More Than Inventory Audits

Overview

- Focus ➔ Audit Purpose
- EBT Audit Process
  - Best Practice
  - Lessons Learned & Results
- Summary
More Than Inventory Audits

Audit Focus

Participant Focused
462,622

WIC affects 50% of All Births In Fla. & U.S.

New WIC Participants Require Support

<table>
<thead>
<tr>
<th>2017</th>
<th>Total Infants Added to WIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>10,455</td>
</tr>
<tr>
<td>March</td>
<td>11,015</td>
</tr>
<tr>
<td>April</td>
<td>11,099</td>
</tr>
</tbody>
</table>

Mother’s Diet Supplementation
More Than Inventory Audits

- Factors influencing participation
  - Long term *only* objective – improve early health of those at dietary risk
  - Requires a long term perspective – and action
  - Starts on the first day building new habits

Just too hard...

Yr "0" 18+

10,000/Month

18+

10,000/Month

OR

FFY2011 USG Bgt
Spend: $3.6T
Revenue: $2.3T
Borrowed: $1.3T
[Interest] $227B
[Non-Def] $646B

ROI - Realized

Break Through

WIC Invests

WIC

50% of All Births

< 20%

US NATIONAL DEBT
$19,957,394,345,360

DEBT PER CITIZEN
$61,354

DEBT PER TAXPAYER
$165,928

4
More Than Inventory Audits

Stability: WIC Shopping = Habit

January
More Than Inventory Audits

WIC Shopping = Habit

February
More Than Inventory Audits

WIC Shopping = Habit

June
More Than Inventory Audits

WIC Shopping = Habit

August
More Than Inventory Audits

WIC Shopping = Habit

December

Florida HEALTH
More Than Inventory Audits

Mutual Shared Objective

Optimal Health; Community; Reduced Costs

Revenues; Traffic; Community

Optimal Health - Complete Prescription Delivery

WIC Clinician

Nutritional Assessment

Prescription Reassessment

Nutrition Counseling

Communicate Importance

Compliance

Participant

Counseling

Supplementation

Prescription

Referrals

WIC Clinician & Vendor Manager

WIC Variety Availability

Mandatory Inventory

Participant Access

New – Popular Availability

Competitive Price

Enforce Least Expensive

WIC Variety Availability

Mandatory Inventory

Participant Access

New – Popular Availability

Competitive Price

Enforce Least Expensive

Reinforcement

Actions

Words

Optimal Health - Complete Prescription Delivery

Revenues; Traffic; Community

Optimal Health; Community; Reduced Costs

Optimal Health - Complete Prescription Delivery
More Than Inventory Audits

Or Damaging Incompatibility

Declining Advocacy

WIC Clinician

1/2

Communicate Importance

Nutritional Assessment
Prescription Reassessment
Nutrition Counseling
Prescriptive Selection
Counseling
Supplementation Prescription
Referrals

Optimal Health; Community; Increased Costs

Select Health Prescription Delivery

Grocer

1/2

Just Sell it!: 1/2 $$ $$

Mandatory Inventory
WIC Variety Availability
Competitive Price
Enforce Least Expensive

New Popular Availability
Participants Access
Focused EBT Redemptions

Ship XYZ

Florida HEALTH

11
Florida: $60B
WIC: $350M

- $1.5M just to open
- $750K-$1M inventory
- 1.65% Margin
- 300% employee turnover

WIC = 3% to 16% sales
Added Pch 5% to 19%
WIC + $17.84

WIC Isn’t Everything
More Than Inventory Audits

Grocer Proforma

Staying “Open”

You Want How Many Cans of Formula?
Where?
More Than Inventory Audits

Where's Waldo?

Participant Looks for WIC’s Prescription

Save Yourself
More Than Inventory Audits

Availability & Selling WIC’s Prescription

We’re here to help

WIC Review
More Than Inventory Audits

- EBT Delivers Incentives
  - Communication - Compliance - Stability
- The Chicken or the Egg
  - No stock = no sales
  - No sales = no stock
- Provide Participant Prescription
  - Where are the WIC products?
  - Audit focus on delivery to participants
  - Team up - Vendor focused solutions
- Encourage Program Use
  - Undermines incentives for abuse
  - Compliance = $
More Than Inventory Audits

- EBT Inventory Process
- Compliance Review
- Un/Scheduled Inventory
- Confirm Invoice Data
More Than Inventory Audits

- **Roles**
  - Vendor Manager
    - Count & Invoices
  - State Office
    - Organize/validate invoice
    - Validate against redemptions
More Than Inventory Audits

- Supplier or Distributor
  - Verifies invoice data
  - Contacts and insight
More Than Inventory Audits

- EBT Inventory Audit
  - Organize invoices and redemptions
More Than Inventory Audits

- EBT Inventory Audit
More Than Inventory Audits

- EBT Inventory/Audit

| Vendor Number | 4 |
| Vendor Name   | Supermarket II |
| Audit Period  | 10-2-14 to 11-20-14 |

<table>
<thead>
<tr>
<th>Audit Summary</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor Number</td>
<td>4</td>
</tr>
<tr>
<td>Vendor Name</td>
<td>Supermarket II</td>
</tr>
<tr>
<td>Audit Period</td>
<td>10-2-14 to 11-20-14</td>
</tr>
<tr>
<td>Beginning Date Inventory Retail Value</td>
<td>$1,727.76</td>
</tr>
<tr>
<td>Retail Value of Inventory Purchased During the Audit Period</td>
<td>$1,258.40</td>
</tr>
<tr>
<td>Beginning Date Inventory Retail Value + Retail Value of Inventory Purchased During the Audit Period</td>
<td>$1,471.16</td>
</tr>
<tr>
<td>Ending Date Inventory Retail Value</td>
<td>$974.31</td>
</tr>
<tr>
<td>Beginning Inventory Retail Value + Retail Value of Purchased During the Audit Period + Beginning Date Inventory Retail Value</td>
<td>$469.85</td>
</tr>
<tr>
<td>WIC Redemptions During the Audit Period</td>
<td>$1,917.39</td>
</tr>
<tr>
<td>Overage/Shortfall</td>
<td>($1,420.54)</td>
</tr>
</tbody>
</table>
More Than Inventory Audits

- EBT Inventory Audit
  - Notice of results
    - Passed or Pass – but ……
    - No invoice – no payment
    - Justify or CAP
  - Solution required
    - Invoices
    - Supplier
  - Objective
    - Compliance
    - Encourage multiple sources
    - Discourage program abuse
More Than Inventory Audits

- **Best Practice**
  - Initial count at annual compliance review
    - Validate count in review
    - Good suppliers or issues?
    - Vendor: Good or Not So Good
  - “Second Look” vendors
    - Complete initial audit – no or little result……..
    - Return again after second count and continue audit
      - Unannounced = increased compliance
      - Compliance improves dramatically
More Than Inventory Audits

- Best Practice
  - High volume
    - Quick turn around
    - Aspirational objective 150 per month
  - Highlight product/inventory “issues”
    - Availability or distribution
    - Delivery
  - Discourage program abuse
    - Focus on high risk, all peer groups
    - Volume exposes patterns in market, region & areas
Lessons Learned - **Communication**
- Starts with the first “but……”
- Listen and learn
  - Supply chain
  - Characteristics of support
  - New sources
- Understand vendor business model
  - Cost vs. price
  - Hear and respond to support problems
  - Impact of interruptions
  - Learn participant needs and wants
- Refresh sources constantly
More Than Inventory Audits

- Lessons Learned - Communication
  - Suppliers/Distributors
    - Active compliance role
    - Solution oriented
  - Word “gets around”
    - Vendors “talk”
    - One audit = 5 + compliance actions
- Vendors develop better choices
  - Guided - solution oriented support
  - “Shop” for better suppliers
  - Communicate real time issues
More Than Inventory Audits

- Results – *EBT Proactive Decisions*
  - Better Distribution = Better WIC
    - Expanding list of suppliers
    - New entrepreneurs – serve many small vendors
    - Motivated Vendor - Supplier Team

We are growing at a steady pace

Increase Product Lines

New Smart Phone App For Stores to Order Inventory

“Adding another truck”

Begin Offering Perishables
More Than Inventory Audits

On-Going WIC Facility Renovations
More Than Inventory Audits

On-Going WIC Facility Renovations
More Than Inventory Audits

- Organization = \( \uparrow \) Profit
  - Better “shopping”
  - Higher redemption rates
  - More prescription consumed

- “See” fast movers
  - Rapid restocking
  - Customer focused

- Speeds audits
- Increases Cooperation
More Than Inventory Audits

WIC Shopping = Habit

- Reliable Market -
  Supports Good Shopping Habits

Stability

Florida HEALTH
SUMMARY

- EBT Delivers a Valuable Platform
- Communicate to learn
  - Vendors “talk”
  - Devise focused solutions – as a Team
  - Strengthen Wholesale/Distribution Network
- Vendor compliance
  - Encourage Vendor-Supplier-WIC
  - Inventory = Sales
  - Multiple Products
- Hard, Focused Work
  - Profitability = Stability
  - Stability = Profitability
  - A Team
Contact Information

Brad Christy
WIC Operations Manager

Earl.Christy@flhealth.gov

Florida WIC Program
Florida Department of Health
(850) 245-4202