

## 6.0 Vendor Sanctions

*Effective Date: 08-01-2021*

### 6.02 Vendor Program Violations

**PURPOSE:** To outline the violation categories described in the WIC Vendor Sanction Schedule.

#### **DEFINITIONS:**

*Program violation* means any intentional or unintentional action of a WIC Vendor's current owners, officers, managers, agents, or employees (with or without the knowledge of management) that violates the WIC Vendor Contract or Federal or State statutes, regulations, policies, or procedures governing the Program.

*Sanction* means a punitive or adverse action taken against a WIC Vendor for identified program violations. Sanctions may include, but are not limited to, termination, disqualification, and civil money penalties in lieu of disqualification.

#### **A. POLICY:**

1. The Department has identified three levels of violations outlined in the WIC Vendor Sanction Schedule: (See Exhibit 6.01A WIC Vendor Sanction Schedule.)
  - a. Violations which result in the assignment of administrative violation points;
  - b. Violations which result in State Agency (Department) sanctions; and
  - c. Violations which require Federally mandated sanctions.
2. Violations resulting in Administrative Violation Points.
  - a. Violation points are assigned, per the WIC Vendor Sanction Schedule, based on violations(s) identified during compliance activities. (See Policy 5.03 In-Store Monitoring Visits and 5.05 Compliance Buys and Exhibit 6.01A WIC Vendor Sanction Schedule.)
    - i. The Department may issue the Vendor a written warning after the first documented incident of a specific violation. After a Vendor receives a warning for that violation, the Vendor may be assigned the corresponding number of violation points for subsequent documented incidents of the same violation.
    - ii. Failure or delay in providing written notification of violation points assigned shall not be a basis to contest the validity of a documented violation.
  - b. Food quality and sanitation issues will be referred to the Michigan Department of Agriculture & Rural Development (MDARD).

- c. Vendors who accumulate 35 or more violation points may be subject to termination of their WIC Vendor Contract and a one-year period of disqualification. Violation points assigned in a previous contract period may be carried over. (See Policy 2.06 Contract Expiration & Termination.)
3. Violations resulting in State Agency Sanctions.
  - a. State agency sanctions may be applied after a Vendor accumulates 35 or more administrative violation points or commits any of the violations identified in Section II of the WIC Vendor Sanction Schedule. (See Exhibit 6.01A WIC Vendor Sanction Schedule.)
  - b. WIC Vendor program violations identified in Section II of the WIC Vendor Sanction Schedule may result in:
    - i. Termination of the WIC Vendor Contract;
    - ii. Denial of a WIC Vendor Application;
    - iii. One-year disqualification;
    - iv. Reciprocal SNAP disqualification; and/or
    - v. Immediate disablement of a Vendor's point-of-sale (POS) device.
4. Violations Resulting in Mandatory Federal Sanctions.
  - a. The Department must impose mandatory sanctions for the violations listed in Section III of the WIC Vendor Sanction Schedule. Federal regulations require that a pattern of incidences of these violations be established before imposing a mandatory sanction. (See Exhibit 6.01A WIC Vendor Sanction Schedule.)
  - b. WIC Vendor program violations identified in Section III of the WIC Vendor Sanction Schedule shall result in:
    - i. Termination of the WIC Vendor Contract; and
    - ii. Disqualification for the specified period; or
    - iii. Denial of a WIC Vendor Application.
5. If it is determined that a notice of a violation requiring a pattern of violations would compromise the investigation, this will be documented, and no warning letter will be sent to the Vendor.

6. No written warning will be issued as a result of a violation identified during an inventory audit; however, failure to issue a warning letter shall not be a basis to contest the validity of a documented violation. (See Policy 5.04 Inventory Audits.)
  
7. Vendors are not provided notice of covert investigations being conducted by WIC, SNAP (Food Stamp Program), the USDA Office of Inspector General, the State Police or other authorities.

References:

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

Cross-references:

- [2.06 Contract Expiration & Termination](#)
- [5.03 In-Store Monitoring Visits](#)
- [5.04 Inventory Audits](#)
- [5.05 Compliance Buys](#)

Exhibits:

- [6.01A WIC Vendor Sanction Schedule](#)