

WIC VENDOR
MANUAL

JUNE 2010

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT:

AGENCY _____

ADDRESS _____

TELEPHONE NUMBER _____

CONTACT PERSON _____

DEVELOPED BY:

DEPARTMENT FOR PUBLIC HEALTH

DIVISION OF MATERNAL AND CHILD HEALTH

NUTRITION SERVICES BRANCH

WIC PROGRAM

275 EAST MAIN STREET HS2W-D

FRANKFORT, KENTUCKY 40621

<http://chfs.ky.gov/dph/mch/ns/wic.htm>

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INTRODUCTION

The WIC Program is funded by the United States Department of Agriculture and administered through the Kentucky Cabinet for Health and Family Services. WIC services are coordinated through the Local Health Departments and private health facilities.

The WIC Program provides specific nutritious foods along with nutrition education at no cost to the participant. These services are provided to income eligible and nutritionally at risk pregnant, breastfeeding, and postpartum women, infants and children up to five (5) years of age. The goals of the WIC Program are: (1) to improve the outcome of high risk pregnancies by decreasing low birth-weight babies, (2) to decrease the incidence of anemia and poor growth patterns; and (3) to improve dietary habits of its recipients. Each applicant must be certified by a physician, nurse or nutritionist to be at nutritional risk in order to be admitted to the program. Once a client is certified for the program, the parent, guardian, caretaker or proxy receives nutrition education counseling and food instruments/cash value benefits, which are redeemable at grocery and drug stores in Kentucky that have a WIC contract. The food items, which can be purchased with the food instruments/cash value benefits, are limited to certain types of foods that are selected based on nutritional content. Participants generally are issued food instruments/cash value benefits for a two (2) to three (3) month period, but redeem only one (1) month of food instruments/cash value benefits at a time. Most participants must be recertified every six (6) months to maintain eligibility.

You, as an authorized WIC Vendor are part of an important effort to improve the health of Kentucky citizens in your community. Proper nutrition at the beginning of life helps prevent many serious health problems that can last a lifetime. WIC gives children a chance to grow up healthy and healthy children do better in school and at leading active, productive lives.

Although everyone needs these special foods at this important time of growth, the people who you will serve as customers have been thoroughly examined by health department personnel and are medically in need of the WIC foods. The special WIC foods are chosen and prescribed as carefully as any drug, and it is very important that no substitution be allowed.

This manual is intended as a guide to help you follow correct procedures in serving WIC participants. Should you ever have any problems or questions, please contact your WIC Coordinator at the agency with which you have a contract. The agency with which you have a contract will be referred to as the Local Agency throughout this manual. The WIC Program Vendor Agreement is a contract. It is not a license or property interest and is nontransferable upon change of ownership.

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HOW TO REDEEM A WIC FOOD INSTRUMENT/CASH VALUE BENEFIT

Various types of WIC food instruments/cash value benefits will be presented to approved vendors for redemption; handwritten food instruments, preprinted food instruments, and computer generated food instruments/cash value benefits. When a WIC food instrument/cash value benefit is presented, the vendor and the vendor's employees must be aware of the proper redemption procedures so that food instruments/cash value benefits will not be rejected for payment by the State Agency contracted bank. For examples of properly completed food instruments/cash value benefits by a WIC clinic and a vendor, see the following pages.

Vendors must dispense WIC food items to participants, parents, or caretakers of infant or child participants or proxies without requiring other purchases and provide WIC participants, parents, or caretakers or proxies the same services given to other customers, exclusive of home delivery.

- A. In order to comply with Program policies, a vendor must:
1. Post the current list of approved WIC foods at each checkout location and allow only the purchase of approved foods specified on the food instrument. A current WIC Approved Food List (WIC-40) should be posted at each checkout stand.
 2. Post the WIC approved food shelf tags to identify each authorized food.
 3. Accept only food instruments/cash value benefits that have the "KY WIC Agency" stamp or the "KY WIC" imprint.
 4. Accept only food instruments/cash value benefits issued by agencies within the Commonwealth of Kentucky.
 5. Accept and redeem food instruments/cash value benefits only within the confines of the store.
 6. To allow WIC participants to use store loyalty cards, cents off coupons, buy one get one free promotions and to afford WIC participants the same discount and benefits as other customers. The "pay exactly" amount on the food instrument/cash value benefit must reflect the amount of cents off.
 7. Honor food instruments/cash value benefits only during the period beginning with the "first day to use" and ending with the "last day to use" dates.
 8. Separate WIC foods from other purchases and group them accordingly to the food specified on each food instrument/cash value benefit. Compute the total amount for each food instrument/cash value benefit. The total must only be for the actual authorized food purchased.

9. Issue only the approved food in the quantities, which have been specified on the food instrument/cash value benefit. If a participant, parent, caretaker, or proxy does not purchase all foods listed on the food instrument/cash value benefit, the “pay exactly” shall only be for the amount of approved foods received. A participant, parent, caretaker, or proxy cannot receive more food than is specified on the food instrument/cash value benefit. However, the WIC participant may use their own funds for purchases in excess of the money limit on the cash value benefit.
10. Enter the “pay exactly” amount on the face of the food instrument/cash value benefit. This amount must be entered in ink. The amount must be entered prior to having the participant, parent, caretaker, or proxy sign the food instrument/cash value benefit.
11. Record the “date redeemed” on the face of the food instrument/cash value benefit at the time of purchase and prior to the participant, parent, caretaker, or proxy signing the food instrument/cash value benefit.
12. Have the participant, parent, caretaker, or proxy sign the food instrument/cash value benefit.
13. Verify with the Local Agency any food instruments/cash value benefits which appear to have been altered, defaced or mutilated prior to redemption.
14. Dispense WIC food items to the participant, parent, caretaker, or proxy without requiring other purchases and accord such persons the same services given to other store customers, exclusive of home delivery (as stated in the Vendor Agreement).
15. Imprint the Vendor Stamp in the space provided on the front side of the food instrument/cash value benefit prior to submission to the bank. Ensure the vendor stamp number can be clearly read.
16. Submit the food instrument/cash value benefit for payment within the proper time frames, no later than sixty (60) days from the “first day to use.”
17. Comply with all policies contained in this Manual and the terms of the Vendor Agreement.
18. For stores with optical scanners:
 - a. The shelf price is considered to be the correct price. It is the vendor’s responsibility to ensure that the posted shelf prices correspond to those programmed into the check-out scanners. This includes sale prices.

- b. If the scanned price is higher than the shelf price, and the store policy is to give the customer the difference, then this policy must be extended to WIC (i.e., the difference could be subtracted from the total purchase price). If the store's policy is to give the incorrectly scanned item for free, WIC should receive this benefit as well.
- c. The scanner system identifying WIC approved foods is not fail proof; the current WIC Approved Food List is the final authority and should be utilized to avoid confusion.

B. A Vendor Must Not:



- 1. Solicit a WIC participant's business or that of a parent, caretaker, or a proxy, on the premises of any health department or other authorized WIC Agency.
- 2. Provide free merchandise, including diapers, strollers, lottery tickets, etc., to WIC participants, parent, caretaker or proxies as an incentive to redeem food instruments/cash value benefits at a particular vendor.
- 3. Accept or redeem food instruments/cash value benefits outside the confines of the store.
- 4. Make any physical changes or alterations to the food instrument/cash value benefit.
- 5. Accept food instruments/cash value benefits issued by the agency without the "KY WIC Agency" stamp or the "KY WIC" imprint.
- 6. Accept food instruments/cash value benefits that are not signed in the presence of the cashier.
- 7. Honor food instruments/cash value benefits that appear to have been altered.
- 8. Allow "rain checks," "IOU's," "due bills," "cash" or any type of credit. If a WIC participant, parent, caretaker, or proxy does not purchase all the food on the food instruments/cash value benefits at the time of redemption, the person loses the food not received and may not come in at a later time for those foods.
- 9. Require a participant, parent, caretaker, or proxy to purchase all foods listed on a food instrument/cash value benefit if the person does not want them.

10. Substitute any foods or allow more than the amount of food specified on the food instrument/cash value benefit.
11. Issue quantities or types of food other than those specified on the food instrument/cash value benefit or types or brands of food not on the Approved Food List. However, cheese may be issued in 2 (8 ounce) quantities to equal one pound and cereal may be issued in ounces to equal the total amount specified on the food instrument.
12. Provide refunds or permit exchanges for WIC food items. In the event, that a WIC food item is defective, spoiled or has exceeded its sell by/use date, etc. an exchange may be made only for the exact brand and size of the original food item returned by the participant.
13. Provide cash to a participant, parent, caretaker, or proxy in exchange for WIC food instrument/cash value benefits or WIC foods.
14. Allow a WIC participant, parent, caretaker, or proxy to exchange WIC foods for cash or other non-approved items. It is the vendor's responsibility to develop procedures necessary to prevent the improper exchange or refund of foods purchased with WIC food instruments. Such procedures may include not providing a receipt to the WIC participant.
15. Cash food instruments/cash value benefits before the "first day to use" date or after the "last day to use" date.
16. Charge a participant, parent, caretaker, or proxy for WIC foods.
17. Seek restitution from a participant, parent, caretaker, or proxy for food instruments/cash value benefits not paid by the WIC Program.
18. Require a participant, parent, caretaker, or proxy to purchase other foods at the store in order to redeem WIC food instruments/cash value benefits.
19. Charge the Program for foods not obtained by the participant, parent, caretaker, or proxy.
20. Require a participant, parent, caretaker, or proxy to sign the food instruments/cash value benefits prior to your entering the "date redeemed" or the "pay exactly" amount on the face of the food instruments/cash value benefit.

21. Accept a food instrument/cash value benefit that has been signed prior to the actual transaction.
22. Make home deliveries to WIC participants.
23. Improperly utilize the WIC Acronym and the WIC Logo as they are service marks owned by the Department of Agriculture (U.S.D.A) and all rights belong exclusively to U.S.D.A.

See the next pages for examples of food instruments/cash value benefits properly completed by both the agency and the redeeming store.

**SAMPLE OF AN AUTOMATED FOOD INSTRUMENT
PROPERLY COMPLETED BY AN AGENCY**

QTY	UNIT	APPROVED ITEM	PATIENT I.D. NUMBER	NAME OF PARTICIPANT			FI No.
			XXXXXXXXXXXX	LAST	FIRST	MIDDLE	0688403
2		46/48/12/11.5 OZ. JUICE		Public	3	Mary	Q.
3	GAL.(S)	2%, 1%, ½% OR SKIM MILK					0688403
16	OUNCES	TOFU					
36	OUNCES	CEREAL					
1	DOZEN	EGGS					
1	14/16 OZ.	BROWN RICE OR					
	16 OZ.	WHOLE WHEAT BREAD OR					
	16 OZ.	WHOLE WHEAT TORTILLA					
END OF LIST. VOIC IF ALTERED.			1				Date Redeemed: 6 PAY EXACTLY \$ 
				SIGN BELOW AT GROCERY STORE			


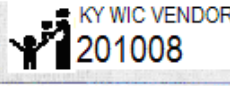
 Farmers Bank & Capital Trust Company Frankfort, Kentucky 40601

⑈0688403⑈ ⑆083900619⑆ 12 46 70 4⑈

This information will be on the food instrument/cash value benefit after it is properly completed at the Local Agency. The numbers shown with the food instrument/cash value benefit above correspond to the information below:

1. Quantity and type of food items to be selected by the participant, parent, caretaker, or proxy.
2. The issuing Agency/Site number.
3. Name of Participant.
4. Valid Dates - Do not cash before the “first date to use” or after the “last day to use.”
5. WIC Agency imprint.

**SAMPLE OF A PROPERLY REDEEMED AUTOMATED
FOOD INSTRUMENT**

QTY	UNIT	APPROVED ITEM	PATIENT I.D. NUMBER	NAME OF PARTICIPANT			FI No.		
			XXXXXXXXXXXX	LAST	FIRST	MIDDLE	0688403		
				Public	Mary	Q.	0688403		
2		46/48/12/11.5 OZ. JUICE	HBI/LOC	First Day To Use:	Last Day To Use:	Date Redeemed:			
3	GAL(S)	2%, 1%, ½% OR SKIM MILK	300210	01/05/2009	02/04/2009	01/10/09	1		
16	OUNCES	TOFU	Not Negotiable Unless WIC Agency Stamp is Here		Deposit Within 60 Days of First Day to Use	PAY EXACTLY			
36	OUNCES	CEREAL				2	28		
1	DOZEN	EGGS						3	30
1	14/16 OZ. 16 OZ. 16 OZ.	BROWN RICE OR WHOLE WHEAT BREAD OR WHOLE WHEAT TORTILLA							
END OF LIST. VOIC IF ALTERED.			SIGN BELOW AT GROCERY STORE						
			4 <i>Mary Q. Public</i>						


Farmers Bank & Capital Trust Company Frankfort, Kentucky 40601

⑈0688403⑈ ⑆083900619⑆ 12 4670 4⑈

This information will be on the food instrument after it is properly completed by the store. The numbers shown with the food instrument above correspond to the information below:


1. Date Redeemed
2. Total cost of WIC approved foods selected by the WIC participant, parent, caretaker, or proxy.
3. The WIC Vendor stamp imprint. The stamp imprint can be made after the transaction is completed.
4. Signature of participant, parent, caretaker or proxy at the store.

**SAMPLES OF OTHER FOOD INSTRUMENTS/CASH VALUE BENEFITS
PROPERLY COMPLETED BY A LOCAL AGENCY**

QTY	UNIT	APPROVED ITEM	AGENCY I.D. NUMBER	NAME OF PARTICIPANT			PI No.
				LAST	FIRST	MIDDLE	
	UP TO \$10.00	FRESH FRUITS AND/OR FRESH VEGETABLES		PUBLIC 3	MARY	0	0689386
				045045 2	06/23/2010 4	07/22/2010	
							

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⑈0689386⑈ ⑆083900619⑆ 12 6670 4⑈

QTY	UNIT	APPROVED ITEM	AGENCY I.D. NUMBER	NAME OF PARTICIPANT			Handwritten Infant
				LAST	FIRST	MIDDLE	
3	Box	8 oz Infant cereal		Public	Mary	3	8514176
32	Jar(s)	4 oz. Infant Fruit and/or Infant Vegetables					
	Jar(s)	2.5 oz. Infant Nests	2 300210			4 21412009	
	CANED 12 oz.	Non-Fortified Formula (Gentle)					
	30 oz. 1 GA.	Good Start Gentle Formula					
6	CANED 12 oz.	Gentle Plus					
	CANED 12.5 oz.						
	Specify Size	Formula Specific					



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⑈8514176⑈ ⑆083900619⑆ 12 4584 4⑈


This information will be on the food instrument/cash value benefit after it is properly completed at the Local Agency. The numbers shown with the food instrument/cash value benefit above correspond to the information below:


1. Quantity and type of food items to be selected by the participant, parent, caretaker, or proxy.
2. The issuing Agency/Site number.
3. Name of Participant.
4. Valid Dates- Do not cash before the “first date to use” or after the “last day to use.”
5. WIC Agency imprint.

**SAMPLES OF OTHER PROPERLY REDEEMED
FOOD INSTRUMENTS/CASH VALUE BENEFITS REDEEMED BY VENDOR**

QTY	UNIT	APPROVED ITEM	WIC/LOC	WIC/LOC	WIC/LOC	DATE	DATE	DATE	PI No.
	UP TO	FRESH FRUITS AND/OR FRESH VEGETABLES	045045	06/23/2010	07/22/2010	107/04/10	0689386	0689386	0689386
 									
SIGN BELOW AT GROCERY STORE									
Mary Public 4									



QTY	UNIT	APPROVED ITEM	WIC/LOC	WIC/LOC	WIC/LOC	DATE	DATE	DATE	PI No.
3	Box	3 ea. Infant Cereal							
32	Jar(s)	4 ea. Infant Fruit and/or Infant Vegetables	300210	1/5/2009	3/4/2009	01/07/09	1		
	Jar(s)	2.5 ea. Infant Fruit							
	Can(s) 12 oz.	Iron Fortified Formula (Specify)							
	32 oz. / GA	Good Start Gentle for milk Gentle Plus							
6	Can(s) 12 oz.								
	Can(s) 12.8 oz.								
	Specify Size	Formula (Specify)							
 									
SIGN BELOW AT GROCERY STORE									
Mary Public 4									



This information will be on the food instrument/cash value benefit after it is properly completed by the store. The numbers shown with the food instrument/cash value benefit above correspond to the information below:

1. Date redeemed.
2. Total cost of WIC approved foods selected by the WIC participant, parent, caretaker, or proxy.
3. The WIC vendor stamp imprint. The stamp imprint can be made after the transaction is completed.
4. Signature of participant, parent, caretaker, or proxy at the store.

VENDOR PAYMENT PROCESS

In order to receive a payment for a food instrument/cash value benefit, a vendor must:

- A. Ensure the information on the food instrument/cash value benefit has been properly completed as indicated in the section “How to Redeem a WIC Food Instrument/Cash Value Benefit.” If a mistake has been made on the food instrument/cash value benefit, refer to the Procedures for Revalidation, for help in correcting the mistake.
- B. Stamp the food instrument/cash value benefit with the WIC Vendor Stamp in the block specified on the front of the food instrument/cash value benefit. Be sure that the stamp imprint can be clearly read.
- C. Prepare the food instrument/cash value benefit for deposit.
- D. Take the food instrument/cash value benefit to the bank of deposit. To be accepted for payment, food instruments/cash value benefits must reach the State Agency contracted bank within 60 days from the “first day to use.” The Kentucky WIC Program encourages vendors to deposit food instruments/cash value benefits on a daily basis. Do not attach cash register receipts to food instruments/cash value benefits being deposited.
- E. Review the Procedures for Revalidation, if the food instrument/cash value benefit is rejected by the bank, follow the outlined procedures.

NOTICE TO WIC PARTICIPANTS

IN ORDER TO COMPLY WITH FEDERAL AND STATE POLICIES, PROCEDURES AND REGULATIONS IN REDEEMING WIC FOOD INSTRUMENTS, **THIS AUTHORIZED WIC VENDOR MAY NOT:**

- **HONOR ANY WIC FOOD INSTRUMENTS/CASH VALUE BENEFITS THAT APPEARS TO HAVE BEEN ALTERED.**
- **ACCEPT ANY WIC FOOD INSTRUMENTS/CASH VALUE BENEFITS WITHOUT A LOCAL AGENCY STAMP.**
- **REDEEM ANY WIC FOOD INSTRUMENTS/CASH VALUE BENEFITS BEFORE OR AFTER THE VALID DATES.**
- **ALLOW A "RAINCHECK", "DUE BILL", "CASH" OR "IOU" OR ANY TYPE OF CREDIT.**
- **REQUIRE A PARTICIPANT, PARENT, CARETAKER OR PROXY TO PURCHASE OTHER FOODS IN ORDER TO REDEEM THE WIC FOOD INSTRUMENT/CASH VALUE BENEFIT.**
- **SUBSTITUTE ANY FOODS.**
- **ISSUE QUANTITIES OR TYPES OF FOOD OTHER THAN THOSE SPECIFIED ON THE WIC FOOD INSTRUMENTS/CASH VALUE BENEFITS OR TYPES OR BRANDS OF FOOD NOT ON THE APPROVED FOOD LIST.**
- **PROVIDE CASH TO A PARTICIPANT, PARENT, CARETAKER OR PROXY IN EXCHANGE FOR WIC FOOD INSTRUMENTS/CASH VALUE BENEFITS.**
- **NOT CHARGE A PARTICIPANT, PARENT, CARETAKER OR PROXY FOR WIC FOODS.**
- **EXCHANGE WIC FOOD FOR CASH OR OTHER NON-APPROVED ITEMS.**
- **ALLOW A PARTICIPANT, PARENT, CARETAKER OR PROXY TO RECEIVE MORE FOOD THAN IS SPECIFIED ON THE FOOD INSTRUMENTS/CASH VALUE BENEFITS.**
- **CHARGE THE PROGRAM FOR FOODS NOT RECEIVED BY THE PARTICIPANT, PARENT, CARETAKER OR PROXY.**
- **REQUIRE A PARTICIPANT, PARENT, CARETAKER OR PROXY TO SIGN THE WIC FOOD INSTRUMENT/CASH VALUE BENEFIT PRIOR TO ENTERING THE "DATE REDEEMED" OR "PAY EXACTLY" AMOUNT ON THE FACE OF THE FOOD INSTRUMENTS/CASH VALUE BENEFITS.**
- **REQUIRE A PARTICIPANT, PARENT, CARETAKER OR PROXY TO SIGN THE WIC FOOD INSTRUMENT/CASH VALUE BENEFIT PRIOR TO ENTERING THE "DATE REDEEMED" OR "PAY EXACTLY" AMOUNT ON THE FACE OF THE FOOD INSTRUMENTS/CASH VALUE BENEFITS.**

VENDOR STAMPS

Upon authorization as a contracted WIC vendor, a WIC Vendor Stamp will be issued. This stamp has a unique number that identifies each store.

Responsibilities for the stamp are:

- A. To use the stamp on all properly completed food instrument/cash value benefits redeemed by each store. Ensure the stamp imprint is readable. A space has been provided on the front of the food instrument/cash value benefit for the WIC vendor stamp imprint.
- B. To ensure the stamp is used in accordance with the policies and procedures of the WIC Program.
- C. To be responsible for any misuse of the stamp, which results in a loss to the WIC Program.
- D. To return the stamp immediately to the Local Agency upon termination, application of a sanction or nonrenewal of the current Vendor Agreement. Termination of the agreement also refers to the sale of the store to another owner.
- E. To immediately report the loss of, or damage to, the stamp to the Local Agency. The WIC vendor is responsible for all food instruments/cash value benefits that may be stamped with the lost or misplaced stamp, until the stamp loss is reported.
- F. To alert the Local Agency when the stamp is becoming worn or if a new vendor stamp is needed.
- G. To not reproduce the vendor stamp.
- H. To utilize the stamp only for the food instruments/cash value benefits redeemed in the store for which the stamp was issued.
- I. To return the stamp after having a hearing and the Hearing Officer has rendered a decision in favor of the State Agency. A vendor who has had a hearing and the Hearing Officer has upheld the adverse action taken by the State Agency will be notified by either the Local or State Agency as to the date to return the Authorized WIC Vendor Stamp.

POLICIES FOR FOOD INSTRUMENT/CASH VALUE BENEFIT REVALIDATION

A food instrument/cash value benefit is edited at the State Agency contracted bank for accuracy and is rejected if it does not meet the Program requirements. Reasons for rejection include Agency or vendor stamp missing, stale check, date redeemed invalid or missing, and signature missing. A vendor may notice errors prior to submission to the local bank. Limited provisions have been made for revalidating some of the food instrument/cash value benefits that are not properly completed. Revalidation for a food instrument/cash value benefit with errors may be done only by the Local Agency, either prior to submission for payment, or after it has been rejected by the bank. It is recommended that food instruments/cash value benefits with errors be submitted to the Local Agency for revalidation prior to being deposited in the bank.

- A. A revalidation may be done only for the conditions outlined in the Conditions and Limitations for Revalidation and must not exceed the frequency specified.
- B. Any food instruments/cash value benefits presented after 60 days from the “first day to use” must be revalidated before the contract bank will accept the food instruments/cash value benefits for payment. A food instrument/cash value benefit presented for payment or revalidation after ninety (90) days from the “first day to use” is not eligible for revalidation without prior approval from the State Agency.
- C. Justification and documentation must be made to the State Agency through the Local Agency if extenuating circumstances exist which prevent a vendor from submitting a food instrument/cash value benefit for payment or revalidation within the specified time frame. Negligence in the timely submission of the food instrument/cash value benefit is not an extenuating circumstance. The State Agency will consider approving payment. If the total of food instruments/cash value benefits exceeds five hundred dollars (\$500), prior approval must be obtained from the FNS Regional Office.
- D. Limits have been set for the number of times that a vendor may receive revalidations for specific reasons and some revalidations are on a one time only basis. A one time only basis is defined as one time only for a specific problem for the contract year. Also, one time only pertains to one time only submissions of food instruments/cash value benefits, not just one food instrument/cash value benefit. For example, if three (3) food instruments/cash value benefits are sent at the same time for a “date redeemed invalid,” all three (3) will be revalidated on a one time only basis. No more revalidations for this specific reason could be given during the remainder of the contract year.

- E. The Local Agency will notify a vendor, in writing, when a one time only revalidation has been given. A copy of the letter will be retained in the file at the Local Agency.
- F. Once a food instrument/cash value benefit has cleared (been paid by) the State Agency contracted bank, revalidations cannot be given for any reason.

CONDITIONS AND LIMITATIONS FOR REVALIDATION

The following instructions have been provided to all Local Agencies regarding revalidations. Do not request the Local Agencies change these policies. The following are conditions for revalidation:

A. STALE CHECK

The bank rejects food instruments/cash value benefits submitted after sixty (60) days from the “first day to use.” The Local Agency will revalidate this type of food instrument/cash value benefit if it is within ninety (90) days from the “first day to use.” The following procedures apply to stale checks, provided the food instrument/cash value benefits are properly completed:

1. If the State Agency contracted bank has rejected the food instrument/cash value benefit due to it reaching the bank more than sixty (60) days, but less than ninety (90) days, a revalidation stamp from the Local Agency is necessary for payment to be made.
2. If the vendor has failed to submit the food instruments/cash value benefits within sixty (60) days, but it will reach the State Agency contracted bank in less than ninety (90) days, a revalidation stamp is necessary for payment.
3. There is no limit to this type of revalidation, however, a food instrument/cash value benefit should be submitted in a timely manner in order to avoid delays or denial of payment.
4. If the food instruments/cash value benefits are over ninety (90) days from the “first day to use,” it cannot be revalidated without State Agency approval.

B. AGENCY STAMP MISSING

1. If the food instruments/cash value benefits have not been to the bank, return the food instruments/cash value benefits to the Local Agency for revalidation.
2. If the bank has rejected the food instrument/cash value benefit, return the food instrument/cash value benefit to the Local Agency for revalidation.

C. VENDOR STAMP MISSING

1. Place your vendor stamp in the appropriate block.
2. If the food instrument/cash value benefit will reach the State Agency contracted bank in less than sixty (60) days from the “first day to use,” no revalidation stamp is required. If the food instrument/cash value benefit will not reach this bank in less than ninety (90) days from the “first day to use,” return it to the Local Agency for revalidation.

D. DATE REDEEMED INVALID

1. If the “date redeemed” is not within the valid dates, the Local Agency must always revalidate the food instrument/cash value benefit before payment can be made. Revalidation is on a one time only basis per contract year.
2. If the “date redeemed” is missing and the bank has rejected the food instrument/cash value benefit, present documentation to the Local Agency to substantiate a valid date of redemption. Sufficient documentation is one (1) machine dated cash register receipt or machine dated cash register validation showing the date on the food instrument/cash value benefit or a deposit date. The Local Agency must place a revalidation stamp on the food instrument/cash value benefit before it can be redeposit. Revalidation for this condition is one time only per contract year without proof. With sufficient documentation, revalidation is unlimited.
3. If the “date redeemed” is altered, the bank will review the back of the food instrument/cash value benefit to see if there is a machine dated cash register validation. If yes, and the validation matches the date entered on the face of the food instrument/cash value benefit the food instrument/cash value benefit will be paid.
4. If the “date redeemed” is altered and there is no machine dated cash register validation on the back of the food instrument/cash value benefit, documentation must be presented to the Local Agency to substantiate a valid date redeemed. Sufficient documentation is one (1) machine dated cash register receipt. The Local Agency must place a revalidation stamp on the food instrument/cash value benefit before it can be redeposit. Revalidation for this condition is one time only per contract year without proof. With sufficient documentation, revalidation is unlimited.

E. PAY EXACTLY ALTERED

1. If the food instrument/cash value benefit is missing the “pay exactly” amount and the bank has rejected the food instrument/cash value benefit, documentation must be provided to the Local Agency to substantiate the amount of purchase. A machine dated cash register validation on the food instrument/cash value benefit or a machine dated cash register receipt is considered documentation. The Local Agency must place a revalidation stamp on the food instrument/cash value benefit. Revalidation for this condition is one time only per contract year without proof. With sufficient documentation, revalidation is unlimited.
2. If the “pay exactly” amount is altered, the bank will review the back of the food instrument/cash value benefit to see if there is a machine dated cash register validation. If yes and the validation matches the “pay exactly” amount entered on the face of the food instrument/cash value benefit, the food instrument/cash value benefit will be paid.
3. If the “pay exactly” amount is altered and there is no machine dated cash register validation on the back of the food instrument/cash value benefit, documentation must be presented to the Local Agency to substantiate the “pay exactly” amount. A second cash register receipt or cash register validation will be accepted only in those instances where an item was omitted from the original total. In this instance, the cash register receipt or cash register validation must be the next transaction on the same cash register. The Local Agency must place a revalidation stamp on the food instrument/cash value benefit before payment can be made. Revalidation for this condition is one time only per contract year without proof. With sufficient documentation, revalidation is unlimited.

F. SIGNATURE MISSING

If the food instrument/cash value benefit has been rejected by the bank for a missing signature, the food instrument/cash value benefit must have a revalidation stamp before payment can be made. Revalidation is one time only per year contract.

G. PRICE ADJUSTMENTS

The Local Agency may make a price adjustment to any food instrument/cash value benefit submitted for revalidation. For example, if the cash register receipt indicates that unapproved food was allowed, the Local Agency will adjust the “pay exactly” amount by deducting the price of the unapproved food and entering the correct total for only WIC approved food. The Local Agency must place a revalidation stamp on the food instrument/cash value benefit before payment can be made. Revalidation for this condition is unlimited.

PROCEDURES FOR REVALIDATION

An error may be made on the food instrument/cash value benefit during the redemption process. It is easy to correct some of the errors if the procedures in this manual are followed. In order to have a food instrument/cash value benefit revalidated by the Local Agency, a vendor must:

- A. Take or mail the food instrument/cash value benefit to be revalidated to the Local Agency with which there is a signed Vendor Agreement. The Local Agency will establish the specific procedures on where to take or mail the food instrument/cash value benefit which needs revalidation. A food instrument/cash value benefit should be revalidated prior to submission to the bank.
- B. Submit the food instrument/cash value benefit to the Local Agency with the necessary information which supports the revalidation request (See Conditions and Limitations for Revalidation). Do not send documentation to the bank of deposit.
- C. Submit the food instrument/cash value benefit to the Local Agency within sixty (60) days of the “first day to use.”
- D. Return the food instrument/cash value benefit to your bank within sixty (60) days of the “first day to use,” if revalidated, unless otherwise directed. The food instrument/cash value benefit must clear the State Agency contracted bank within ninety (90) days of the “first day to use.” If it does not clear the bank in the specified time frames, the State Agency will apply a claim (request money back) for the improperly redeemed food instrument/cash value benefit that has been revalidated.

It is a violation of the Vendor Agreement if a participant’s identity, address, social security number or telephone number is obtained in order to ask a participant, parent, caretaker, or proxy to pay for a food instrument/cash value benefit which has an error, has been denied revalidation, or for which the State Agency has applied a claim.

VENDOR MONITORING

In order to assure compliance with the requirements of the WIC Vendor Agreement and State and Federal WIC Regulations, the WIC Program conducts at least four (4) types of vendor monitoring which include on-site monitoring, reviewing cashed food instruments/cash value benefits, conducting compliance investigations (undercover monitoring for program compliance) and audits (reviewing wholesaler invoices).

On-site monitoring of a store will be conducted by the State Agency and will include, but not be limited to:

- A. Compliance with the terms of the WIC Vendor Agreement and the criteria for renewal of Vendor Agreements. (See the Renewal of the WIC Program Vendor Agreement.)
 - 1. Adequate stock of WIC food items: The stock must be either in the store or the store's stockroom. Expired foods do not count toward inventory.
 - 2. Prices of WIC food items: Prices must be marked on the shelf, food item, or display case.
 - 3. The retail market permit: a store must have a valid Retail Food Establishment or Retail Food Store Number.
- B. Redemption of food instruments/cash value benefits in accordance with the terms of the Agreement and WIC policies and procedures.
- C. Inspection of store premises and records.
- D. Answering questions regarding the WIC Program including providing additional training or technical assistance.
- E. Discussion of participant or vendor complaints.

A monitoring form is used by the State Agency to document these visits. These visits are opportunities for the vendor to receive training, discuss problems and ask questions.

If a problem is discovered regarding inventory or the pricing of food items, the problem will be documented on the Monitoring Form, a copy of which is left with the vendor by the State Agency Monitor.

If the monitor notes other problems during the on-site visit, the problems will be referred to the vendor in writing. If the problems are not corrected within the time frames given, the Vendor Agreement will be terminated or not renewed. If the Agreement is terminated or not renewed for lack of inventory or for not pricing food items, the period of

disqualification will be for a period of sixty (60) days from the date the WIC Vendor Stamp is received by the Local Agency. The vendor must reapply for the Program. If at any time the vendor receives a second termination for lack of inventory or neglecting to price items, the vendor will be disqualified for one hundred and twenty (120) days; for a third occurrence, the vendor will be disqualified and cannot reapply for one (1) year.

Additionally, the State Agency investigates the validity of payment of certain food instruments/cash value benefits. The State Agency retains a copy of every food instrument/cash value benefit cashed. These can be identified to each vendor. The food instruments/cash value benefits will be checked to determine if they are properly completed, properly redeemed and if the price charged is in keeping with the vendor's pricing information. If problems with redemption of food instruments/cash value benefits are detected, the vendor will receive a claim letter requesting reimbursement for the determined amount in accordance with the Vendor Agreement and Administrative Regulation 902 KAR 4:040.

If a claim is brought against the vendor for possible overcharges, justification of the price charged may be made by submitting copies of the shelf price records of WIC approved foods which pertain to the period of time during which the food instruments/cash value benefits were redeemed. It is required that shelf price records and wholesaler invoices pertaining to WIC approved foods be retained for six (6) months. Please be aware that if the scanned price is higher than the shelf price and the WIC Program is charged the higher price, this will be considered an overcharge.

The State Agency is required to conduct undercover investigations of WIC vendors to determine adherence to WIC policies and procedures. The Food Stamp Program (Food and Nutrition Service) and Office of Inspector General cooperate with the State Agency in these investigations. If problems are discovered, the vendor will be notified in writing of the sanctions to be imposed in accordance with Administrative Regulation 902 KAR 4:040 which notes the type of violation, the sanction for that violation, and outlines the appeal procedure.

The State Agency also performs audits of a vendor's stock of WIC approved foods. The procedure will include reviewing the invoices of WIC approved foods purchased from wholesalers and reviewing these records against food instrument/cash value benefits redeemed by the vendor. If problems are discovered, the vendor will be sanctioned in accordance with Administrative Regulation 902 KAR 4:040.

SELLING, CLOSING, RELOCATING OR LEASING

The WIC Program Vendor Agreement is a contract, which is nontransferable and becomes null and void upon change in ownership. The contract does not constitute a license or property interest. If the vendor owner sells the business, ceases operation, relocates, or leases the operation of the business, please follow the following procedures:

- A. Notify the contracting agency, in writing, immediately.
- B. If the business is sold, leased or relocated, explain the circumstances surrounding the change of business. These circumstances will determine whether the vendor stamp is returned and WIC business ceases or if WIC business continues as usual. The following general rules apply:
 - 1. If the owner (individual or corporation) of a store sells to a new owner (individual or corporation), surrender the authorized vendor stamp to the Local Agency. If the stamp is not surrendered and the new owner continues to do WIC business using the WIC Vendor Stamp, a monetary claim will be imposed by the State Agency.
 - 2. If the co-owner of a store sells the business to another co-owner, notify the Local Agency. The State Agency may allow the new owner to continue to use the vendor stamp. The new owner must sign another agreement.
 - 3. If the owner (individual or corporation) of a store leases the store to another person (individual or corporation), surrender the vendor stamp to the Local Agency. If the stamp is not surrendered and the new owner continues to do WIC business using the WIC Vendor Stamp, a monetary claim will be imposed by the State Agency.
 - 4. If the store is being relocated, notify the Local Agency of the change of address by the close of business on the last day of business at the location specified on the WIC Program Vendor Agreement on either page 1 or Attachment B.
- C. If the store is being closed, surrender the stamp to the Local Agency at the close of business on the last day of business. The stamp is the property of the WIC Program.
- D. If the sole owner of an authorized WIC Vendor dies, surrender the stamp to the Local Agency. If the stamp is not surrendered when requested, the State Agency will impose a monetary claim.
- E. If the name of the store changes during the contract year, but the ownership remains the same, notify the Local Agency. The Local Agency will notify the State Agency of the new name of the store. WIC business may continue as usual.

RENEWAL OF THE WIC PROGRAM VENDOR AGREEMENT

Vendor Agreements must be renewed with the contracting agency on a bi-annual basis, beginning October 1. Agreements will be renewed only if the vendor has continued to meet the criteria to be a WIC Vendor and has been abiding by the conditions of the Vendor Agreement. The contracting agency will notify each vendor in their respective area of the time to renew the Agreement. Once the Vendor and the Local Agency sign the Agreement, the State Agency must approve it for it to be a valid contract. If it is approved, a copy of the original Agreement will be returned to the vendor. The Agreement should be kept by the vendor for reference. In order to be a WIC vendor in good standing, a vendor must:

- A. Provide all information, including pricing and sales volume, requested by the State Agency.
- B. Abide by the conditions of the Vendor Agreement.
- C. Stock, at all times, the minimum inventory in accordance with the “Quantified Minimum Inventory Requirements” which is Attachment C of the Vendor Agreement. The stock must be in the store or in the store’s stockroom. Expired foods do not count toward meeting inventory. Pharmacies need to be able to supply formula within forty-eight (48) hours of a verbal request, in accordance with “Quantified Minimum Inventory Requirements.”
- D. Be in compliance with the Kentucky Retail Food Code (904 KAR 45:005) and have a valid Retail Food Store or Retail Food Establishment Permit under the current owner’s name.
- E. Have prices competitive with the area’s other retail outlets. (See Competitive Pricing.)
- F. Not be disqualified or withdrawn by U.S.D.A. from participation in another FNS Program nor denied application to participate in the Food Stamp Program. Not be currently paying a civil money penalty to the Food Stamp Program; or not have been assessed a civil money penalty for hardship by the Food Stamp Program and the disqualification period that would otherwise have been imposed has not expired.

- G. Be renewing an agreement for a business whose primary purpose is to be a retail grocery. Direct distribution outlets and wholesale food establishments are not eligible. A vendor who derives more than 50% of their annual food sales revenue from the sale of food items on WIC food instrument is not eligible. A retail firm whose primary business is something other than a retail grocery is not normally eligible for the Program. This includes dairies, gas stations, specialty stores, liquor stores, home delivery groceries, bait shops, etc. In order for one of these retail firms to be authorized, the applicant must have a recognized grocery department in a stationary location which is a separate and distinct area and stock staple food items in addition to WIC approved foods. Staple food items are defined as meat, poultry, fish, bread and bread items, cereals, vegetables, fruits, fruit and vegetable juices, dairy products, and the like. Food items such as coffee, tea, cocoa, carbonated and uncarbonated drinks, condiments, and spices are not considered to be staple foods. A retail grocery shall have:
- 1) A separate area as defined above;
 - 2) Fifteen percent (15%) of their gross sales in nontaxable food sales excluding specialty products. (Bakery goods for bakery, produce for fruit and vegetable stands.) Dairies and home delivery groceries will not be approved if they are operated solely as mobile operations.
- H. Be open for business year round, on a full time basis, at least eight hours per day and six days per week.
- I. The State agency may not authorize an applicant vendor if, during the last six (6) years, the vendor applicant's current owners, officers or managers have been convicted of or had a civil judgment for :
- 1) Fraud;
 - 2) Antitrust violations;
 - 3) Embezzlement, theft, or forgery;
 - 4) Bribery;
 - 5) Falsification or destruction of records;
 - 6) Making false statements or claims;
 - 7) Receiving stolen property;
 - 8) Obstruction of justice;
 - 9) Other evidence reflecting on the business integrity and reputation of the applicant; or
 - 10) Official records of removal from other federal, state or local programs.

- J. The WIC Program shall not authorize a store that has attempted to circumvent a period of disqualification from the program. This includes a store that has undergone a sale or change of operation if the transaction involves the following parties:
- 1) The seller or transferor is an owner, operator, or manager who is currently suspended, sanctioned, or disqualified from the WIC Program or the Food Stamp Program; and
 - 2) The buyer or transferee is related to the seller by marriage or consanguinity within the fourth degree, or was a manager or employee of the seller at the time the sanction, suspension or disqualification was issued or the violation occurred.
- K. Be accessible to monitoring by State and Federal officials without prior notice.
- L. No contracts shall be entered into with a provider when a conflict of interest, real or apparent, will occur. Contracts will not be entered into with local health department employees or with governing local board of health members.
- M. In addition to nonrenewal of a contract beginning October 1 of the year, contracts also include an extension period from July 1 through September 30 of the year. Agreements will also not be renewed (non-extended) effective July 1, if a store fails to continue to abide by the contract or fails to meet the criteria to be a WIC Vendor.

NOTE: Expiration of a contract or a contract not renewed is not subject to appeal.

VENDOR TRAINING

Training of vendors is provided to prevent Program errors, Program abuse and to improve Program service. A representative from each store's location must attend the training session. The owner of the store is responsible to send appropriate employees (such as a manager or head cashier) to training and to keep appropriate employees informed of current policies, procedures and regulations of the Program. Training will be provided in the following manner:

1. Upon request for technical assistance for items such as: training of new employees, review of approved foods, review of redemption procedures, etc.
2. At the State Agency's request.
3. At Vendor Agreement renewal time.
 - A. The contracting agency will provide information concerning training.
 - (1) The vendor will be notified of the time, place and date of the training session.
 - (2) Attendance is required
 - (3) If the owner or appropriate employee does not attend the scheduled training, the contract will not be renewed. The vendor will need to turn in the WIC Vendor Stamp at the end of the contract period. A vendor cannot reapply for sixty (60) days from the date the stamp is returned to the Local Agency. The second occurrence of the vendor failing to attend a required training will result in a one hundred and twenty (120) day disqualification and the third occurrence will result in a one (1) year disqualification.
 - (4) The owner or designated representative of each store is responsible for ensuring all employees are properly trained. It is recommended that all new store staff be required to review the current WIC Vendor Manual, and the current WIC approved Food List (WIC-40.)
4. If a vendor has exhibited a pattern of overcharging, based upon routine monitoring visits, which have resulted in two (2) overcharge letters being sent to the vendor, the State Agency shall require training for that vendor.

PRICE LIMITATIONS AND COMPETITIVE PRICING

In order to ensure that the WIC program can serve the greatest number of participants for the amount of food dollars that are allocated each year, the State Agency reviews the prices charged for WIC foods. A vendor must have prices which are competitive to other WIC stores. Price limitations for each food package type will be set by the State Agency.

- A. The following procedures will be used for reviewing competitive pricing for contract renewal.
 1. A pregnant and partially breastfeeding woman, child and infant's (concentrated and powdered contract brand formula) food package will be calculated for each store based upon the prices submitted on the Price List (WIC-24). The following examples are the structures of the food packages:
 - a. A woman's food package is:
 - Milk – (5) 1/2 gallons
 - Cheese – (1) pound
 - Eggs – (1) dozen
 - Cereal – (36) ounces
 - Juice – (3) 46 or 48 ounce containers
 - Peanut Butter – (1) 18 ounce container
 - Whole Wheat Bread – (1) 16 ounce package
 - Dry or Canned Beans – (1) pound bag or (4) 16 ounce cans
 - Fresh Fruits and Vegetables - \$10.00
 - b. A child's food package is:
 - Milk – (4) gallons
 - Cheese – (1) pound
 - Eggs – (1) dozen
 - Cereal – 36 ounces
 - Juice – (2) 64 ounce containers
 - Peanut Butter – (1) 18 ounce container or
 - Dry or Canned Beans – (1) pound bag or (4) 16 ounce cans
 - Brown rice, Whole wheat bread or Whole wheat tortillas (1) 14 ounce or 16 ounce package
 - Fresh Fruits and Vegetables - \$6.00
 - c. An infant's food package is:
 - Formula – (10) 12 ounce powdered iron fortified contract brand formula
 - Infant Cereal – (3) 8 ounce boxes
 - Infant Fruits and Vegetables – (32) 4 ounce containers

2. The computer will calculate the mean price of each food package for each classification of store within the area of the state (Areas are divided as West, Central and East). The classification of stores will be designated as Class I, Class II, Class III, Class IV. Class I stores have reported yearly food sales of \$200,000 or below. Class II stores have reported food sales of \$200,001-\$1,500,000. Class III stores have reported yearly food sales between \$1,500,000 and \$8,000,000. Class IV stores are those who have reported yearly food sales over \$8,000,000. Class V stores are those who are designated as a pharmacy.
3. The computer will also calculate the mean price for each food item by the type of store within the Area and the State.
4. If the vendor's prices are ten (10%) [or more] above the State Mean for its type and ten (10%) [or more] above the Area Mean for its type for any food package, the vendor will receive a letter to negotiate prices for the next fiscal year, in order to have the Vendor Agreement renewed.
5. A vendor who receives a letter will be instructed to contact the State Agency for the food item prices which need to be lowered in order to meet the criteria. The State Agency will provide the vendor the mean price per food item for the Area, or will help to adjust prices. The vendor can then manipulate his or her own food prices to meet the criteria or agree to a negotiated price. The vendor must submit a Price List which meets the pricing criteria in order to have the contract renewed. The prices negotiated must be an actual price displayed on the food package or container, or on the display case or shelf.
6. The negotiated prices must be maintained until another Price List is requested by the State Agency and submitted by the vendor. At that time, higher prices may be submitted for review.
7. If a vendor has received a letter for high prices and does not negotiate his prices, the contract will not be renewed.
8. A vendor whose contract is not renewed for the above reasons cannot reapply for sixty (60) days from the day the WIC Vendor Stamp is returned to the Local Agency. If there is a second occurrence it will result in a one hundred and twenty (120) day disqualification and the third occurrence will result in a one (1) year disqualification.

- B. Monitoring of Competitive Pricing and Price Limitations Throughout the Year:
1. In order to prevent vendors from negotiating prices and then increasing the prices after negotiation:
 - a. The State Agency will review two (2) vendor reports which indicate vendors redeeming any WIC Food Package above the mean price for the Area or the State and one which indicates redeeming food instruments above the estimated shelf price. A review of redeemed food instruments will be conducted and the appropriate action will be taken.
 - b. The State Agency will also request Price Lists throughout the Fiscal Year and utilize the same methods as outlined in the procedures for reviewing competitive prices for contract renewal.
 1. If a vendor receives a letter based upon this review and does not negotiate prices, the contract will be terminated or not renewed.
 2. A vendor whose contract is terminated or not renewed due to this reason cannot reapply for sixty (60) days from the date the vendor stamp is returned to the Local Agency. A second occurrence will result in a one hundred and twenty (120) day disqualification and a third occurrence will result in a one (1) year disqualification.
 - C. If the store has been required to negotiate prices, the price negotiated must be an actual shelf price. Negotiated prices cannot be changed until such time as the State Agency requests a new Price List and the vendor submits current retail market prices for evaluation. Food instruments redeemed for prices above the amounts negotiated will be considered an overcharge and appropriate action will be taken.
 - D. Price Limitation - The State Agency will set a maximum price (price not to exceed) for certain food items. If a vendor charges in excess of these set prices, the difference will be considered an overcharge and appropriate action will be taken.

**INSTRUCTIONS FOR COMPLETING WIC
APPROVED ITEMS PRICE LIST**

1. **Vendor Number** - Enter the authorized WIC Vendor Number as it appears on the Vendor Stamp. A vendor applicant will leave the area blank.
2. **Date Completed** - Enter the numerical month, day and year on which you are completing the Price List. For example, May 1, 2009=050109
3. **Name of Store** - Print the name of the store.
4. **Signature of Store Contact** - Signature of person providing information. Review the instructions for the form, paragraphs 7 and 8, prior to completing and signing the form.
5. **Title of Store Contact** - Title of person providing information.
6. **Prices** - Complete prices for the WIC approved foods as requested below.

**PRICES ARE TO BE THE SHELF PRICES OF WIC APPROVED FOODS IN
STOCK**

Milk - Enter the lowest price brand in stock by size.

Cheese - Enter the lowest price brand in stock by size. Prices must only be for 8 or 16 ounce sizes of cheese.

Cereal - Enter the highest price for each brand and size in stock.

Eggs - Enter the highest price charged for eggs.

Juice - Enter the highest price for each type, brand and size of juice in stock.

Dry Beans or Peas - Enter the highest price charged for a 1 pound bag of beans

Canned Beans- Enter the highest price charged for a 16 oz. can as specified.

Peanut Butter - Enter the highest price charged for an 18 oz. size of peanut butter.

Whole Grain Bread – Enter the highest price charged for each brand and size in stock.

Whole Grain Products- Enter the highest price charged for each brand and size in stock.

Tuna/ Salmon/ Sardines - Enter the highest price charged for each brand and size in stock.

Infant Cereal - Enter the highest price charged for an 8 oz. box of infant cereal.

Infant Meats - Enter the highest price charged for a 2.5 oz. container.

Infant Fruits and Vegetables- Enter the highest price charged for a 4.0 oz. container.

Infant Formula - Enter the highest price for each type and size in stock.

7. I do hereby certify that the items listed on this form were available at the store indicated and the prices entered were the actual shelf price. I understand this information is to be used to judge my inventory as set forth in the WIC Program Vendor Agreement item 1(b), is used in the review of prices charged on WIC food instruments and is used to judge competitive pricing as set forth in the Vendor Agreement. I understand that if my contract is terminated or non renewed for competitive pricing, failure to meet inventory or failure to properly mark the price of WIC food items, I cannot reapply for sixty (60) days from the day that I return my stamp for the first occurrence. A second occurrence will result in a 120 day disqualification and a third occurrence will result in a one (1) year disqualification.

8. If an applying store, return this form with the properly completed Application to the appropriate Local Agency. If an authorized WIC vendor, return this form as directed.

WIC VENDOR SALES INFORMATION

The WIC Vendor Sales Information Form (WIC-16) serves to document whether a vendor's nontaxable food sales continue to be fifteen percent (15%) of the gross sales, which is a criterion to continue to be a WIC Vendor. It also serves to classify each store as a Class I, Class II, Class III, Class IV, or Class V store (See Competitive Pricing for definition) for use in the State Agency's computer reports.

This form is to be completed upon the request of the State Agency. If the form is not completed and returned to the State Agency within the proper time frames, the contract will be terminated or not renewed. The vendor must supply proof (tax return information) of reported sales figures if requested by State Agency.

If the contract is terminated or not renewed for not returning the Vendor Sales Information, a vendor cannot reapply for sixty (60) days from the day that the WIC Vendor Stamp is returned to the Local Agency. For a second occurrence of not returning the form, the vendor store will be disqualified for one hundred and twenty (120) days; a third occurrence, one (1) year.

Additionally, please be aware that Food Sales are the nontaxable sales done by the store. Gross sales are the total taxable and nontaxable sales done by the store; including gas, pharmacy, bait, deli, video rental, etc. Sales from lottery, money orders and any service offered as commission services (e.g. Ticket Master), hunting/fishing license are not to be reported as gross sales.

1. Instructions for completing the form are on the back of form.
2. Keep the second page of this form (copy) for the store's records.
3. Return this form as directed.

VENDOR ABUSE

It is the intent of the Kentucky WIC Program to prevent vendor abuse. A vendor who enters into a WIC Vendor Agreement attests that he is “knowledgeable and aware that a vendor who commits fraud or abuse of the Program is liable to prosecution under the applicable Federal, State or Local laws.” Any action concerning abuse and the imposition of sanctions will be brought by the State Agency, based upon sufficient documentation. Notices of sanctions will be sent by certified mail or hand delivered to the last known mailing address. A vendor will be sanctioned based upon the types of abuse as stated in the Administrative Regulation 902 KAR 4:040. Any vendor who is terminated (sanctioned) from the Program, or is denied participation, will be informed of his right to appeal. However, the disqualification of a vendor from the WIC Program which is a result of a disqualification from the Food Stamp Program cannot be appealed. The Administrative Regulation 902 KAR 4:040 give the appeal procedures.

In the rare case the State Agency has determined that a vendor cannot be disqualified from the Program due to inadequate participant access as defined by the State Agency, the agency will impose a civil money penalty (CMP). The civil money penalty will be calculated as follows:

1. Determine the vendor’s average monthly WIC redemptions for the six (6) month period ending with the month immediately preceding the month during which the store was charged with violations (date of sanction letter).
2. Multiply the average monthly redemptions figure by 10 percent (10%);
3. Multiply the product from Step 2 by the number of months for which the store would have been disqualified. This is the amount of CMP. The amount of the CMP may not exceed \$10,000 for each violation. Following is an example of how a CMP is calculated for one (1) violation using this methodology:

Monthly WIC Redemptions	
Jan. - \$10, 000	Apr.- \$9,000
Feb.- \$8,500	May- \$7,000
Mar.- \$12,300	Jun.- \$5,000
Average Monthly Redemptions	\$8,633.00
Multiply by 10 percent.....	<u>X .10</u>
	\$ 863.00
Proposed Disqualification	
Period=3 years or 36 months	X 36
Calculated Civil Money Penalty.....	\$31,068.00
Actual Civil Money Penalty for one (1) violation.....	\$11,000.00

4. If one vendor violation would result in a permanent disqualification, the amount of the CMP shall be \$11,000.
5. If an investigation results in more than one vendor violation as listed in 902 KAR 4:040, a CMP will be imposed for each violation.
6. The total amount of a CMP for an investigation, which may include several violations, cannot exceed \$44,000.

ASSISTANCE PROGRAM FRAUD LAW

The Kentucky 1979 Extraordinary Session of the General Assembly enacted an Assistance Program Fraud Law in an effort to prevent abuse of assistance programs.

The WIC Program, as well as the Food Stamp Program, is covered by this Law.

The Law outlines prohibited activities which apply to recipients and vendors, as well as Local Agency and Departmental personnel. Penalties may be imposed against persons determined to have committed intentional fraud against an assistance program. Penalties range from a Class A misdemeanor to a Class D felony.

A copy of the amended Law, effective July 15, 1998, appears on the following pages.

ASSISTANCE PROGRAM FRAUD

194A.500 Definitions for KRS 194A.505

As used in KRS 194A.505:

- (1) “Assistance program” means any program administered by the cabinet;
- (2) “Benefit” means receipt of money, goods, or anything of pecuniary value from an assistance program;
- (3) “False statement or misrepresentation” means a statement or representation knowingly made by a person to be false; and
- (4) “Provider” means an individual, corporation, association, facility, or institution that is providing or has been approved to provide medical assistance to recipients under the Medical Assistance Program.

Effective: July 15, 1998

History: Created 1998 Ky. Acts ch. 426, sec. 23, effective July 15, 1998.

194A.505 Prohibited activities-Commencement of proceedings for enforcement.

- (1) No person shall, with intent to defraud, knowingly make a false statement or misrepresentation or by other means fail to disclose a material fact used in determining the person’s qualification to receive benefits under any assistance program.
- (2) No person shall, with intent to defraud, fail to report a change in the factors affecting the person’s eligibility for benefits.
- (3) No person shall, with intent to defraud, knowingly use, attempt to use, acquire, transfer, forge, alter, traffic, counterfeit, or possess a medical identification card or unique electronic authorization codes or numbers or electronic personal identification numbers in any manner not authorized by law.
- (4) No person having responsibility for the administration of an assistance program shall, having knowledge that it is in violation of the law, knowingly aid or abet any person in obtaining benefits to which the person is not legally entitled, or in obtaining a benefit amount greater than that to which the person is fully entitled.
- (5) No person shall misappropriate or attempt to misappropriate a Medicaid identification card or misappropriate other benefits from any program with which the person has been assigned responsibility, nor shall the person knowingly fail to report any of these activities when it is clearly in violation of the law.
- (6) No person shall, with intent to defraud or deceive, devise a scheme or plan a scheme or artifice to obtain benefits from any assistance program by means of false or fraudulent representations or intentionally engage in conduct that advances the scheme or artifice.
- (7) No person shall aid and abet another individual in acts prohibited in subsections (1) to (6) of this section knowing it to be in violation of the law.

- (8) The Attorney General on behalf of the Commonwealth of Kentucky may commence proceedings to enforce this section, and the Attorney General shall in undertaking these proceedings exercise all powers and perform all duties that a prosecuting attorney would otherwise perform or exercise.

Effective: July 15, 1998

History: Created 1998 Ky. Acts ch. 426, sec. 24, effective July 15, 1998.

194A.510 Defense in prosecution

In any prosecution for the violation of KRS 194A.505, it shall be a defense if the person relied on the advice of an employee or agent of the cabinet.

Effective: July 15, 1998

History: Created 1998 Ky. Acts ch. 426, sec. 25, effective July 15, 1998.

194A.515 Access to criminal records by cabinet's agents.

For the purpose of enforcing the provisions of KRS 194A.505 and KRS 205.8451 to 205.8483 and of investigating any assistance program administered by the cabinet, the designated agents of the cabinet shall have the same access as peace officers to records maintained under KRS 17.150.

Effective: July 15, 1998

History: Created 1998 Ky. Acts ch. 426, sec. 26, effective July 15, 1998.

194A.990 Penalties

- (1) Any person who violates the provisions of KRS 194A.505(1), (2), or (7) shall be guilty of a Class A misdemeanor, unless the sum total of benefits received in excess of that to which the person was entitled at the time of the offense was committed is valued at or over one hundred dollars (\$100), in which case it is a Class D felony.
- (2) Any person who violates KRS 194A.505(3) shall be guilty of a Class D felony.
- (3) Any person who violates the provisions of KRS 194A.505(4) or (5) shall be guilty of a Class C felony.
- (4) Any person who violates the provisions of KRS 194A.505(6) shall be guilty of a Class D felony, unless the purpose of the violation is to obtain ten thousand dollars (\$10,000) or more, in which case it shall be a Class C felony.
- (5) Any person who violates KRS 194A.505(1) to (6) shall, in addition to any other penalties provided by law, forfeit and pay a civil penalty of payment to the cabinet in the amount of all benefits and payments to which the person was not entitled

- 6) Any provider who violates KRS 194A.505(1) to (6) shall, in addition to any other penalties provided by law, including the penalty set forth in subsection (5) of this section, forfeit and pay civil penalties of:
- (a) Payment to the State Treasury's general revenue fund in an amount equal to three (3) times the amount of the benefits and payments to which the person was not entitled; and
 - (b) Payment to the State Treasury's general revenue fund of all reasonable expenses that the court determines have been necessarily incurred by the state in the enforcement of this section.

Effective: July 15, 1998

History: Created 1998 Ky. Acts ch. 426, sec. 28, effective July 15, 1998.