

I. VENDOR AND FARMER MANAGEMENT

(Please indicate) **State Agency:** _____ **CA** _____ for FY **2016**

Vendor and farmer/farmers' market management includes all those activities associated with selecting, authorizing, training, monitoring, and investigating the State agency's vendor and farmer/farmers' market 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 agreement. 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/farmers' markets 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 (CVV)/cash value benefit (CVB) 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) and (v) and 246.12(h)(5): attach a copy of the State agency's sanction schedule (this should be included in the vendor agreement). 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)(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. If applicable, describe the supervision and instruction the State agency provides to local agencies to which vendor management activities have been delegated.

J. Farmer/Farmers' Market Authorization – 7 CFR 246.4(a)(14)(iii), (a)(14)(xi), and 246.12(v): if the State agency authorizes farmers/farmers' markets to accept CVVs/CVBs, describe the authorization process.

K. Farmer/Farmers' Market Agreements – 7 CFR 246.4(a)(14)(iii), (a)(14)(xi), and 246.12(v): if the State agency authorizes farmers/farmers' markets to accept CVVs/CVBs, describe the State agency's agreement with the farmers/farmers' markets and attach a sample farmer/farmers' market agreement.

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A. Vendor Selection and Authorization

L. Farmer/Farmers' Market Training – 7 CFR 246.4(a)(14)(iii), (a)(14)(xi), and 246.12(v): if the State agency authorizes farmers/farmers' markets to accept CVVs/CVBs, describe the training provided to the authorized farmers/farmers markets.

M. Farmer/Farmers' Market Monitoring – 7 CFR 246.4(a)(14)(iii), (a)(14)(xi), and 246.12(v): if the State agency authorizes farmers/farmers markets to accept CVVs/CVBs, describe the criteria used for selecting farmers/farmers markets for routine monitoring as well as the method(s) and scope of on-site monitoring of the farmers/farmers markets.

N. Farmer /Farmers' Market Sanctions, Claims, and Appeals – 7 CFR 246.4(a)(14)(iii), (a)(14)(xi), and 246.12(v): if the State agency authorizes farmers/farmers markets to accept CVVs/CVBs, describe the farmer/farmers' market sanctions, claims, and appeals and attach a copy of the farmer/farmers' market sanction schedule (which should be included in the farmer/farmers' market agreement as well).

I. VENDOR MANAGEMENT

A. Vendor Selection and Authorization

1. Number and Distribution of Authorized Vendors

a. Does the State agency use limiting criteria to limit the number of vendors it authorizes?

- Yes No

b. If yes, check and specify the type of criteria used (e.g. vendor/participant ratio of 1/100 per county):

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

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

2. Vendor Application Periods

a. The State agency considers applications:

- On an on-going basis
- Annually in (month) for a new agreement that begins (month) (day)
- Every two years (specify month): (month)
- Every three years (specify month): (month)
- Any time there is a participant access need
- The state is currently under a:
- Federal Moratorium (specify time-frame): _____
- State Moratorium (specify time-frame): _____
- Other (specify): _____

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

3. Vendor Selection and Authorization

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

Required criteria:

- 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 (specify): _____
- Other (specify): Shelf prices of vendors are compared to the Maximum 

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A. Vendor Selection and Authorization

- A minimum variety and quantity of supplemental foods criterion that is:
 - Statewide
 - Peer group specific
 - 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
- 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)(ii)
 - No history of other business-related criminal convictions or civil judgments
 - Other (specify): _____
- Lack of a current SNAP disqualification or civil money penalty for hardship per 7 CFR 246.12(g)(3)(iii)

Optional criteria:

- A requirement to stock a full range of foods in addition to WIC supplemental foods
- A location necessary to ensure adequate participant access* (Provide State agency's definition of participant access here, or citation from Vendor Handbook/Procedure Manual):
Refer to Attachment 1, 22CCR 40740(h). _____
- Redemption of a minimum number/volume of food instruments and CVVs/CVBs
- 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 agency criteria (specify): Pursuant to State Regulation 22CCR 40737(d), the CDF
- Lack of previous WIC sanctions
- Other criteria (specify): _____

- Not applicable (explain): _____

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

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

- Yes No

(2) Did the State agency exempt 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. When does the State agency assess vendors for above 50 percent status?

- At authorization
- 6 months after authorization
- Annually
- Other (specify): _____

I. VENDOR MANAGEMENT

A. Vendor Selection and Authorization

4. Vendor Peer Groups

If the State agency does not have a vendor peer group system, please attach a copy of the most recent exemption request and approval letters and proceed to item 4e.

a. Are vendors assigned to peer groups for selection/authorization?

Yes No

b. Are vendors 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 Zip codes
 - City, county or regional divisions Unique economic location (e.g., rural island, single metro area)
 - Urban/suburban/rural Other (specify): _____
- Other (specify): Refer to Attachment 5, WIC Regulatory Bulletin (WRB)

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. For State agencies with more than four peer groupings, please attach a chart containing this Peer Group Description and list the Appendix citation here: Refer to Att. 9, WRB 2014-01, Section 50000, Peer Group Criteria.

e. Has the State agency received approval for an exemption from the vendor peer group system requirement (7 CFR 246.12(g)(4)(v))?

Yes; date FNS approved exemption: _____ 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.
- Other (specify): _____

(2) Based on the latest available data for the current fiscal year (which covers the period from 10/01/2014 to 05/20/2015), the State agency:

- Does not have any above-50-percent vendors; data source: _____
- Paid above-50-percent vendors 37.09 percent of the total annual WIC redemptions to date; data source: MIS-stored vendor redemption data.

(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.

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A. Vendor Selection and Authorization

DESCRIPTION OF VENDOR PEER GROUP SYSTEM

Peer Group No. (1)	Vendor Peer Groups				Comparable Vendors Peer Group Number (6)
	Description (e.g., supermarkets, chain stores, pharmacies) (2)	Number of Vendors in Peer Group			
		Regular Vendors (3)	Above-50% Vendors (4)	Total (5)	
1	Category A: Above-50-Percent (A-50) Vendors	0	477	477	0
2	Category B: Full-Line Grocery Vendors (Register subgroups inclusive)	3,380	0	3,380	0
3	Category C: Non-A-50, Non-Full-Line Grocery Vendors	408	0	408	0
4					

Instructions:

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

Column 2 – Describe the vendors in the peer group; include all factors and definitions checked in question 4c. (e.g., urban = counties with >100000 residents OR suburban = counties with >10,000 residents OR rural = counties with <10,000 residents)

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.

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A. Vendor Selection and Authorization

f. Describe the process the State agency uses at least every three years to assess the effectiveness of its peer group system and competitive price criteria to enhance system performance (7 CFR 246.12(g)(4)(ii)(C)).

The State agency makes this assessment—

- Annually Every three years
 Biennially Other (please specify): _____

Provide date of most recent FNS approval: 06/01/2014

5. Semiannual Shelf Price Collection

a. Has the State agency has received approval for an exemption from the shelf price collection requirement under 7 CFR 246.12(g)(4)(ii)(B):

- Yes; date FNS approved exemption: _____ No

6. 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
 Chain stores sign a master agreement that includes multiple locations
 Chain stores sign an agreement for each store location
 Other (specify): Vendors are authorized unless they have been disqualified or are in the administrative appeal process

I. VENDOR MANAGEMENT

A. Vendor Selection and Authorization

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: Every six months upon request of the Department
- Maintenance of records in addition to the required inventory records. If so, specify types of records:

- Submission of food instruments and CVVs/CVBs within a shorter timeframe than required by program regulations. If so, specify timeframe: _____
- Redemption of a minimum number/volume of food instruments and CVVs/CVBs
 - Minimum hours of operation
- Other (specify all): Refer to Attachment 9, WIC Regulatory Bulletin (WRB) 2014-01, Section 70000, Vendor Authorization

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 and/or Procedure Manual (Citation):

I. VENDOR MANAGEMENT

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): _____

If any topics are not included in the annual vendor training, explain why.

Replacement food instruments and cash-value vouchers are addressed on a case-by-case basis, as needed, by the CDPH/WIC Division. Reauthorization is discussed with authorized and not authorized vendors via direct communication when they call or email the CDPH/WIC Division or through correspondence such as a Vendor Alert.

I. VENDOR MANAGEMENT

B. Vendor Training

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 video conference
- Vendor hotline
- State or local agency website
- Other (specify): _____

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

- 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
- None
- Other (specify): The CDPH/WIC Division uses rejected food instrument statistics to determine the effectiveness of training.

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

2. Delegation of Vendor Training

a. The State agency delegates its vendor training to:

- Its local agencies
- A contractor; specify: _____
- A vendor association/representative; specify: _____
- Other (specify): _____
- None (the State agency conducts all vendor training)

I. VENDOR MANAGEMENT

B. Vendor Training

b. Indicate the frequency with 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 (Citation):

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 acknowledgment of training when they have received the following types of training (check all that apply):

- Interactive training
- Annual training
- Educational buys
- Monitoring visits
- Remedial training
- Other (specify): _____

c. The State agency produces a Vendor Handbook:

Yes No

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

d. The State agency provides online or web based training:

Yes No

If yes, provide the link to the training: _____

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

I. VENDOR MANAGEMENT

C. High-Risk Identification Systems

1. Vendor Complaints

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

- No; please explain: _____
- 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
 - Online system; include link here: _____
 - Other (specify): CDPH/WIC Division contact information is available on our website.

b. The State agency has a formal system for receiving complaints from vendors:

- No; please explain: _____
- 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
 - Online system; include link here: _____
 - Other (specify): CDPH/WIC Division contact information is available on our website.

c. The State agency logs and responds to all complaints:

- Yes, please explain: All complaints are logged and tracked in the Vendor SharePoint System.
- No; please explain: _____

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

2. Identifying High-Risk Vendors

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

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

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

- Monthly Annually
- Quarterly No set schedule
- Semiannually Other (specify): _____

c. Identify the type(s) of food instruments and used in the high-risk vendor analysis. (Check all that apply):

- A full monthly food package for a:
 - Woman Infant Child Other (specify): _____
- Standard food instrument type with multiple food items (e.g., milk, cheese, and cereal)

I. VENDOR MANAGEMENT

C. High-Risk Identification Systems

- Standard food instrument type with a single food item
- Constructed food instrument (State agencies with nonstandard food instruments)
- CVVs/CVBs
- Other (specify): _____

d. 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): _____

e. Vendor redemption patterns are generally compared to:

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

Attach additional information from your MIS, detailing how the State agency conducts the high risk vendor analysis and how the State agency ranks vendors when more than 5% of authorized vendors are high risk.

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

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, such as cash, personal checks, and credit cards, to provide information on whether the vendor is an above-50-percent-vendor
- Check the vendor's invoices 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 in the vendor's possession for vendor violations
- Compare food instruments in the vendor's possession with shelf prices to test for vendor overcharges
- Review use of shelf tags and signage
- Review expiration dates on supplemental foods
- Compare prices of supplemental foods with similar items not approved as supplemental
- Observe food instrument transactions

I. VENDOR MANAGEMENT

D. Routine Monitoring

- 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 all): _____

c. Generally, routine monitoring visits are conducted on each vendor (check all that apply):

- Annually Twice a year As needed (specify) Other (specify) _____

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

- Random selection Complaints
- Periodic/scheduled training Other (specify): High risk and redemption.
- Periodic/scheduled review

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

- Less than 5 percent; explain reason: _____
- 5 percent
- More than 5 percent (specify): Approximately, 16% of our vendors had RMVs.

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

I. VENDOR MANAGEMENT

E. Compliance Investigations

1. Investigative Practices

a. The State agency conducts (check all that apply):

- 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 CVVs/ CVBs; 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.)
- Other (specify): _____

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): _____

I. VENDOR MANAGEMENT

E. Compliance Investigations

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 Citation the Procedure Manual reference:

No; specify: _____

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.

Investigative 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?

4,354 as of 10/1/2014

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

Compliance Buys: 921

Inventory Audits: 158

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

Compliance Buys: 885

Inventory Audits: 158

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; explain reason: _____

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

1,634

(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 (Citation):

Code of Federal Regulations (CFR), Title 7, Chapter II, Section 246.12, For Q.E1e-# are based on 10/1/2013-9/30/2014.

I. VENDOR MANAGEMENT

E. Compliance Investigations

2. Compliance Buys

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

- Trafficking buys (exchanging food instruments for cash)
- Safe buys (transacting food instruments for all food items listed to see if the vendor will overcharge)
- Short buys (transacting food instruments 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 for non-food items or unauthorized food items that are not similar to those listed)
- Minor substitution buys (exchanging food instruments for unauthorized food items that are similar to those listed)
- Other (specify): Terminated or unauthorized vendor compliance buys.

b. Does the State agency tailor compliance buys to vendors' risk type?

- Yes; explain: The CDPH/WIC Division prioritizes high risk vendors and determines the level of compliance needed for vendors.
- No; explain: _____

c. 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): Cases for further investigation are referred to OIG

d. 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): _____

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

- Two Other (specify): _____

f. 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): _____

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E. Compliance Investigations

g. Is the vendor 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 and documents this in the vendor's file?

Yes No

If no, is the determination that the written notification **would compromise the investigation documented in the vendor's file?**

Yes; if a standard form is used please attach

No; please explain:

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

Yes; specify how many: 2 No; please explain: _____

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

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

\$ 483.00 Cost per compliance buy

Unknown

Not applicable

ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual:

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 (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 conducted by the State Controller's Office.

I. VENDOR MANAGEMENT

E. Compliance Investigations

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): Inventory audits conducted by the State Controller's Office.

d. Identify the amount of, or period of time covered by, the receipts that are examined during an inventory audit:

12 months

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

Refer to Attachments 13a and 13b, 22CCR Sections 40740 and 40741.

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; please describe: _____
- No

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

- Yes; please describe: All compliance investigations are tracked and monitored through the Vendor SharePoint System.
- No

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

I. VENDOR MANAGEMENT

F. Vendor Sanction System

1. Definitions

a. How does the State agency define a pattern of violations?

Refer to Attachments 13a and 13b, 22CCR Sections 40740 and 40741.

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

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

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 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 checked="" 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 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 checked="" type="checkbox"/>	Denial based on circumvention of sanction
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Application of peer group criteria
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Termination due to ownership change
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Termination due to location change
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Termination due to ceasing operations
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Termination for other causes
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	DQ for trafficking/illegal sales conviction
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	Denial based on no SNAP authorization

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

Refer to Attachment 14.

2. Administrative Review Procedures

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

Yes; please indicate: No

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

State Administrative Procedures Act State health department regulation

State law pertaining to WIC only State WIC regulation

State health department law Other (specify): _____

I. VENDOR MANAGEMENT

G. Administrative Review of State Agency Actions

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

- WIC local agency State health department
 WIC State agency 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. Reviews	Full Admin. Reviews	
<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 type="checkbox"/>	<input checked="" 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"/>	opportunity for investigators to testify behind a screen or via other non-identifying method
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Presence of a court reporter or stenographer
<input 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 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): <u>The procedures also apply to all vendor audit findings.</u>

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

- 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)
 Other (specify all): _____

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

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

Refer to Attachments 16a and 16b, California Code of Regulations, Title 22, Section 40751 and 40752.

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, 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 appropriate FNS 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 (Citation):

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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Corrective actions and sanctions
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Criminal investigations
<input checked="" 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 type="checkbox"/>	Other (specify): _____		

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

- Monthly
- Quarterly
- Other frequency: _____
- No vendor advisory council

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

3. Reporting vendor information to TIP:

a. How does the State agency submit vendor information to The Integrity Profile?

- Manually (one vendor at a time)
- Upload text file
- Upload XML Schema

b. By what date does the State agency submit this information for the previous fiscal year?

February 1st _____

c. Describe how the State agency ensures that this information is accurate:

Vendor data in the Integrated Statewide Information System (ISIS) is reconciled with the Vendor SharePoint System.

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

I. VENDOR MANAGEMENT

J. Farmer/Farmers' Market Authorization

STATE AGENCY DOES NOT AUTHORIZE FARMERS/FARMERS' MARKETS TO ACCEPT CVVs/CVBs;
SECTIONS J-N DO NOT APPLY

1. The State agency authorizes farmers/farmers' markets 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/farmers' markets based on FMNP authorization, the selection criteria include (describe):

3. The State agency considers applications:

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

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

Refer to Attachment 17, 2015 FMNP State Plan, Section V. Coupon and Market Management, page 42.

I. VENDOR MANAGEMENT

K. Farmer/Farmers' Market Agreements

1. Agreement periods are for:

- One year Three years
 Two 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/CVBs

3. The following reflect the State agency's farmer/farmers' market agreement practices:

- All farmers/farmers' markets have a written agreement with the State agency
 A standard farmer/farmers' market 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/farmers' markets are authorized/reauthorized under renewable agreements, provided no farmer/farmers' market violations occurred during the previous agreement period
 All farmers/farmers' markets are provided at least 15 days advance written notice of the expiration of the agreement
 All farmers/farmers' markets are provided a schedule of sanctions, either in or attached to the farmer/farmers' market agreement, or as a citation to State regulations
 Other (specify): _____

I. VENDOR MANAGEMENT

K. Farmer/Farmers' Market Agreements

4. Agreement provisions include:

- Assure that the CVV/CVB 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 CVVs/CVBs within the dates of their validity and submit CVVs for payment within the allowable time period established by the State agency
- Redeem the CVV/CVB in accordance with a procedure established by the State agency
- Accept training on CVV/CVB procedures and provide training to any employees with CVV/CVB 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/CVB 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/farmers markets agreement reflects that the farmer/farmers' market must not:

- Collect sales tax on CVV/CVB purchases
- Seek restitution from WIC participants, parent or caretakers of child participants or proxies for CVVs/CVBs 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/CVB
- Other (specify): _____

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

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

I. VENDOR MANAGEMENT

L. Farmer/Farmers' Market Training

1. Farmer/farmers' market training includes:

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

I. VENDOR MANAGEMENT

L. Farmer/Farmers' Market Training

2. Interactive farmer/farmers' market 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/farmers' market 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): _____
 Farmer representative (specify): _____
 Other (specify): A Market Manager or Market Association representative can train on cash-value voucher handling.

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

The CDPH/WIC Division requires the name and signature of trainees on a "certification list" (refer to Attachment 21). The CDPH/WIC Division will offer support to trainers either in-person or via a webinar.

6. The State agency produces a Farmer/farmers markets Training Handbook:

- Yes No

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

7. The State agency provides online or web based training:

- Yes No

If yes, provide the link to the training: There is no link available because the web-based training is not posted on a public web

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

I. VENDOR MANAGEMENT

M. Farmer Monitoring

1. Farmers/farmers' markets are included in the:

- FMNP sample of farmers/farmers markets 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 (Citation):
and/or FMNP State Plan (Citation):**

Refer to Attachment 23, 2015 FMNP State Plan, Section VI. Management Evaluations and Reviews, pages 49-50, and Attachment Q.

I. VENDOR MANAGEMENT

N. Farmer/Farmers' Market Sanctions, Claims, and Appeals

1. Farmer/farmers' market violations may result in:

- Disqualification
- Denial of payment or demand for refund due to improperly redeemed CVVs/CVBs (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/farmers' markets may administratively appeal:

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

3. Farmers/farmers' markets 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 (Citation):
and/or FMNP State Plan (Citation):**

Submitted with the FMNP State Plan in November 2014.
