be asked in Step 4, either by e-mail or over the phone.

Tip: ensure that the language used throughout communications with suppliers is industry appropriate.

3.4. Create a Simple Product Origin Form

This form should be tailored for each individual food company. It should include a list of the products being audited, along with the product origin information being requested. This summarizes your requests, and provides the food company the option to just fill out the form and return it. (See Appendix C for an example of a product origin form)

3.4. Create a Letter of Endorsement

Create a letter from the facility endorsing the audit, requesting participation from food contacts, and outlining that results will be kept confidential. This letter will help improve cooperation with suppliers and will give the food origin auditors credibility (See Appendix D).

Figure 1: Sample Food Audit Database

Audit Status	Product information						Supply Chain			Food Info			Notes
	Item	SKU #	Unit Info	Price/unit	Units/year	Total Dollars	Distributor	Manufacturer	Location	Primary Ingredient	% of Total Mass	Origin	
Joe's Tomatoes													
ON	Hot House Tomatoes	6965897	4.5kg/case	\$20	52	\$1040	AI's Produce	Joe's Tomatoes	Lemington, ON	Tomatoes	100	100% ON	NA
USA	Diced, canned tomatoes	6965880	9x796ml/case	\$8.99	30	\$267.90	AI's Produce	Joe's Tomatoes	Lemington, ON	Tomatoes	90%	80% USA	Other 20% from ON
The Potato Company													
TBD	Peeled white potatoes, fresh	2328006	12kg/pack	\$10	200	\$2000	AI's Produce	The Potato Company	Holland Marsh, ON	Potatoes	100%	TBD	Contacted on Aug 1 st , waiting for reply

Step 4: Conducting the Audit

4.1. Make First Contact

Your first contact is an opportunity to build a rapport with your suppliers. They may not be aware of who you are or what you are requesting, so describe your project and what information you need.

The following points will help make your first contact successful:

- Try contacting each person by phone first, rather than email.
- Determine the right person to speak with. Your first contact person may not have information you require. Ask to include the Quality Assurance, Product Development, or Research/Development Managers on the call.
- Request their participation and set a time for an interview.
- Share the Letter of Endorsement created in step 3.4 and clearly outline your request.

4.2. Prepare the Supplier for the Interview

After setting a date and time for the interview, send them the Simple Product Origin Form so they know what information will be requested. Follow-up as appropriate until all interviews are scheduled.

4.3. Conduct the Interview

Conduct the interview as needed to collect all necessary product origin information outlined in step 3. Some points to consider during the interview include:

- While working through the standard questions from steps 3.3 and 3.4, gather data one product at a time.
- If the person is struggling to answer your questions, ask to be referred to a colleague in a department better suited to questions about product origin. Sometimes, that may require going further down the supply chain. For example, a pasta manufacturer may have to refer you to the mill that supplies their wheat.
- Be sure to enter data into the Origin Database created in step 3.2.

Tip: provide the option of completing the origin form independently instead of the interview. This could save the researcher time, but beware: if the supplier misunderstands any of the questions, some degree of detail and credibility may be lost.

4.4. Track progress of communications

You may need to contact quite a few suppliers, and following up with all of them can get confusing. Keeping track of your communications will help clarify what information you need from who. Try creating a

Talking to Suppliers

"Thanks for your cooperation. This should take about twenty minutes. Let's get started with [this product]. Can you tell me what the main ingredient is? ... Can you tell me where you get that from? And do you know which farm your supplier sources it from? ... Could you connect me with a colleague in a department that might know or could you share the contact info of your supplier so I can ask them directly? Thanks so much for your time!"

database, or table that lists contact information and the status of product origin requests.

4.5. Follow-up

Follow up as appropriate to ensure that suppliers remain comfortable with the information you are requesting and that they are still participating.

When following up...

offer assistance to keep participants on track. If necessary, adapt the scope of the research for them, simplify the questions or reduce the number of items being audited. Reinforce the importance of this information to the health care facility in terms of traceability and the value to future contract negotiations.

Step 5: Organize and Analyze Data

5.1. Determine which products meet the definition of local

As results are entered in the database, products that meet your definition of local should be coded (either by number or colour). This will make for easy analysis of your results when the audit is completed.

5.2. Determine baselines for how much is local

Once the audit is complete and local items are coded, local products can be filtered from the non-local products. This will allow you to evaluate what percentage of your food is local. This can be based on number of items (SKUs), total volume, or total price. See Appendix E for samples of possible data illustrations.

Possible Next Steps

✓ **Use baseline values to establish targets for local procurement:** Using the baselines of local food established in Step 5, try to set targets and timelines for increasing local food procurement. Assessing which foods are available locally may help in establishing realistic targets. Consider your project goal and draw from your data to assess what could be achievable.

✓ **Discuss strategy for implementation of targets.** Discuss the opportunities and obstacles to increasing local food procurement in your facility. Commit to an implementation strategy.

✓ **Track your progress** by updating the audit. Do so by calculating what percentage of your facility's food dollars have been shifted to local food purchases. E.g., if your baseline was 7% because seven of every hundred dollars was spent on local food, what is that now? This is a good exercise for measuring whether or not your facility is on track to meeting its targets.

✓ **Educate executives to increase their “buy-in” to the local, sustainable food agenda.** The more that senior management understands about local, sustainable food priorities, the more likely they will be to endorse projects that support them.

Factors to Consider when Setting Targets:

- What's your baseline?
- Are any food categories locked into contracts?
- What relationships can you draw from or build with local producers?
- What local alternatives are most accessible? Which have to be worked toward?
- How much time can you dedicate to sourcing local alternatives?
- Do you have the infrastructure to support gradual or quick change?
- What partnerships with distributors and suppliers could help or hinder you?

Appendix A: Terms Encountered During a Food Origin Audit

Broker: person or company that represents a number of manufacturers, suppliers, producers. Brokers market various brands of products in order to increase their distribution.

Centre-Plate Foods: the main part of the entrée; traditionally the “meat” of the meal. This is usually the most costly element often found at the centre of the plate.

Local: in this document, unless indicated otherwise, “local” refers to definitions established by Foodland Ontario. In general, local foods are those that are grown, processed, and packaged in the province of Ontario.

Food Service Distributor: companies that carry hundreds or thousands of food and non-food products from various manufacturers and deliver them to purchasers.

Food Service Operator: companies contracted to operate a food service department. In health care, most food service operators are contracted for retail food services (such as cafeterias), but in some cases they can be contracted for patient food services as well. Both food service operators and food service departments get their food from Food Service Distributors.

GPO: A Group Purchasing Organization (GPO) leverages the significant buying power of its members in order to secure bulk rates and rebates through collective purchasing. A GPO awards contracts to food manufacturers and distributors on behalf of its members through a Request for Proposal process. These contracts are managed by the individual health care facilities and their food service operators.

Manufacturer/processor: companies that produce processed food products (can be minimally processed such as frozen chopped vegetables, or can be more highly processed such as canned soup). Some manufacturers and processors work with fixed suppliers while others do not. For example, in a supply-managed system, the milk products for an Ontario-made cheese will always come from Dairy Farmers of Ontario. A pasta sauce maker may source their tomatoes from any number suppliers, inside or outside of the province.

RFP: Request for Proposal. An RFP is the first stage in a contracted procurement process, where product information and price bidding is requested of suppliers for certain products/services. The information in these bids is used to make decisions on which supplier(s) win the contract for that product/service. The criteria used to select the supplier(s) are fair and transparent.

Supplier: used informally to refer to the collective of people and companies on the supply-side of the food system who provide a buyer with a good or service (e.g. food distributors, manufacturers, processors, brokers, etc.).

Supply Management: a federally regulated program that uses a **quota system** to control volumes produced by certain food industries. Supply management restricts production to ensure the market is not flooded with a certain good and guarantees the income of its producers. In Canada, the dairy, poultry (chicken and turkey), and egg (table and hatching egg) industries are supply-managed, along with the maple syrup industry in Quebec. These industries are represented by **marketing boards**, which promote the interests of their industry along with their product.

SKU: Stock Keeping Unit. These are unique numbers or codes assigned to all items in order to track inventory or availability, or when ordering items. These numbers are used when a facility orders any items from their suppliers. The same product can have more than one SKU number if the distributor and manufacturer have not harmonized their systems.

Appendix B: Standard Reporting Method in the Origin Database

Use this guide to help researchers consistently report interview findings in the Origin Database. Each bolded scenario has a strategy for reporting findings uniformly.

Reporting percentages:

- Some foods will have multiple origins (from multiple suppliers, or different suppliers at different times of the year), and will therefore be report food origins in percentages
 - Example: Apples are from Ontario 90% of the time, USA other 10%; canned soup is 50% tomatoes from Ontario, 20% mixed vegetables from USA
- When reporting, use 10% ranges since numbers are usually estimates (e.g. 50-59%, 60-69%, 70-79%...)

Reporting ingredients/products with many origins:

- Where all origins are equal: *[Ontario + Quebec]*
- Where origins are not equal, list in decreasing order, with percentages if possible: *[70% Ontario > 20% California > 10% Chile]*
- If origins are many but uncertain, inquire about origin from the previous year and list possible sources in order of decreasing likelihood *[likely: Mexico + USA > Chile > Ecuador + Global Markets]*, where the product is equally likely to come from the USA as Mexico, but decreasingly likely from Chile, Ecuador, and other sources from the global market]

Reporting information for many ingredients in the same product:

- Use a different row in excel for each ingredient
- Follow standard reporting methods for individual ingredients

Reporting when the supplier says they don't know the origin:

- Ask again! (see Strategies for Communicating with Suppliers)
- If unsuccessful, mark as “undisclosed”

Reporting on the status of a SKU:

- When all requested information is provided, mark as “Reported”
- When the request is pending, mark as “Follow-Up”
- When the supplier is unwilling or unable to disclose the origin, mark as “Undisclosed”
- Colour code each of these statuses for quick surveys of progress

Reporting on “local”

- Use one definition consistently to determine (yes/no) whether to report a product as local
- Or use two columns to capture more detail, e.g. a product meets one stricter definition but perhaps not the broader definition (e.g. NO to the Foodland Ontario definition but YES to the 75% Ontario definition)

Reporting information that does not fit the parameters of the database

- Include this information in the notes column

- Do not add (or remove) columns to the database unless it is done consistently across all food categories and researchers; this make comparing and compiling data difficult

Appendix C: Simplified Origin Form

This form is a useful tool in many situations. It can be used:

- When introducing the project to a supplier. Sending the form prior to the phone interview will help suppliers prepare their responses.
- When a supplier is struggling to provide responses during a phone interview and wants help from their team to provide the requested information.
- When a supplier opts to forego the interview and complete the form autonomously – especially if they have a large number of products for which to provide information.

Simplified Origin Form				Characteristics of the Main Ingredient	
Products from [Manufacturer Name]					
Shaded cells are for the supplier to complete.					
Item	SKU	Unit	First Ingredient	% of Total Product by Mass (e.g. 50-59%, 60-69%...)	Country of Origin If from Canada, where and how much from ON?
e.g. Hamburger Patty	[Researcher section]		e.g. Ground beef	e.g. 85% or 80-89% (provide number or a 10% range)	e.g. Canada e.g. Brantford, 60-69% (provide 10% range)
Bacon,	676767	5kg			
Bacon, Super	989898	5kg			
Chicken, Breast Strips	434343	3.2kg			
Ham Boneless Chopped	232323	2 X 5 kg			
Roast Chicken Breast	121211	2 X 3 kg			

Thank you for taking the time to complete this form! Please contact hayley@greenhealthcare.ca for any assistance - and to return the form by [due date].

Note: Columns can be added to this form to gather information for secondary and tertiary ingredients as well. When collecting information for additional ingredients, colour code them (e.g. where “Characteristics of the Main Ingredient” is green, make “Characteristics of the Second Ingredient” hot pink... or turquoise!)

For a digital copy of this form, please contact us directly.

Appendix D: Letter of Endorsement

Note: Ensure to set out clear terms for what will and will not be shared. Consider whether all results will be shared in aggregate – or if you want any exceptions. For example, do you want to make a list of local products publicly available?

The Food Origin Assessment Project Commitment to Confidentiality & Participation Form

This Food Origin Assessment research project is being undertaken by [FACILITY]. We are requesting information on the origin of foods purchased by our facility. This work is being undertaken to increase the traceability of purchased products and to determine what percentage of the products served in our facility are grown or raised in [PROVINCE].

Your participation in this research is voluntary. However, requests for this information will likely be included in future Requests for Proposals – or will affect future purchasing decisions. Results will be shared with participants.

Every effort will be made to ensure confidentiality of any proprietary information that is provided by you for purpose this study. Only the researchers will review the information your company provides. The information provided will be stored in a secure location, and data collected from it will only be released in aggregate. If you have any concerns, the researchers are available to discuss options to ensure confidentiality while still meeting project/reporting requirements.

Finally, if you have any questions about this study or you would like to receive a summary of the study results, please contact [FACILITY EXECUTIVE].

If you agree to participate in this study, please print and sign your name below.

(Your name – please print)

(Date)

(Your signature)

Please email, or mail a signed consent form to the following:

Email:

facilityexecutive@feeduswellhospital.ca

Mail:

Feed Us Well Hospital
55 The Carrot Way
St. Mary's, Ontario
H2H 2H2

Attention: [FACILITY EXECUTIVE]

Appendix E : Sample Data Illustrations

Diagram 1 Basic Pie Chart for Reporting Baselines (for procurement of local eggs = 44%)

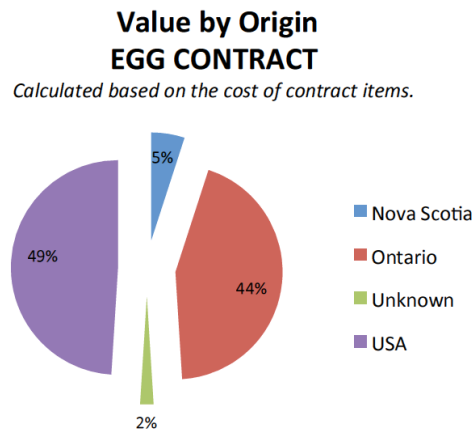


Diagram 2 Illustrating Various Definitions of Local and Opportunities for Increasing Local Procurement

This graph illustrates the baseline procurement of local cheese that meets the Foodland Ontario definition as (76%) seventy-six percent. It also illustrates that an additional (8%) eight percent of items meet a less stringent definition of local. These might be a good secondary choice where “local” is not available. It is also an opportunity to speak to the manufacturers of these product about ways for them to produce a product that meets your desired definition of local.

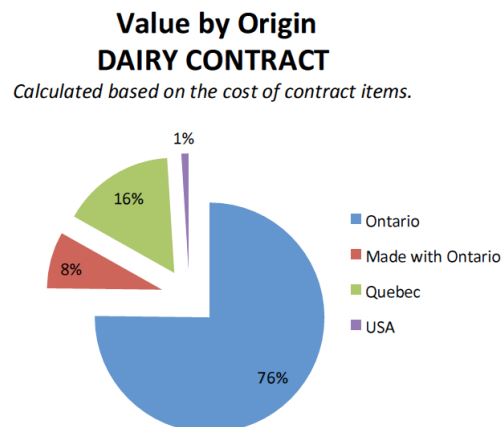


Diagram 3 Food Journey Maps

This diagram depicts the typical supply chain of imported foods. It is a long and complicated food chain with many components.

