

Section 8

VENDOR MONITORING

Vendor Monitoring

Execution of the Vendor Contract authorizes the Department to perform any and all monitoring, as the Department deems appropriate. The Department or its contractor will visit each Vendor prior to, or at the time of, initial authorization. Vendors may be selected for monitoring based on their volume of WIC program sales, past program abuse, history of unusually high prices of authorized foods, complaints, availability or variety of authorized foods, submission of suspicious food instruments, or other concerns of the Department.

The Arizona WIC Program monitors all authorized Vendors to ensure that they understand the WIC Program's rules, regulations, and procedures. The measures that the Department and its contractor may use to monitor Vendors include, but are not limited to, the following:

- Vendor Site Reviews
- Rejected Food Instrument Report Review
- Compliance investigations
- Inventory audits
- WIC participant/authorized representative and clinic complaints
- Criminal/Civil Background Checks

Vendor Site Review

A Vendor Site Review is an unannounced on-site visit. These visits are unannounced because the purpose of the visit is to determine if the Vendor is maintaining adequate stock for when participants/authorized representatives redeem food instrument. If an appointment is made, the Vendor may be artificially well-stocked when it would otherwise not have adequate WIC stock for participants/authorized representatives. Appointments may be made for training purposes only. As outlined in the Vendor Contract, the Vendor cannot refuse to allow a Vendor Site Review to be conducted. A Vendor Site Review may be conducted at any time the Vendor is open for business.

There are four types of Vendor Site Reviews:

1. Initial: First time visit for a new Applicant or change of owner (an appointment will be made for training purposes);
2. Initial follow-up: Follow-up visit for a new Applicant or change of owner that did not meet the required minimum WIC stock during the Initial visit;
3. Representative: A visit to currently authorized Vendors to ensure compliance; Vendors may be chosen at random;
4. High risk: A visit to all new Vendors after a minimum of thirty (30) days on the Program; and Vendors identified by low inventory, participant/authorized representative complaints, sanitation issues, etc.

Vendor Site Reviews may be conducted by the Department or its authorized contractor as follows:

1. At a minimum, annually during each federal fiscal year (October through September) for at least five percent (5%) of the authorized Vendor population;
2. The above-mentioned minimum Vendor Site Reviews will not include Initial reviews;
3. Only the Department will be responsible for Vendor Site Review monitoring at military commissaries and pharmacies.

Vendor Site Reviews will be conducted with corrective action follow-up when applicable. Training and education to participating Vendors will be provided at the time of the visit. Vendor Site Reviews may be used to substantiate abuse and fraud under the Violations and Sanctions section of this Manual. The Vendor Site Review form will document the following information:

1. Date of and reason(s) for the review;
2. Statement of problems/deficiencies identified on a previous Vendor Site Review or complaints experienced by WIC participants/authorized representatives or WIC staff;
3. Current Vendor prices for WIC foods offered and whether or not the prices are documented on the shelf;
4. Examination of Arizona WIC Program food instruments in the possession of the Vendor at the time of the site review for proper completion of food instrument redemption requirements;
5. Corrective action taken by the Vendor since the last visit when problems or deficiencies were noted (during the current or prior federal fiscal year);
6. Corrective action recommended and target correction date for current visit;
7. Training and/or counseling given on proper WIC Policies and Procedures;
8. Vendor comments, if applicable, which must include how the Vendor plans to correct deficiencies found;
9. If no deficiencies are found, the following statement will be documented on the form: "Did not have any discrepancies uncovered during this review."

Upon arrival at the Vendor's location, the WIC representative will document the time, look for the WIC decal, and determine whether there is appropriate wheelchair access to the store. The WIC representative will introduce him/herself to the manager or person in charge, discuss the purpose of the visit, and explain what he/she will be doing. If a WIC decal is not displayed, the WIC representative will provide the store representative with two (2) WIC decals (one English and one Spanish) and ask that the decals be posted before the end of the on-site visit.

The following items will be checked during the store visit:

1. WIC foods - All quantities, sizes, brands, varieties, and highest shelf price recorded on the Vendor Site Review form for all WIC foods offered - both on the shelf and in-store storage;
2. Prices - Prices should be clearly marked on the merchandise or shelf;
3. Store sanitation - Current posted Health Operating Permit, freezer and refrigeration temperatures, and clean appearance of the store;
4. Treatment of WIC participants/authorized representatives/personnel - Observe attitude of Vendor's employees toward WIC customers, if possible, and WIC personnel;
5. ADA compliance - Observe compliance with the Americans with Disabilities Act. For example, whether an individual who is wheelchair-bound would have access to WIC foods (access would include the ability to request a store clerk to obtain a WIC food that is unreachable).
6. Food Instruments - Review food instruments in the possession of the Vendor to determine if proper redemption procedures are being followed. If the store is large, request food instruments from at least one cash register.
7. WIC ID Stamp - Observe the condition of the Vendor's WIC ID stamp(s).
8. Infant Formula - Review the Vendor's purchase records for infant formula and verify that the supplier is on the list for approved infant formula suppliers.
9. Shelf Markers - Observe the use of shelf markers throughout the store. If the store has selected to use these items, ensure that only State-issued "WIC Approved" shelf markers are used and that the appropriate WIC approved foods are labeled.

Upon completion of the review, the following items will be discussed with the store representative:

1. The food instruments reviewed, indicating proper or improper redemption procedures;
2. Vendor ID stamp(s) which is/are not legible;
3. Results of the Vendor Site Review, indicating any deficiencies found and/or corrective action taken from a previous site visit, if applicable;
4. Any questions, problems, or suggestions regarding the Arizona WIC Program;
5. When deficiencies are found, the store representative will be advised that a follow-up visit will be conducted.

The store representative will be asked to sign the form, to document any comments, and may be asked to explain how the corrective action will be implemented.

When more than one outlet is covered by the Vendor Contract, the pink copy of the Vendor Site Review form will be left with the store representative at the time of the visit and a copy will be mailed to a chain store's corporate office or to the store outlet's office headquarters (if deficiencies are identified). The original Vendor Site Review form will be on file at the Department to prove that the Vendor received training and/or counseling.

Training and education will include the following:

- Review proper program procedures and/or requirements as indicated in the Vendor Contract and/or Vendor Manual
- Review approved and non-approved foods
- Review Vendor practices
- Discuss problem areas, expected compliance, and how the Vendor plans to correct deficiencies, if applicable
- Discuss sanctions that may be applied
- Inform Vendor of whom to contact for questions regarding the Arizona WIC Program

The Department will analyze the completed Vendor Site Review form for the following:

1. Condition of the Vendor ID stamp.
2. Vendor food instrument redemption procedure training necessary for discrepancies noted when reviewing food instruments.
3. Whether corrective action of previous visit(s) was implemented.
4. Current corrective action necessary.
5. Vendor comments.
6. Need for materials and/or additional training for staff.
7. Non-compliance with minimum stock requirements.
8. Price increases or decreases.
9. Sanitary conditions of the store.
10. Whether the Vendor is subject to sanctions (See Violations and Sanctions).

Rejected Food Instrument Review

The Department will review the Vendor rejected food instrument report as necessary to ensure that the Vendor is following the correct food instrument redemption procedures. The report documents the food instrument rejected for payment by the Vendor and the reason for the rejection. The report will be analyzed to determine if the program error(s) are subject to sanctions (See Violations and Sanctions).

- **NOTE:** Vendors and their employees **may not** seek, verbally or in writing, full or partial payment or restitution from WIC participants/authorized representatives for WIC food instruments rejected for payment by the banking contractor or the Department or for food instruments that are damaged or were never deposited.

Compliance Investigations

The Department or its authorized contractor shall conduct compliance buys (covert investigations) to determine the Vendor's compliance. A compliance buy is an investigation involving an undercover (covert) on site visit in which an individual poses as a WIC customer and uses WIC food instruments or eWIC cards to determine a Vendor's compliance with WIC Program requirements.

Compliance buys may be conducted on a random basis or on those Vendors suspected of violating WIC Program requirements and/or federal, state, and local laws or regulations. Vendors may be subject to sanctions for WIC Program violations or violations of federal, state, or local laws (See Violation and Sanctions).

Inventory Audits

The Department may conduct inventory audits on Vendors to determine their compliance with WIC Program requirements. The Vendor is responsible for maintaining all documents and records that pertain to their participation in the Arizona WIC Program for a period of **five (5) years** from the expiration or termination of their Vendor Contract.

The inventory audit will include a comparison of a Vendor's documented inventory of a supplemental food item against the Vendor's claimed reimbursement for the sale of that supplemental food item for a specific period of time.

Complaint Reporting

Participants/authorized representatives/proxies and Vendors have obligations and responsibilities to the Arizona WIC Program.

A participant may file a complaint against a WIC Vendor by calling the WIC Complaint Hotline at 1-866-229-6561 or by contacting the WIC Program by mail, phone, email (azwiccomplaints@azdhs.gov), or in person.

Examples of complaints by participants against Vendors include:

1. Vendor's employee was verbally abusive.
2. Vendor was out of WIC authorized food(s).
3. Vendor sold expired infant formula.
4. Vendor overcharged for WIC food(s).

A Vendor may file a complaint against a WIC participant/authorized representative/proxy by calling the WIC Complaint Hotline at 1-866-229-6561 or by contacting the WIC Program by mail, phone, email (azwiccomplaints@azdhs.gov), or in person.

Examples of complaints by Vendors against participants/authorized representatives/proxies include:

1. Participant/authorized representative/proxy was verbally abusive to Vendor's employee.
2. Participant/authorized representative/proxy attempted to purchase unauthorized WIC food(s).
3. Participant/authorized representative/proxy attempted to return food purchased with WIC food instruments(s) for a cash refund.

The WIC Complaint Hotline and email may be used by anyone to report fraud and abuse in the WIC Program. The Department will take the appropriate follow-up action on all complaints received.

Coordination with the SNAP (Supplemental Nutrition Assistance Program)

The Department has a cooperative agreement with SNAP. Both programs regularly exchange information regarding authorized Vendors on each of their programs.

This exchange of information includes adverse actions taken by each program against their respective authorized Vendors.

The Department also refers Vendors suspected of violating federal or state laws to the United States Department of Agriculture, Office of Inspector General for investigation and possible criminal prosecution.