EBT Post-Implementation TOOL – 1/16/02 VERSION

Review Area: Contract Management / Procurement

1. Obtain an organizational chart that shows the positions and individuals responsible for the State agency's EBT system.
2. Identify all EBT system contracts/service agreements in effect at the State agency with effective dates.
3. What are the State's procedures for EBT system modifications, redesigns, and meeting future needs?   Does the State agency adhere to the FNS Handbook 901 approval process?
4. What entity provides actual on-site service to equipment in stores? In clinics? At the state? In other locations?
5. What is the State's system for problem reporting? For tracking assignment, resolution and closure of a problem?
6. How many "open" issues are there?
7. Review the tracking system – how long has each issue been "open"?
8. Is each issue assigned to a specific person or team for resolution?
9. How are the items prioritized for resolution?
10. Is there recent or reasonable action being taken on each one?
11. How long is the average time for closure on issues?
12. Are there additional optional years on the contract(s)?
13. How far in advance does the state expect to begin the process for the next RFP or contract? (Defining new requirements, proposing to switch functions to in-house, adding or dropping partners, seeking new equipment provider.) How does this estimate compare to the length of time for the previous procurement process? Has Federal review time been built in? Is it far enough in advance of contract expiration to assure viable free and open competition and to avoid any service disruption?
14. Was there an Independent Verification & Validation ("IV&V") contractor or an outside evaluation done on the project or system? Show me the report.
15. Are any system components under warranty? Is warranty service adequate when requested?
16. How does the state ensure that the system complies with all applicable laws and standards regarding handicap and language accessibility?
17. Was the current rebate contract negotiated under EBT?

Review Area: Training

1. Who provides retailer training (contractor or State or retailer staff or store corporate or a combination)?
2. When and how are participants, workers, and retailers trained on the use of the EBT/ESD card? Does the State's training plan specifically address the training requirements for each group?
3. What types of on-going training are being provided for state, clinic, help-desk and/or retailer staff?
4. Check to see if each local agency has a user's manual.
5. How is routine training conducted for new participants getting their first card?
6. What materials are used in routine participant training?
7. What materials are given to the participant to take with them?
8. Have all training materials been approved by FNS and/or the responsible State agency?
9. Have transaction reports, participant comments or retailer comments indicated that training issues remain? How ed?
10. Was conversion training of clients conducted in a one-on-one setting? by mail? or in group sessions at the local agency or some other facility?
11. Are PIN selection by the client/assignment by the State agency and card activation the final steps in client training?
12. May a client request and receive one-on-one training regarding the EBT system, at any time?
13. Based on State monitoring of excessive card replacements for individual clients, is there a requirement that these clients receive special or additional training?
14. If the EBT card is a multi-program/use card:
    - Which entity is responsible for training the clients?
    - Must the client receive separate training from each program using the card?
    - Does the training clearly explain the different points-of-contact to the clients?
    - Does the training clearly explain that there may be times when not all program benefits can be accessed on the same day?
    - Is there on-going communication with the other programs or agencies, regarding training issues?
15. Does the training clearly explain the reasons for a card replacement fee and the process by which the fee is collected?
16. As a result of lessons learned during the pilot phase, were any of the training materials and processes changed for the statewide expansion?
17. Does the State agency have some methodology for gauging the effectiveness of all training associated with the WIC EBT system?
18. For those retailers, using State-provided POS equipment that is used to process only non-commercial EBT transactions, does the training material clearly explain the differing points-of-contact to the retailer?
19. May the retailer (using State-provided POS equipment) request refresher training at any time?

20. Must those retailers using State-provided POS equipment to process only non-commercial EBT transactions, receive individual training sessions for each different program utilizing the POS equipment?
21. What training has the State provided to retailers or corporates to ensure that WIC is notified of planned changes in store cash registers or other equipment that may affect the WIC POS arrangement?
22. Are clients required to attend training in order to receive their card?

Review Area: System Security & Administration

1. Describe briefly the process for assigning passwords to the EBT system. (Get copies of procedures)
2. How are individual access levels determined? (Is this based upon job title, office, supervisor's determination?)
3. Who is responsible for assigning passwords? (state agency, local agency or EBT vendor) (Get copy of password request form)
4. What is the time frame for assigning a new user a password?
5. Are users trained on system and password security? (get a copy of training module)
6. Who provides security access training? (state agency, local agency or EBT vendor)
7. How often do passwords need to be changed? (FNS Handbook 701, section 302, recommends 3 months.)
8. Who is responsible for reassigning expired passwords? (state agency, local agency or EBT vendor)
9. Is software used to identify system usage by each password?
10. Are inactive password holders contacted to see if they are still valid system users?
11. When employees leave the state/local agency, are procedures in place to terminate their access to all systems? (If yes, get copies of procedures)
12. Briefly describe the process for canceling system passwords for terminated employees and invalid system users.
13. How are security violations identified?
14. How are security violations investigated and resolved? By whom?
15. Get a list of employees terminated from the agency within the last 6 months. Determine that their passwords have been canceled. Determine the length of time from termination to password cancellation.
16. Get a list of password requests that identify system access. Review the password profiles on the system to see if they are the same as the initial password request.
17. Get a list of security violations from the last 6 months. Review how the violations were investigated and resolved
18. If software is used to monitor password usage, show how you use this information or report.
19. What controls are in place to keep a user in your state from accessing another state's data from the same EBT vendor and vice versa?
20. Has the State included an EBT component as part of its biennial systems security review? If so, provide a copy of the EBT portion(s) of the security review to FNS.
21. Does the state have a computer security plan? Does it have an EBT component?
22. Is the security plan reviewed annually and updated as needed?
23. Does the State require security training for all State and county employees on a periodic basis?
24. Does the security review evaluate controls in the following areas:
    - EBT administrative/management controls at the State?
    - EBT administrative/management controls at the local?
    - Physical access to system hardware (admin terminals) at the State?
    - Physical access to EBT card stock at the clinic?

- Access controls to the contractor system(s)?
- Access controls to benefit issuance functions?
- Environmental controls at the State and local locations to protect physical assets and data?

1. Does the State receive access violation reports (*e.g.*, invalid logon id/password, attempt to access files without proper authority) from the contractor?
   - If so, how often? What do you do with them?
   - Who receives reports?
   - What is done with them? What do you look for?
   - Have there been any unusual access patterns or attempts to access data by unauthorized personnel?
2. Does the State receive authorized user lists from the contractor on a periodic basis listing the State EBT system users and user privileges? If so, who receives them and how often? What is done with them?
3. Do you receive summaries of security reviews done at the contractor's site? If so, who did the review(s) and what was the scope and result of the review(s)?
4. What other means are available to assure you that the contractor's system is secure?
5. Is there a security component in the certification tests of third party processors?
6. Are the following areas included in the system documentation?
   - _____ overall system flowcharts and narrative description
   - _____ individual program specifications
   - _____ file layouts
   - _____ report formats and narrative descriptions
   - _____ a record of modifications/revisions
7. Has documentation been updated to include known changes/modifications?
8. How does the State agency ensure that data is being transmitted in a timely and accurate manner?
9. Does the State agency monitor and track local agencies or clinics with both critical and non-critical data entry errors?
10. How does the State agency ensure that critical EBT facilities are physically secure (e.g., locks, limited janitorial access)?
11. How are data files and computer programs protected?
    - _____ assigned security officer
    - _____ password access to ADP system
    - _____ separation of security functions
    - _____ separate area for tapes, diskpacks, etc.
    - _____ other (specify)
12. How is client confidentiality ensured by the system?
13. Have the system access procedures been audited within the last year?
14. What back-up procedures does the State agency have?
    - _____ off-site storage in a secure location
    - _____ ongoing update of back-up files
    - _____ agreement with another processing center for emergency services
    - _____ periodic testing of back-up procedures
    - _____ other (specify)
15. Are any system maintenance functions performed by the state? Describe

16. Who maintains UPC codes? Does this person have a backup?
17. Describe the process for UPC code maintenance. How often is it done? How are old ones removed?
18. Is an audit trail of all clinic card operations maintained either on paper or electronically? For how long? By whom and how often is it checked?
19. How does the state verify that clinic computers are kept clean (i.e. virus scanning) and secure?
20. Has a system risk analysis been completed on the EBT operating environment at the SA? At clinics? By whom? When? What risks were identified and what steps are being taken?
21. Are all EBT functions that are managed at the State office documented so that another person could fill in? Show me
22. Who is responsible for version control? On the EBT software? On things like APIs that are not owned or maintained by the processor?
23. List everyone who has the authority or ability to introduce changes to the system operating software, or databases or anything. Could any of them do so without the State's knowledge? What can the SA do to detect such activity?
24. Describe what role, if any, the state or health department IT staff has in EBT operations, maintenance or support. What contact or oversight does WIC have over these roles?
25. Does the SA or LA have computer display or access to host computer data or tracking tools? (such as client or card transaction history, problem or issue tracking, UPC database, on-line issuance functions). What functions? Which are read-only? Who has access? Who determines who can see or have such access to which functions?
26. Is clinic EBT equipment tagged and inventoried similar to traditional computer equipment?
27. Is state-owned equipment in stores tagged and inventoried?
28. Where are inventory records maintained? Show me. Are they current? (Should correspond to answers given about the last time equipment was replaced.)
29. How is actual purchase data transmitted to formula rebate contract company? How often?
30. Does the system create and maintain an EBT transaction file, log and log history at processor?
31. Do local agencies have copies of EBT software (e.g., PIN encryption software)?
32. If so, what kinds of EBT software do they have on hand, and why?
    - For each kind of software, list where is it kept, who has access, and under what conditions they can access it
    - Does access to software (all types) require a user-specific PIN or password?
    - Is there an audit trail (for each kind of software) of access or use? If so, do they receive reports and what do they do with them? Any instances of unusual access or use?
    - Is software inventoried and checked periodically (including backup copies)? Have any copies been lost or misplaced?
    - Is software (each type on hand) difficult to copy or modify?
57. Do counties have excess, or backup, EBT hardware?
    - If so, what types of equipment do they have and where is it kept?

- If YES, is excess/backup hardware kept in a locked room? Who has access to it and under what conditions?
- If YES, are periodic inventory checks conducted? Has any hardware come up missing (permanent or short-term).

58.   Is hardware periodically tested to make sure it still works per specs?

(Reviewers note: If local users have access or authority to alter settings, change specifications, or uninstall/reinstall any software, the state should have a way of determining if specifications are being maintained.)

Review Area: Card Management

1. How are lost/stolen cards handled? How soon are replacement cards issued?
2. Are clients informed of card replacement procedures at the time of initial issuance?
3. Are there separate units for issuing initial cards as opposed to replacement cards?
4. Is there a screening process clients must go through prior to being issued a replacement card? Describe.
5. Are clients required to complete a Replacement Request Form?
6. Is there a time limit for the household to report lost/stolen or damaged cards?
7. When a card is reported lost/stolen or damaged, at what point is a hold put on the account?
8. How long does it take to issue a replacement card from the time a request for replacement is made?
9. Do you validate that the current card has been frozen prior to issuing a replacement?
10. Are balance inquiries completed prior to issuing the replacement?
11. If more than one person has a household's EBT card does the report of card loss freeze the entire account or can the other card(s) be used?
12. Are records maintained of the date/time a card is reported lost/stolen or damaged?
13. Is a replacement fee charged for replacement cards?
14. How are the fees collected and accounted for?
15. Are PINs reset every time a replacement card is issued? When clients are issued replacement cards are they retrained on PIN security and card protection?
16. Do clients show picture identification in order to be issued a replacement card?
17. What is the State's policy when a participant claims that they cannot pay for a replacement?
18. Is supervisory approval required for issuing replacement cards?
19. Are case files documented with Request for Replacement Card Forms and other replacement information?
20. Is there any limit to the number of replacement cards that a household can be issued? (Per day/per month/per year)
21. How many staff are responsible for issuing replacement cards?
22. Do staff that issue replacement cards also have access to the eligibility system?
23. When damaged cards are returned, what happens to returned cards?
24. Explain participant card security procedures (PIN selection, activation, changes, and deactivation).
25. What is the procedure for card destruction/recycling once a participant is no longer active on the program?
26. Review card stock access controls at local agencies and clinics.
    - Is card stock kept in a locked room at the locals or clinics?
    - Who has access to card stock room?
    - Who determines when new card stock is needed?
    - What are the procedures for receiving/replacing card stock?
    - How do the locals/clinics inventory card stock?
    - Does an independent party check inventory counts? If so, whom and how often?

Review Area: Partnerships & Cost Allocation

1. Is the EBT system, or any processes, costs, or contracts shared with any other program or agency? With whom? For what purposes (data-sharing, benefit delivery, service delivery)?
2. Is the card shared? Are benefits or data from more than one program carried on the card?
3. What client data is shared through the card or other EBT functions?
4. Are MOU's or information sharing agreements in place with all partners? (See documents – do they contain the regulatory information sharing limitations?)
5. Can more than one partner issue the card?
6. Do all partners on the card have compatible card replacement policies (if more than one can issue a card)?
7. Can all issuing partners put a block on the card if reported lost or stolen?
8. Can all partners perform card diagnostics?
9. Do arrangements or agreements between partners include system security at all card handling offices or locations?
10. What training has each partnering program received on any EBT functions or policies that affect the other(s)?
11. What methods are in place for ensuring that costs of equipment or services used by WIC and other programs are equitably cost-allocated among the funding sources?
12. If there are any partners in EBT, show cost allocation plan, and FNS approval of it. When was it approved?
13. What cost allocation methodology was applied? Was the methodology based on estimates of projected costs, caseloads or transaction volumes, or on actual known figures?
14. If based on estimates, was the actual allocation of costs updated after actual figures were known?
15. When was the last time that the methodology was reviewed to see if it still reflected fairly the cost shares to be paid by each partner?
16. Have any new costs been added to EBT operations, or any earlier-phase costs ended, that would change the shares paid?
17. For each cost allocation methodology used throughout the budget, examine actual budget line items and verify documentation for the allocation. For example, staff time, travel costs, and office space may be allocated by time studies. Processing fees, help desk and customer service costs may be allocated by case-count or transaction count. Pick one budget line item for each cost allocation methodology used, and see the documentation that supports the share charged to WIC. It should be both an allowable allocation method, and be validated reasonably recently. The purpose is to validate the *methodology* used to allocate costs, not the expenses themselves.

Review Area: Budget & Funds Management

1. When was the original IAPD or project grant proposal approved by FNS?
2. Do actual expenditures for all years of the project correspond to approved documents?
3. Review documentation of EBT system development costs for the last fiscal year. Was prior approval requested and received from the Regional Office? Were costs within the approved amount?
4. If not, what issues or activities have differed from estimates?
5. What analysis has the state done to determine why estimates were wrong?
6. Has the state changed its estimating procedures for future EBT activities and budgeting? How?
7. Were all changes approved by FNS?
8. What was the original approved project total cost? What was the actual final project cost? What were the largest areas of difference?
9. What analysis has the state conducted on cost over-runs? What is being done to manage cost areas that exceeded estimates?
10. Did the SA do an estimate of paper issuance costs before EBT? What were they? How does this compare to EBT issuance costs? (See what costs are now included as "issuance costs")
11. What routine operating costs have changed with EBT?
    - Staffing
    - Telephone
    - Postage
    - Printing
    - Training budget
    - Travel
    - Consulting
12. Has the state examined the % and direction of operating expense changes?
13. What are the fees, if any, being charged by the processor and TPP for EBT/ESD processing?
14. Review transaction and reconciliation reports to ensure all requirements are being met and funds being transferred correctly.
15. Is the project now, or has it been for any period not previously reviewed by FNS, under a special EBT project grant?
16. Are financial and status reports required by the grant agreement current? (Show copies of last reports submitted to FNS)
17. Show financial records for the expenses funded by the special grant. How do actual expenses compare to the funding requested for the grant?
18. Are previous grants closed and final reports submitted? Show copies
19. Have cost trends been analyzed to determine if operating expenses are or will be within the State's NSA when grant funds end? What does the State's analysis indicate?
20. Are any contracted services on a per-unit basis, or fixed plus per unit? (i.e. The processor's customer service center will take the first 25,000 calls each month under

a fixed price, then charge a per unit fee for each additional call). Has usage exceeded the fixed price limits? By how much? Has the state analyzed the reasons?

21. Are costs related to systems development, maintenance, and operation identified and tracked separately?

22. Does the State agency periodically review EBT system billing costs? How are system costs billed (e.g., for an in-house system, what charges are billed to WIC and what services are included in the indirect cost rate)?

23. What is the cost basis for EBT equipment service? Salaried state employee? Per call contract price? Time period contract with unlimited service?

24. If EBT service is based on a fixed cost contract, has the state determined, based on the number of service calls, what the cost per service contact has been? (Even with a fixed cost contract, these types of services should have been bid on a cost per call basis or an average cost per call. This would make a better comparison---bid vs. actual. How are overages handled?)

Review Area: Certification / Authorization / Issuance

1. Describe the card issuance process (from card stock inventory to issuance and benefit activation).
2. Who has responsibility for initial card issuance? (state, local agency, EBT vendor) Subsequent issuances?
3. What is the process for expedited EBT issuance for special nutritional risk applicants?
4. Does the system provide for immediate access to benefits?
5. Does the system provide an accompanying notice of benefits available/shopping list? How/when is this provided?
6. How many months of benefits can be loaded onto the card at one time?
7. Is the procedure for benefit issuance and benefit redemption uniform throughout the State?
8. Does the system allow the clinic to change the standard number of months issued at one time for reasons such as allowing one month of benefits till ID, proof of residency or proof of income is provided? Or to match up family members?
9. If a food package must be changed mid-month, after some items have already been purchased (such as a formula change), describe the process for changing the balances on the card. Are remaining food items replaced with equivalent amounts?
10. Does the EBT card serve as the State's in-state VOC card? What data is on the card that fulfills this purpose?
11. How many family members can be on one card?
12. What is done when there are more family members than can fit on one card?
13. Are benefit balances remaining on the card at the end of the month automatically deleted? Describe when and how this is done.
14. If an off-line system, are there times when immediate (on-line) benefit issuance or benefit access is performed? How?
15. What is the EBT equivalent of the food instrument register that the participant must sign to verify receipt of benefits?
16. Are benefits issued on a calendar month or a data month?
17. Where can participants load benefits onto the card?
18. Who/where can participants call and/or go if there are problems with loading benefits?
19. Does the EBT system have any role in how breastfeeding infants (not receiving food issuance from the system) are counted as program participants?
20. Has the participant Rights & Responsibilities form been updated to reflect EBT?
21. How long does it take from participant certification to card issuance? And from card issuance to benefit availability? (If locally, observe on-site)
22. View reports on the number and nature of customer service calls from participants AND vendors, that reflect on system ease of use.
23. From the time client receives card, when will they be able to access benefits?
24. How many household member or proxies are issued cards?
25. May the participant select remote issuance sites? How many?
26. If possible during the review, observe card replacement process.

27. Where are damaged or malfunctioning cards examined to determine cause of malfunction? What it the rate of diagnostics? By occurrence, what has been the nature of the problems?
28. Does the system have the ability to provide the WIC participant a printed transaction history that includes a reasonable number of transactions over a reasonable period of time? The receipt may be printed at a balance inquiry terminal, or at a clinic site.
29. In an off-line system, does the system have the ability to withdraw and/or adjust benefits from the card remotely the next time the card is put into an inquiry terminal or POS card reader (staged debits and credits)?

Review Area: Retailer Operations

A. SA QUESTIONS

1. Retailer Statistics
- Current number of Contractor-equipped stores:
- Current number of Contractor-driven POS devices:
- Breakdown of third party processor (TPP)-equipped store information:
     TPP / # of stores

2. Has the State been satisfied with the Contractor's performance in the area of retailer management to date?
3. Is the max price for an item set using traditional price surveys, or actual item price data returned by the system?
4. Can other entities, besides grocers, request that UPCs be added?
5. Who approves and enters new UPCs?
6. Are there differences in equipment at different retailer types or sizes?
7. Are vendors given system access within 2 weeks of authorization?
8. Does the State office have the ability to add newly authorized retailers?
9. Does the system have the ability to remotely disable or suspend operation at a retail location due to failure to settle, suspicion of tampering with equipment, or other violations of a retailer agreement?
10. How does the state ensure access by authorized retailers and TPPs only? Does the state maintain system authorization database that mirror State program authorizations and disqualifications?
11. How does the system certify TPPs?
12. How does the State provide compliance exception reports to State vendor compliance officer in charge?
13. What kind of EBT-specific retailer monitoring or investigations are conducted, if any (e.g. detecting if a UPC for an allowable food is scanned and deducted from the card, but cash or a substitute product is given to the participant)?
14. How does the State ensure equipment and supplies are repaired or replaced within 24 hours?
15. How does the state evaluate participant ease-of-use?
16. How does a grocer request that the state add a UPC to the system? Describe the process from the request to when the new UPC works when scanned.
17. Are retailers trained to do any troubleshooting or routine maintenance themselves? Has it been successful/acceptable to all parties?
18. What are grocers supposed to do when a product that they believe is WIC eligible refuses to scan or be accepted by the system?
19. How many reports of foods failing to scan have there been in the last 2 months? How are these resolved?
20. How often are retailers required to settle? What happens if they don't?
21. Did the state provide store equipment? What was the formula used by the state to determine the equipment level that the state would pay for in stores?

22. How does the SA assure that store-provided equipment meets standards for secure and reliable transaction processing and identical customer experience in any lane?
23. Does the SA set standards or requirements for additional equipment?
24. Have there been any issues with store service calls to the wrong entity on store-owned equipment?
25. Has store-owned equipment caused any technical problems for state-owned equipment?
26. What vendor high risk indicators are supported by EBT?
    - Improbable transaction patterns (transactions happening impossibly fast in one lane, transactions for round dollar amounts)
    - Unusual amount of shopping in an area shifting to one store
    - High volume of manual transactions in one store
    - Other???
27. Does the state system allow manual transactions? Describe the circumstances in which it is allowed, and how it works.
28. Describe the process for equipping and pre-noting a newly authorized store.
29. Under what circumstances could a store make a claim for reimbursement outside the regular electronic payment process?
30. What is the state's policy on reimbursing stores if a participant leaves with groceries, but the system failed to capture the transaction accurately? (e.g. card removed too soon, system voided the transaction)
31. What is the state's policy on re-equipping or re-configuring a store that changes its ECR or lane configuration? Does the state pay? How many times?
32. Have any stores made changes without notifying WIC, resulting in "down" time?
33. How have retailer agreements been updated to cover equipment responsibility or liability? Maintenance? Physical security of equipment? Other EBT-related operations?
34. Does the participant have a limit to the number of shopping trips within a valid period?
35. Does the system allow participants to print food balances?

B. RETAILER ON-SITE QUESTIONS

36. Observe the redemption process at the retailer and explain in full.
37. Summarize retailer access problems/complaints (if any).
38. What impact has card issuance had upon the participants and retailers?
39. Discuss any issues that have been raised concerning retailer training
40. Does the EBT system include max-price restrictions?
41. What happens in the lane when max price is exceeded for an item?
42. Is the WIC product UPC captured by an integrated scan with the store system? By a second scan done exclusively for WIC EBT? By some other method?
43. Is there ever a time when the price for an item is entered or captured from any source other than from the store's price file based on UPC? Under what circumstances would this occur?
44. How does a grocer request that the state add a UPC to the system? Describe the process from the request to when the new UPC works when scanned.
45. Are retailers trained to do any troubleshooting or routine maintenance themselves? Has it been successful/acceptable to all parties?
46. What are grocers supposed to do when a product that they believe is WIC eligible refuses to scan or be accepted by the system?
47. How have reports of foods failing to scan been resolved?
48. How often are retailers required to settle? What happens if they don't?
49. Have retailers noted any change in shopping patterns since EBT was introduced?
50. Did the state provide store equipment?
51. Are there any stores who have chosen to self-equip, beyond the level of equipment provided by the state?
52. How and by whom is equipment installation and maintenance handled in stores on equipment not provided by the state?
53. Does the SA set standards or requirements for additional equipment?
54. Have there been any issues with store service calls to the wrong entity on store-owned equipment?
55. Has state-owned equipment caused any technical problems for store-owned equipment?
56. Does the state system allow manual transactions? Describe the circumstances in which it is allowed, and how it works.
57. Under what circumstances could a store make a claim for reimbursement outside the regular electronic payment process?
58. What is the state's policy on reimbursing stores if a participant leaves with groceries, but the system failed to capture the transaction accurately? (e.g. card removed too soon, system voided the transaction)

Review Area: Non-Retailer Integrity & Accountability

1. What impact has card issuance had upon the State and Local agency business rules and process flow?
2. Get copies of State agency operational procedures for card ordering.
3. Perform a physical count of the current card stock inventory.
4. Get copies of card order requests for the past 6 months. Get copies of number of cards (initial and/or replacements) issued in the past 6 month. Comparing the number of cards issued to the number of cards ordered, determine if the current inventory is adequate. Assess is ordering frequency and amounts may need to be modified
5. How much blank card stock is regularly maintained?
6. What is the frequency of orders for blank card stock?
7. Is there a set order or is a specific amount of card requested each time?
8. Who processes the card order?? (state agency or EBT vendor)
9. When a blank card shipment is received, is there any validation of the number of cards in the book and the correct serial numbers?
10. How are any discrepancies in a card shipment handled?
11. How are any discrepancies corrected?
12. How often are blank cards inventoried?
13. Is there return or mailing instructions printed on the card so that a found card can be returned?
    - Who is it returned to?
    - How is the returned card handled/processed?
    - Who actually receives it? Mailroom? Secretary?
    - How is accountability assured? Is it logged in?
    - How are returned cards stored? Recycled? Destroyed?

1. How are card replacement fees collected at the clinic? How are they reported and accounted for? Can the State agency check computer records of card replacements against cash, LA bank deposits or other financial records?
2. What reports or tools does the SA use to monitor card risk management, such as a report that would show when one clinic has an unusually high card replacement rate?
3. Have there been any incidents of over-issuance? Double issuance? Disappearing benefits not due to card damage?
4. How have such incidents been detected? Resolved? Future preventative measures put in place?
5. What aspects of the state's own routine local agency reviews have been modified to reflect EBT operations. Show us a review tool or report.
6. What separation of duties is required at clinics between staff who certify participants and staff who issue cards?

Review Area: Help Desk / Customer Service 1-800

1. Who is responsible for the client and retailer Help Desk?

    Level 1, 2, and 3 services?

    Explain fully. What are escalation procedures?

2. Does the State monitor customer service provided by the Contractor to recipients and retailers? If yes, how is it monitored?
3. Does the State monitor customer service call volumes?
4. What is the average number of calls coming in per day?

<u>Clients</u>   <u>Retailers</u>

5. What is peak call volume? When are the peak periods?
6. Has the Contractor experienced any problems with ARU up-time or reliability? What was the nature of those problems?

Review Area: Reporting

1. What types of reports are generated for the State agency?   Local agency? Retailer?
2. Using a list of all ADP system reports supplied to local agencies, determine if the local agency is receiving all reports. For each report, evaluate its usability:
    a. Is the report easy to use? Would a different format be better?
    b. Is the information timely enough to be of use?
    c. Is manual manipulation of data on the report required to provide commonly used results?
    d. Is necessary information provided by the report?
    e. Is the report used? If not, why not?
    f. Is the report provided to those individuals with the greatest need for the data?
3. Is food package utilization information captured by the system? (Which foods were not used by participants) Is the report available at the SA or LA? How is that information used?
4. Does the system produce:
    ▪ Card stock inventory report
    ▪ Card stock usage trend analysis
    ▪ Card replacement tracking
5. What rebate reports does the system produce based on EBT purchasing data? How are these used?
6. What reports were included in the system design document or contract? Are you getting all these? Did you receive training on how to get them from the system and what data they contained? Which ones do you use routinely? Why are you not using or not able to use the others?
7. Does the system provide financial reports showing price paid per item and per total transaction, and reports showing items purchased by individuals for clinic use and in nutrition education?
8. Does the contract contain penalties for reports not provided, or provided late? Has the State invoked these penalties?
9. Does the EBT contractor quickly produce ad hoc or new permanent reports?
10. Does the EBT contractor charge extra for the ad hoc or new permanent reports?
11. Does the EBT contractor credit the State for discontinued reports?
12. Which entity maintains the archived transaction database?
    (Reviewers' note: This is a database that can be maintained by the State or contractor, containing a detailed record of all transactions, that can be sorted or filtered to look for trends and possible fraudulent transactions – similar to the ALERT system in the Food Stamp Program. It is recommended, though not required at this time, in WIC.)
13. Is data from the archived transaction database available on-line?
    (Reviewers' note: If maintained by the contractor, it should be available to the State on-line to search or use the data at any time for retailer management.)
14. How many months of data are stored and available in the archived transaction database?
15. What is the process for troubleshooting the archived transaction database when problems occur (not routine use of it)?
16. There are four types of reports that the system should produce: financial, system operations, and program.
17. Are there reports addressing the UPC database: users, maintenance, access, etc?

18. Are there reports on the value and quantity of rebate items redeemed by brand and vendor for rebate accounting purposes?

Review Area: Disaster Recovery

1. Does the State have a written disaster recovery plan? How often is it tested? Updated?
2. Does the State's plan specifically cover the WIC program? Does it cover local and clinic sites and operations?
3. Does the SA have any manual issuance emergency plan? Under what circumstances would it be invoked?
4. Have local agency workers been trained to know how to respond initially to a disaster? Must they be able to reach the state before they can do anything?
5. What is the state's plan for disaster operations?
- How quickly can benefits be staged to a different store for pickup (only if vendor-specific)
- How will participants be notified if their cards wouldn't work at certain stores (only if vendor-specific)
- How will new equipment be deployed to an alternate clinic site? How quickly? Is this in the contract?
- How will participants be alerted of an alternate clinic site?
- What happens if the disaster is at the processor's site?
- What happens if the disaster is at the state office?
- If central database is inoperable, can locals issue benefits according to past issuance data?

6. What is the processor's disaster recovery plan?
7. What has been the frequency of downtime? Have backup contingencies been implemented?

Review Area: System Performance

1. Obtain copies of systems performance reports for the last three months. These reports should summarize:
    - system up-time;
    - system reliability (i.e., number of erroneous transactions @ 10,000 transactions).
      (Reviewers Note: Metrics will vary according to contract!)
    - number of reversals
2. How often does the State receive systems performance reports from the processor? If reports are only on request, what other means does the State have to ensure adequate performance?
3.   Have there been any system outages?   How does the State monitor system up-time and response time for both contractor and TPP systems?
4. Obtain copies of reports the State receives summarizing source/cause of processing errors.
5. Obtain copies of any reports the State receives regarding third party processor POS systems performance.
6. Did the State's RFP or contract specify performance measures such as response times for card personalization and benefit issuance, settlement time, limits on "down" time, or required response to help calls, max time for in lane transactions @ POS? Requirement: System availability (based on FS) 98% of scheduled time, 24 hours/day, 7 days/week.
7. Have all standards specified been met?
8. How does the state monitor or check each standard?
9. What penalties or other recourse does the state have for failure to meet a standard? Have they been invoked? For what? Was the problem corrected?
10. What protection does the state have in the event the processor's host computer "goes down"?

Review Area: Reconciliation / Settlement

1. When does reconciliation take place? (turnaround time from store to State agency)
2. Review transaction and reconciliation reports to ensure all requirements are being met and funds being transferred correctly.
3. Get copies of any available procedures for transmitting issuance data between the State agency and EBT vendor
4. How is the issuance file created in the WIC eligibility system? How is the accuracy of this file verified? **If report – GET COPY**
5. When does the state transmit the monthly (on-going) benefits to the EBT vendor?
6. When are daily issuance files transmitted? (Settlement) (Determine what is considered end of day cut-off.)
7. Are daily issuance files available for recipient use on the next day? If no, why is there a delay in availability?
8. How is the issuance file transmitted to the EBT vendor?
9. What safeguards are in place if there are disruptions during the file transmission?
10. Is the whole file re-transmitted or the remaining file from the point of disruption?
11. How quickly is the state notified of disruptions in file transmissions?
12. Have there been any transmission disruptions in the past? How many/how often?
13. Have you ever (considered) sanctioned the EBT vendor for data disruptions?
14. What type of confirmation does the state receive from the EBT vendor to indicate that the whole issuance file has been received without error? **GET copy
    (Reviewers' note: The State should receive electronic confirmation from the EBT processor, immediately after settlement, that the number of records the State sent, and the number the processor received match. This is taken from the header information in the State's settlement, and compared to a counter in the receiving program at the processor. Programs typically reject the whole batch and make the system re-send if they do not match.)
1. How quickly does this confirmation come from the time file transmission (settlement) has been completed?
   (Reviewers' note: It should be automatic and within seconds after the transmission is complete.)
2. Have there been any delays in receiving the EBT vendor's confirmation of file receipt? If yes, how often and how long has the delay(s) been?
3. Has the state or EBT vendor developed procedures to reconcile the vendor's confirmation to the issuance file? **GET COPIES**
4. Does the state reconcile the EBT vendor's confirmation with the total number of records and total value of records to ensure that the EBT vendor has accurately received the file? (transmittal file header/trailer audit check)
   (Reviewers' note: This should be automatically done as part of the interface program transmission.   The transmission's header and trailer information should include type of data, where it is being transmitted from, number of records being sent, date, time, etc.)
5. What is the error resolution process, if the EBT vendor's confirmation does not reconcile to the state's file transmission? Is the file rejected and a retransmission requested?
6. Has the state ever (or considered) sanctioning the EBT vendor if the problem could not be resolved timely or continues to occur over a period of time?
7. When is reconciliation completed for issuance files transmitted to the EBT vendor on Friday (holiday) evenings?
8. When does the EBT vendor post the issuance file received from the state?

9. Are there ever any delays by the EBT vendor in posting the issuance file? Is it always posted timely (any exceptions for holidays)?
10. If yes to delays - How many delays have there been? (determine frequency)
11. Are benefits always available to recipients on time? If no, how long is the delay until benefits are available? What is the frequency of this problem?
12. Has the contractor/processor or bank ever contacted the state vendor because of insufficient funds to cover daily payments to retailers? If yes, how was it resolved?
13. Are the following reconciliations being performed? By who? How are they being documented?
    - Benefits posted to household accounts on MIS system versus benefits posted on the processor's issuance file.
    - Credits to retailers versus debits to clients.
    - Individual household account balances versus daily account activity.
    - Individual retailer transactions per POS and in total versus retailer daily deposits.
    - Total funds entered into, exiting from, and remaining in the system each day.
14. Is the State aware of any problems that have occurred with reconciliation? If yes, have they been resolved? How?
15. Observe the State's daily reconciliation activities.
16. How does a mid-month food package change (usually a debit and credit to the card balances) appear in the reconciliation process?
17. Do local agencies issue any benefits directly, such as special formula, rather than through a retailer? How is this accounted for in reconciliation of issuance?
18. Describe the clinic settlement process. Also:
    - Is it attended or unattended?
    - Has it influenced the clinics hours or appointment availability?
    - How does the clinic know if settlement was successful?
    - Can the clinic settle anytime if necessary?
    - How long does settlement take?
    - Does settlement take longer in different sized clinics?
19. Who, specifically, conducts the state reconciliation steps? Who monitors or reviews the processor's reconciliation steps?
20. Describe the funds flow for how retailers are paid.
21. Does the state's Contractor/processor have authorization to draw directly from the Letter of Credit to pay retailers?
22. How is that access monitored?
23. How are rebate funds managed so that they are spent first, as required?
24. Does the system total all credits accumulated by each retailer?
25. Does the system provide balance information to retailers or TPPs from individual POS terminals, as needed?
26. Does the system reconcile retailer's credits against deposit information entered into the ACH network?
27. Follow a process similar to "1-to-1" reconciliation for a check system. Select a random sample of program participants who have received benefits in a recent period. Verify that the issuance is supported by a valid certification. Verify that

the balance on the card was sufficient to cover the transaction; that the balance on the card was reduced by the same amount as the transaction; that the retailer's settlement included the same transaction value as was debited from the card; and that the retailer was credited for the transaction.