

## Vendor Monitoring

- I. The purpose of **vendor monitoring** and **follow-up** is to ensure high quality service to participants and to ensure compliance with Federal regulations and the Utah WIC Vendor Agreement. Both the State and local agency can conduct vendor monitoring or follow-up. Monitoring or follow-up will be determined by the State Agency depending on the location of the vendor and the type of visit. The local agency staff is not permitted to enter a store for any reason unless directed to do so by the State Agency.
  - a. **High Risk Vendors** – A vendor identified as having a high probability of committing a vendor violation through application of the criteria established in 7 CFR 246.12(j) (3) and any additional criteria established by the State agency.
    - i. High-risk vendors are determined to be potentially at risk for WIC Program violations. Possible high-risk vendors will be identified by the State agency on a monthly basis and will be designated by PRIORITIES I - V with PRIORITY I being the greatest potential for fraud and abuse through PRIORITY V having the least potential. Potential high-risk vendors are determined by redemption analysis, vendor monitoring/ follow up, alleged complaints, and/or any other objective means. Vendors that have been identified within a quarter will be assigned a compliance investigation. A high risk vendor will be assigned to one or more PRIORITIES based upon the following criteria:
      - ii. PRIORITY I A vendor will be identified as having the highest potential for fraud or abuse based on information obtained from redemption analysis, vendor monitoring, alleged complaints, and/or any other objective means which indicated the following potential problems:
        - (a) Exchanging WIC checks for cash, credit or consideration other than eligible food; or the exchange of firearms, ammunition, explosives or controlled substances;
        - (b) Exchanging WIC checks for alcoholic beverages or tobacco products;
        - (c) A pattern of:
          - Claiming reimbursement for the sale of an amount of a specified food item which exceeds the store's documented inventory of that food item for a specific period of time

- Exchanging cash or credit for WIC checks
- Receiving, transacting and/or redeeming WIC checks outside of authorized channels
- Accepting WIC checks from unauthorized persons
- Exchanging non-food items for a WIC check
- Charging WIC customers more for food than non-WIC customers or charging WIC customers more than current price shelf price
- Charging for food items not received by the WIC customer or for foods provided in excess of those listed on the checks
- Any other vendor problem that may indicate potential fraud of the WIC Program

iii. PRIORITY II

**Extremely Small Amount of Variation in Food Instrument**

**Prices** - Utilizing a minimum of 30 food instruments vendors are sorted by the highest percentage where the variation of prices within their FIs are below a threshold level. The high risk standard deviation threshold will be set at 0.1 The High Risk percentage threshold will be set at 50%. Cash-value vouchers and those food instruments with only infant formula will be excluded. (Vendor Management Reports; General Reports; Display FI Report Number Contents) **[A]**

**Extremely Large Percent of Food Instrument Redeemed at the Same Price (Cash-Value vouchers excluded)**

Utilizing a minimum of 30 food instruments vendors are sorted by the highest percentage where the prices are the same within a group of Food Instruments that contain the same food. Vendors will be marked on the report as potentially high risk based on the value of the parameter labeled High Risk Percentage Same Price Threshold at 50%. Cash-value vouchers and those food instruments with only infant formula will be excluded. (Vendor Management Reports; General Reports; Display FI Report Number Contents) **[B]**

**Combination Report** - Utilizing a minimum of 30 food instruments this report will show the vendors sorted by the highest 'score'. The 'score' is a combination of the weighted values of factors [A], [B],

and [C] high risks added together to the calculated values of each query based high risk. The calculated combination value exceeds 15,000.

iv. PRIORITY III

**Extremely Large Volume of High Priced Food Instruments (Extremely High Average FI Prices)** Utilizing a minimum of 30 food instruments vendors are sorted by the highest percentage of high priced FIs based on the FI's standard deviation being above a threshold level. The High Risk Percentage Threshold level is defined by 10. The interval is 1. Above the threshold is set at 5. Vendors will be marked on the report as potentially high risk based if they have any FIs above the value of this parameter. Cash-value vouchers and those food instruments with only infant formula will be excluded. (Vendor Management Reports; General Reports; Display FI Report Number Contents) **[C]**

**Extremely Large Volume of High Priced Food Instruments Report** Utilizing a minimum of 30 food instruments this report will show the vendors sorted by the highest percentage of high priced FIs based on three standard deviation being above a threshold level and weight 100%. Vendors will be marked on the report as potentially high risk based if they have any FIs above the value of this parameter. **[E]**

v. PRIORITY IV

**Extremely Large Increase in the Dollars Redeemed over Time Report** - Utilizing a minimum of 30 food instruments vendors are sorted by the highest percentage based on the variation of sales over the time period of the report. Vendors will be marked on the report as potentially high risk when the interval is monthly; number of periods 2, and the variance is greater than 150%. **[G]**

vi. PRIORITY V

Identify any month within the federal fiscal year of those vendors who receive a pattern of any other type of complaint not addressed in PRIORITY I (not involving fraud or Civil Rights) and/or those vendors with excessive check errors that involve seven (7) or more State Agency violation points.

b. Routine Monitoring

- i. The State Agency shall select at least 5% of all authorized WIC Vendors to be monitored per year based on a representative sample (7 CFR 246.12).
  - I. The State Agency plans to select approximately 10% of all vendors in each county for routine monitoring each year, with a minimum of one store per county whichever is greater.
  - II. Routine monitoring will generally be delegated to the local agency vendor management staff.
  - III. Vendors will be selected for routine monitoring based on the length of time since the previous monitoring and based on whether there were violations found at the previous routine monitoring.
  
- ii. The State Agency's educational purchase system, designed for the determination of WIC Program violations committed by authorized WIC vendors, is used during Routine Monitoring in order that appropriate training can be conducted to correct any discrepancies found. For additional information on the educational purchase system, please refer to document: Compliance Educational Purchase System; III. Educational Purchase System.