

5.0 Vendor Compliance

Effective Date: 08-01-2021

5.01 Overview of Vendor Compliance

PURPOSE: To provide an overview of Department activities employed to monitor Vendor compliance with WIC Program policies.

DEFINITIONS:

Compliance buy means a covert (undercover), 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 WIC benefits, and does not reveal during the visit that he or she is a program representative.

Compliance investigations means investigations that include inventory audit and/or compliance buy activities.

Fiscal year means the period of 12 calendar months beginning October 1 of any calendar year and ending September 30 of the following calendar year.

High-risk Vendor means a Vendor identified as having a high probability of committing a program violation based on criteria established by the Department.

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.

Monitoring visit means overt (not secret), on-site monitoring during which program representatives identify themselves to Vendor personnel.

A. POLICY:

1. The Vendor Section (comprised of the Vendor Relations and Program Integrity Units) is responsible for monitoring Vendor compliance with WIC Program policies to detect violations of the WIC Vendor Contract and federal and state regulations. (See Exhibit 2.05A WIC Vendor Contract and 2.05B WIC Pharmacy Vendor Contract.)
2. In addition to routine monitoring, the Department shall use system-generated statistically based reports, complaints, referrals, information from other federal, state and local agencies and other sources to identify high-risk Vendors and schedule compliance activities. (See Policy 5.02 High-Risk Vendor Identification.)
3. Compliance activities include:
 - a. On-site monitoring visits; (See Policy 5.03 In-Store Monitoring Visits.)

- b. Inventory audits; (See Policy 5.04 Inventory Audits.)
 - c. Compliance buys; and (See Policy 5.05 Compliance Buys.)
 - d. Complaint follow-up. (See Policy 5.06 Vendor Complaints.)
4. Each fiscal year, the Department shall conduct:
- a. Monitoring visits on a minimum of five percent of the number of Vendors authorized by the Department as of October 1 of the current fiscal year.
 - b. Compliance investigations, comprised of a combination of inventory audits and/or compliance buys, on a minimum of five percent of the number of Vendors authorized by the Department as of October 1 of the current fiscal year.
 - i. Compliance investigations must be conducted on Vendors identified as high-risk, up to the five percent minimum.
 - ii. Ongoing and completed compliance buys are counted towards the five percent requirement.
 - iii. Only inventory audits completed during the current fiscal year are counted towards the five percent requirement.
5. Program violations found during compliance activities are subject to sanctions as described in the WIC Vendor Sanction Schedule. (See Exhibit 6.01A WIC Vendor Sanction Schedule.)

References:

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

Cross-References:

- [5.02 High-Risk Vendor Identification](#)
- [5.03 In-Store Monitoring Visits](#)
- [5.04 Inventory Audits](#)
- [5.05 Compliance Buys](#)
- [5.06 Vendor Complaints](#)

Exhibits:

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