

## I. VENDOR MANAGEMENT

Vendor management includes all those activities associated with selecting, authorizing, training, monitoring, and investigating the State agency's vendor population for the purpose of reducing fraud and abuse in the WIC Program food delivery system.

**A. Vendor Selection and Authorization – 7 CFR 246.4(a)(14)(i), (ii), and (iii):** identify the types of food delivery systems used in the State's jurisdiction, describe, if used, the State agency's limiting criteria, describe the State agency's selection criteria, attach a sample vendor agreement, and describe, if applicable, the supervision and instruction the State agency provides to local agencies to which vendor agreement signing has been delegated.

**B. Vendor Training – 7 CFR 246.4(a)(14)(xi):** describe State and local agency procedures for training WIC Program vendors and for documenting all relevant training.

**C. High-Risk Vendor Identification Systems – 7 CFR 246.12(j)(3):** describe the policies and procedures for monitoring and identifying high-risk vendors through the use of vendor peer groups, food instrument redemption screening and analysis of overcharging and other violations, the use of price lists, a system for tracking complaints, or other means. *This section may be submitted separately because it is no longer a State Plan requirement but must still be approved by FNS.*

**D. Routine Monitoring – 7 CFR 246.4(a)(14)(iv):** describe the methods and scope of on-site routine monitoring activities and the criteria used to select vendors for routine monitoring.

**E. Compliance Investigations – 7 CFR 246.4(a)(14)(iv):** describe the investigative practices and procedures used to conduct both compliance buys and inventory audits for the purpose of detecting, tracking, and documenting vendor noncompliance with program requirements.

**F. Vendor Sanction System – 7 CFR 246.4(a)(14)(iii):** attach a copy of the State agency's sanction schedule and describe, if applicable, any option exercised under § 246.12(l)(1)(i) regarding trafficking convictions.

**G. Administrative Review of State Agency Actions – 7 CFR 246.4(a)(14)(iii):** describe the procedures for conducting both full and abbreviated administrative reviews.

**H. Coordination with the Food Stamp Program – 7 CFR 246.4(a)(14)(ii), (14)(a)(iv), and (14)(a)(xxv):** describe the methods and procedures used to coordinate the monitoring and sharing of information on vendors who participate in both the WIC Program and the Food Stamp Program.

**I. Staff Training on Vendor Management – 7 CFR 246.4(a)(14)(ii), (a)(14)(iii), (a)(14)(iv), and (a)(14)(xi):** describe the distribution of responsibilities and activities of those individuals at both the State and local levels who are involved in vendor management activities.

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**A. Vendor Selection and Authorization**

**1. Number and Distribution of Authorized Vendors**

**a. The State agency uses limiting criteria to limit the number of vendors it authorizes:**

- Yes  No

**b. If yes, check the type of criteria used:**

- Vendor/participant ratio  
 Vendors/local agency or clinic ratio  
 Vendors/local service area or county ratio  
 Vendors/geographic area (e.g., number per mile, city block, zip code)  
 Vendor/State agency staff ratio  
 Other (specify): \_\_\_\_\_

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): \_\_\_\_\_**

**2. Vendor Application Periods**

**a. The State agency considers applications:**

- On an on-going basis  
 Annually  
 Every two years  
 Every three years  
 Other (specify): \_\_\_\_\_

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): \_\_\_\_\_**

**3. Vendor Selection and Authorization**

**a. The vendor selection criteria used to select vendors for program authorization include:**

- A competitive price criterion based on:  
 Vendor applicant price lists  
 WIC redemption data  
 A State agency standard drawn from a price survey  
 A standard drawn from another source  
 Other (specify): State representative on-site shelf price evaluation.  
 A minimum variety and quantity of supplemental foods criterion that is:  
 Statewide  
 Peer group specific  
 Other (specify): \_\_\_\_\_

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**A. Vendor Selection and Authorization**

- A business integrity criterion that includes:
  - No history, during the past six years, among the vendor’s owners, officers, or managers of criminal convictions or civil judgments for activities listed in 7 CFR 246.12(g)(3)(iii)
  - No history of other business-related criminal convictions or civil judgments
  - Lack of previous WIC sanctions
  - Lack of a current Food Stamp Program disqualification or civil money penalty for hardship
  - Other (specify): History of Program violations
- A requirement to obtain infant formula only from sources included in the State agency’s list of State licensed infant formula wholesalers, distributors, and retailers, and manufacturers registered with the U.S. Food and Drug Administration
- Stock a full range of foods in addition to WIC supplemental foods
- A location necessary to ensure adequate participant access
- Redemption of a minimum number/volume of food instruments
- Satisfactory compliance with previous vendor agreement
- Certification by an approved State or local health department
- Proof of authorization as an FSP retailer, including FSP authorization number
- Hours of operation which meet State criteria (specify): \_\_\_\_\_
- Other criteria (specify): \_\_\_\_\_
- Not applicable (explain): \_\_\_\_\_

**b. Explain how the State agency uses the competitive price criteria identified in item 3a to select vendors for authorization.**

An on-site review by a WIC Local Agency or State staff person is conducted. The LA/State representative gathers information for the state using the state’s standard evaluation form, which includes space to record the shelf price for all WIC authorized foods/brands carried by the store for price comparisons at the state office, and also documents the store’s compliance with minimum stocking requirements. The LA/State representative documents on the form their observation whether the store offers for sale non-WIC food items that include meat, poultry, or fish; vegetables or fruits; breads or cereals; and dairy. If a store does not offer for sale other non-WIC food items as listed above, then the state will not accept a Self Declaration of estimated sales that shows WIC sales comprising less than 50% of gross food sales since the store does not meet the definition of a Traditional Grocery store. This will not prevent the application from being processed but it will cause the vendor to be classified as a Predominantly WIC store if a contract is awarded. At the state office, the prices collected during the on-site evaluation are compared to the prices charged by currently contracted WIC stores.

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Traditional WIC Stores: If the state assumes the applicant site will be classified as a Traditional WIC store, then the shelf prices are compared to other TWIC stores' prices in the applicant vendor's price region using band 1 averages. If the applicant vendor has prices that are at or below 108% of the band 1 average for its price region (using averages calculated from prices paid to Traditional grocery stores that exclude Predominantly WIC vendor payments), then the vendor will be deemed price competitive.

Predominantly WIC Stores: If the state assumes the applicant site will be classified as a Predominantly WIC store, then the shelf prices are compared to the statewide average prices charged by TWIC stores. If the applicant vendor has prices that are within 100% of the statewide averages charged by TWIC stores for all food types to be purchased with WIC benefits, then the vendor will be deemed price competitive.

Applicant stores who meet the state's required stocking requirements and are competitively priced are awarded a contract for the new site.

After 4 months of operations, a new store site is reexamined to determine whether they were properly classified as a Predominantly WIC or Traditional WIC vendor. If they accept Food Stamps, then their Food Stamp sales will be examined to determine if they exceed their WIC Program sales. If their Food Stamp sales exceed their WIC sales, they will be deemed a Traditional WIC vendor. However, if WIC sales exceed their Food Stamp sales, and they had been enrolled as a Traditional WIC vendor, then the store will be given the opportunity to provide documentation that WIC food sales for the 4-month period were less than or equal to 50% of total foods eligible for purchase with Food Stamp Program benefits. If the store fails to provide such documentation in a timely manner (defined as submittal within 30-calendar days), then the store site will be reclassified as a Predominantly WIC vendor.

If the store site was contracted as a Predominantly WIC site, then it will remain so classified unless the store petitions the state for reclassification and provides documentation, such as their sales tax report submitted to the State Comptroller, to support their request

**(1) The State agency exempts from competitive price criteria pharmacies that provide only exempt infant formula or WIC-eligible medical foods to participants?**

Yes       No

**(2) The State agency has exempted non-profit WIC vendors (other than health or human services agencies that provide food under contract with the State agency) from competitive price criteria.**

Yes       No

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- c. **The State agency authorizes vendors that derive more than 50 percent of their annual food sales from WIC transactions (i.e., above-50-percent vendors):**

Yes       No

**If “Yes,” please respond to the following:**

- (1) **How many above-50-percent vendors are currently authorized (include all above-50-percent vendors and not just WIC-only vendors)?** 212

- (2) **Does the State agency allow above-50-percent vendors to provide incentive items?**

Yes       No

**If yes, does the State agency require above-50-percent vendors to obtain prior State agency approval to provide incentive items to WIC participants?**

Yes       No

- d. **On-site preauthorization visits are conducted to verify information received during the application process:**

**by SA**

**by LA**

For vendors at initial authorization

For all vendors at authorization/reauthorization

- e. **The State agency routinely verifies with the FNS field office information provided by vendor applicants regarding the status of their Food Stamp Program retailer authorization.**

Yes       No

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_**

**and/or Procedure Manual (cite): Rule 31.32, 31.34, 31.35, Policy WV:10.0, WV: 9.0-Provision of Incentive Items, Policy QA: 02.0 - Review of Vendor by Local Agencies.**

**4. Vendor Peer Groups**

*If the State agency does not have a vendor peer group system, respond to item 4a and sub-items (1), (2), and (3), and then proceed to item 5.*

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**A. Vendor Selection and Authorization**

a. **The State agency has received an exemption from the vendor peer group system requirement:**

Yes       No

**(1) If “yes,” the State agency’s exemption was based on documentation that showed that (*check the applicable box*):**

The State agency had no above-50-percent vendors; or

Above-50-percent vendors accounted for less than five percent of the total WIC redemptions.

**(2) Based on the latest available data for the current fiscal year (which covers the period from \_\_\_\_\_ to \_\_\_\_\_), the State agency:**

Does not have any above-50-percent vendors;

Paid above-50-percent vendors \_\_\_\_\_ percent of the total annual WIC redemptions to date.

**(3) If the State agency does not use a vendor peer group system, describe the State agency’s alternative system for comparing the prices of new vendor applicants and currently authorized vendors and selecting for authorization or reauthorization vendors that offer the program the most competitive prices.**

b. **Vendors are assigned to peer groups for selection/authorization:**

Yes       No

c. **Vendors are assigned to peer groups for reimbursement purposes:**

Yes       No

d. **Peer groups are based on the following (check all that apply):**

- WIC sales volume
- Gross food sales volume
- Number of cash registers
- Square footage of store
- Type of store
- Location of store
  - Local agency service areas
  - City, county or regional divisions

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- Urban/suburban/rural
- Zip codes
- Unique economic location (e.g., rural island, single metro area)
- Other (specify): WalMart, Commissaries, & Super Targets are each

in their own peer group.

Other (specify): Predominantly WIC stores are segregated in their own peer group and held to the statewide averages of Traditional stores that include prices paid to WalMarts, Commissaries, & Super Targets.

- e. **Using the chart on the next page, describe the peer groupings (e.g., supermarkets, medium and small grocery stores, convenience stores, etc.) that the State agency plans to use during the upcoming fiscal year. (If additional space is needed, please attach the description following the format of the chart on the next page and indicate its location in the State Plan: Appendix \_\_\_\_.)**

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**A. Vendor Selection and Authorization**

**DESCRIPTION OF VENDOR PEER GROUP SYSTEM**

Vendor Peer Groups					Comparable Vendors Peer Group Number (6)
No. (1)	Description (e.g., supermarkets, chain stores, pharmacies) (2)	Number of Vendors in Peer Group			
		Regular Vendors (3)	Above-50% Vendors (4)	Total (5)	
1	Data Not Available Until September 2006				
2					
3					
4					

***Instructions:***

Column 1 – Assign a sequential number to each peer group.

Column 2 – Describe the vendors in the peer group.

Column 3 – Insert the number of authorized vendors that are regular vendors.

Column 4 – If the State agency authorizes above-50-percent vendors, insert the number of above-50-percent vendors currently authorized.

Column 5 – Insert the total number of authorized vendors. This number should be the sum of columns 3 and 4, since the State agency must identify each vendor as being either a regular vendor or an above-50-percent vendor.

Column 6 – For each peer group that contains above-50-percent vendors, insert the number of the peer group that contains comparable regular vendors. The comparable vendor peer group is the peer group that the State agency uses to derive the competitive price criteria and maximum reimbursement levels that it applies to the above-50-percent vendors. If above-50-percent vendors are placed in a peer group with regular vendors, then the number in column 1 should be the same as that in column 6. If above-50-percent vendors are in separate peer groups, then the number in column 1 will be different from that in column 6.



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**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): \_\_\_\_\_**

**f. How does the State agency assess the effectiveness of its peer group system?**

**The State agency makes this assessment—**

- Annually**
- Biennially**
- Every three years**
- Other (please specify)**

**5. Vendor Agreements**

**a. The following reflect the State agency's vendor agreement practices:**

- All vendors have a written agreement with the State agency
- A standard vendor agreement is used statewide
- Vendor agreements are subject to the State's procurement procedures
- Vendor agreements/handbooks are subject to the State's Administrative Procedures Act
- A nonstandard vendor agreement is used for:
  - Military commissaries
  - Pharmacies that only provide exempt infant formula and/or WIC-eligible medical foods
  - All pharmacies
  - Home food delivery contractors
  - Mobile stores
  - Other (specify): \_\_\_\_\_
- Vendors are authorized for a period of 1 years
- Vendors are authorized/reauthorized under renewable agreements, provided no vendor violations occurred during the previous vendor agreement period
- All vendors are provided at least 15 days advance written notice of the expiration of the vendor agreement
- Other (specify): See Policy WV: 10.0  
\_\_\_\_\_

**b. In addition to the requirements in 7 CFR 246.12(h)(3)-(h)(6), the vendor agreement includes:**

- Periodic submission of vendor price lists. If so, specify frequency \_\_\_\_\_
- Maintenance of records in addition to the required inventory records. If so, specify types of records: **State Sales Tax Reports**

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- Submission of food instruments within a shorter timeframe than required by program regulations. If so, specify timeframe: **Whereas paper food vouchers are required to be submitted within 30 days of last day to spend, the EBT requires submission of a transaction no later than the 15<sup>th</sup> of the following month.**
- Redemption of a minimum number/volume of food instruments
- Minimum hours of operation
- Other (specify): **Declare, label, and issue the traditionally least expensive brand of WIC approved milk and juice products. See Policy WV: 02.0 - Least Expensive Brands Declaration. Provide wholesaler/supplier purchase invoices within 60 calendar days of State request (as time is of the essence), detailing products, quantity and price for WIC items purchased as outlined in State policy. Vendor's failure to comply will result in disqualification pursuant to WIC policy WV: 01.0. Affidavits are not acceptable.**

c. The State agency delegates the signing of vendor agreements to its local agencies:

- Yes       No

If yes, provide a description of the supervision and instruction provided to local agencies to ensure the uniformity and quality of this activity. \_\_\_\_\_

Please attach a copy of the Vendor Agreement or provide the appropriate Procedure Manual reference below.

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_ and/or Procedure Manual (cite): Rules 31.32, 31.33, 31.34, & 31.35; Policies WV: 01.0, WV: 02.0, WV: 03.0, WV: 08.0, WV: 09.0, WV: 10.0, QA: 02.0**

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**B. Vendor Training**

**1. Vendor Training - General**

**a. Annual vendor training covers the following content (check all that apply):**

- Purpose of the WIC Program
- Supplemental foods authorized by the State agency
- Minimum varieties and quantities of supplemental foods that must be stocked
- Obtaining infant formula only from sources included in the State agency's list of State licensed infant formula wholesalers, distributors, and retailers, and manufacturers registered with the U.S. Food and Drug Administration
- Procedures for obtaining prior State agency approval to provide incentive items to WIC participants
- Procedures for transacting and redeeming food instruments
- Vendor sanction system
- Vendor complaint process
- Claims procedures
- Changes in program requirements since the last training
- Recordkeeping requirements
- Replacement food instruments
- Participant complaints
- Vendor requests for technical assistance
- Reauthorization
- Reporting changes of ownership, location, or cessation of operations
- Procedures for appeal/administrative review
- Training employees
- WIC/FSP sanction reciprocity and information sharing
- Other (specify): \_\_\_\_\_

**b. Vendors or vendor representatives receive training on the following occasions and/or through the following materials (check all that apply):**

- On-site (in-store) meetings/conferences
- Off-site meetings/conferences
- During routine monitoring visits (e.g., educational buys)
- When specialized technical assistance is requested
- Written materials (e.g., newsletters)
- Audiotapes or videotapes
- Teleconference or videoconference
- Vendor hotline
- State or local agency website
- Other (specify): IDL

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**B. Vendor Training**

c. **Vendors or vendor representatives receive *interactive* training as follows (check all applicable responses):**

- At or before initial authorization
- At least once every three years
- Annually or more frequently than once every three years

d. **The following method(s) are used to evaluate the effectiveness of vendor training (check all that apply):**

- Evaluation forms provided with training materials
- Pre-tests and/or post-tests regarding vendor policies, procedures, and practices
- Statistical indicators, such as a reduction in food instrument errors
- Educational buys
- Record reviews
- Informal feedback from vendors and/or participants
- Vendor advisory councils
- Not applicable
- Other (specify): \_\_\_\_\_

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_ and/or Procedure Manual (cite): \_\_\_\_\_**

**2. Delegation of Vendor Training**

a. **The State agency delegates its vendor training to:**

- Its local agencies
- A contractor
- A vendor association/representative; specify: \_\_\_\_\_
- Another State agency; specify: \_\_\_\_\_
- Not applicable

b. **Indicate the frequency at which the State agency performed the following activities during the past fiscal year:**

<u>Times/FY</u>	<u>Activity</u>
_____	Provided comprehensive training materials to delegated trainers
_____	Provided instruction on vendor training techniques to delegated trainers
_____	Monitored performance of delegated trainers to ensure the uniformity and quality of vendor training
<input checked="" type="checkbox"/>	Not applicable
<input type="checkbox"/>	Other (specify): _____

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**B. Vendor Training**

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): \_\_\_\_\_**

**3. Documents for and Documentation of Vendor Training**

**a. The State agency or the entity to which it delegates vendor training documents the content of and vendor participation in annual vendor training:**

Yes       No

**b. Vendors or vendor representatives are required to sign an acknowledgement of training when they have received the following types of training (check all that apply):**

<input checked="" type="checkbox"/> Interactive training	<input checked="" type="checkbox"/> Annual training
<input type="checkbox"/> Educational buys	<input type="checkbox"/> Monitoring visits
<input checked="" type="checkbox"/> Remedial training	<input type="checkbox"/> Other (specify): _____

**c. The State agency produces a Vendor Handbook:**

Yes       No

**If yes, provide in Vendor Management Appendix or cite Procedure Manual Reference.**

**ADDITIONAL DETAIL: Vendor Management Appendix Store Manager's Guide, Cashier Training Guide, Vendor Guide: Payment Process for WIC food Instruments  
and/or Procedure Manual (cite): Policy WV: 08.0 - WIC Vendor Training**

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**C. High-Risk Identification Systems**

**1. Vendor Complaints**

**a. The State Agency has a formal system for receiving complaints about vendors:**

- No
- Yes, complaints are received through the following:
  - A toll-free number handled by State agency staff
  - A standard complaint form which the complainant sends to:
    - State agency
    - Local agency or clinic
  - Other (specify): The State sends a complaint letter to the vendor detailing the complaint and the corrective action necessary.

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): \_\_\_\_\_**

**2. Identifying High-Risk Vendors**

**a. What criteria does the State agency use to identify high-risk vendors:**

- Low-variance
- High-mean value
- New vendor
- Complaints against vendors
- Other (specify): WIC dollar volume; WIC dollar volume by register; high variance for contract infant formula; vendor type (eg predominantly WIC); competitive pricing.

**b. Which high-risk indicators has the State agency found to be most effective?**

- Low-variance
- High-mean value
- New vendor
- Complaints against vendors
- Other (specify): A combination of the criteria listed in 2.a. Do not track the effectiveness of individual indicators since each indicator adds a specific value to the whole.

**c. Identify the frequency for generating high-risk vendor reports:**

- Monthly
- Quarterly
- Semiannually
- Annually
- No set schedule
- Other (specify): \_\_\_\_\_

**d. Check below the type of food instruments used in the high-risk vendor analysis:**

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**C. High-Risk Identification Systems**

- A full monthly food package for a:
  - Woman                       Infant                       Child
  - Other (specify): \_\_\_\_\_
- Standard food instrument type with multiple food items (e.g., milk, cheese, and cereal)
- Standard food instrument type with a single food item
- Constructed food instrument (State agencies with nonstandard food instruments)
- Other (specify): \_\_\_\_\_

**e. To perform the high-risk vendor analysis, the State agency's system aggregates a vendor's redemptions over the following time period:**

- 1 month     2 months     3 months     4 months     5 months     6 months
- Other (specify): twice a year.

**f. Vendor redemption patterns are generally compared to:**

- Applicable peer group patterns
- All vendors' patterns Statewide
- Other (specify): Regionally by 11 Regions.

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): \_\_\_\_\_**

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**D. Routine Monitoring**

**1. Routine Monitoring Visits**

**a. Routine monitoring visits are conducted by:**

- State agency staff
- Local agency staff
- Other (specify): Office of Inspector General, Health & Human Services Commission

**b. Identify the activities performed during a routine monitoring visit:**

- Check the vendor's inventory of supplemental foods and/or inventory records to determine if the vendor meets the State agency's requirements for the minimum variety and quantity of supplemental foods
- Check the vendor's inventory of non-supplemental foods and/or inventory records to provide information on whether the vendor is an above-50%-percent vendor
- Determine whether the vendor accepts forms of payment other than WIC food instruments, such as cash, personal checks, and credit cards, to provide information on whether the vendor is an above-50%-vendor
- Check the vendor's receipts of infant formula to ensure that the infant formula is obtained only from the State agency's list of infant formula manufacturers registered with the Food and Drug Administration, and infant formula wholesalers, distributors, and retailers licensed under State law
- If the vendor is an above-50%-percent vendor, check its stock of incentive items to ensure that such items have been approved by the State agency
- Obtain the vendor's shelf prices and/or validate the vendor's price list
- Review food instruments in the vendor's possession for vendor violations
- Compare food instruments in vendor's possession with shelf prices to test for vendor overcharges
- Observe food instrument transactions
- Conduct an educational buy
- Interview manager and/or employees
- Review employee training procedures
- Conduct annual vendor training or provide vendor with annual training materials
- Examine the sanitary conditions of the store
- Other (specify): Check for WIC approved shelf labels; expiration dates on food; improper use of WIC logo/acronym.

**c. Generally, routine monitoring visits are conducted:**

- Annually                       Twice a year                       As needed
- Other (specify): \_\_\_\_\_



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**D. Routine Monitoring**

**d. The following procedures are used in determining whether a vendor is selected for a routine monitoring visit (check all that apply):**

- |  |   |
|--|---|
| <input type="checkbox"/> Random selection  | <input checked="" type="checkbox"/> Periodic/scheduled review |
| <input type="checkbox"/> Periodic/scheduled training   | <input type="checkbox"/> Complaints                           |
| <input checked="" type="checkbox"/> Other (specify): <u>Never been visited by State, not visited within last 3 years, zero score on high risk indicator.</u> |   |

**e. What percent of vendors received monitoring visits during the past fiscal year?**

- |   |
|---|
| <input type="checkbox"/> Less than 5 percent            |
| <input type="checkbox"/> 5 percent                      |
| <input checked="" type="checkbox"/> More than 5 percent |

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): Policy WV: 01.0, WV: 10.0**

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**E. Compliance Investigations**

**1. Investigative Practices**

**a. The State agency conducts:**

- Compliance buys (a covert, on-site investigation in which a representative of the Program poses as a participant, parent or caretaker of an infant or child participant, or proxy; transacts one or more food instruments; and does not reveal during the visit that he or she is a Program representative.)
- Inventory audits (the examination of food invoices or other proofs of purchase to determine whether a vendor has purchased sufficient quantities of supplemental foods to provide participants the quantities specified on food instruments redeemed by the vendor during a given period of time.)
- Not applicable (Proceed to the next section.)

**b. The following procedures are used to determine which vendors are selected for a compliance investigation (check all that apply):**

- Vendor is identified by the high-risk vendor identification criteria
- Random selection
- Geographical considerations
- Volume of WIC redemptions
- Participant complaints
- Other (specify): Monitor's observation during regular on-site visit (i.e. low inventory, high WIC volume). Tip from public or other vendors.

**c. The State agency uses standard procedures for conducting and documenting compliance buys and inventory audits:**

- Yes. If yes, please provide the guidelines in the Vendor Management Appendix or cite the Procedure Manual reference: Policy WV: 01.0
- No

**d. The results of compliance investigations are used to assess the effectiveness of the State agency's high-risk vendor identification criteria:**

- Yes
- No

**If yes, check the items below that describe how the results of compliance investigations are used to assess the effectiveness of high-risk vendor identification criteria:**

- The State agency compares data on the prevalence of vendor violations detected among high-risk versus non-high-risk vendors.

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**E. Compliance Investigations**

- The State agency discards a high-risk vendor identification criterion if compliance investigations of high-risk vendors identified by the criterion result in no vendor violations after \_\_\_\_\_ months.
- Investigative procedures and training are reevaluated if compliance investigations of high-risk vendors result in the detection of no vendor violations.
- Other (specify): \_\_\_\_\_

**e. How many vendors were authorized as of October 1 of the past fiscal year?**

**2402**

**How many vendors received compliance investigations during the past fiscal year?**

**204 (105 current year + 99 on-going from investigations opened previous years.)**

**How many vendors who received compliance investigations were high risk during the past fiscal year?**

**92**

**Did the State agency give priority to high-risk vendors (up to the five percent minimum) in conducting compliance investigations during the past fiscal year?**

**Yes  No**

**How many of all vendors were high risk during the past fiscal year?**

**127**

**(The State agency is required by § 246.12(i)(4)(i) to conduct compliance investigations of at least 5 percent of its vendors authorized as of October 1 of each fiscal year, including all high risk vendors up to the 5 percent maximum.)**

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): Policy WV: 01.0**

**2. Compliance Buys**

**a. The State agency conducts the following types of compliance buys:**

- Trafficking buys (exchanging food instruments for cash)
- Safe buys (transacting food instruments for all food items listed to see if the vendor will overcharge)
- Short buys (transacting food instruments for fewer food items than those listed to see if the vendor will charge for food items not received)
- Major substitution buys (exchanging food instruments for non-food items or unauthorized food items that are not similar to those listed)
- Minor substitution buys (exchanging food instruments for unauthorized food items that are similar to those listed)

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**E. Compliance Investigations**

Other (specify): Attempt to leave countersignature blank.

**b. Compliance buys are usually conducted by:**

- WIC State agency staff
- WIC local agency staff
- State investigators
- Investigators retained on a contract basis (e.g., Pinkerton, Wells Fargo)
- Interns, neighborhood residents, or program participants employed by WIC
- Another WIC State agency
- Other (specify): Office of Inspector General, Health & Human Services Commission

**c. Who is responsible for ensuring the proper execution of and follow-up on compliance buys:**

- WIC State agency vendor manager
- WIC local agency manager
- State investigators
- Contractor
- Another WIC State agency
- Other (specify): Office of Inspector General (OIG), Texas Health & Human Services Commission. During a re-organization Vendor monitors were moved to this agency and report to the OIG instead of the WIC Program vendor manager.

**d. If no vendor violations are detected, how many compliance buys does the State agency conduct before closing a compliance investigation:**

- Two                       Other (specify): \_\_\_\_\_

**e. If the State agency conducts a standard number of compliance buys per compliance investigation, what is the basis for the prescribed number of buys:**

- State law or regulation
- State agency policy or procedure
- Level of evidence necessary to impose vendor sanctions
- Legal counsel's advice
- Other (specify): \_\_\_\_\_

**f. The vendor is provided written notification of a violation requiring a pattern of violations in order to sanction the vendor, prior to documenting another violation of the same kind, unless the State agency determines that such notice would compromise the investigation:**

**I. VENDOR MANAGEMENT**

**E. Compliance Investigations**

Yes                       No

**g. More than one compliance buy visit is needed to detect a pattern of violations:**

Yes                       No

**ADDITIONAL DETAIL: Vendor Management Appendix  
and/or Procedure Manual (cite): Policy WV: 01.0**

**3. Estimate the cost for conducting compliance buys, excluding expenses related to the vendor appeals/administrative review process:**

\$\_\_\_\_\_ Cost per compliance buy

Unknown  
 Not applicable

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): \_\_\_\_\_**

**4. Inventory Audits** (If inventory audits are not performed, go to Question 5)

**a. The following factors are used to determine which vendors selected for compliance investigations will receive inventory audits rather than/or in addition to compliance buys:**

- Vendor has highest risk based on State agency's high-risk identification criteria
- Suspicion of vendor exchanging cash for food instruments (trafficking)
- Inconclusive compliance buy results
- Complaints
- Other (specify): Observed low stock compared with WIC dollar volume.

**b. The State agency conducts the following types of inventory audits:**

- On-site inventory audits
- State agency inventory audits (vendor sends records to State agency)
- Local agency inventory audits (vendor sends records to local agency)
- Other (specify): \_\_\_\_\_

**c. Inventory audits are conducted by (check all that apply):**

- WIC State agency staff
- WIC local agency staff
- State investigators
- Investigators retained on a contract basis (e.g., Pinkerton's, Wells Fargo)

**I. VENDOR MANAGEMENT**

**E. Compliance Investigations**

Other (specify): Office of Inspector General, Health & Human Services Commission

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_**  
**and/or Procedure Manual (cite): Policy WV: 01.0**

**5. Compliance Buy/Inventory Audit Tracking System(s)**

**a. The State agency has a means of recording and tracking staff person hours devoted to investigation activities:**

Yes       No       Not applicable

**b. The State agency has an automated system for tracking investigations that monitors the progress and status of each compliance investigation:**

Yes       No       Not applicable

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_**  
**and/or Procedure Manual (cite): \_\_\_\_\_**

**I. VENDOR MANAGEMENT**

**F. Vendor Sanction System**

**Please attach and/or reference the location of the State agency's vendor sanction schedule.**

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): Policy WV: 01.0**

**I. VENDOR MANAGEMENT**

**G. Administrative Review of State Agency Actions**

**1. Types of Administrative Reviews**

The State agency conducts the following types of administrative reviews of vendor appeals for the adverse actions listed below. (Check all that apply):

Informal Desk Reviews	Abbreviated Admin. Reviews	Full Admin. Reviews	
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Denial due to competitive price or minimum stocking selection criterion
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Denial due to business integrity or current FSP DQ or CMP
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Denial based on limiting criteria
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Denial due to State agency selection criteria
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Denial due to application outside timeframe
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Denial because the vendor is expected to be an above-50-percent vendor
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	DQ for WIC violations
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	DQ for Food Stamp Program DQ
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	DQ for Food Stamp Program CMP
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Other WIC Sanctions, e.g., fine or CMP
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Termination of vendor agreement for cause

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_ and/or Procedure Manual (cite): \_\_\_\_\_**

**2. Administrative Review Procedures**

**a. The State has a law or regulation governing WIC administrative reviews**

Yes       No

**If the State does have such a law or regulation, this includes:**

- State Administrative Procedures Act
- State law pertaining to WIC only
- State health department law
- State health department regulation
- State WIC regulation
- Other (specify): \_\_\_\_\_

**b. At which level do administrative reviews of WIC vendor appeals take place:**



**I. VENDOR MANAGEMENT**

**G. Administrative Review of State Agency Actions**

- WIC local agency
- WIC State agency
- State health department
- Other (specify): \_\_\_\_\_

**c. Administrative reviews are conducted by:**

- Hearing officers
- Administrative law judges
- Other (specify): \_\_\_\_\_

**d. The following procedures are followed for administrative reviews:**

<b>Abbreviated Admin. Review</b>	<b>Full Admin. Review</b>	
--	-----------------------------------	--

- |                          |                                     |   |
|--------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Opportunity for vendor to examine evidence prior to review  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Opportunity for vendor to reschedule review date  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Opportunity for vendor to present its case  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Opportunity for vendor to be represented by counsel   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Opportunity for vendor to present witnesses   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Opportunity for vendor to cross-examine witnesses   |
| <input type="checkbox"/> | <input type="checkbox"/>            | Presence of a court reporter or stenographer  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | An impartial decision-maker, whose decision is based solely on whether the State agency correctly applied Federal and State statutes, regulations, policies, procedures |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | A written decision within 90 days from request for review   |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Other (specify): <u>A Court reporter or stenographer is present when requested by the vendor at State expense.</u>  |

**e. Check the party(ies) below who may present the State agency case during a full administrative review:**

- WIC staff person assigned to case
- WIC State agency vendor manager
- WIC State agency director
- Legal counsel (State Attorney General or General Counsel's office)
- Legal counsel (paid by WIC Program funds)
- Other (specify): \_\_\_\_\_

**Please attach and/or reference the location the State agency's administrative review procedures.** Texas Administrative Code, Title 25, Part 1, Subchapter C, 1.51-55 and 31.36. Go to : [http://info.sos.state.tx.us/pub/plsql/readtac\\$ext.viewtac](http://info.sos.state.tx.us/pub/plsql/readtac$ext.viewtac) for the Secretary of State's Texas Administrative Code viewer online.

**I. VENDOR MANAGEMENT**

**G. Administrative Review of State Agency Actions**

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): \_\_\_\_\_**

**I. VENDOR MANAGEMENT**

**H. Coordination with the Food Stamp Program**

**1. WIC/FSP Information Sharing**

**a. An information sharing agreement between the WIC State agency and the FSP is in effect, as per FNS Instruction 906-1 or other FNS guidance, and is maintained at the State agency:**

Yes                       No

**If yes, an updated list of authorized vendors is sent to the FNS field office:**

- Once a year
- Regularly, at intervals of less than one year (specify): \_\_\_\_\_
- Periodically, as changes occur
- Upon request
- Other (specify): \_\_\_\_\_

**b. State agency compliance investigators coordinate their activities with their FSP counterparts:**

Yes                       No

**c. State statute, regulations, or procedures restrict the disclosure WIC vendor and FSP retailer information to those permitted under 7 CFR 246.26(e) and (f):**

Yes (specify): \_\_\_\_\_  
 No

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): \_\_\_\_\_**

**I. VENDOR MANAGEMENT**

**I. Staff Training**

**1. Check below the routine formal training available to State and local level staff in vendor management practices:**

<b>State</b>	<b>Local</b>	<b>Other (contractor)</b>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Vendor selection and authorization
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Vendor training
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Routine monitoring
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Compliance investigations
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Inventory audits
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Corrective actions and sanctions
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Criminal investigations
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Vendor appeals/administrative reviews
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Federal and/or State WIC regulations
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Prevention of vendor fraud and abuse
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WIC/Food Stamp information sharing
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	High-risk vendor identification
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Vendor management information system
<input type="checkbox"/>	Not applicable		
<input type="checkbox"/>	Other (specify): _____		
			_____

**2. State agency staff meet with vendor representatives as part of a vendor advisory council:**

Monthly  
 Quarterly  
 Other frequency: \_\_\_\_\_  
 No vendor advisory council

**ADDITIONAL DETAIL: Vendor Management Appendix \_\_\_\_\_  
and/or Procedure Manual (cite): \_\_\_\_\_**