450.20

Vendor Monitoring

Introduction
This section of the State Operations Manual contains policies and information on vendor monitoring and foods approved for the Iowa WIC Program.

In this section
This section contains the following policies.

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor Monitoring</td>
<td>2</td>
</tr>
<tr>
<td>Educational Buys</td>
<td>4</td>
</tr>
<tr>
<td>Compliance Buys</td>
<td>7</td>
</tr>
</tbody>
</table>

Note: A copy of Iowa WIC Educational forms are found in Policy 450.20b.
Vendor Monitoring

Overview

Vendor monitoring is conducted on an on-going basis to maintain program integrity and accountability. Staff from the state WIC office or contract agencies performs monitoring of authorized vendors under the direction of the Iowa Department of Public Health. This is accomplished both through on-site monitoring and electronic monitoring.

On-site monitoring

At least ten percent of vendors are monitored on-site each year. This includes:

- Compliance investigations that are conducted in the minimum percentage of vendors required by federal regulations (see Policy 450.30),
- Reauthorization visits that occur prior to the beginning of a new contract period,
- Educational buys that measure training effectiveness, and
- Reviews prior to signing a new agreement.

Short buys may also be conducted to determine if the vendor was committing such actions such as overcharging the WIC Program or charging for items not received.

Note: Monitoring forms are found following this policy.

Electronic monitoring

Electronic monitoring is an examination of indicators tracked in the vendor computer database. It allows the analysis of data collected via computer from the contract agencies and the state’s bank. Patterns of noncompliance with WIC policies or deviation from expected food instrument values may emerge. The electronic monitoring process includes:

- Collecting data daily and reviewing data on an ongoing basis, and
- Identifying trends that could necessitate another type of monitoring, depending on the nature of each exception.

Corrective action

If problems are noted in either on-site monitoring or electronic monitoring a corrective action plan is defined for the vendor. Depending on the nature and severity of the problems, the state WIC office may schedule additional visits, initiate a compliance investigation, or apply sanctions. See Policy 450.30 for more information on compliance investigations.
Vendor Monitoring, Continued

**Program violations**

The State Agency must notify a vendor in writing when an investigation reveals an initial incidence of a violation for which a pattern of incidences must be established in order to impose a sanction, before another such incidence is documented, unless the State agency determines, in its discretion, on a case-by-case basis, that notifying the vendor would compromise an investigation. If the state agency determines that notifying the vendor would compromise an investigation, the reasons for this must be documented in the vendor’s chart.

See Policy 450.40 for more information on program violations and sanctions.

**Monitoring results**

The state WIC office presents a summary of the results of vendor monitoring for the previous year to the regional office by the end of the first quarter each year.
Educational Buys

**Introduction**
An educational buy is an attempt by WIC staff to complete a WIC transaction at an approved Iowa WIC vendor using an eWIC card. Educational buys are used to:
- Familiarize staff with purchasing processes,
- Measure training effectiveness,
- Identify transaction issues, and
- Develop corrective action plans for the program.

**Preparing for an on-site visit**
Follow these guidelines to prepare for an onsite-visit:
- Access the balance on the card
- Prepare the WICShopper app
- Choose a time during daylight hours
- Park in a well populated area
- Dress appropriately. Wear casual clothes, but nothing that indicates extreme poverty or that may be considered intimidating.
- Prepare a plausible response to questions about residence. Be able to name a street or apartment complex if asked.

**Vendor selection**
Vendors are selected by the state agency based on redemption data, participant complaints, or by vendor request.
Local agencies will be given guidance on which vendor to visit.
If the vendor is in an area or while in the store you do not feel safe immediately leave the store and contact the state office.

**Vendor consent and notification**
Vendors should not be notified ahead of the educational buy. Vendors consent to educational buys at the time the vendor agreement is signed.

**Who conducts buys**
Staff from the state WIC office schedule and may conduct educational buys, and staff from WIC local agencies will conduct at a minimum of 2 educational buys per fiscal year. It is also recommended that all new WIC staff conduct an educational buy for familiarizing the transaction process for training purposes.
Educational Buys, Continued

Choosing items to buy

Before entering the store, have a general idea of what items that will be purchased. In most cases, choose a few items that are non-perishable approved WIC products. Examples of products to choose include:

- Cereal,
- Juice,
- Peanut Butter or Dry Beans,
- And/or Formula.

ALSO, attempt to purchase an item within one of these categories that is not a WIC approved item. Examples are:

- A non-approved cereal,
- A juice that is not 100% vitamin C,
- A non-approved peanut butter,
- And/ or substitute a formula that is not issued as a benefit on the card.

Another option is to purchase an item outside of WIC categories such as a bottle of water. This will simulate the transaction with a remaining balance. The eWIC card will not redeem the remaining amount and must be voided off or paid for with another form of payment (Non-reimbursable). Be sure to document which options that were used on the educational buy report. Do not choose only unauthorized items.
# Educational Buys

Follow these steps to conduct an educational buy.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Select items to purchase, following the guidelines above.</td>
</tr>
</tbody>
</table>
| 2    | Follow any instructions the clerk gives you.  
|      | **If the clerk tells you that...**  
|      | you cannot buy the items with eWIC card  
|      | **You May Then...**  
|      | Take the non-authorized items off the order  
|      | You may buy more items than are listed on the food instrument  
|      | **Select proper authorized items.** |
| 3    | Allow the eWIC transaction to be completed. The state agency will monitor the transaction through the banking system and completing the redemption process. |
| 4    | If the transaction shows any signs of program violations discuss briefly with the store manager after the buy mentioning that the state office will be notified. Immediately document the violations and report it to the State Vendor Coordinator as soon as possible. |
| 5    | If the transaction went through correctly, the state agency or local agency staff should make an introduction to the manager on duty. This is to build rapport between the vendors and the WIC staff. Describe how the transaction went and ask how the overall program has been working for them. Document the highlights of the conversation. |
| 5    | Have the store representative sign the Education Buy form. |

*Continued on next page*
Educational Buys, Continued

<table>
<thead>
<tr>
<th>Donate the Food</th>
</tr>
</thead>
<tbody>
<tr>
<td>After conducting an educational buy, the state or local agency staff should donate all of the purchased food. For a list of donation locations contact the state agencies vendor representative.</td>
</tr>
<tr>
<td>(If a local agency is aware of additional donation locations please contact the state agency to be added to the list.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monitoring report</th>
</tr>
</thead>
<tbody>
<tr>
<td>After conducting an educational buy, complete the Educational Buy form being sure to document any issues and attach the balance inquiry and receipt to the report. Also documenting the donated products that were purchased during the buy.</td>
</tr>
<tr>
<td>A copy of all documents from the educational buy need to be sent to the vendor coordinator at the state WIC office.</td>
</tr>
<tr>
<td>A copy of the Educational Buy Report is found at 450.20b.</td>
</tr>
</tbody>
</table>
Compliance Buys

Introduction
A compliance buy is a covert on-site investigation in which a representative of the WIC program poses as a participant, parent or guardian of a participant, or proxy, makes transactions with the food instruments, and does not reveal during the visit that he or she is a representative of the WIC Program. Compliance investigations should be targeted to detect possible vendor fraud based on high risk characteristics.

Vendor selection
A compliance buy may be a part of a compliance investigation of a percentage of vendors as mandated by federal rule 246.12 or may be part of an investigation into suspected substantial non-compliance with WIC program regulations. See Policy 450.30 Compliance Investigations.

Preparing for a compliance buy
Iowa WIC staff follows the procedures in the Compliance Buy Manual. If contracted staff perform the compliance buy, training will be provided by Iowa WIC staff. Items to be purchased will be determined by the criteria that triggered the compliance buy.

Following completion of a compliance buy
State WIC staff send a letter to all vendors who received a compliance buy at the end of the fiscal year and after all compliance buys for that fiscal year have been completed. This letter notifies the vendor that a compliance buy occurred.