

SECTION: FOOD DELIVERY SYSTEM

SUBJECT: Food Instrument Receipt and Distribution

ITEM: Food Instrument Security and Integrity of the Distribution Process

Policy

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

The State Agency (SA) reserves the right to charge the LA for the cost of the checkstock when FIs are:

1. lost by the LA,
2. stolen from the LA,
3. redeemed by ineligible persons, or
4. otherwise unaccounted.

Required Procedures

I. Security precautions

LA shall develop procedures to ensure the safe and secure transportation, receiving, handling and storage of all checkstock, FIs, laptops and portable printers.

A. LA shall ensure that all the following are placed in locked storage except when needed for immediate use:

1. checkstock,
2. voided checkstock,

3. FIs,
4. voided FIs
5. portable printers, and
6. laptops.

B. LA shall store checkstock and FIs:

1. separate from the printers, and
2. in dry storage areas.

II. Limited access

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

Maintaining separation of duties

LA shall ensure the integrity of FIs by maintaining a separation of duties in checkstock and FI distribution as follows:

- A. LA shall ensure the integrity of the checkstock distribution process by assigning responsibilities to primary and secondary staff members. The primary staff member shall be responsible for checkstock receipt, shipment verification, storage, physical inventory and reporting. The staff member with secondary responsibility shall participate in the checkstock shipment verification process in the event of discrepancies or in the absence of the staff member assigned primary responsibility.
- B. The staff person/persons responsible for receipt and verification of shipments and physical checkstock and/or the preparation of the voided FI reports shall not be involved in the printing of FIs.
- C. When there are two or more staff members present at any given site during normal business hours, separate and distinct FI issuance procedures are required when prescribing, printing and removing FIs from the printer, and distributing FIs.

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

Staff Person	Staff Functions*
Person A	<p>Prescribes the FIs:</p> <p>Prescribes the FIs and sends the food package to the print list.</p>
Person B	<p>Prints the FIs:</p> <p>Selects from the print list, prints the FIs and removes the FIs from the printer.</p>
Person A or B	<p>Distributes the FIs:</p> <p>Obtains the participant signature on the FI log. Verifies participant's signature. Gives the FIs to the participant.</p> <p>*Refer to Job Aid (WPM Appendix 1000-70) for additional separation of duties scenarios and guidance.</p>

III. Alternate Procedures to Separation of Duties

- A. LA may request approval of an alternate procedure to the separation of duties requirement if there are fewer than two staff members at any given WIC site:
1. To request approval, LA shall complete the “*Alternate Procedures for Ensuring Food Instrument Security*” document and submit it to the LA’s corresponding SA Regional Advisor for review and approval. Refer to WIC Appendix: [1000-80 – Alternate Procedures for Ensuring Food Instrument Security](#)
 2. If the alternate procedure from separation of duties is approved, LA shall put into place the continuous quality assurance procedure, as identified on the Alternate Procedure Request form, to prevent fraud and abuse.
 3. Approved *Alternate Procedures for Separation of Duties* requests are valid for up to three years or expiration of the contract, whichever comes first.

- B. In the event of a disaster, the SA shall determine if a short term exemption from the separation of duties requirement is necessary; the LA(s) affected; and the minimum length of time needed for the exemption. If approved, the SA will notify the affected LA(s) of the temporary exemption and timeframe.

IV. Void reports

- A. LA shall generate the Voided FI ISIS report and the voided Checkstock ISIS report.
 - 1. Voided FI ISIS report shall be printed and reconciled by the close of the next business day for each WIC site. The report shall reflect FIs voided in ISIS whether they were voided with or without re-issuance.
 - 2. Voided Checkstock ISIS report shall be printed when checkstock is voided at the agency or site.
- B. Checkstock and FI accounting and discrepancy reporting procedures are outlined in ISIS Job Aids, the ISIS Training Manual, and the ISIS Local Administration Manual.

V. Documentation

- A. LA shall maintain a file of reconciled voided FIs and voided checkstock reports for audit purposes.
- B. Information on maintaining records can be found in WPM Section 110-20, Maintenance of Specific Program Records.
- C. Staff responsible for reconciling voided FIs and voided checkstock shall:
 - 1. adhere to the separation of duties policy guidelines, and
 - 2. sign and date each report daily after successful reconciliation.

VI. Destruction of voided FIs and checkstock

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

VII. Periodic reconciliation of checkstock inventory

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

Definitions

Separation of Duties: The process by which the integrity of Food Instruments (FIs) is preserved by assigning two different individuals to handle key functions of check stock and FI distribution. Refer to WPM 350-10, Section III, *Maintaining Separation of Duties*, and [Job Aid 1000-70](#).

Authority

7 CFR 246.4, (26) (iii) kl
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