

9.03 Employee Conflict of Interest and Separation of Duties

PURPOSE: Local WIC agencies shall implement conflict of interest controls to prevent and detect employee fraud and abuse. Local agencies shall assure that at least two employees are involved in the certification process, except in cases where this is not possible. Local agencies shall also report cases of employee fraud and abuse to the MDHHS/WIC Division (MI-WIC Policy 9.02, Employee Compliance).

A. POLICY

1. Certifying oneself: A WIC employee who is also a WIC client shall not certify oneself or issue food benefits to oneself. The WIC Coordinator or designee shall be responsible for certifying or issuing food benefits to employees who are also WIC clients.
2. Certifying relatives or close friends: WIC employees shall not certify or issue food benefits to relatives or close friends.
3. Separation of duties: WIC agencies shall implement acceptable separation of duties within the certification process.
 - Clinics with multiple WIC staff shall not allow one employee to perform all eligibility and certification functions.
 - The employee who determines income eligibility and the employee who determines medical or nutritional risk cannot be the same person, though either person may issue food benefits. At least two employees who perform these distinct functions must be in the physical presence of the client sometime during the course of the certification process.
 - Conflict of interest controls shall be implemented when acceptable separation of duties does not occur for any reason.

Examples of *unacceptable* separation of duties where conflict of interest controls must be implemented include:

- A clinic staffed by one employee who completes all elements of the certification or recertification (i.e., satellite clinic).
- Providing off-site services when two employees who are involved in the eligibility and certification process are not physically present to the client.
- Having one employee at the clinic check identification or residency only and another employee conducts income eligibility determination and the remainder of the certification.
- When a two-person clinic must be staffed by only one employee due to illness, emergency, etc..
- Any other situation where separation of duties does not occur.

4. Conflict of Interest Controls

- a. For all clients certified without acceptable separation of duties, the following conflict of interest controls shall be implemented:
 - i. Scan copies of all documents supporting eligibility into the MI-WIC record.
 - Proof of identify at initial certification and subsequent appointments where food benefits are issued (MI-WIC Policy 2.03)
 - Proof of residency at every certification (MI-WIC Policy 2.02)
 - Proof of income at every certification (MI-WIC Policy 2.04)
 - Proof of pregnancy with each pregnancy (MI-WIC Policy 2.10)
 - ii. The WIC Coordinator or designee shall conduct an audit of *all* certification records for infants receiving formula and at least 20% of a random sample of the remaining certification records within 14 days of the certification. Use Exhibit 9.03A WIC Single Certifier Audit Tool, Exhibit 9.03B WIC Single Certifier Audit Tool Instructions and Exhibit 9.03C WIC Single Certifier Audit Evaluation Tool.
 - iii. The completed audit tools as well as any reports/schedules used to identify the client sample shall be retained for 3 years and 150 days after the completed fiscal year and made available to the WIC Consultant or Contractor at time of Management Evaluation. (MI-WIC Policy 1.05 Management Evaluation and MI-WIC Policy 1.06 Record Retention and Destruction)
- b. Upon suspicion, detection, verbal or written report of employee fraud and abuse, the WIC agency shall complete an investigation as specified in MI-WIC Policy 9.02, Employee Compliance.
- c. The WIC Local Agency is responsible for educating WIC employees about state and local conflict of interest and separation of duties policies.

B. GUIDANCE

1. MDHHS/WIC Division strongly recommends the local agency rotate employees who are assigned to conduct single certifier clinics to prevent the possibility of employees committing fraud and/or to prevent collusion among employees.
2. Nutrition education may be provided by WIC employees to relatives and friends.
3. An acceptable example of separation of duties includes: One employee determines eligibility for identification, residency and income, and another employee determines eligibility for nutritional risk and assigns the food package. Either employee, or another employee, can issue food benefits.

Exhibits

- 9.03A WIC Single Certifier Audit Tool
- 9.03B WIC Single Certifier Audit Tool Instructions
- 9.03C WIC Single Certifier Audit Evaluation Tool

References:

- Federal Regulations 7 CFR 246.2; 246.4 (a) (26); 246.4 (a) (27)
- U.S. GAO Report # RCED-99-224, August 1999
- WIC Policy Memorandum #2016-5

Cross References:

- 1.05 Management Evaluation
- 1.06 Records Retention and Destruction
- 2.02 Residency
- 2.03 Identity
- 2.04 Income Determination
- 2.07 Declaration of No Income
- 2.10 Proof of Pregnancy
- 8.09B Michigan WIC Bridge Card Cardholder Signature Form
- 9.01A Employee Compliance Definitions
- 9.02 Employee Compliance