

## **WIC EBT “Cross Training” for FNS Reviewers**

### I. Area: Reconciliation

In a check system, reconciliation consists of ensuring that the final disposition can be determined for every benefit issued. This means that for any and all checks, the State should be able to show, using reports or computer processes, if the check is redeemed (and for what amount, by which vendor, and when it was paid by the State or bank), lost or stolen, voided, or any other valid disposition. (For example, some states “void” check numbers that are not redeemed within a valid period. Others do not.)

In an EBT system, reconciliation should similarly consist of ensuring that the final disposition can be determined for every benefit issued. This could be shown using several different processes, tools or reports.

1. Reports or computer screens could be used to show that dollar amounts and benefit balances match at several key points throughout the process.
  - a. All issuances can be matched to valid certifications and authorizations (performed by State)
  - b. Amount paid to store matches sum of POS terminal transaction totals (performed by EBT processor)
  - c. Total payments to retailers’ banks matches total amount of draw down from state’s LOC each day.
  - d. Total amount paid to retailers’ banks matches total amount of individual transactions settled each day
  - e. Any benefits changed or removed from the card by the clinic, such as for formula replacement, can be clearly accounted for in the system.
  
2. Another way to test reconciliation is to follow a process similar to that used in a check system. Choose random card numbers or participant numbers and specifically examine their history. See reports or computer screens that show the benefits issued and redeemed over a recent time period, balances remaining at the end of a month, new balances at the start of a month, where purchase transactions were conducted, and for what amount. Then see how the State can show that each specific transaction was paid. They should be able to show that a purchase for \$18.45 on Tuesday the 25<sup>th</sup> was included in the retailer’s settlement the night of the 25<sup>th</sup>, processed, and included in the payment sent to the retailer’s bank by ACH on the 26<sup>th</sup> or 27<sup>th</sup>. The record of that ACH payment, or some similar report, should show exactly which transactions are included in that payment. Ask – if a retailer were to claim that they were never paid for a specific transaction, how would the state research it and determine the truth? What information would the retailer have to provide? If possible, ask to have a transaction history printed off of a specific participant’s card, then see if it matches clinic or state data available in the system. Ask to see the transaction history of a participant who has had card replacements, to see if the history follows the participant, or disappears and starts over with each new card. Ask – If a participant claims that

they did not spend their benefits, but now there are no foods available on the card, how would the clinic or state investigate?

3. You could also ask to be shown the exact reconciliation steps for a specific period of time. Ask the state ahead of time what their reconciliation process is, so that you can plan your visit accordingly at the end of a month, or on the correct day of the week to witness their processes. Ask them to demonstrate what reports they use, how they investigate discrepancies. What steps does the processor do, and what steps does the state do? Who is the person ultimately responsible?