
SECTION: FOOD DELIVERY SYSTEM

SUBJECT: Food Instrument Receipt and Distribution

ITEM: *Food Instrument Security and Integrity of the Distribution Process*



Purpose The purpose of this policy is to comply with federal regulations as it relates to food instrument (FI) security, the integrity of the distribution process, and the reporting, reconciling, and proper handling of voided FIs.

Policy Local agencies shall be responsible for all checkstock received from the printing contractor until the FIs are either issued to eligible participants, or the checkstock is returned to the printing contractor, or void reports are completed and voided checkstock and FIs are destroyed. Agencies shall control and provide accountability for the receipt of checkstock and issuance of FIs that are either issued to participants, voided, or returned.

The State WIC Branch reserves the right to charge the local agencies for the cost of the checkstock or FIs that are:

- lost by the local agency,
 - stolen from the local agency,
 - redeemed by ineligible persons, or
 - otherwise unaccounted for.
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Basis for policy CFR 246.12 (n) – (s), All States Memorandum 02 – 15

Security precautions

Local agencies shall develop procedures to ensure the safe and secure transportation, receiving, handling and storage of all checkstock, FIs, laptops and portable printers. They shall ensure that all the following are placed in locked storage except when needed for immediate use:

- checkstock,
- voided checkstock,
- FIs,
- voided FIs
- portable printers, and
- laptops.

Local agencies shall store checkstock or FIs:

- separate from the printers, and
 - in dry storage areas.
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Limited access

Only WIC staff shall have access to locked storage areas. Locked storage areas should be kept in a manner which provides security and prevents non-WIC staff and participants from having access to the locked area.

Separation of duties

Local agencies shall ensure the integrity of FIs by maintaining a separation of duties in checkstock and FI distribution (except as described elsewhere) as follows:

- Local agencies shall ensure the integrity of the checkstock distribution process by assigning responsibilities to primary and secondary staff members. The primary staff member shall be responsible for checkstock receipt, shipment verification, storage, physical inventory and reporting. The staff member with secondary responsibility shall participate in the checkstock shipment verification process in the event of discrepancies or in the absence of the staff member assigned primary
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Separation of duties (cont'd)

responsibility.

- The staff person/persons responsible for receipt and verification of shipments and physical checkstock and/or the preparation of the voided FI reports shall not be involved in the printing of FIs.
- Local agency staff shall maintain separation of duties between the issuing and printing of FIs.

The following table provides an example of separate and distinct FI distribution tasks for required functions.

| Staff Person | Staff Functions |
|--|---|
| Person A: for example, CPA/WNA or Dietitian | Prepares the FI: Prescribes the FI, and sends the information to the print list. |
| Person B: for example, Clerk | Prints the FI: Selects from the print list, prints the FI, and tears off the FI from the printer. |
| Person A or B: for example, Clerk, CPA/WNA, or Dietitian | Distributes the FI: Obtains the participant signature on the FI log. Gives the FI to the participant. |

Automatic waiver

Local agencies shall be allowed an automatic waiver from the “separation of duties” standard if they meet one or both of the following criteria:

- there are fewer than three staff members at any given site at any given time, and
- a disaster, where it is deemed necessary to waive separation of duties.

Written waiver

If the automatic waiver from separation of duties is used, local agencies shall put into place a continuous quality assurance procedure to prevent fraud and abuse. In order to ensure FI security, a local agency shall select

Written waiver (cont'd)

one or more security procedures from the “Acceptable Security Procedures When Separation of Duties Has Been Waived” list under Appendix 1000-70.

If a local agency requires a waiver from separation of duties for a site that is not automatically granted such a waiver, the local agency shall complete and submit a Policy Waiver Approval Form to WIC Branch’s Program Integrity Unit (PIU). In these instances the local agency shall first obtain a written waiver from PIU before implementing the waiver from separation of duties.

Void reports

Local agencies shall generate the Voided FI report and the voided checkstock report.

- Voided FI ISIS report shall be printed and reconciled by the close of the next business day for each WIC site for FIs voided in ISIS whether they were voided with or without re-issuance.
- Voided Checkstock ISIS report shall be printed when checkstock is voided at the agency or site.

Checkstock and FI accounting and discrepancy reporting procedures are outlined in ISIS Job Aids, the ISIS Training Manual, and the ISIS Local Administration Manual.

Documentation

Local agencies shall maintain a file of reconciled voided FIs and voided checkstock reports for audit purposes. Information on maintaining records can be found in WPM Section 150-30, “Program Records: Maintenance of Specific Records.” Staff responsible for reconciling voided FIs voided checkstock shall:

- adhere to the separation of duties policy guidelines, and
 - sign and date each report daily after successful reconciliation.
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**Destruction of
voided FIs and
check- stock**

Upon completion of a voided FI or voided checkstock report, it is recommended that the agency shred the voided FIs or checkstock. Alternately, the agency may store voided checkstock and FIs in locked storage until they are destroyed.

**Periodic
reconciliation
of checkstock
inventory**

Local agencies shall verify on a quarterly basis that all checkstock inventory present onsite matches the ISIS generated Checkstock Inventory report. The onsite supervisor shall sign and keep on file the report as verification that physical inventory has been done.
