The Missouri WIC Vendor Group is responsible for the Program Integrity of authorized retail vendors. To accomplish this the vendor group is responsible for the vendor application process, vendor agreements, vendor training and the compliance of the authorized retail vendors.
MISSOURI’S VENDOR MAKE UP

Currently, Missouri has 680 authorized retail vendors of which three (3) are military commissaries and three (3) are pharmacies. All of the remaining authorized retail vendors are full service grocery stores and full service grocery stores with a pharmacy.
MISSOURI’S VENDOR TRAINING

- Face-to-face training is performed every year. The Adobe Presenter presentation is presented to all vendors. At least 49 sessions, in 8 different locations across the state, are offered in order to ensure all vendors can attend.
- New vendor training is performed with vendor applicants before they may receive a vendor agreement.
MISSOURI’S VENDOR TRAINING

- Mandatory training is a face-to-face training given to vendors who have received second violations within the same fiscal year. Types of training include:
  - Training on correct WIC transaction procedures
  - Back office handling of WIC checks
  - Sale of unapproved foods
  - Failure to maintain WIC receipts
MISSOURI’S VENDOR TRAINING

• Other types of training available to authorized retail vendors:
  ◦ Cashier on-line training module for vendor staff
  ◦ Back office procedures training module for vendor’s back staff
  ◦ Technical Assistance during monitoring
  ◦ Store personnel training upon request at a store location
FEDERAL MONITORING REQUIREMENTS

Routine Monitoring
The State agency must conduct routine monitoring visits on a minimum of five (5) percent of the number of vendors authorized by the State agency as of October 1 of each fiscal year.

High Risk Vendors
The State agency must conduct compliance investigations of a minimum of five (5) percent of the number of vendors authorized by the State agency as of October 1 of each fiscal year.
MISSOURI’S VENDOR MONITORING

- Missouri does NOT follow the minimum federal requirements, it consistently exceeds them.

- Since 2002 Missouri has monitored at least 1/3 of its vendors annually.

- Over the past four (4) years that number has increased to more 50% of all vendors being seen annually. This is to ensure vendor compliance.

- The table on the next page shows the number of monitoring visits performed from FFY2010 to YTD FFY2013.
<table>
<thead>
<tr>
<th>TYPE OF MONITORING PERFORMED</th>
<th>FFY 2010</th>
<th>FFY 2011</th>
<th>FFY 2012</th>
<th>As of JULY 10, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>COVERT MONITORING VISITS (Compliance Buys) (Performed by Contract Service) (Each vendor receives a minimum of two (2) covert buys.)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>117</td>
<td>152</td>
<td>168</td>
<td>160</td>
</tr>
<tr>
<td>COMPLAINT/SANITATION ISSUES</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>1</td>
<td>9</td>
<td>25</td>
<td>24</td>
</tr>
<tr>
<td>DESK AUDITS (Price Adjustments &amp; Check Reviews)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>129</td>
<td>193</td>
<td>335</td>
<td>274</td>
</tr>
<tr>
<td>RECEIPTS REVIEWS &amp; PRICE VERIFICATIONS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>ON-SITE ROUTINE MONITORING VISITS</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>366</td>
<td>350</td>
<td>357</td>
<td>354</td>
</tr>
<tr>
<td>INVENTORY AUDITS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>23</td>
<td>12</td>
</tr>
<tr>
<td>ON-SITE MONITORING REVISITS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>176</td>
<td>135</td>
<td>128</td>
<td>159</td>
</tr>
<tr>
<td>TOTAL ON-SITE VISITS BY WIC STAFF</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>542</td>
<td>485</td>
<td>538</td>
<td>525</td>
</tr>
<tr>
<td>TOTAL NUMBER OF MONITORINGS PERFORMED</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>793</td>
<td>840</td>
<td>1068</td>
<td>983</td>
</tr>
<tr>
<td>UNDUPLICATED NUMBER VENDORS SEEN (Vendors received at least one or more of above monitoring visits)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>427</td>
<td>445</td>
<td>511</td>
<td>481</td>
</tr>
</tbody>
</table>
MISSOURI’S VENDOR MONITORING

- Missouri performs the following types of monitoring:
  - Pre-agreement On-site Monitoring
  - Routine On-site Monitoring
  - Revisits
  - Price Verification Reviews
  - Peer Group Price Reviews
  - Quarterly Price Surveys
  - Full Service Grocery Inspections
  - Compliance Buys
  - Inventory Audits
MISSOURI’S VENDOR MONITORING

- Missouri performs the following other types of monitoring (continued):
  - Review of redeemed check percentages
  - Review of rejected WIC checks
  - Number of WIC checks redeemed
  - Number of redeemed checks by geographic area
  - Number of WIC checks by peer group
  - Types of WIC checks redeemed
  - Receipt Audits during routine on-site monitoring visits
  - Receipt Audits for 30 to 120 days depending on issues (Audits can be up to the entire agreement period)
  - Desk Audits & Pre-Closure Audits
During the routine on-site monitoring visit the following processes are performed:

- Perform an entrance conference to explain the monitoring visit
- Perform the WIC inventory inspection & price survey
- Perform the store sanitation inspection
- Perform the receipt audit (last 7 to 10 days of WIC receipts)
- Perform an observation buy, either perform an interview or observe an actual WIC transaction
- Perform an exit interview
The on-site monitoring revisit is similar to the routine on-site visit. During the revisit the price survey and only the areas of non-compliance are completed. However, as the monitor is performing this visit if a serious non-compliance issue is found it is to be documented.
The receipt desk audit review is a comprehensive review of all WIC transactions that have occurred at an authorized retail vendor for a certain period of time. Normal periods of time for these reviews are between thirty (30) to one hundred & twenty (120) days. However, within the WIC Vendor Agreement, Missouri requires the vendors to maintain all WIC sales receipts for the full three (3) year period of the agreement.

Missouri has performed receipt desk audit reviews on vendors for twelve (12) month periods of time. Missouri may request all WIC sales receipts from a vendor for the entire three (3) years of their WIC Vendor Agreement.
RECEIPT AUDITS CONTINUED

• The following list are some of the issues that have been found during receipt audits:
  ◦ Multiple WIC sales are rang into the register within the same minute of time on the receipts.
  ◦ Multiple WIC sales are rang into the register only one (1) minute apart.
  ◦ WIC checks from the same client are not rang in succession (this means that one check is rang in the register then a different client’s check is rang in, then the first client’s second check is rang in). These usually occur in one of the two above patterns.
  ◦ WIC check signatures do not match on multiple checks.
RECEIPT AUDITS CONTINUED

- WIC checks for infants have the infant’s name signed on the check.
- The sales receipt shows unapproved foods were sold.
- The WIC receipts show the store exceeded the quantity or number of food items on the check.
- The WIC sales receipt and WIC check prices do not match although the check number is recorded on the receipts. (This happens when the store rings in the food items but then enters the maximum amount of the check instead of the sales price)
RECEIPT AUDITS CONTINUED

- The WIC sales receipts show the store is charging prices that exceed the peer group maximum allowable price.
- WIC sales receipts show the store is overcharging the WIC program. On checks with several food items the store charges one price for milk but on a check with only milk it charges the maximum amount shown on the check.
- WIC sales are run into the cash registers before the store hours of operation.
- WIC sales are run into the cash registers after the store hours of operation.
RECEIPT AUDITS CONTINUED

- WIC checks date of use has been altered to fit between the first and last dates of use.
- Dates of use on check are different then the dates of the receipts. (This is found on receipts that have the WIC check number written on them)
- WIC receipts are more than the maximum amount listed on the check and the store has entered only the maximum amount on the check.
- WIC checks for fruits and vegetables show that the store did not ring fruit items individually; they rang in the maximum of the check as the sales price.
PRE-CLOSURE RECEIPT AUDITS

- The Department may perform a pre-closure receipt audit on any Vendor who has been determined to be a high-risk Vendor, has a history of non-compliance with the WIC program policies and regulations, has been suspended, is having its WIC Vendor Agreement terminated or is being disqualified from the WIC program. Vendors who are voluntarily terminating their WIC Vendor Agreement may receive a pre-closure receipt audit at the Department’s discretion.

- Pre-closure audits may be for any length of time up to the full three (3) year period of the current Agreement. The pre-closure audit will exclude any period of time where an earlier claim for recoupment has been made. The Vendor is required to provide to state WIC office copies of all WIC sales receipts and invoices as requested. These documents are to be supplied within fifteen (15) days of the date of the written request.
INVENTORY AUDITS

- Requires two (2) on-site visits to vendor.
- Determine the WIC approved product or products that are the focus of the audit and establish the necessary objectives and goals.
- The review should be for a 15 day to 30 day period.
- Perform your initial visit to establish your inventory starting point for the audit.
- During the initial visit perform an accurate count of the identified WIC approved food(s) including all stock on hand. Record shelf price for each food item counted.
- Check each category of WIC approved food(s) to ensure store meets the minimum stocking levels
INVENTORY AUDITS

- Review all receipts, WIC checks and invoices and exclude them from your audit period.
- Review any orders that have been made and include them in your audit material to review.
- Return to the vendor a second time (at the end of the selected audit time period) and review all invoices, WIC checks and receipts for the 15 or 30 day period (copy all documents, if needed).
- While on-site perform an accurate count of the identified WIC approved food(s) stock on hand.
- Once the data is complied and variances are documented on the form, a decision will be made as to what sanctions will apply. The vendor will be notified by letter of any non-compliance and/or reimbursement.
COMPLIANCE BUYS

- Missouri uses a contracted investigation agency for performing covert compliance investigations for the Department of Health and Senior Services.

- The primary focus of the covert monitoring is the covert compliance buys. However, at the discretion of WICNS additional types of monitoring may be requested and the contracted investigation agency may need to perform them during their contract period.

- Those types of monitoring may include overt on-site vendor monitoring, covert formula buys from suspected WIC participants, attempted WIC buys from unauthorized retail stores or specialized covert compliance buys related to trafficking.
COMPLIANCE BUYS

• For each store assigned, covert shoppers are to conduct at least two (2) compliance buys, unless specific instructions are otherwise provided, on a referred authorized vendor.
• The policy of at least two (2) visits gives the covert shopper ample opportunity to determine if the store personnel are trying to fraudulently deceive the WIC program or perhaps simply don't understand the policies and procedures.
• The two (2) compliance buys should be performed on two (2) different days at least seven (7) days apart and at different times of the day.
COMPLIANCE BUYS

- Missouri has identified the possibility of participants using E-Bay & Craig’s list to sell formula. In the Compliance Buy Manual we state the following:
  - WICNS may determine there is a need to have the contracted investigation agency to covert formula buys from suspected WIC participants.
  - A search of E-Bay & Craigs list will provide a list of possible formula buys. The state WIC office will determine which names on this list need to be contacted by the contracted investigation agency so a purchase may be made.
  - The covert shopper will contact the suspect and set up a buy. The buy will be taped both with video and audio and the covert shopper needs to get as much information from the suspect so state WIC office can check to see if the formula was in fact purchased by WIC.
  - The covert shopper will complete the buy and fill out a report that will be submitted to state WIC office. The state WIC office will then review the client databases and determine whether the person is a WIC participant.
The process described in the previous slide can be labor and cost prohibitive because it involves numerous contacts, ensuring the safety of the buyer and setting up to accomplish the buys. Missouri is currently working with Miles Investigations, Inc. our contract investigator, to develop an affordable process that may be used by all to begin performing the participant buys.
Missouri does not use sanction points with vendors, it uses a fine system which will be described on the next slides.
VENDOR VIOLATIONS & SANCTIONS

Class “C” Violations #10 through #22:

- Class “C” Violations #10 through #22 are State Agency sanctions. For the first occurrence of a Class “C” Violation, a Vendor will be given a written warning notice of violation.

- For the second occurrence of a Class “C” Violation a Vendor will receive a fifty (50) dollar fine, and must establish a corrective action plan. Failure to comply with the established corrective action plan will require the Vendor to attend a mandatory training.

- For the third occurrence of a Class “C” Violation within one (1) year of the first violation, the Vendor will receive a one hundred (100) dollar fine and must establish a corrective action plan that includes the Vendor’s attendance at a mandatory training.

- When three (3) Class “C” Violations occur within one (1) year of the first warning of any Class “C” violation, the Vendor will be disqualified for one (1) year or a CMP will be imposed. A Class “C” Violation sanction will not be added to a mandatory sanction within the same investigation.

- A Class “C” sanction may be imposed by the WIC program if a mandatory sanction from the same investigation is not upheld on appeal. Class “C” Violations do not count toward the provisions of mandatory violations for Class “A” or “B”.
**VENDOR VIOLATIONS & SANCTIONS**

**Class “D” Violations # 23 through #33:**

- Class “D” Violations #23 through #33 are State Agency sanctions. For the first occurrence of Class “D” Violations, a Vendor will be given a written warning notice of violation.

- For the second occurrence of Class “D” Violations a Vendor will receive a fifty (50) dollar fine and must establish a corrective action plan. Failure to comply with the established corrective action plan will result in the Vendor’s attendance at a mandatory training.

- For the third occurrence of Class “D” Violations, within one (1) year of the first warning, a Vendor shall receive a one hundred (100) dollar fine and must establish a corrective action plan, which will include the Vendor’s attendance at a mandatory training.

- When three (3) Class “D” Violations occur within a one (1) year period of the first warning of any Class “D” violation, Vendor will be disqualified for one (1) year or a CMP will be imposed.
WIC CHECK ERRORS

The Department has the right to modify payment or to assess claim for WIC checks transacted for unauthorized foods, other items, or with sales tax charged.

The Department will deny payment and return to the Vendor’s bank the following WIC checks with errors:

- WIC checks with missing signature.
- Altered WIC checks.
- WIC checks accepted before the “FIRST-DATE-TO-USE.”
- WIC checks accepted after the “LAST-DATE-TO-USE.”
- WIC checks submitted for payment more than sixty (60) days after the “FIRST-DATE-TO-USE.”
- WIC checks redeemed for more than the “MAXIMUM PURCHASE PRICE - MUST NOT EXCEED.”
- WIC checks without a date redeemed.
- WIC checks without a WIC Vendor stamp, with an illegible WIC Vendor stamp, or with an invalid Vendor stamp.
WIC CHECK ERRORS

- The Vendor shall receive a written warning for the first month where they have twenty-five (25) or more WIC checks returned. The Department will assess the Vendor a fine of fifty (50) dollars for the first month in which returned WIC checks exceed twenty-five (25) after a warning has been given.

- For the second month after the warning in which returned WIC checks exceed twenty-five (25), the Department will assess a fine of seventy-five (75) dollars and the Vendor will be required to attend mandatory training in Jefferson City.

- For the third occurrence during the fiscal year, the Department will assess a one hundred (100) dollar fine, pay a return check fee of $5.00 for each returned check and the Vendor’s store manager and back office manager will be required to attend mandatory training in Jefferson City.

- For any additional occurrences during the fiscal year the Department will assess a two hundred (200) dollar fine, pay a return check fee of $10.00 for each returned check or the entire amount of each WIC check whichever is the lower.
QUESTIONS