

I. VENDOR AND FARMER MANAGEMENT

Vendor and farmer management includes all those activities associated with selecting, authorizing, training, monitoring, and investigating the State agency's vendor and farmer population for the purpose of reducing fraud and abuse in the WIC Program food delivery system.

A. Vendor Selection and Authorization – 7 CFR 246.4(a)(14)(i), (ii), and (iii): identify the types of food delivery systems used in the State's jurisdiction, describe, if used, the State agency's limiting criteria, describe the State agency's selection criteria, attach a sample vendor and farmer, if applicable, agreement, and describe, if applicable, the supervision and instruction the State agency provides to local agencies to which vendor agreement signing has been delegated.

B. Vendor Training – 7 CFR 246.4(a)(14)(xi): describe State and local agency procedures for training WIC Program vendors and farmers and for documenting all relevant training.

C. High-Risk Vendor Identification Systems – 7 CFR 246.12(j)(3): describe the policies and procedures for identifying and monitoring high-risk vendors through the use of vendor peer groups, food instrument and cash-value voucher redemption screening, analysis of overcharging and other violations, the use of price lists, tracking complaints, or other means. *This section may be submitted separately because it is no longer a State Plan requirement but must still be approved by FNS.*

D. Routine Monitoring – 7 CFR 246.4(a)(14)(iv): describe the criteria used to select vendors for routine monitoring as well as the methods and scope of on-site routine monitoring activities. Include any relevant information about the State agency's plans for improvement in the coming year.

E. Compliance Investigations – 7 CFR 246.4(a)(14)(iv): describe the investigative practices and procedures used to conduct both compliance buys and inventory audits for the purpose of detecting, tracking, and documenting vendor noncompliance with program requirements.

F. Vendor Sanction System – 7 CFR 246.4(a)(14)(iii): attach a copy of the State agency's sanction schedule (this should be included in the vendor and farmer, if applicable, agreement) and describe, if applicable, any option exercised under § 246.12(l)(1)(i) regarding trafficking convictions.

G. Administrative Review of State Agency Actions – 7 CFR 246.4(a)(14)(iii): describe the procedures for conducting both full and abbreviated administrative reviews.

H. Coordination with the Supplemental Nutrition Assistance Program (SNAP) – 7 CFR 246.4(a)(14)(ii), (a)(14)(iv), and 246.12(h)(3)(xxv): describe the methods and procedures used to coordinate the monitoring and sharing of information on vendors who participate in both the WIC Program and SNAP.

I. Staff Training on Vendor Management – 7 CFR 246.4(a)(14)(ii), (a)(14)(iii), (a)(14)(iv), and (a)(14)(xi): describe the distribution of responsibilities and activities of those individuals at both the State and local levels who are involved in vendor management activities, and if applicable, describe the supervision and instruction the State agency provides to local agencies to which vendor management activities have been delegated.

J. Farmer Authorization – 7 CFR 246.4(a)(14)(iii), (a)(14)(xi), and 246.12(v): if the State agency authorizes farmers to accept cash-value vouchers (CVVs), describe the authorization process.

K. Farmer Agreements – 7 CFR 246.4(a)(14)(iii), (a)(14)(xi), and 246.12(v): if the State agency authorizes farmers to accept cash-value vouchers (CVVs), describe the State agency's agreement with the farmers.

L. Farmer Training – 7 CFR 246.4(a)(14)(iii), (a)(14)(xi), and 246.12(v): if the State agency authorizes farmers to accept cash-value vouchers (CVVs), describe the training provided to the authorized farmers.

M. Farmer Monitoring – 7 CFR 246.4(a)(14)(iii), (a)(14)(xi), and 246.12(v): if the State agency authorizes farmers to accept cash-value vouchers (CVVs), describe the monitoring of the farmers.

N. Farmer Sanctions, Claims, and Appeals – 7 CFR 246.4(a)(14)(iii), (a)(14)(xi), and 246.12(v): if the State agency authorizes farmers to accept cash-value vouchers (CVVs), describe the farmer sanctions, claims, and appeals.

I. VENDOR MANAGEMENT

A. Vendor Selection and Authorization

1. Number and Distribution of Authorized Vendors

a. The State agency uses limiting criteria to limit the number of vendors it authorizes:

- Yes No

b. If yes, check the type of criteria used:

- Vendor/participant ratio
 Vendors/local agency or clinic ratio
 Vendors/local service area or county ratio
 Vendors/geographic area (e.g., number per mile, city block, zip code)
 Vendor/State agency staff ratio
 Other (specify):

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

2. Vendor Application Periods

a. The State agency considers applications:

- On an on-going basis
 Annually
 Every two years
 Every three years
 Other (specify):

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

3. Vendor Selection and Authorization

a. The vendor selection criteria used to select vendors for program authorization include:

- A competitive price criterion based on:
 Vendor applicant price lists
 WIC redemption data
 A State agency standard drawn from a price survey
 A standard drawn from another source
 Other (specify): Shelf prices of vendors are compared to the Maximum Allowable Department Reimbursement Rate (MADR) of vendors in their peer groups based on a market basket of food items.
- A minimum variety and quantity of supplemental foods criterion that is:
 Statewide
 Peer group specific

- Other (specify):
- A business integrity criterion that includes:
 - No history, during the past six years, among the vendor's owners, officers, or managers of criminal convictions or civil judgments for activities listed in 7 CFR 246.12(g)(3)(iii)
 - No history of other business-related criminal convictions or civil judgments
 - Lack of previous WIC sanctions
 - Lack of a current SNAP disqualification or civil money penalty for hardship
 - Other (specify):
- A requirement to obtain infant formula only from sources included in the State agency's list of State licensed infant formula wholesalers, distributors, and retailers and manufacturers registered with the U.S. Food and Drug Administration
- Stock a full range of foods in addition to WIC supplemental foods
- A location necessary to ensure adequate participant access
- Redemption of a minimum number/volume of food instruments and cash-value vouchers
- Satisfactory compliance with previous vendor agreement
- Certification by an approved State or local health department
- Proof of authorization as a SNAP retailer, including SNAP authorization number
- Hours of operation which meet State criteria (specify): Pursuant to State Reg.22CCR40737(d) the department may deny authority to a vendor who has unusual or irregular hours
- Other criteria (specify):
- Not applicable (explain):

b. Explain how the State agency uses the competitive price criteria identified in item 3a to select vendors for authorization.

A vendor applicant's shelf prices are compared to the MADR of authorized vendors in their peer group based on a market basket of food items.

(1) The State agency exempts from competitive price criteria pharmacies that provide only exempt infant formula or WIC-eligible medical foods to participants?

- Yes No

(2) The State agency has exempted non-profit WIC vendors (other than health or human services agencies that provide food under contract with the State agency) from competitive price criteria.

Yes No

c. **The State agency authorizes vendors that derive more than 50 percent of their annual food sales from WIC transactions (i.e., above-50-percent vendors):**

Yes No

If “Yes,” please respond to the following:

(1) **How many above-50-percent vendors are currently authorized (include all above-50-percent vendors and not just WIC-only vendors)?** 834

(2) **Does the State agency allow above-50-percent vendors to provide incentive items?**

Yes No

If yes, does the State agency require above-50-percent vendors to obtain prior State agency approval to provide incentive items to WIC participants?

Yes No

If yes, does the State agency provide above-50-percent vendors with a list of pre-approved incentive items?

Yes No

d. **On-site preauthorization visits are conducted to verify information received during the application process:**

by SA

by LA

For vendors at initial authorization

For all vendors at authorization/reauthorization

e. **The State agency routinely verifies with the FNS field office information provided by vendor applicants regarding the status of their SNAP retailer authorization.**

Yes No

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

4. Vendor Peer Groups

If the State agency does not have a vendor peer group system, proceed to item 4e.

a. **Vendors are assigned to peer groups for selection/authorization:**

Yes No

b. **Vendors are assigned to peer groups for reimbursement purposes:**

Yes No

c. **Peer groups are based on the following (check all that apply):**

- WIC sales volume
- Gross food sales volume
- Number of cash registers
- Square footage of store
- Type of store
- Location of store
 - Local agency service areas
 - City, county or regional divisions
 - Urban/suburban/rural
 - Zip codes
 - Unique economic location (e.g., rural island, single metro area)
 - Other (specify):
- Other (specify):

d. **Using the chart on the next page, describe the peer groupings (e.g., supermarkets, medium and small grocery stores, convenience stores, etc.) that the State agency plans to use during the upcoming fiscal year.**

e. **The State agency has received an exemption from the vendor peer group system requirement:**

Yes No

(1) **If “yes,” the State agency’s exemption was based on documentation that showed that (*check the applicable box*):**

- The State agency had no above-50-percent vendors; or
- Above-50-percent vendors accounted for less than five percent of the total WIC redemptions.

(2) **Based on the latest available data for the current fiscal year (which covers the period from October 1, 2011 to September 30, 2012), the State agency:**

Does not have any above-50-percent vendors;

Paid above-50-percent vendors __36__ percent of the total annual WIC redemptions to date.

- (3) If the State agency does not use a vendor peer group system, describe the State agency's alternative system for comparing the prices of new vendor applicants and currently authorized vendors and selecting for authorization or reauthorization vendors that offer the program the most competitive prices.**

I. VENDOR MANAGEMENT

A. Vendor Selection and Authorization

DESCRIPTION OF VENDOR PEER GROUP SYSTEM

Vendor Peer Groups					Comparable Vendors Peer Group Number (6)
No. (1)	Description (e.g., supermarkets, chain stores, pharmacies) (2)	Number of Vendors in Peer Group			
		Regular Vendors (3)	Above-50% Vendors (4)	Total (5)	
0	Farmer Vendors	211	0	211	N/A
1		0	834	834	2-16
2	geo area 1: 1-2 registers	621	0	621	N/A
3	geo area 1: 3-4 registers	260	0	260	N/A
4	geo area 1: 5-6 registers	179	0	179	N/A
5	geo area 1: 7-9 registers	364	0	364	N/A
6	Geo area 1: 10 or more registers	923	0	923	N/A
7	Geo area 2: 1-2 registers	290	0	290	N/A
8	Geo area 2: 3-4 registers	154	0	154	N/A
9	Geo area 2: 5-6 registers	56	0	56	N/A
10	Geo area 2: 7-9 registers	106	0	106	N/A

11	Geo area 2: 10 or more registers	496	0	496	N/A
12	Geo area 3: 1-2 registers	378	0	378	N/A
13	Geo area 3: 3-4 registers	149	0	149	N/A
14	Geo area 3: 5-6 registers	101	0	101	N/A
15	Geo area 3: 7-9 registers	89	0	89	N/A
16	Geo area 3: 10 or more registers	437	0	437	N/A

Instructions:

Column 1 – Assign a sequential number to each peer group.

Column 2 – Describe the vendors in the peer group.

Column 3 – Insert the number of authorized vendors that are regular vendors.

Column 4 – If the State agency authorizes above-50-percent vendors, insert the number of above-50-percent vendors currently authorized.

Column 5 – Insert the total number of authorized vendors. This number should be the sum of columns 3 and 4, since the State agency must identify each vendor as being either a regular vendor or an above-50-percent vendor.

Column 6 – For each peer group that contains above-50-percent vendors, insert the number of the peer group that contains comparable regular vendors. The comparable vendor peer group is the peer group that the State agency uses to derive the competitive price criteria and maximum reimbursement levels that it applies to the above-50-percent vendors. If above-50-percent vendors are placed in a peer group with regular vendors, then the number in column 1 should be the same as that in column 6. If above-50-percent vendors are in separate peer groups, then the number in column 1 will be different from that in column 6.

I. VENDOR MANAGEMENT

A. Vendor Selection and Authorization

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

f. How does the State agency assess the effectiveness of its peer group system? The State agency contracts with experts to evaluate the cost containment methodology. UC Davis is currently evaluating the peer group system.

The State agency makes this assessment—

- Annually**
- Biennially**
- Every three years**
- Other (please specify)**

5. Vendor Agreements

a. The following reflect the State agency's vendor agreement practices:

- All vendors have a written agreement with the State agency
- A standard vendor agreement is used statewide
- Vendor agreements are subject to the State's procurement procedures
- Vendor agreements/handbooks are subject to the State's Administrative Procedures Act
- A nonstandard vendor agreement is used for:
 - Military commissaries
 - Pharmacies that only provide exempt infant formula and/or WIC-eligible medical foods
 - All pharmacies
 - Home food delivery contractors
 - Mobile stores
 - Other (specify):
- Vendors are authorized for a period of 2 years
- Vendors are authorized/reauthorized under renewable agreements, provided no vendor violations occurred during the previous vendor agreement period
- All vendors are provided at least 15 days advance written notice of the expiration of the vendor agreement
- Other (specify): Vendors are authorized unless they have been disqualified or are in the administrative appeal process for disqualification. Moreover, vendors applying to renew authorization with the California WIC Program are subject to the same requirements as any other vendor. They are not automatically granted authorization because they have a history with the program.

b. In addition to the requirements in 7 CFR 246.12(h)(3)-(h)(6), the vendor agreement includes:

- Periodic submission of vendor price lists. If so, specify frequency
- Maintenance of records in addition to the required inventory records. If so, specify types of records: sales and use tax returns; books of account; other pertinent records that are necessary to substantiate the volume and prices charged through the WIC voucher redemptions.
- Submission of food instruments and cash-value vouchers within a shorter timeframe than required by program regulations. If so, specify timeframe:
- Redemption of a minimum number/volume of food instruments and cash-value vouchers
- Minimum hours of operation
- Other (specify):

c. The State agency delegates the signing of vendor agreements to its local agencies:

- Yes No

If yes, provide a description of the supervision and instruction provided to local agencies to ensure the uniformity and quality of this activity.

Please attach a copy of the Vendor Agreement or provide the appropriate Procedure Manual reference below.

ADDITIONAL DETAIL: Vendor Management Appendix A-Vendor Agreement and/or Procedure Manual (cite):

and/or Procedure Manual (cite):

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B. Vendor Training

1. Vendor Training - General

a. Annual vendor training covers the following content (check all that apply):

- Purpose of the WIC Program
- Supplemental foods authorized by the State agency
- Minimum varieties and quantities of supplemental foods that must be stocked
- Obtaining infant formula only from sources included in the State agency's list of State licensed infant formula wholesalers, distributors, and retailers, and manufacturers registered with the U.S. Food and Drug Administration
- Procedures for obtaining prior State agency approval to provide incentive items to WIC participants
- Procedures for transacting and redeeming food instruments and cash-value vouchers
- Vendor sanction system
- Vendor complaint process
- Claims procedures
- Changes in program requirements since the last training
- Recordkeeping requirements
- Replacement food instruments and cash-value vouchers
- Participant complaints
- Vendor requests for technical assistance
- Reauthorization
- Reporting changes of ownership, location, or cessation of operations
- Procedures for appeal/administrative review
- Training employees
- WIC/SNAP sanction reciprocity and information sharing
- Other (specify):

b. Vendors or vendor representatives receive training on the following occasions and/or through the following materials (check all that apply):

- On-site (in-store) meetings/conferences
- Off-site meetings/conferences
- During routine monitoring visits (e.g., educational buys)
- When specialized technical assistance is requested
- Written materials (e.g., newsletters)
- Audiotapes or videotapes
- Teleconference or videoconference
- Vendor hotline
- State or local agency website
- Other (specify):

c. Vendors or vendor representatives receive *interactive* training as follows (check all applicable responses):

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B. Vendor Training

- At or before initial authorization
- At least once every three years
- Annually or more frequently than once every three years

d. The following method(s) are used to evaluate the effectiveness of vendor training (check all that apply):

- Evaluation forms provided with training materials
- Pre-tests and/or post-tests regarding vendor policies, procedures, and practices
- Statistical indicators, such as a reduction in food instrument errors
- Educational buys
- Record reviews
- Informal feedback from vendors and/or participants
- Vendor advisory councils
- Not applicable
- Other (specify): State Agency uses rejected FI statistics to determine effectiveness of training.

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

2. Delegation of Vendor Training

a. The State agency delegates its vendor training to:

- Its local agencies
- A contractor
- A vendor association/representative; specify:
- Another State agency; specify:
- Not applicable

b. Indicate the frequency at which the State agency performed the following activities during the past fiscal year:

<u>Times/FY</u>	<u>Activity</u>
	Provided comprehensive training materials to delegated trainers
	Provided instruction on vendor training techniques to delegated trainers
	Monitored performance of delegated trainers to ensure the uniformity and quality of vendor training
<input checked="" type="checkbox"/>	Not applicable
<input type="checkbox"/>	Other (specify):

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

I. VENDOR MANAGEMENT

B. Vendor Training

3. Documents for and Documentation of Vendor Training

a. The State agency or the entity to which it delegates vendor training documents the content of and vendor participation in annual vendor training:

Yes No

b. Vendors or vendor representatives are required to sign an acknowledgement of training when they have received the following types of training (check all that apply):

<input checked="" type="checkbox"/> Interactive training	<input type="checkbox"/> Annual training
<input type="checkbox"/> Educational buys	<input type="checkbox"/> Monitoring visits
<input type="checkbox"/> Remedial training	<input type="checkbox"/> Other (specify):

c. The State agency produces a Vendor Handbook:

Yes No

If yes, provide in Vendor Management Appendix or cite Procedure Manual Reference.

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

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C. High-Risk Identification Systems

1. Vendor Complaints

a. The State Agency has a formal system for receiving complaints about vendors:

- No
- Yes, complaints are received through the following:
 - A toll-free number handled by State agency staff
 - A standard complaint form which the complainant sends to:
 - State agency
 - Local agency or clinic
 - Other (specify): Contact information available on our website

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

2. Identifying High-Risk Vendors

a. What criteria does the State agency use to identify high-risk vendors:

- Low-variance
- High-mean value
- New vendor
- Complaints against vendors
- Other (specify): History of non-compliance and pattern of high redemptions.

b. Which high-risk indicators has the State agency found to be most effective?

- Low-variance
- High-mean value
- New vendor
- Complaints against vendors
- Other (specify): History of non-compliance and pattern of high redemptions.

c. Identify the frequency for generating high-risk vendor reports:

- | | |
|---|---|
| <input type="checkbox"/> Monthly | <input type="checkbox"/> Annually |
| <input checked="" type="checkbox"/> Quarterly | <input type="checkbox"/> No set schedule |
| <input type="checkbox"/> Semiannually | <input type="checkbox"/> Other (specify): |

d. Check below the type of food instruments and cash-value vouchers used in the high-risk vendor analysis:

- A full monthly food package for a:
 - Woman
 - Infant
 - Child
 - Other (specify):

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C. High-Risk Identification Systems

- Standard food instrument type with multiple food items (e.g., milk, cheese, and cereal)
- Standard food instrument type with a single food item
- Constructed food instrument (State agencies with nonstandard food instruments)
- Cash-value vouchers
- Other (specify):

e. To perform the high-risk vendor analysis, the State agency's system aggregates a vendor's redemptions over the following time period:

- 1 month 2 months 3 months 4 months 5 months 6 months
- Other (specify):

f. Vendor redemption patterns are generally compared to:

- Applicable peer group patterns
- All vendors' patterns Statewide
- Other (specify):

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

I. VENDOR MANAGEMENT

D. Routine Monitoring

1. Routine Monitoring Visits

a. Routine monitoring visits are conducted by:

- State agency staff
- Local agency staff
- Other (specify):

b. Identify the activities performed during a routine monitoring visit:

- Check the vendor's inventory of supplemental foods and/or inventory records to determine if the vendor meets the State agency's requirements for the minimum variety and quantity of supplemental foods
- Check the vendor's inventory of non-supplemental foods and/or inventory records to provide information on whether the vendor is an above-50%-percent vendor
- Determine whether the vendor accepts forms of payment other than WIC food instruments and cash-value vouchers, such as cash, personal checks, and credit cards, to provide information on whether the vendor is an above-50%-vendor
- Check the vendor's receipts of infant formula to ensure that the infant formula is obtained only from the State agency's list of infant formula manufacturers registered with the Food and Drug Administration, and infant formula wholesalers, distributors, and retailers licensed under State law
- If the vendor is an above-50%-percent vendor, check its stock of incentive items to ensure that such items have been approved by the State agency
- Obtain the vendor's shelf prices and/or validate the vendor's price list
- Review food instruments and cash-value vouchers in the vendor's possession for vendor violations
- Compare food instruments in vendor's possession with shelf prices to test for vendor overcharges
- Observe food instrument and cash-value voucher transactions
- Conduct an educational buy
- Interview manager and/or employees
- Review employee training procedures
- Conduct annual vendor training or provide vendor with annual training materials
- Examine the sanitary conditions of the store
- Other (specify):

c. Generally, routine monitoring visits are conducted:

- Annually
- Twice a year
- As needed
- Other (specify): Adequate to meet Federal regulations

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D. Routine Monitoring

d. The following procedures are used in determining whether a vendor is selected for a routine monitoring visit (check all that apply):

- | | |
|--|--|
| <input checked="" type="checkbox"/> Random selection | <input type="checkbox"/> Periodic/scheduled review |
| <input type="checkbox"/> Periodic/scheduled training | <input checked="" type="checkbox"/> Complaints |
| <input checked="" type="checkbox"/> Other (specify): High redemption and other risk criteria | |

e. What percent of vendors received monitoring visits during the past fiscal year?

- Less than 5 percent
 5 percent
 More than 5 percent

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

I. VENDOR MANAGEMENT

F. Vendor Sanction System

1. Investigative Practices

a. The State agency conducts:

- Compliance buys (a covert, on-site investigation in which a representative of the Program poses as a participant, parent or caretaker of an infant or child participant, or proxy; transacts one or more food instruments or cash-value vouchers; and does not reveal during the visit that he or she is a Program representative.)
- Inventory audits (the examination of food invoices or other proofs of purchase to determine whether a vendor has purchased sufficient quantities of supplemental foods to provide participants the quantities specified on food instruments redeemed by the vendor during a given period of time.)
- Not applicable (Proceed to the next section.)

b. The following procedures are used to determine which vendors are selected for a compliance investigation (check all that apply):

- Vendor is identified by the high-risk vendor identification criteria
- Random selection
- Geographical considerations
- Volume of WIC redemptions
- Participant complaints
- Other (specify):

c. The State agency uses standard procedures for conducting and documenting compliance buys and inventory audits:

- Yes. If yes, please provide the guidelines in the Vendor Management Appendix or cite the Procedure Manual reference: 22 CCR § 40740 & § 40741
- No

d. The results of compliance investigations are used to assess the effectiveness of the State agency's high-risk vendor identification criteria:

- Yes No

If yes, check the items below that describe how the results of compliance investigations are used to assess the effectiveness of high-risk vendor identification criteria:

- The State agency compares data on the prevalence of vendor violations detected among high-risk versus non-high-risk vendors.
- The State agency discards a high-risk vendor identification criterion if compliance investigations of high-risk vendors identified by the criterion result in no vendor violations after _____ months.
- Investi

I. VENDOR MANAGEMENT

F. Vendor Sanction System

gative procedures and training are reevaluated if compliance investigations of high-risk vendors result in the detection of no vendor violations.

Other (specify):

e. How many vendors were authorized as of October 1 of the past fiscal year?

5525

How many compliance investigations of vendors were completed during the past fiscal year?

391 Total compliance investigations

How many vendors who received compliance investigations were high-risk during the past fiscal year?

391 Total high-risk compliance investigations

Did the State agency give priority to high-risk vendors (up to the five percent minimum) in conducting compliance investigations during the past fiscal year?

Yes No

How many of all vendors were high risk during the past fiscal year?

1412

(The State agency is required by § 246.12(j)(4)(i) to conduct compliance investigations of at least 5 percent of its vendors authorized as of October 1 of each fiscal year, including all high risk vendors up to the 5 percent maximum.)

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

2. Compliance Buys

a. The State agency conducts the following types of compliance buys:

- Trafficking buys (exchanging food instruments or cash-value vouchers for cash)
- Safe buys (transacting food instruments or cash-value vouchers for all food items listed to see if the vendor will overcharge)
- Short buys (transacting food instruments or cash-value vouchers for fewer food items than those listed to see if the vendor will charge for food items not received)
- Major substitution buys (exchanging food instruments or cash-value vouchers for non-food items or unauthorized food items that are not similar to those listed)
- Minor substitution buys (exchanging food instruments or cash-value vouchers for unauthorized food items that are similar to those listed)

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Other (specify):

b. Compliance buys are usually conducted by:

- WIC State agency staff
- WIC local agency staff
- State investigators
- Investigators retained on a contract basis (e.g., Pinkerton, Wells Fargo)
- Interns, neighborhood residents, or program participants employed by WIC
- Another WIC State agency
- Other (specify):

c. Who is responsible for ensuring the proper execution of and follow-up on compliance buys:

- WIC State agency vendor manager
- WIC local agency manager
- State investigators
- Contractor
- Another WIC State agency
- Other (specify):

d. If no vendor violations are detected, how many compliance buys does the State agency conduct before closing a compliance investigation:

Two Other (specify):

e. If the State agency conducts a standard number of compliance buys per compliance investigation, what is the basis for the prescribed number of buys:

- State law or regulation
- State agency policy or procedure
- Level of evidence necessary to impose vendor sanctions
- Legal counsel's advice
- Other (specify):

f. The vendor is provided written notification of a violation requiring a pattern of violations in order to sanction the vendor, prior to documenting another violation of the same kind, unless the State agency determines that such notice would compromise the investigation:

Yes No

g. More than one compliance buy visit is needed to detect a pattern of violations:

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F. Vendor Sanction System

Yes No

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

3. Estimate the cost for conducting compliance buys, excluding expenses related to the vendor appeals/administrative review process:

\$ \$390.00 Cost per compliance buy

- Unknown
- Not applicable

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

4. Inventory Audits (If inventory audits are not performed, go to Question 5)

a. The following factors are used to determine which vendors selected for compliance investigations will receive inventory audits rather than/or in addition to compliance buys:

- Vendor has highest risk based on State agency's high-risk identification criteria
- Suspicion of vendor exchanging cash for food instruments or cash-value vouchers (trafficking)
- Inconclusive compliance buy results
- Complaints
- Other (specify): Law Enforcement referral

b. The State agency conducts the following types of inventory audits:

- On-site inventory audits
- State agency inventory audits (vendor sends records to State agency)
- Local agency inventory audits (vendor sends records to local agency)
- Other (specify): Inventory audits are contracted to the State Controllers Office

c. Inventory audits are conducted by (check all that apply):

- WIC State agency staff
- WIC local agency staff
- State investigators
- Investigators retained on a contract basis (e.g., Pinkerton's, Wells Fargo)
- Other (specify): Contracted to the State Controllers Office

ADDITIONAL DETAIL: Vendor Management Appendix

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F. Vendor Sanction System

and/or Procedure Manual (cite):

5. Compliance Buy/Inventory Audit Tracking System(s)

a. The State agency has a means of recording and tracking staff person hours devoted to investigation activities:

Yes No Not applicable

b. The State agency has an automated system for tracking investigations that monitors the progress and status of each compliance investigation:

Yes No Not applicable

System fully operational October 2012

**ADDITIONAL DETAIL: Vendor Management Appendix
and/or Procedure Manual (cite): 22CCR40740 and 40741. No change.**

Please attach and/or reference the location of the State agency's vendor sanction schedule.

**ADDITIONAL DETAIL: Vendor Management Appendix
and/or Procedure Manual (cite):**

22 CCR § 40740, 22 CCR § 40741

I. VENDOR MANAGEMENT

G. Administrative Review of State Agency Actions

1. Types of Administrative Reviews

The State agency conducts the following types of administrative reviews of vendor appeals for the adverse actions listed below. (Check all that apply):

Informal Desk Reviews	Abbreviated Admin. Reviews	Full Admin. Reviews	
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Denial due to competitive price or minimum stocking selection criterion
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Denial due to business integrity or current SNAP DQ or CMP
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Denial based on limiting criteria
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Denial due to State agency selection criteria
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Denial due to application outside timeframe
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Application of above-50-percent criteria
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	DQ for WIC violations
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	DQ for SNAP CMP
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Other WIC sanctions, e.g., fine or CMP
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Denial based on circumvention of sanction
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Application of peer group criteria
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Termination due ownership change
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Termination due to location change
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Termination due to ceasing operations
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Termination for other causes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	DQ for trafficking/illegal sales conviction
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	DQ/CMP due to another State agency's mandatory sanction
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CMP based on SNAP DQ
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Denial based on no SNAP authorization
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Peer Group appeals
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Audit (<20%)

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

2. Administrative Review Procedures

a. The State has a law or regulation governing WIC administrative reviews

Yes No

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If the State does have such a law or regulation, this includes:

- State Administrative Procedures Act
- State law pertaining to WIC only
- State health department law
- State health department regulation
- State WIC regulation
- Other (specify):

b. At which level do administrative reviews of WIC vendor appeals take place:

- WIC local agency
- WIC State agency
- State health department
- Other (specify):

c. Administrative reviews are conducted by:

- Hearing officers
- Administrative law judges
- Other (specify):

d. The following procedures are followed for administrative reviews:

Abbreviated Admin. Review	Full Admin. Review	
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- | | | |
|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Opportunity for vendor to examine evidence prior to review |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Opportunity for vendor to reschedule review date |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Opportunity for vendor to present its case |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Opportunity for vendor to be represented by counsel |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Opportunity for vendor to present witnesses |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Opportunity for vendor to cross-examine witnesses |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Presence of a court reporter or stenographer, or court certified interpreter |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | An impartial decision-maker, whose decision is based solely on whether the State agency correctly applied Federal and State statutes, regulations, policies, procedures |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | A written decision within 90 days from request for review |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Other (specify): The procedures in this section also apply to all vendor audit findings. |

e. Check the party(ies) below who may present the State agency case during a full administrative review:

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- WIC staff person assigned to case
- WIC State agency vendor manager
- WIC State agency director
- Legal counsel (State Attorney General or General Counsel's office)
- Legal counsel (paid by WIC Program funds)
- Audit DQ – SCO auditor and manager will testify
- Compliance DQ – WIC field supervisor and field investigator will testify
- Other (specify): Any above may represent the program's case. However, our cases are presented by the assigned WIC staff person and/or House Counsel (paid for by WIC funds).

Please attach and/or reference the location of the State agency's administrative review procedures. 22CCR Section 40751 and 40752.

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

I. VENDOR MANAGEMENT

H. Coordination with SNAP

1. WIC/SNAP Information Sharing

- a. An information sharing agreement between the WIC State agency and SNAP is in effect, as per FNS Instruction 906-1 or other FNS guidance, and is maintained at the State agency:**

Yes No

If yes, an updated list of authorized vendors is sent to the FNS field office:

- Once a year
 Regularly, at intervals of less than one year (specify):
 Periodically, as changes occur
 Upon request
 Other (specify):

- b. State agency compliance investigators coordinate their activities with their SNAP counterparts:**

Yes No

- c. State statute, regulations, or procedures restrict the disclosure WIC vendor and SNAP retailer information to those permitted under 7 CFR 246.26(e) and (f):**

Yes (specify):
 No

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

I. VENDOR MANAGEMENT

I. Staff Training

1. Check below the routine formal training available to State and local level staff in vendor management practices:

State	Local	Other (contractor)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Vendor selection and authorization
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Vendor training
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Routine monitoring
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Compliance investigations
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Inventory audits
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Corrective actions and sanctions
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Criminal investigations
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Vendor appeals/administrative reviews
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Federal and/or State WIC regulations
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Prevention of vendor fraud and abuse
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WIC/SNAP information sharing
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	High-risk vendor identification
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Vendor management information system
<input type="checkbox"/>			Not applicable
<input checked="" type="checkbox"/>			Other (specify): Training for Vendor Selection and Authorization, Vendor Training, Corrective actions and sanctions, Prevention of vendor fraud and abuse, and Vendor appeals/administrative reviews are done on the job.

2. State agency staff meets with vendor representatives as part of a vendor advisory council:

Monthly
 Quarterly
 Other frequency: **as needed**
 No vendor advisory council

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (cite):

I. VENDOR MANAGEMENT

I. Staff Training

I. VENDOR MANAGEMENT

J. Farmer Authorization

**STATE AGENCY DOES NOT AUTHORIZE FARMERS TO ACCEPT CVVs;
SECTIONS J - N DO NOT APPLY**

1. The State agency authorizes farmers to accept CVVs based on:

- Authorization by the WIC Farmers' Market Nutrition Program (FMNP)
- Selection criteria established separately from FMNP

2. If the State agency does not authorize farmers based on FMNP authorization, the selection criteria includes (describe):

3. The State agency considers applications:

- On an on-going basis
- Annually
- Every two years
- Every three years
- Other (specify):

**ADDITIONAL DETAIL: Vendor Management Appendix
and/or Procedure Manual (cite): and/or FMNP State Plan: 2012 FMNP State Plan,
Appendix M.**

I. VENDOR MANAGEMENT

K. Farmer Agreements

1. Agreement periods include:

- One year
- Two years
- Three years
- Other (specify):

2. Agreements are:

- A modified version of the vendor agreement
- Combined with the FMNP agreement
- Unique to the authorization of farmers to transact CVVs

3. The following reflect the State agency's vendor agreement practices:

- All farmers have a written agreement with the State agency
- A standard farmer agreement is used statewide
- Agreements are subject to the State's procurement procedures
- Agreements/handbooks are subject to the State's Administrative Procedures Act
- Farmers are authorized/reauthorized under renewable agreements, provided no vendor violations occurred during the previous vendor agreement period
- All farmers are provided at least 15 days advance written notice of the expiration of the vendor agreement
- All farmers are provided a schedule of sanctions, either in or attached to the farmer agreement, or as a citation to State regulations
- Other (specify):

4. Agreement provisions include:

- Assure that the CVV is redeemed only for eligible fruits and vegetables as defined by the State agency
- Provide eligible fruits and vegetables at the current price or less than the current price charged to other customers
- Accept the CVV within the dates of their validity and submit such vouchers for payment within the allowable time period established by the State agency
- Redeem the CVV in accordance with a procedure established by the State agency

I. VENDOR MANAGEMENT

K. Farmer Agreements

- Accept training on CVV procedures and provide training to any employees with CVV responsibilities on such procedures
- Agree to be monitored for compliance with program requirements, including both overt and covert monitoring
- Be accountable for actions of employees in the provision of authorized foods and related activities
- Pay the State agency for any CVV transacted in violation of this agreement
- Offer WIC participants, parent or caretakers of child participants or proxies the same courtesies as other customers
- Neither the State agency nor the farmer has an obligation to renew the agreement.
- Other (specify):

5. The farmer agreement reflects that the farmer must not:

- Collect sales tax on CVV purchases
- Seek restitution from WIC participants, parent or caretakers of child participants or proxies for CVVs not paid or partially paid by the State agency
- Issue cash change for purchases that are in an amount less than the value of the CVV
- Other (specify):

Please attach a copy of the Farmer Agreement or provide the appropriate Procedure Manual reference below.

**ADDITIONAL DETAIL: Vendor Management Appendix
and/or Procedure Manual (cite): and/or FMNP State Plan (cite):**

J. VENDOR MANAGEMENT

L. Farmer Training

1. Farmer training includes:

- Eligible fruits and vegetables
- Procedures for transacting and redeeming CVVs
- Agreement provisions
- Sanctions and Appeals
- Other (specify):

2. Interactive farmer training (e.g., face-to-face, video conference, web cam) is conducted:

- At or before initial authorization
- At least every three years following initial authorization
- Other (specify): When a violation occurs

3. Non-interactive farmer training (e.g., via hard copy mail, email, online) is conducted:

- Annually following authorization
- Changes in procedures
- Other (specify):

4. The State agency delegates training to:

- Local agency (specify):
- Contractor (specify):
- Vendor representative (specify):
- Other (specify): **The State agency does not delegate training.**

5. If the State agency delegates training, briefly describe the State agency's supervision of such training

**ADDITIONAL DETAIL: Vendor Management Appendix
and/or Procedure Manual (cite): and/or FMNP State Plan (cite):**

J. VENDOR MANAGEMENT

M. Farmer Monitoring

1. Farmers are included in the:

- FMNP sample of farmers for monitoring
- WIC sample of vendors for monitoring

2. Monitoring includes:

- covert methods, such as compliance buys
- overt methods, such as routine monitoring

**ADDITIONAL DETAIL: Vendor Management Appendix
and/or Procedure Manual (cite): and/or FMNP State Plan (cite):
and/or FMNP State Plan (cite): 2012 FMNP State Plan, Section VI and Appendix Q**

J. VENDOR MANAGEMENT

N. Farmer Sanctions, Claims, and Appeals

1. Farmer violations may result in:

- Disqualification
- Denial of payment or demand for refund due to improperly redeemed CVVs (Claims)
- Prosecution under Federal, State, or local law regarding fraud or other illegal activity
- Monetary sanctions such as civil money penalties and fines

2. Farmers may administratively appeal:

- Disqualification
- Denial of application
- Other sanction (specify):

3. Farmers may not administratively appeal:

- Expiration of an agreement
- Claims
- Other (specify):

Please attach and/or reference the location of the State agency's administrative review procedures.

**ADDITIONAL DETAIL: Vendor Management Appendix
and/or Procedure Manual (cite): and/or FMNP State Plan (cite): submitted with
FMNP State Plan in February 2010**