

# **WIC Vendor Compliance in EBT**

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# Presentation Overview

- High Risk Vendor Indicators
  - Requirements/Recommendations
- Compliance Investigations
  - Requirements/Recommendations
  - Inventory Audits
  - Compliance Buys
    - Tailoring
    - Targeting



# High Risk Vendor (HRV) Indicators

## Requirements:

- Identify HRVs at least once per year.
  - Use criteria developed by FNS (see FReD 3.9.6).
  - Use additional statistically based criteria.
    - 2013 VM Study indicates risk associated with: failure to provide receipt, lack of scanning equipment.

## Recommendations:

- Update HRV indicators for EBT.
- Assess indicators on a regular schedule.



# Compliance Investigations

## Requirements:

- Conduct investigations on at least 5% of vendors.
  - If HRVs are less than 5%: Investigate all HRVs, then select additional vendors to meet the minimum requirement.
  - If HRVs are more than 5%: Rank HRVs by greatest risk and investigate the highest ranked HRVs to meet the minimum.

## Recommendations:

- Focus investigations on identifying mandatory federal sanctions:
  - Trafficking, overcharging, substitutions, charging for foods not received, etc.



# Compliance Investigations: **Inventory Audits**

- More common in EBT.
- Usually overt.
- Using conducted by State agency staff.
- Identify vendors charging for foods not received by participants.

## Recommendations:

- Develop and document clear procedures for conducting inventory audits.
- Discuss procedures with general counsel and ALJs prior to implementation.



# Compliance Investigations: **Compliance Buys**

- Are covert.
- Often conducted by a contractor.
- Identify trafficking, overcharging, substitutions, etc.

## Recommendations:

- Develop and document clear procedures for tailoring/targeting and conducting compliance buys.
- Discuss procedures with general counsel and ALJs prior to implementation.
- Ensure that compliance buyers are thoroughly trained.



# Compliance Investigations/Compliance Buys: **Tailoring Buys to HRV Indicators**

- HRV indicators alert you to possible fraud, abuse, or error.
- Buys should be tailored to identify a pattern of the behavior the HRV indicator was designed to identify.
- Example:

HRV indicator: >90% of benefits on EBT card transacted in one shopping trip.

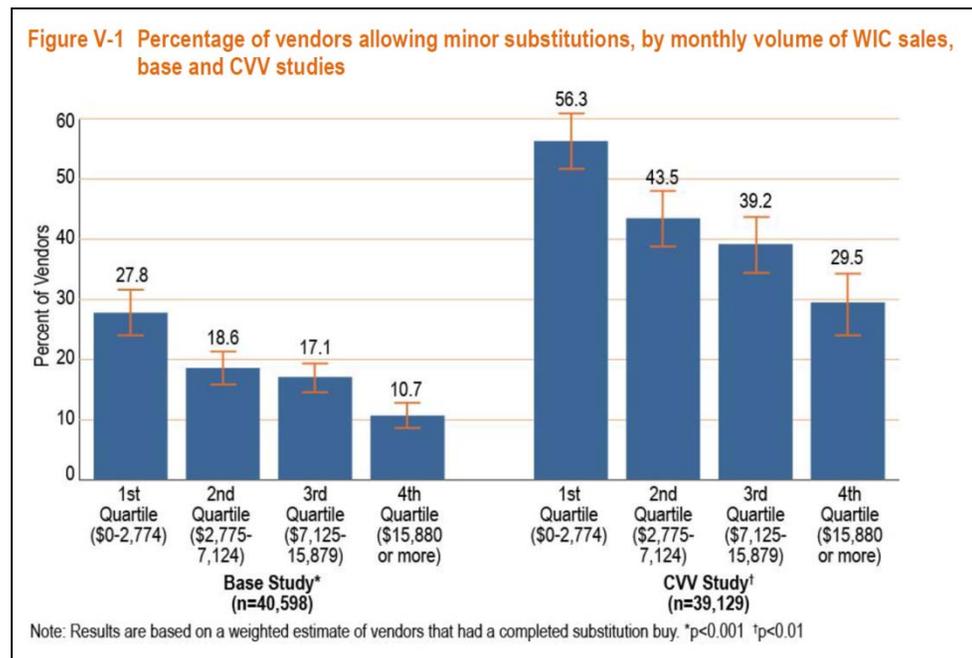
Behavior Identified: Trafficking



# Compliance Investigations/Compliance Buys: Targeting Fraud that is Common in EBT

Common EBT  
violations:

- Overcharging, failure to apply loyalty card discounts that appear on receipt.
- Substitutions, CVB.



# Sources/Resources

- 2013 WIC Vendor Management Study
- 2015 WIC Vendor Management Study (expected in FY 2016)
- FReD Section 3.9.6 (HRV indicators)
- Federal Regulations
- Vendor Management and Food Delivery Handbook (expected in FY 2016)

