

<b>Policy Title</b>	<b>VENDOR PENALTIES AND SANCTIONS</b>	<b>Item</b>	<b>Imposition of penalties and sanctions</b>
<b>Policy Number</b>		<b>Effective Date</b>	<b>October 1, 2015</b>

**Purpose**

To establish the penalties and sanctions imposed by the program for vendor violations, and the conditions under which they will be imposed.

**Authority**

7 CFR 246.12

**Policy**

Program regulations require penalties and sanctions to be imposed on authorized WIC vendors determined to be violating:

- WIC Program federal regulations
- The WIC Vendor Agreement
- The Vendor Manual
- WIC Program policies and procedures

The Program may sanction Vendors violating program requirements by imposing:

- Penalty points
- Monetary claims
- Civil money penalties (CMP)
- Termination or disqualification from the WIC Program, or
- A combination of sanctions

Vendor violations may be intentional or unintentional. DHSS may refer vendors who commit fraud and/or abuse of the WIC Program to federal, state, or local authorities for prosecution under applicable statutes.

The Program may sanction vendors for a combination of violations or any violations of the:

- Terms of the Vendor Agreement
- Federal or state statutes or regulations
- WIC Program policies and procedures and/or
- Other applicable statutes, rules, or regulations

Vendor violations and/or sanctions in preceding contract periods may impact Vendor qualifications for authorization in subsequent contract periods, including denial of an application for a WIC Vendor Agreement. However, violations of the WIC Program that occurred during the previous contract may not be carried over and used as a basis for sanctions during a subsequent contract period.

The Program has two levels of violations: those that result in State sanctions and those that result in federally mandated sanctions.

Subsection A: State Sanctions -Administrative, Procedural or Fraud and Abuse Violations

Under this subsection, Vendors are subject to penalty points and/or termination and disqualification, and any combination of sanctions. A violation under Subsection A will remain on the Vendor's record for sanction purposes for the remainder of the Vendor Agreement period.

If the Program determines that disqualification of a Vendor would result in inadequate participant access, a determination will be made whether to impose civil money penalties and allow the vendor to continue operation or place the affected participants in the Mail Out Vendor program.

Category I – State Sanctions				
Vendor Violation	1 <sup>st</sup> Violation	2 <sup>nd</sup> Violation	3 <sup>rd</sup> Violation	1-year disqualification
Refusal to allow purchase of authorized WIC food items	Warning letter	10	15	1-year disqualification
Refusal to honor manufacturer's coupons or store specials for WIC items	Warning letter	10	15	1-year disqualification
Failure to submit payment for monetary claims within 30 days of notification	Warning letter	10	15	1-year disqualification
Failure to provide WIC client with a cash register receipt	Warning letter	10	15	1-year disqualification
Allowing the return of WIC items in exchange for cash or any other item other than that which is prescribed on the check	Warning letter	10	15	1-year disqualification
Failure to match signature on check to participant folder	Warning letter	10	15	1-year disqualification
Failure to maintain the required minimum stock of WIC foods for a single item	Warning letter	10	15	1-year disqualification
Failure to maintain the required minimum stock of WIC foods for three or more items at the same time	10	15	1-year disqualification	
Failure to offer program participants the same courtesies offered to other customers	Warning letter	10	15	1-year disqualification
Improper storage of foods requiring refrigeration	Warning letter	10	15	1-year disqualification
Offering expired food for sale	Warning letter	10	15	1-year disqualification
Offering food with significantly damaged containers for sale	Warning letter	10	15	1-year disqualification
Failure to submit a complete price survey (price sheet) and minimum stock inventory by the deadline	10	15	1-year disqualification	

Failure to maintain inventory records for a period of 3 years	15	1-year disqualification		
Offering incentive items solely to WIC participants	Warning letter	10	15	1-year disqualification
Allow the return of food purchased with WIC food instruments in exchange for cash, credit, or non-food items	15	1-year disqualification		
Failure to provide required information regarding annual food sales, food stamp sales, tax documents, invoices or other records of purchase upon request	15	1-year disqualification		
Refusal to allow WIC staff to examine documents which are required to be presented upon request in accordance with the vendor agreement or state and federal regulations	15	1-year disqualification		
Allowing the purchase or substitution of unauthorized food items purchased with a WIC check	Warning letter	10	15	1-year disqualification
Attempting to collect from participants funds which were not reimbursable from the State WIC program	15	1-year disqualification		
Selling non-WIC items in exchange for a WIC food instrument, except Category II violation	Warning letter	10	15	1-year disqualification
Requiring WIC participants to pay extra money in addition to the check value to purchase WIC foods	15	1-year disqualification		
Requiring WIC participants to pay sales tax on authorized supplemental foods obtained with WIC checks	15	1-year disqualification		
Unauthorized use or misuse of WIC acronym, logo or facsimile	Warning letter	15	1-year disqualification	
Purchase infant formula from a source that is not listed on the Alaska WIC Program's list of infant formula manufacturers, wholesalers or distributors	15	1-year disqualification		
Discriminate on the basis of race, color, disability, age, national origin, gender, religion, or other class protected by 1-year disqualification state or federal status	15	1-year disqualification		
Assessment of a civil money penalty for hardship in the SNAP	15	1-year disqualification		

Subsection B: Mandatory Federal Sanctions

Federal regulations at 7 CFR 246.12 require mandatory federal sanctions be imposed for violations listed in this section and also require that a pattern of incidences of a violation be established before imposing a mandatory sanction. A pattern of instances for the violations listed below is listed in the table.

Where more than one instance constitutes a pattern, the Program, in its sole discretion, will determine whether a warning letter after the initial instance would compromise an investigation.

Category II – Federally Mandated Sanctions		
Vendor Violation	1 <sup>st</sup> Violation	2 <sup>nd</sup> Violation
<p>A pattern of claiming reimbursement for the sale of an amount of a specific WIC food item which exceeds the store's documented inventory of that WIC food item for a specific period of time.</p> <p>Two instances constitute a pattern for this violation.</p>	3-year disqualification	
<p>A pattern of charging WIC customers more for WIC food items than non-WIC customers or charging WIC customers more than the current shelf or contract price; or</p> <p>A pattern of receiving, transaction and/or redeeming WIC checks or cash value vouchers outside of authorized channels, including the use of an unauthorized vendor and/or an unauthorized person; or</p> <p>A pattern of charging for WIC food items not received by the participants</p> <p>Two instances constitute a pattern for these violations.</p>	Letter of Investigation (unless the letter would compromise the investigation)	3-year disqualification
One incident of the sale of alcohol or alcoholic beverages or tobacco products in exchange for WIC checks or cash value vouchers	3-year disqualification	
One incident of buying or selling WIC checks or cash value vouchers for cash (trafficking); or one incident of selling firearms, ammunition, explosives, or controlled substances as defined in 21 U.S.C. 802 in exchange for WIC warrants or cash value vouchers	6-year disqualification	
A vendor is convicted of trafficking in WIC checks or cash value vouchers or selling firearms, ammunition, explosives, or controlled substances as defined in 21 U.S.C 802 in exchange for WIC checks or cash value vouchers	Permanent disqualification	