

**West Virginia WIC
Vendor Management Standard Operating Procedure
Compliance Buy Investigations
Effective Date: 3.14.2017**

POLICY:

High-risk vendor identification systems are utilized to identify vendors who present a risk to the integrity of the transaction between a WIC participant and a WIC vendor in a store. Compliance buy investigations are a part of Vendor Management as only one method of investigation and monitoring used to ensure program integrity of vendor practices.

Compliance buy investigations are covert, onsite visits in which a representative of the WIC Program poses as a WIC participant in order to transact one or more WIC purchases. The Compliance Buy Investigator does not reveal during the visit that he or she is a program representative. Investigators posing as WIC participants provide the vendor with the opportunity to commit the suspected or reported violations to determine the vendor's compliance with their Vendor Agreement, and applicable Federal and State Regulations. No attempt is made to entrap or otherwise coerce the vendor to violate program regulations. Details of every investigation are carefully documented.

The West Virginia WIC Program may perform covert compliance buy investigations at any time during the Vendor Agreement period. A written warning of non-compliance may be issued at the discretion of the State WIC Office. Once a warning has been issued to the vendor, any additional covert buys which result in further non-compliance violation(s), will be grounds for the West Virginia WIC Program to issue sanction points relative to the violation per the sanction schedule located in the vendor handbook.

PROCEDURE:

A. Selection of Vendors for Compliance Investigations

Compliance investigations are conducted on a minimum of five percent (5%) of authorized vendors each year. Compliance investigations should first be conducted on vendors identified as high risk. If less than five percent (5%) of vendors are high risk, the State Agency will randomly select an additional number of vendors to meet the five percent (5%) minimum.

If more than five percent (5%) of vendors are identified as high risk, the State Agency must prioritize these vendors to perform compliance investigations on those determined to have the greatest potential for program non-compliance and/or loss of funds.

High-risk vendors are identified at least once per year by completing a statistical analysis of WIC redemption in comparison to store square footage as well as SNAP sales. Local Agencies and participants also contribute to the identification of high-risk vendors by communicating alleged abuses or contractual violations.

Compliance buy investigations will be designed to target the abuse/behavior causing the designation of high risk. On the first visit, the compliance shopper will generally try to purchase authorized and unauthorized items. This initial transaction will enable the

**West Virginia WIC
Vendor Management Standard Operating Procedure
Compliance Buy Investigations
Effective Date: 3.14.2017**

investigator to ascertain the level of vendor noncompliance. If refused the unauthorized items, the investigator may attempt a lesser violation (e.g., buying an 8 ounce package of cheese) on the second transaction. If during the first buy, a violation is discovered, the second buy will be conducted using the exact same buy techniques. If the violation continues, additional transactions should test further for vendor abuse, escalating the level of violations attempted (e.g., purchase of non-food items such as diapers, paper goods, etc.) as guided by the Vendor Manager.

Compliance buys are conducted as a series of separate transactions. A minimum of two (2) compliance buys per store will be conducted unless otherwise directed by the Vendor Manager. A compliance buy investigation may be considered complete by the State Agency when:

1. A sufficient number of compliance buys have been conducted to provide evidence of program non-compliance;
2. Two compliance buys are conducted in which no program violations are found; or
3. When an inventory audit has been completed.

If violations are found on the second compliance buy, then additional compliance buys are needed to establish a pattern of violations. Consequently, if different violations occur during a series of transactions, subsequent compliance buys are required for each violation. If subsequent compliance buys are required, a different cashier from the first visit with the violation should be used if possible.

B. Training

Prior to conducting a compliance buy, each investigator must complete the required training provided by the Vendor Manager or designee. Training will stress the need for clear and accurate observations while in the store and how to complete all reports. The investigator will be trained sufficiently to be able to note any unexpected violations at the store. While each compliance buy will focus on a specific type of program abuse, the investigator must be alert to other errors occurring during the sales transactions. In addition, if deficiencies are noted in regard to minimum stock requirements, obscure WIC Vendor Decal, or other monitoring concerns, these should be documented on the date of the visit.

Training will provide instructions on the type of buy(s) to be completed. Types of compliance buys include:

- a. Safe Buy – Purchase all of the food listed on the eWIC Shopping List
- b. Under Buy – Do not purchase all of the food listed on the eWIC Shopping List.
- c. Major Substitution Buy – Attempt to purchase foods not approved for the WIC Program, but the food category is listed on the eWIC Shopping List.

**West Virginia WIC
Vendor Management Standard Operating Procedure
Compliance Buy Investigations
Effective Date: 3.14.2017**

- d. Minor Substitution Buy – Attempt to purchase inaccurate package sizes of WIC approved foods in the food category listed on the eWIC Shopping List (i.e. 8 oz cheese, two (2) half gallons in place of gallon of milk, etc.).

Special instructions for specific transactions may include:

- e. Exchange Products – Attempt to exchange food or formula purchased with WIC benefits for other items in the store which are not WIC approved (i.e. diapers, meat, etc.)
- f. Return Product for Refund – Attempt to get a cash refund for food or formula purchased with WIC benefits.

C. Preparing for Compliance Buy Transaction

To determine the appropriate techniques for a compliance buy investigation, the Compliance Buy Investigator should have a clear understanding of the purpose of the investigation.

1. Review all available data pertaining to a suspected vendor as well as complaint (if applicable).
 - a. Review vendor transactions during the last 90 days in WIC Direct. Note any concerns such as consistent even dollar transactions (i.e. \$15.00), redemptions outside of reported business hours, etc.
 - b. Search for reported Customer Service Issues during the previous and current fiscal year in Crossroads (XR).
 - c. Consult Vendor Monitoring and Compliance Activity History report for the previous and current fiscal year in XR to determine history of state violations.
 - d. Review State Agency compliance buy reports maintained on the shared drive
2. Prepare the Compliance Buy Reporting Form with all pertinent data, including the compliance buy eWIC card number. Print hard copy for documentation on the date of visit. The form is located at S: Vendor/Compliance Buys/Compliance Buy Investigation Form.
3. Staff via meeting with the Vendor Manager.
 - a. Review Retailer Sales Profile in WIC Data Direct to guide decisions concerning issued food package and intended purchases – taking into consideration complaint, if applicable - as well as identify items with frequent Not to Exceed (NTE) adjustments to guide shelf price review during investigation.
 - b. Generate and issue food benefits to the identified compliance buy eWIC card.

D. Generate Compliance Buy Food Benefits

It is critical for the State Agency to recognize that in order to maintain the integrity of the WIC Program, adequate safeguards must be in place to prevent fraud and abuse. To ensure separation of duties, the Compliance Buy Investigator shall never generate and issue the food benefits utilized in his/her compliance buy investigation. The Vendor Manager or his/her designee will generate and issue compliance buy food benefits.

1. In Crossroads, go to Vendor/Compliance Buy/Generate Instruments.
2. When utilizing a current eWIC card:
 - a. Choose the corresponding fictional participant name from the “Fictional Participant” drop-down menu.
 - b. Choose the desired Food Package from the “Standard Food Package Type” drop-down menu based on the reason for the investigation.
 - c. Click the “Print” button.
3. When utilizing a new card:
 - a. Click the “+” button beside the “Fictional Participant” drop-down menu. Fill in all required fields to create a new fictional participant. (Record the birthdate and ZIP code used, as you will need it to create a Personal Identification Number (PIN) for the card).
 - b. To use the new fictional participant, choose from the “Fictional Participant” drop-down.
 - c. Click “Issue EBT Card” in bottom right corner.
 - d. Choose the desired Food Package from the “Standard Food Package Type” drop-down menu based on the reason for the investigation.
 - e. Click the “Print” button.
 - f. Be sure to call the number on the back of the card (1.888.220.9555) to set up the PIN; always use 1234.

E. Print Shopping List Issued Benefits

To make things easier, the Compliance Buy Investigator should prepare a shopping list to remember which items to purchase. The compliance buy investigator should not feel rushed while shopping. A shopping list will be provided with each eWIC card utilized for compliance buys. When selecting foods, the item shelf price should be recorded on shopping list.

1. In WIC Direct, click “Accounts” and fill in the desired Card Number and click “Search.”
2. Click the “Household Number” which corresponds to the Card Number.
3. Check that “PIN Selected” shows “Yes.”
4. Scroll to the bottom and click “Print Benefit Balance.”
5. Click on “View Report.”
6. Click on the “Select a format” drop-down menu and choose “Acrobat (PDF) file”.
7. Click Export.

8. Print "Benefit Balance."

F. Conducting a Compliance Buy Transaction

Investigators who may have a conflict of interest in the outcome of any compliance buy investigation shall not be used. Prior to conducting a compliance buy investigation, each investigator must complete the required training provided by the Vendor Manager.

The Compliance Buy Investigator must completely understand any cover story and all applicable policies and procedures relating to the WIC food delivery process. There is no reason to volunteer information regarding participation in the Program although the investigator will need to be prepared to respond to direct questions. The best approach for investigators is to engage in very little conversation with the clerk, clearly avoiding statements such as "How about this one time?" or "Nothing will happen to you if you sell it."

The compliance buy should be completed without entrapment. Investigators should make no appeals to sympathy, and do nothing which could imply coercion. Never demand the clerk provide unauthorized items in exchange for WIC benefits. Try to be passive and let the store employee take the initiative.

If the clerk suggests unauthorized items may also be purchased with WIC benefits or in some other way openly suggests abuses of program regulations, go along with it. Do not initiate the abuse other than to put the unauthorized goods on the counter. If told by the clerk unauthorized items cannot be purchased with WIC benefits, return them for the proper foods. Do not give the cashier an argument; this could be considered entrapment. If a situation develops which poses an apparent threat (e.g. a group of persons loitering in the front entrance to the store, extreme harassment by other customers or store personnel, etc.), the investigator should terminate the buy and leave the area. To minimize the risk of personal danger, it may be beneficial for two persons to work as a team doing compliance buys.

1. Park vehicle away from the view of the store entrance. Note the date and starting time of the visit on the Compliance Buy Reporting Form.
2. Upon entering store check for WIC window decal as this should be on entrance door. Best practice is decal can be seen from the parking lot.
3. When selecting foods, the item shelf price should be recorded on shopping list. Also note if WIC Approved Shelf tags are utilized, and if so, accuracy of labeling authorized WIC foods.
4. When ready, take all items to the checkout register. If in a stand beside store with multiple lanes, note how lanes accepting and processing WIC are identified as well as open lanes for transacting WIC purchases.
5. Upon checking out, observe characteristics of cashier and also all aspects of cashier's check-out procedure. Observe carefully what transpires so the report of

**West Virginia WIC
Vendor Management Standard Operating Procedure
Compliance Buy Investigations
Effective Date: 3.14.2017**

the investigation can be completed immediately after leaving the store. Watch for nametags and/or listen for any name that might be called out to identify the cashier. However, in most cases, it will be necessary to provide a physical description of the cashier for identification purposes. Carefully note the following physical characteristics of clerks: sex, approximate age, approximate height, build, hair color, glasses, complexion.

6. Make it known you are using an eWIC Card. Follow any special system used in the store to checkout WIC participants although federal regulations prohibits discrimination by a vendor. Special lines for processing WIC are prohibited, as is behavior calling attention to the fact WIC benefits are being utilized.
7. Compliance Buy Investigator should swipe eWIC card in card reader once prompted by cashier or integrated system terminal.
8. Provide eWIC card PIN – 1234.
9. If in an integrated store, cashier should hand benefit balance inquiry receipt to Compliance Buy Investigator immediately after it prints
10. Compliance Buy Investigator will approve or deny the purchase based on the situation.
11. If cash payment is requested for non-WIC foods, the cashier should be advised the compliance buy investigator has no cash, only WIC benefits. If the cashier decides to violate, the transaction should be completed according to the cashier's instructions.
12. If conducting a split tender transaction – allowance to pay the difference when a fruit and vegetable purchase exceeds the value of the cash value benefits – the cashier may be advised the compliance buy investigator has no other form of payment. Observation should be noted of any actions conducted by the cashier (i.e. void of fruit and vegetable purchase, decrease the quantity in attempts to maximize benefits). *Please keep all receipts throughout this transaction as documentation. If the cashier disposes of the receipt, request it be given to you; “May I have the receipt so I can let the WIC clinic know what isn't going through?”*
13. Cashier should provide a final receipt to Compliance Buy Investigator at the end of the transaction.

G. Documenting a Compliance Buy Transaction

As soon as possible after the store transaction, complete the Compliance Buy Reporting Form. Best practice is to drive to a separate location to complete investigation report immediately after conducting the compliance buy to ensure accuracy of data. Precise information about date and time of visit, brand names, sizes of the containers and prices are essential to the validity of the report. Throughout the report, the investigator must avoid any personal opinions or assumptions; stick to the facts. A report must be made every time a compliance buy is conducted at a store.

**West Virginia WIC
Vendor Management Standard Operating Procedure
Compliance Buy Investigations
Effective Date: 3.14.2017**

After each compliance buy has been conducted and findings reviewed, the State Agency will notify the vendor in writing of the outcome of the compliance buy. If, as a result of the investigation, it is clear the vendor has engaged in fraudulent activities affecting the WIC Program, the State Agency will notify the vendor of sanctioning and/or disqualification including the right to appeal.

1. Paper Documentation

- a. Complete the Compliance Buy Reporting Form while the facts are still clear.
- b. Photograph the purchased items and submit the photographs with the report. Use of a digital camera is preferred with the camera available from the State Agency.
- c. The investigator will provide the original copy of the completed Compliance Buy Reporting Form, and all receipts, to the Vendor Manager within five (5) working days to determine if additional purchases are necessary. The report must be legible, and any corrections should be crossed out with the one line method, and initialed by the investigator.
- d. The Vendor Manager reviews redemption report in WIC Direct to compare with the investigative report to detect alterations in quantities, unit prices or total purchase price. If report appears accurate, the Vendor Manager signs as reviewer on the Compliance Buy Reporting Form then advises investigator regarding notification to the vendor, and action in the investigation.
- e. Investigator will then prepare notification letter utilizing compliance buy letter templates at S: Vendor/Compliance Buys/Letter Templates. Vendor Manager will review the letter with submission to Assistant Director for signature.
- f. Investigator mails the letter to the store location, and sends a scanned copy via email to corporate headquarters if applicable.

2. Crossroads Documentation

- a. Go to Vendor/Search Vendor.
- b. Search for correct Vendor and Click the “Pencil Icon” to the left of the “Vendor ID” section.
- c. Click “Open Investigation” under the “Operations” subsection of the “Quick Links” section to the left of the screen.
- d. Under the “Vendor Investigation” section, change the “Investigation Status” to “Open” from the drop-down menu.
- e. Click “Select Action.”
- f. In the “Investigation Action” Pop-Up box, choose “Compliance Buy” from the “Select Investigation Action:” drop-down menu.
- g. Click “Save.”

**West Virginia WIC
Vendor Management Standard Operating Procedure
Compliance Buy Investigations
Effective Date: 3.14.2017**

- h. Change “Compliance Buy Status,” “Investigator,” and “Compliance Buy Purchase Date” to depict the correct data.
- i. Click “Add EBT Purchases” in the bottom left corner of the screen.
- j. Choose the correct “Fictional Participant” from the drop-down menu provided in the “Search Criteria” section.
- k. Click “Search.”
- l. Choose the transaction which corresponds to the correct Compliance Buy Purchase.
- m. Click “Add EBT Purchases” – “The selected EBT transactions will become part of the permanent record for the current compliance buy. Do you want to continue?” After double checking the accuracy of the data, click “Yes.”
- n. Click the box beside “Enter Individual Food Item Price.”
- o. Enter each individual item price from the provided store receipt into the “Receipt Amount” column under the “Receipt Amount Entry” Section.
- p. Click “Save.”
- q. Click “Scan Documents.” Scan all documents, including receipts and notification letters sent to the vendor.
- r. Click “Save.”
- s. Reopen the case file and confirm that all pieces are complete.
- t. Click “Close Compliance Buy.”
- u. Choose the correct assessment for the compliance buy under the drop-down menu from the Pop-Up Box.
- v. When investigation is complete (i.e. there have been enough buys to establish a pattern of compliance, or there have been the appropriate number of offenses to assign sanction points), staff with Vendor Manager PRIOR to closing the investigation. Close the investigation by clicking “Close Investigation” and then choosing the option from the drop-down menu which corresponds with the findings.
- w. After recording the information in Crossroads, record findings into the shared drive Excel file (S: Vendor/Compliance Buys/ (current FY). Fill in all columns as appropriate.
- x. Save.

H. Disposal of Items Purchased During Compliance Buys

All items purchased during compliance buys must be donated to food banks or other charitable organizations as soon as possible following the purchase. The compliance investigator should not advise the receiving organization how or where the donated merchandise was acquired. The person at the organization receiving the items should sign their name, name of their organization and date the Donation section of the Compliance Buy Reporting Form.

Perishable items (i.e. milk, cheese) may be disposed of if a food bank is unavailable or not open in the shopping area in which the investigator is more than 50 miles from work

**West Virginia WIC
Vendor Management Standard Operating Procedure
Compliance Buy Investigations
Effective Date: 3.14.2017**

location, or any condition resulting in the items becoming unfit for human consumption. The investigator must note any disposal of items on the Compliance Buy Reporting Form. Flagrant ineligible items (e.g., soda, candy, tobacco products, and alcoholic beverages) should be retained at the State Agency for evidence until expiration of fair hearing request period or following all exhaustions of appeals and fair hearings. Items will then be destroyed or dumped. Cash received for WIC benefits, or returns, will be retained with the Program Director for evidence. The Compliance Buy Investigator should not retain any items.

Items from several different compliance buys may be included in one donation with signature, however a copy of the form must be attached to each individual store Compliance Buy Reporting Form.

ATTACHMENTS:

1. Compliance Buy Reporting Form



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR PUBLIC HEALTH

Jim Justice
Governor

Bill J. Crouch
Cabinet Secretary

Compliance Buy Reporting Form

- Summarize the events which occurred during the compliance purchase immediately upon exiting the store
- Attach receipt(s) to the back of form
- Food disposition – WIC approved foods which have been purchased appropriately should be donated to an approved organization. Community nonprofit charitable organizations, such as homeless shelters, food banks, and so on, are the best donation sites. A list of disposition site options by county is available on the S: Drive at S:\Vendor\Compliance Buys\
- **Items purchased which are not WIC approved** are to be kept as evidence of program non-compliance.
- Complete the entire disposition form, including the section requiring item Universal Product Codes (UPCs).

Section I: Preparation

A. Demographics

Store Name: _____ Vendor Number: _____

Address: _____

- Buy Type:
- | | |
|-------------------------------------------------------------------|--------------------------------------------|
| <input type="checkbox"/> Probationary Vendor | <input type="checkbox"/> First Buy |
| <input type="checkbox"/> Participant Complaint(s) | <input type="checkbox"/> Follow-Up # _____ |
| <input type="checkbox"/> Substitution | Date of Buy: _____ |
| <input type="checkbox"/> Excessively High Prices (inventory) | |
| <input type="checkbox"/> Consistent Overcharges (NTE adjustments) | |
| <input type="checkbox"/> Identified as a High Risk Vendor | |
| <input type="checkbox"/> High Volume of Sales | |
| <input type="checkbox"/> USDA Referral | |
| <input type="checkbox"/> Other: _____ | |

B. Compliance Buy Scenario (What is the plan?):

Section II: Completing the Buy

A. Compliance Buy Report (Fill out following buy when safe to do so):

Observations: Start:_____ **Finish:**_____

Store Open: Yes No Closed due to: End of operations Other: _____

EBT/e-WIC Decal: Yes No Adequate Stock of WIC Foods: Yes No

B. Transaction:

Register #:_____ # of Customers Ahead:_____ # of Customers Behind:_____

Cashier Name Tag (If Applicable): _____

Sex: Female Male Height: Short Medium Tall

Build: Small Medium Large

Hair Color: _____ Mustache Beard Glasses Tattoos Scars
Other (describe): _____

Estimated Age: Teen 20-29 30-39 40-49 50-59 60-69 70+

Observed Ethnicity: White African American Hispanic Asian

Indian Middle Eastern/North African Native American

Other (Specify): _____

1. State Regulations

- A. Did cashier refuse to process eWIC card or ask for identification? Yes No
If yes, reason given for refusal: _____
- B. Did the cash registers use scanners? Yes No
- C. Did cashier scan each individual item? Yes No
- D. Did cashier offer a benefit balance receipt before asking you to approve your purchase (integrated vendors only)? Yes No Other _____
- E. Did cashier offer a receipt (all vendors)? Yes No
If yes, please enter the total amount shown of the receipt: \$ _____
- F. Did cashier allow purchase of other than the least expensive brand of milk available? Yes No N/A
- G. Were WIC approved items clearly priced? Yes No
- H. Did cashier treat you the same as other customers? Yes No N/A
- I. Did cashier sell expired food? Yes No N/A
- J. Did cashier need assistance to perform correct procedure? Yes No
If yes, who provided assistance? _____
If yes, was there a WIC procedure card or instructions at register? Yes No
Unknown
- K. Did cashier charge more than shelf price? Yes No
- L. Did cashier charge sales tax? Yes No
- M. Did cashier allow you to substitute unauthorized food items for a WIC food?
Yes No N/A
- N. Did cashier deny coupons, discounts, BOGO, store loyalty card, or other acceptable courtesy? Yes No N/A
- O. If the store did not have minimum stock of WIC food, did cashier provide a rain check or store credit? Yes No N/A

2. Federal Regulations

- A. Did cashier charge for food items not received by the customer? Yes No
- B. Did cashier allow you to buy Alcohol/Tobacco? Yes No N/A
- C. Did cashier allow you to buy firearms, ammunition, explosives, and/or controlled substances? Yes No N/A
- D. Did cashier allow you to buy a non-food item(s) other than those listed above? Yes No N/A
- E. Did cashier allow you to buy WIC food not included in your benefits? Yes
No N/A
- F. Did cashier allow you to substitute one WIC food for another WIC food?
Yes No N/A

Section III: Disposition of Foods

(Fill out following buy when safe to do so)

*** I purchased the following items at the prices identified below by utilizing West Virginia eWIC card #: _____

Brand Name and Universal Product Code (UPC)	Quantity purchased	Price marked on item or shelf	Total Actual Price	WIC Auth	WIC Unauth	Substitution
UPC						
UPC						
UPC						
UPC						
UPC						
UPC						
UPC						
UPC						
UPC						
UPC						
UPC						
UPC						
PLU						
PLU						

Disposition of Foods (Continued):

Photograph: I took a photograph of the food items purchased (see attachments).

Yes No

If yes, please explain below:

Certification: I, the undersigned, certify that the statements contained in this report are true and correct to the best of my knowledge and belief, and I would be willing to testify to them in an administrative hearing or in a court of law.

Signature	Date	Time
-----------	------	------

Full Name (Please Print) _____

Organization Name (Please Print) _____

Reviewed By (Please Print) _____

Reviewed By (Signature) _____

Date/Time _____

Comments: _____

