

5.0 Vendor Compliance

Effective Date: 08-01-2021

5.04 Inventory Audits

PURPOSE: To describe inventory audits and outline Vendor recordkeeping requirements.

DEFINITIONS:

Inventory audit means the examination of food invoices or other proofs of purchase to determine whether a Vendor has purchased sufficient quantities of supplemental foods from authorized sources to provide participants the quantities specified on WIC benefits redeemed by the Vendor during a given period of time.

Monetary claim means a claim requiring the Vendor to reimburse, return or restore an amount of money or make any other payment in respect of an amount of money.

A. POLICY:

1. The Department shall conduct inventory audits each year. (See Policy 5.01 Overview of Vendor Compliance.)
2. Vendors are required to maintain inventory records for all purchased WIC-approved foods for at least three (3) years and make these records available to the Department upon request.
3. Vendors selected for inventory audits are required to submit to the Department their purchase and inventory records for WIC-approved foods for a particular period of time, up to 3 years, to substantiate their WIC redemptions during that period. These records include invoices, receipts, wholesaler movement reports and any other documents that record a sale of WIC-approved food items for which the Vendor has claimed reimbursement from the Department.
4. Acceptable purchase and inventory records must be submitted in their entirety and include:
 - a. Name and address of the store;
 - b. Date of purchase (must be machine dated);
 - c. Description and/or computer code of the exact item(s) purchased (e.g., 12 oz. Total cereal);
 - d. Unit price of the item(s);
 - e. Total quantity purchased;
 - f. Form of payment; and

- g. Invoice numbers if the record is from a wholesaler.
- 5. Affidavits, statements of fact and oral statements shall not be accepted as evidence of inventory. Only purchase invoices or retail receipts as described in this section shall be accepted and constitute evidence of inventory.
- 6. If it is determined that a Vendor has insufficient records to support their WIC redemptions during an audit period, the Vendor will receive a monetary claim with a chance to justify and correct the discrepancy. If the discrepancy cannot be resolved, the Vendor will have to reimburse the Department in the amount of the monetary claim. (See Exhibit 6.01A Vendor Sanction Schedule.)
- 7. The Department may take additional action against a Vendor in accordance with the current WIC Vendor Contract, the current WIC Vendor Sanction Schedule, federal regulations, or federal or state law. (See Exhibit 2.05A WIC Vendor Contract, 2.05B WIC Pharmacy Vendor Contract, and 6.01A WIC Vendor Sanction Schedule.)

References:

- [7 CFR Part §246.2](#)
- [7 CFR Part §246.12 \(h\)](#)

Cross-References:

- [5.01 Overview of Vendor Compliance](#)

Exhibits:

- [2.05A WIC Vendor Contract](#)
- [2.05B WIC Pharmacy Vendor Contract](#)
- [6.01A WIC Vendor Sanction Schedule](#)