

## I. Vendor and Farmer Management

### I. Vendor and Farmer Management

Draft State Agency: State Agency: PUERTO RICO WIC PROGRAM for FY: 2020

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 and 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. **Administrative Review of State Agency Actions** – 7 CFR 246.4(a)(14)(iii): describe the procedures for conducting both full and abbreviated administrative reviews.
- G. **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.
- H. **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.
- I. **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.
- J. **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.
- K. **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.

## I. Vendor and Farmer Management

- L. 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.
- M. 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).
- N. Participant Access - 7 CFR 246.4(a)(15); 246.12(b), (g)(1), (g)(9): provide information about the State agency's definition of participant access.

## I. Vendor and Farmer 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(s) 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):** Refer to Authorized Vendor Regulation # 8896, P&P 6.08 Article III, "Vendor Authorization, Peer Group and Cost Containment.

#### 2. Vendor Application Periods

a. The State agency considers applications; check all that apply:

- On an on-going basis  
 Annually in \_\_\_\_\_ for a new agreement begins  
 Every two years (specify month):  
 Every three years (specify month): October  
 Any time there is a participant access needed  
 The State agency is currently under a:  
 Federal Moratorium (specify time frame):  
 State agency-imposed deferral of application processing (specify time frame and conditions):  
 Other (specify):

**ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (Citation):** Refer to Authorized Vendor Regulation # 8896 Article III Section B 2(c).

#### 3. Vendor Selection and Authorization

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

**Required criteria:**

- EBT capable as defined in 7 CFR 246.12(aa)(4)(ii)  
 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): Refer to Authorized Vendor Regulation # 8896, P&P 6.08 Article III, Section B Vendor

## I. Vendor and Farmer Management

Authorization Process and P&P 6.08 Vendor 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
- 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): At Least 8 Hour a day from Monday to Saturday.
- 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) Does 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 and Farmer Management

d. How does the State agency assess vendors for above-50-percent status? Check all that apply:

- Use the WIC-6 in The Integrity Profile (TIP System)  
 Collect food sales data documentation from the vendor  
 Collect food sales data documentation from another agency (specify): From "NAP" food sales data.  
 Other (specify):

e. Does the State agency authorize vendors that derive more than 50 percent of their annual food sales from WIC transactions (i.e., above-50-percent vendors)?

- Yes       No      If "No," please proceed to item 3f.  
If "Yes," please respond to the following:

(1) How many above-50-percent vendors are currently authorized?  
(include all above-50-percent vendors, not just WIC-only vendors)  
250 above-50 percent vendors.

(2) Does the State agency allow above-50-percent vendors to provide incentive items?

- Yes       No      If "No," please proceed to item 3f.  
If "Yes," please respond to the following:

Describe the approval process or attach a copy of the relevant application form. Description (or list the Appendix citation here): Please refer to P&P 6.08 "Vendor Authorization".

(3) Does the State agency provide above-50-percent vendors with a list of pre-approved incentive items?

- Yes; please provide list       No

(4) Does the State agency provide above-50-percent vendors with a list of prohibited incentive items?

- Yes; please provide list       No

f. Does the State agency ensure vendors (regular and above-50-percent) do not treat WIC participants differently by offering them incentive items that are not offered to non-WIC customers? (7 CFR 246.12(h)(3) (iii) and WIC Policy Memorandum 2014-3 *Vendor Management: Incentive Items, Vendor Discounts and Coupons*)

- Yes; please explain:       No; please explain:

Please refer to P&P 6.27 "Provision of Incentive Items, Vendor Discounts and Coupons".

g. On-site pre-authorization visits are conducted to verify information received during the application process:

<u>by SA</u>	<u>by LA</u>	<u>by Other</u>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	For vendors at initial authorization
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	For all vendors at authorization/reauthorization

h. Does the State agency verify the status of vendor applicants' SNAP retailer authorizations via STARS?

- Yes       No

**ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (Citation): Vendor Management Appendix and/or Procedure Manual (Citation):** Please refer to P&P 6.08 "Vendor Authorization".

## I. Vendor and Farmer Management

### 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
  - City, County, or regional divisions
  - Urban/suburban/rural
  - Other (specify):
  - Zip codes
  - Unique economic location (e.g., rural island, single metro area)
  - Other (specify):

**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 seven peer groupings, please attach a chart containing this Peer Group Description and list the Appendix citation here:**

Refer to P&P 6.19 "Vendor Cost Containment" and Appendix 6. A – Vendor Classification Report.

**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 the latest available data for the current fiscal year (which covers the period from \_\_\_\_\_ to \_\_\_\_\_), and the State agency:**

Does not have any above-50-percent vendors; data source:

Paid above-50-percent vendors \_\_\_\_\_ percent of the total annual WIC redemptions to date; data source:

**(2) 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.**

## I. Vendor and Farmer Management

### A. Vendor Selection and Authorization

#### DESCRIPTION OF VENDOR PEER GROUP SYSTEM

Vendor Peer Groups					Comparable Vendors Peer Group Number (6)
Peer Group No. (1)	Description (e.g., supermarkets, chain stores, pharmacies) (2)	Number of Vendors in Peer Group			
		Regular Vendors (3)	Above-50% Vendors (4)	Total (5)	
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					

### I. Vendor and Farmer Management

13					
14					
15					
16					
17					
18					

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 >100,000 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.



## I. Vendor and Farmer Management

**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 (6) months.
- 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): Store open at least 8 hours a day from Monday to Saturday, except holidays.

**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): Please refer to "Authorized Vendor Regulation # 8896".

## 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):

## I. Vendor and Farmer Management

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

**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, video conference, or webinars
- 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/cash-value voucher/cash-value benefit errors
- Educational buys
- Record reviews
- Informal feedback from vendors and/or participants
- Vendor advisory councils
- None
- Other (specify):

**ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (Citation):** Vendor Management Appendix and/or Procedure Manual (Citation): Please refer to Authorized Vendor Regulation # 8896 Article IV Training.

### 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 and Farmer Management

- 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
X	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 the link to the Vendor Handbook or the citation: <http://www.comerciantes.wic.com.pr>.

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

Yes       No

If yes, provide the link to the training: <http://www.comerciantes.wic.com.pr>.

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

## 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): By phone calls or written statements.

## I. Vendor and Farmer Management

**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): By phone calls or written statements.

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

- Yes, please explain: Electronically logs through an application and send to VMD for investigation.
- No; please explain:

**ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (Citation):** Refer to P&P 6.15 "Procedure to Classify Vendors at High Risk".

### 2. Identifying High-Risk Vendors

**a. What criteria does the State agency use to identify high-risk vendors: (\* = mandatory)**

- Low-variance\*
- Complaints against vendors
- High-mean value\*
- Other (specify all): Vendor history of violations, high redemption of exempt formula and High volume of participants.
- New vendor

**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/cash-value vouchers/cash-value benefits 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)
- Standard food instrument type with a single food item
- Constructed food instrument (State agencies with nonstandard food instruments)
- CVVs/CVBs
- Other (specify):

## I. Vendor and Farmer Management

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):

Provide additional information about 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. Include the name of the file and/or where the file is and which system is used to produce it.

"High Risk Vendor List".

## 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 all that apply:

- 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 and CVV/CVB
- IF EBT, verify if that vendor has appropriate terminals in required number of lanes per 7 CFR 246.12(z)(2).
- Conduct an educational buy
- Interview manager and/or employees

## I. Vendor and Farmer Management

- Review employee training procedures
- Conduct annual vendor training or provide vendor with annual training materials
- Examine the sanitary conditions of the store
- Assures that vendor is compliant with the split tender requirement
- 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) If the VMD received a complaint, by random or target sample.

**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): Vendor accepts or redeems food instruments or cash value vouchers before their "first day of use" or after their "last day of use".
- 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): The PRWIC performed 10 percent of monitoring visits as of August 1, 2019.

**ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (Citation):** Vendor Management Appendix and/or Procedure Manual (Citation): Please refer to P&P 6.04 Routine Monitoring Review. Also refer to the Authorized Vendor Regulation # 8896 Article X.

## 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 factors 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

## I. Vendor and Farmer Management

Other (specify): Vendor History for example: redemption of FI before first day of use, NAP disqualification, High redemption of exempt formula.

**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 cite to the Procedure Manual reference: Please refer P&P 6.17 "Compliance Buys"

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 12 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?**

**710 vendors**

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

Compliance Investigations: 35

Inventory Audits:

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

Compliance Investigations: 35

Inventory Audits:

**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:

**133 vendors.**

**(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):** Vendor Management Appendix and/or Procedure Manual (Citation): Please refer to P&P 6.17 Compliance Buys.

## I. Vendor and Farmer Management

### 2. Compliance Buys

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

- Trafficking buys (exchanging food instruments for cash/cash-value vouchers/cash-value benefits and short buys)
- 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):

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

- Yes; explain: Trafficking, sale of unauthorized food item, partial buys and substitutions.
- 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):

**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): Compliance Officer

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

- Two
- Other (specify):

## I. Vendor and Farmer Management

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):

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 and cite below.
- No; please explain:

h. **Does the State agency have a clear, actionable definition of "pattern of violations" approved by its General Counsel/Administrative Officer? Regarding the definition of "Pattern of Violation", it was taken into consideration in the revision of the Authorized Vendor Regulation # 8896 which in the year 2018, was presented to FNS for comments.**

Yes       No

**ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (Citation):** Please refer to P&P 6.17 Compliance Buys.

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

\$ 480.00 Cost per compliance buy

- Unknown
- Not applicable

**ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual: Please refer to 6.17 Compliance Buys.**

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):

b. **The State agency conducts the following types of inventory audits:**

- On-site inventory audits

## I. Vendor and Farmer Management

- State agency inventory audits (vendor sends records to State agency)
- Local agency inventory audits (vendor sends records to local agency)
- Other (specify):

**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):

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

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

**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: By contractor invoices.
- 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:
- No

**ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (Citation): Please refer to P&P 6.17 "Compliance Buys".**

## F. 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 selection criterion
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Denial due to 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

## I. Vendor and Farmer Management

- |                          |                                     |                                     |   |
|--------------------------|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" 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 checked="" type="checkbox"/> | <input 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 type="checkbox"/>            | Denial based on no SNAP authorization                   |

**ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (Citation): Refer to Vendor Regulation # 8896 Article XIV Administrative Review.**

### 2. Administrative Review Procedures

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

- Yes; please indicate: Act 170 of August 12, 1988; 3 L. P. R. A . s 2101, etseq
- No

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

- State agency Administrative Procedures Act
- State agency law pertaining to WIC only
- State agency health department law
- State agency health department regulation
- State agency WIC regulation
- Other (specify):

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

- WIC local agency
- WIC State agency
- State health department or Tribal
- Other (specify):

#### c. Administrative reviews are conducted by:

- Hearing officers
- Administrative law judges
- Other (specify):

## I. Vendor and Farmer Management

**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 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, and procedures
<input type="checkbox"/>	<input type="checkbox"/>	A written decision within 90 days from request for review
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Other (specify): The Program will try to have a written decision within 90 days

(reasonable time) for the requested review depending upon the complexity of the cases. The Program is compromise in giving follow-up for those cases every two weeks but is limited on the presentation of the written resolution within the expected time frame since the Hearings Official is the one responsible for such action.

**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 in the Additional Detail area below the location of the State agency's administrative review procedures.**

**ADDITIONAL DETAIL: Vendor Management Appendix and/or Procedure Manual (Citation):** Vendor Management Appendix and/or Procedure Manual (Citation): Please refer Vendor Regulation # 8896 Article XV Administrative Hearing Procedure.

## G. 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

## I. Vendor and Farmer Management

**If yes, an updated list of authorized vendors is sent to the appropriate FNS SNAP Retailer Operations Division 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 of 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):**

### H. 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 type="checkbox"/>	<input type="checkbox"/>	Vendor training
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Routine monitoring
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Prevention of vendor fraud and abuse
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WIC/SNAP information sharing and handling of confidential WIC vendor data
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	High-risk vendor identification
<input checked="" type="checkbox"/>	<input 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 or other vendor stakeholder group:**

- Monthly
- Quarterly
- Other frequency: As needed to discuss any aspect of the vendor regulation.

## I. Vendor and Farmer Management

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. Describe how the State agency ensures that this information is accurate: PRWIC analyzed the data before submitting to the TIP Report.

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

## I. Farmer/Farmers' Market Authorization

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

### 1. Does the State agency delegate any tasks related to the management of the Farmers or Farmers' Markets to another entity?

No

Yes (specify what tasks and to whom):

### 2. 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

### 3. If the State agency does not authorize farmers/farmers' markets based on FMNP authorization, the selection criteria include (describe):

### 4. The State agency considers applications:

On an on-going basis                       Every three years

Annually     Every two years

Other (specify):

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

## J. Farmer/Farmers' Market Agreements

### 1. Agreement periods are for:

One year                       Two years

Three years                       Other (specify):

## I. Vendor and Farmer Management

### 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):

### 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.**

## I. Vendor and Farmer Management

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

### K. 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):

**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):

**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):

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

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

- Yes       No

If yes, provide the citation:

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

- Yes       No

If yes, provide the link to the training or citation:

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

## I. Vendor and Farmer Management

### L. 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):**

### M. Farmer/Farmers' Market Sanctions, Claims, and Appeals

1. **Farmer/farmers' market violations may result in; check all that apply:**

- 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):**

### N. Participant Access

1. **Please provide the State agency definition for participant access. Include full criteria, including geography, density, and any other parameters in your response.**

Please refer to P&P 6.14 Participant Access.

2. **Does the State agency assess all vendor applications not meeting selection criteria for participant access?**

- Yes       No

a. **If yes, describe below or attach and provide a citation of the procedures used for assessing vendor applications for participant access. Provide sufficient details so steps can be followed and criteria applied to a specific vendor**