

**GEORGIA WIC PROGRAM  
NOTICE OF CHANGE IN WIC REQUIREMENTS  
Effective: April 1, 2014  
Addendum No. 14-01**

The following are amendments to requirements for authorized Georgia WIC vendors. Except where specified, all of these amendments will become effective April 1, 2014. All corresponding documents, including the Georgia WIC Vendor Handbook, will be updated to correspond with these amendments. Please complete, sign, and date the Addendum Verification Checklist included with this notice by *March 31, 2014*. Please MAIL the checklist, using a TRACEABLE delivery method, to: *Georgia WIC Program, Office of Vendor Management, Attn: WIC Program Addendum 14-01, 2 Peachtree Street, 10<sup>th</sup> Floor, Atlanta, Georgia 30303-3142*. Faxes and emails will not be accepted. Failure to submit a completed checklist will result in termination from the Georgia WIC Program.

**I. Selection Criteria and Continuing Compliance with Selection Criteria**

The WIC program is funded by federal tax dollars. Because of this, serving as an authorized WIC vendor is a public trust. Authorization to participate in the program as a vendor is a privilege, not a right. As a steward of public funds, Georgia WIC must balance the need for participant access with the duty to obtain the lowest fair prices for WIC foods and to prevent fraud.

The selection criteria represent the requirements to be considered for authorization as a Georgia WIC vendor. All applicants<sup>1</sup> and vendors must meet the selection criteria at the time of authorization and maintain them throughout the agreement period unless there is inadequate participant access in that area. Vendors are also required to adhere to any changes in the selection criteria made by Georgia WIC during their agreement period, or face termination. Georgia WIC may reassess any authorized vendor at any time during the vendor's agreement period using the selection criteria in effect at the time of reassessment, and must terminate the agreement of any vendors that fail to meet the current criteria. The criteria is as follows:

1. Complete, Accurate and Truthful Information and Documents. All applicants and vendors must provide complete, accurate and truthful information and supporting documents during the application process or whenever requested. If it is later discovered that an applicant or vendor has misrepresented or omitted material information or documents, the application will be denied or the vendor agreement

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<sup>1</sup> An applicant is defined as: anyone deemed associated with the ownership, management or operation of the applicant entity, including owners, officers, partners and, stockholders, registered agents, the immediate family of owners, officers, or partners. Any facts leading the agency to suspect that an applicant or vendor has a business or close personal connection with a WIC vendor that has a sanction history will be thoroughly investigated.

will be terminated. Failure to submit any documents or information requested by Georgia WIC within the required time frame will also result in a denial of the application or termination of the vendor's agreement.

2. Previous Sanction or Violation History with SNAP or WIC Program. Applicants who have pending or current Terminations or Disqualifications (or were assessed Civil Money Penalties in lieu of Disqualification) that have not expired will not be authorized. Applicants who were assessed a Civil Money Penalty in lieu of Disqualification will not be authorized during the time period corresponding to the original Disqualification. Similarly, vendors who submit new applications after violations have been identified (during the course of an audit, investigation, etc.) or who may be awaiting the outcome of an appeal will not be authorized. If it is later determined that an applicant had unexpired sanctions at the time of authorization, the vendor agreement will be terminated immediately.
3. Previous Applicant History. An applicant's prior application history with the program will be reviewed. Applicants whose information or documents are inconsistent with a previously submitted application or applicants who have engaged in serious fraudulent conduct or misrepresentation in connection with a previous application will be thoroughly investigated and will be denied if it is determined that the previous circumstances still exist. An applicant whose denial period has not expired may not be considered for authorization until after the denial period has expired and a new application has been submitted.
4. Competitive Prices. **All applicants and vendors are required to submit and maintain prices that are at, or lower than other vendors currently participating in the program.** Applicant prices for the products on the vendor application will be reviewed and compared against the maximum prices allowed for vendors in that Peer Group currently participating in the program. If a prospective vendor's prices **are more than ten percent higher** than the maximum prices of others in its Peer Group **on more than three items** – the vendor will be notified that its pricing is not competitive and the vendor may receive technical assistance. Applicants will be given one additional opportunity to re-submit prices after notification. Upon the second submission, those failing to submit prices that are lower than the allowable maximums will be denied. Vendors are required to maintain cost competitiveness after authorization. Vendors may be assessed at any time and those whose prices remain non-competitive will be terminated from the Program.
5. Acquisition of permit as a vendor in the Supplemental Nutrition Assistance Program (SNAP) and Compliance with the Supplemental Nutrition Assistance Program (SNAP) Regulations. All vendors and applicants must acquire and maintain authorization as a SNAP retail provider. All applicants and vendors must adhere to the SNAP program rules and must remain in good standing. Information submitted by the SNAP program will become a part of an applicant or vendor file and communication from the SNAP program that indicates a vendor's non-compliance with its rules and regulations will form the basis for a denial or removal from Georgia WIC Program. Applicants and vendors with a history of non-compliance with SNAP's rules and regulations will be denied or removed from the Program. Also, Georgia WIC will not authorize or reauthorize any applicant once the program has been notified that a retailer has been assessed a

Civil Money Penalty (CMP), disqualified or terminated by SNAP. Failure to maintain a SNAP permit for any reason whatsoever, including terminations due to voluntary withdrawal or for non-redemption will result in a denial or termination from Georgia WIC unless necessary to ensure participant access. Retailers who have been assessed a Civil Money Penalty from SNAP will also be denied or terminated from Georgia WIC. Pharmacies and military commissaries are exempt from this requirement.

6. Length of Time as a SNAP Retailer and Previous Grocery Industry Experience. All applicants, except pharmacies and military commissaries, must demonstrate a minimum of twelve months experience as a retail grocer. All applicants must also have a minimum of twelve (12) consecutive months of retail sales history as a vendor under the SNAP Program. Experience can be shown by documentation like a SNAP vendor permit, Federal/State tax records, or other documentation as the program may request. For those applicants who do not have the required history under the SNAP program, Georgia WIC may consider a waiver upon a written request showing the required SNAP history at another location under common ownership.
7. Business Integrity. All new applicants and vendors must demonstrate business integrity. Georgia WIC will consider business integrity and history of the following: owners, corporate officers, partners and affiliates, or the immediate family of owners, corporate officers, or partners. Georgia WIC will also consider the business integrity and history of anyone involved in the operation of the business or the corporate entity, including managers, stockholders or registered agents. Any of the foregoing people that have a history of fraud, embezzlement, trafficking or has engaged in any activity that Georgia WIC deems to be indicative of a lack of business integrity will not be authorized. This includes but is not limited to the following:
  - a. Criminal conviction or civil judgments during the past six years against the applicant, the applicant's owners, officers or managers for any activity indicating a lack of business integrity such as fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, or obstruction of justice.
  - b. Official records of removal from other federal, state or local programs will also be considered.
8. Business Integrity/Background Checks. All new applicants will be subject to background checks to determine the applicant's business integrity as part of the screening process. Georgia WIC may rely on an investigation using outside sources or upon information already known in a vendor or applicant's file. For each of the following people, entities or locations - owners, corporate officers, partners and affiliates, or the immediate family of owners, corporate officers, or partners and anyone involved in the operation of the businesses or the corporate entity, including managers, stockholders or registered agents, the below information must be disclosed:
  - i. Criminal records (current charges and/or past convictions or forfeited collateral for any crime).

- ii. Official records of removal from other Federal, State, or local programs including whether above mentioned people or corporation ever had a license denied, withdrawn, or suspended or been fined for license violations, such as, business, pharmacy or health licenses. This includes instances where there has been a relinquishment of a license or voluntary withdrawal from a program.
  - iii. Judicial determinations in civil litigation reflecting adversely on the integrity of the above mentioned people, corporation, or affiliate(s).
  - iv. Evidence of attempt to circumvent disqualification from WIC or SNAP a civil monetary penalty imposed for violations of WIC or SNAP.
  - v. Evidence of prior fraudulent behavior of the above mentioned people, corporation, or their managers.
  - vi. Other evidence reflecting the business integrity history of the above mentioned people, corporation, or affiliate(s).
  - vii. Previous involvement with any business who has submitted an application (regardless of subsequent authorization) to the WIC or SNAP program and the outcome of such application.
  - viii. Previous violation history or Above-Fifty Percent assignment of the retailer.
9. Minimum Inventory of WIC-Approved Foods. Each vendor is required to stock and maintain daily the minimum inventory of approved WIC foods as well as a substantial amount of non-WIC foods. The inventory must be in the store or the store's stockroom. **All** WIC minimum inventory must be within the expiration dates during the application process, including the pre-authorization visit. Expired foods do not count towards minimum inventory. The minimum inventory requirements can be found at <http://dph.georgia.gov/vendor-information>. **Pharmacies and military commissaries are exempt from minimum inventory requirements.** The vendor must carry other foods outside of the WIC minimum inventory and WIC approved foods. It is expected that all applicants will meet and maintain minimum inventory requirements after the date stated on their application and at all times after the pre-approval visit is conducted. Applicants who have not met their minimum inventory requirements after their pre-approval visit has been conducted may make a written request for a second visit. Applicants must provide detailed reasons and corroborating evidence to support their reasons at the time the request is made. Requests will be granted for those who can show that: (1) sufficient merchandise was ordered but the supplier (due to no fault on the part of the retailer), was unable to deliver the merchandise; or (2) sufficient merchandise was in stock within forty-eight (48) hours of the visit but through unexpected customer purchases were depleted before the pre-approval visit; or (3) merchandise became damaged or destroyed after delivery; or (4) for other reasons beyond the control of the retailer.
10. Pre-Approval Visits. Only those vendor applicants that pass initial screening will receive on-site pre-approval visits from Georgia WIC representatives to verify the information listed on the application and inventory. For non-corporate vendors, pre-approval visits will not be conducted until the vendor has attended training and passed the evaluation with a score of 80 or above. For corporate vendors, only one authorized representative from the store is required to attend training.

11. Timing and Number of Pre-approval visits. At least one pre-approval visit is required for each applicant to verify the items listed on the application. The first pre-approval visit will be conducted at the date and time announced by the Georgia WIC staff. Georgia WIC reserves the right to follow up on any items in the application or observed on site at any time during the application process and may conduct additional visits to the applicant's store as required without notice. Failure to cooperate with Georgia WIC during the pre-approval process will result in application denial.
12. Re-Scheduling Announced Pre-approval visits. In the event that an applicant suspects that they may not be prepared for their announced pre-approval visit, they may re-schedule the visit twice during the application process. The applicant must contact the Georgia WIC office **IMMEDIATELY** to prevent denial of the application by calling 1-866-814-5468 or (404) 657-2900. The vendor will only be allowed to change this date twice—but must be completed within a thirty day period or the application will expire and be denied.
13. Non-Profit Vendor. Non-profit vendors are not authorized in Georgia.
14. Adequate Access for Participants. The store (with the exception of military commissaries and pharmacies) must be open for business at least eight hours per day, six days per week, and must be open during the hours specified on the Vendor Application. In the event an applicant or vendor's hours are changed, they must notify Georgia WIC within twenty days of the change. Military commissaries and pharmacies must be open for business at least five hours per day, five days per week. There should be no barriers to participant entry to the store during opening hours (e.g. required store membership or controlled access or entry to the store.)
15. Suitable Store Location. For new stores applying to Georgia WIC for the first time, the minimum square footage requirement for vendors is 3,000 square feet of continuous retail food sales space open to the public, excluding administrative and storage space. Stores participating in the program prior to October 1<sup>st</sup>, 2013 may remain at the previously required minimum of 3,000 square feet, including administrative and storage space. **This exception will end on September 30, 2015, unless the vendor agreement expires or is terminated prior to this date.** No portion of the store may be located inside of a separate building, nor may any portion be located inside of a facility that is not food retail in nature (e.g. suite on the upper floors of an office building, inside of a community center, daycare, floral shop, etc.). The applicant must provide proof of a lease for at least a three-year period, or proof of ownership of the store location. There must be a store sign to identify the store with the name of the business clearly marked.
16. Licensed by the Georgia Department of Agriculture. Each store must have a valid Retail Food Sales Establishment License in the current owner's name. Pharmacies and military commissaries are exempt from this requirement. Stores that are on the border of Georgia and another state must have a comparable food sales establishment license from that other state's Department of Agriculture.

17. Compliance with Georgia WIC Program Policies and Procedures. For existing vendors, any violations found during the re-authorization process may result in denial of the application for re-authorization. Vendors and applicants will be required to comply with all federal and state WIC policies.
18. Store Acquisition. Georgia WIC will not approve or continue the authorization of a store location that was sold or assigned to circumvent an unexpired sanction, claim or civil money penalty. Nor will Georgia WIC approve or continue the authorization of a store location that was later transferred to anyone involved in the ownership, operation, management or corporate structure (including registered agent) of location with unexpired sanctions, claims or civil money penalties.
- a. The transfer or sale of a retail location with unexpired sanctions, claims or civil money penalties will be closely investigated before the location is authorized. In the event a vendor purchases or acquires a retail outlet that was in the process of being disqualified or which was disqualified from the WIC Program at the time of acquisition, the vendor's application for that outlet location shall not be considered until Georgia WIC makes a determination that the sale was a bona fide, arms-length transaction and that no one involved in the ownership, management, operation or corporate structure (including registered agents) will remain involved in the newly purchased store. If it is later determined that the applicant failed to abide by this provision, the vendor will be immediately terminated and subject to a claim.
  - b. Ownership transfers of an authorized location to anyone related to the ownership, management or operation<sup>2</sup> of vendor retail outlet having unexpired sanctions, claims or civil money penalties at the time of the transfer is prohibited. If it is later determined that there was a failure to abide by this provision, the vendor will be immediately terminated and subject to a claim.
19. Above 50% Criterion. All applicants, except pharmacies and military commissaries, will be assessed to determine whether they derive, or have the potential to derive, more than fifty (50) percent of their eligible food sales revenues from WIC food instruments. Vendors that meet the above 50% criterion **will not** be authorized unless denial of authorization for that applicant would result in inadequate participant access.
20. Infant Formula Suppliers. All vendor applicants are required to purchase infant formula solely from the suppliers selected and approved by Georgia WIC. The Program does not allow vendors to purchase infant formula from other program vendors. Only purchases from the approved list of manufacturers, distributors and wholesalers will be permitted. Records of infant formula purchases must be maintained for a minimum of three (3) previous years plus the current year (or until any pending investigations are closed). In the event of an investigation, only purchase invoices from those permitted suppliers will be considered as legitimate. The list of authorized manufacturers, distributors and wholesalers are

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<sup>2</sup> A person associated with the ownership, management or operation of the applicant/vendor entity, includes owners, officers, partners and, stockholders, registered agents, the immediate family of owners, officers, or partners. Any facts leading the agency to suspect that an applicant or vendor has a business or close personal connection with a WIC vendor that has a history of violations will be thoroughly investigated.

posted on the Georgia WIC vendor website. The program may also require vendors to supply the program with written permission to confirm their infant formula purchase history with suppliers.

21. WIC Acronym and Logo. A WIC vendor or applicant may not use the WIC acronym, the WIC logo, or close facsimiles thereof, in total or in part, either in the official name in which the vendor is registered or in the name in which it does business. The WIC vendor or applicant may not use the WIC acronym, the WIC logo, or close facsimiles thereof, in total or in part, in an unauthorized manner on packages, product labels, proprietary materials including pamphlets and brochures, or in any form of marketing, promotional material or advertisement of the store.
22. Purchase Invoice Receipts. Vendor Applicants must submit, upon request, purchase invoice receipts, bills of lading or recent invoices that show the purchase of items intended for sale in their stores. Failure to submit the requested documentation within the time frame stated in the request will result in denial of the vendor application.
23. Automatic Clearing House (ACH) Application. Vendors who are authorized for participation in Georgia WIC will receive an ACH enrollment form. Vendors will have five business days from the date of receipt of the form to enroll. Failure to enroll in ACH within the allotted timeframe will result in termination of the vendor agreement.
24. Provision of Incentive Items. Georgia WIC will not authorize or continue the authorization of a vendor that advertises, promises, provides, or indicates an intention to provide prohibited incentive items to customers. Incentives include, but are not limited to, free or complimentary gifts, home delivery of foods, store memberships, and other free or discounted services.
25. Pharmacies. A vendor who is placed in the Pharmacy Peer Group is only permitted to redeem special infant formulas and medical foods as specified on the Georgia WIC vendor website. All Pharmacy peer group vendors must be licensed and remain in good-standing with the Georgia State Board of Pharmacies to provide prescription drugs and special medical foods in Georgia. Pharmacies are not required to maintain a SNAP permit, nor are they required to undergo an Above Fifty-Percent assessment.

## II. Application Acceptance Periods; Re-application Limitations After Application Denial

Applications for WIC vendor authorization will only be accepted during the following periods: **Between October 1<sup>st</sup> to December 31<sup>st</sup> and March 1<sup>st</sup> to June 30<sup>th</sup> of each federal fiscal year.**

If an application for authorization is denied, the applicant will be barred from reapplication for period of one year with the exception of the Denial Reasons listed below. Denial periods vary based on the reason that an application is denied. At the time that a notification of Denial is issued, applicants will be notified of their reapplication

date. Irrespective of the reason for denial, once denied, an applicant who wishes to be reconsidered must allow their Denial Period to expire and re-submit a new application after that date has passed. Applications are not re-considered until new application materials have been submitted.

1. Accepting WIC vouchers prior to Authorization. The denial period is three years.
2. Business Integrity and Related Denials. For Business Integrity or Integrity-related reasons, the denial period will be 2 years.
3. All Other Reasons for Denial. The denial period is one year.

### III. Peer Groups

Authorized vendors are classified into **seven** different peer groups based on square footage of the store (excluding administrative and storage space), the number of store locations, and assessment findings.

Peer Group	Type	Description
A	Small	3,000 to 10,000 square feet of continuous retail space open to the public, excluding administrative and storage space. (Vendors in operation prior to October 1, 2013 may remain at 3,000 square feet until September 30, 2015, unless the vendor agreement expires or is terminated prior to this date.)
B	Medium	10,001 to 15,000 square feet
C	Chain	20 or more locations in operation
D	Large Independent	15,001 or more square feet and less than 20 locations
E	Military Commissary	Located on Military Bases serving military personnel only
F	Pharmacy	Pharmacy – Redeem exempt and/or special infant formulas only including medical foods. No contract formula stated infant formula or other standard WIC foods are allowed for this peer group. Vendors must be licensed by and in good standing with Georgia State Board of Pharmacies.
G	Above 50%	Vendors and applicants found to be an actual above fifty (50) % vendor where denial of authorization for that applicant or vendor would result in inadequate participant access.



<b>Note:</b>	<b>Above 50%</b>	<b>Applicants identified as actual or potential above fifty percent (A-50) vendors at application will not be authorized. Vendors assessed as A-50 during the first six-month assessment, during the annual assessment or at re-authorization will be terminated from the program. Pharmacies and military commissaries are exempt from this assessment.</b>
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#### **IV. Responsibilities and Procedures for Selected Vendor Types**

##### **Incorporated Vendors**

The Georgia WIC Program defines a Corporate Vendor as an authorized vendor that is owned by a corporate entity. A corporate vendor can be a publicly or privately owned corporation or a limited liability company.

Incorporated applicants must complete and submit a Corporate Information Form along with the vendor authorization application. If an incorporated applicant is seeking authorization for two or more stores, it must also complete and submit with its application a corporate attachment form for each store. If a currently authorized corporate vendor wishes to seek authorization for additional stores during the agreement period, **it must submit an updated vendor authorization application, a Corporate Information Form, Corporate Vendor Training Checklist and a Corporate Attachment Form for each store.** The authorization of additional stores will not require the execution of a new vendor agreement. The Corporate Attachment Form for each newly authorized store will be an additional addendum to the existing corporate vendor agreement.

##### **Pharmacy Vendors**

With the exception of stores that qualify for participation in Peer Groups C, D and E, any retailer who operates a pharmacy on the premises will be placed in the Pharmacy Peer Group (Peer Group F) and is subject to the restrictions associated with that Peer Group.

A vendor who is placed in the Pharmacy Peer Group **is only** permitted to redeem special infant formulas and medical foods as specified on the Georgia WIC vendor website. **Pharmacy vendors are exempt from maintaining minimum inventory requirements and from A-50 assessments.** All Pharmacy peer group vendors must be licensed and remain in good-standing with the Georgia State Board of Pharmacies to provide prescription drugs and special medical foods in Georgia and must provide a copy of the licensing credentials upon request. Those who fail to maintain their pharmacy license in good standing will be terminated.

##### **Vendors in Peer Groups A, B and G – Prohibited from Redeeming Vouchers for Special Infant Formula and Medical Foods**

Stores in Peer Groups C, D, E (Military Commissaries), and F (Pharmacies) are the only

vendors permitted to redeem these types of vouchers. Please see the Georgia WIC vendor website for the list of vouchers that vendors in each Peer Group are permitted to redeem.

Vendors in Peer Groups A, B and G will not be reimbursed for Special Infant Formula and Medical Food vouchers and those who submit these types of vouchers for payment will not be paid – the vouchers will be returned through the banking system and those vendors risk incurring charges from their financial institution. Vendors should govern themselves accordingly to avoid bank charges.

#### **V. Return Food Instrument Payment Procedures**

If the redeposit is unsuccessful, or for food instruments returned by the vendor's bank for reasons other than those listed above, send an email communication requesting technical assistance to the Office of Vendor Management. Provide an explanation outlining why the food instruments were returned and require a review for payment consideration. **Do not send actual food instruments to the Georgia WIC Program. They will be returned to the vendor.**

Food Instrument returned by the vendor's bank stamped "stale date," "post date," "altered" or "signature missing" **will not be paid.**

#### **VI. Redemption Assessment**

Any vendor with less than \$2,000.00 in annual WIC redemptions or not redeeming any WIC food instruments in sixty (60) days will be terminated from the program for a period of one (1) year. Pharmacies and military commissaries are exempt from this redemption assessment.

#### **VII. Vendor Cost Containment**

Georgia WIC will conduct an annual assessment of each current vendor, except pharmacies and military commissaries, to determine if they derive more than fifty (50) percent of their food revenue from WIC food instruments. Vendors will also be assessed at re-authorization. New vendors will be assessed within six months of authorization to determine if they derive more than fifty (50) percent of their food revenue from WIC food instruments.

All vendors, except pharmacies and military commissaries, will be assessed at application, within six months after authorization, and annually thereafter to determine whether they derive more than fifty (50) percent of their SNAP eligible food sales from WIC redemptions. Georgia WIC will conduct an initial Food Sales Assessment based on programmatic reports to determine whether a vendor is a Probable Above Fifty Percent Vendor (A-50).

Upon notification of Probable A-50 Status, vendors may challenge the initial findings by requesting a detailed Food Sales Assessment to demonstrate that their eligible food sales are less than their WIC sales. A vendor must submit its request for a detailed

Food Sales Assessment within fifteen (15) days of the date of the Notice of Probable A-50 Status. A vendor will be determined to be an Above Fifty-Percent Vendor if: (1) it fails to follow the procedures to request a detailed Food Sales Assessment, (2) it fails to provide the documents or information required, (3) it fails to cooperate with the assessment process; or, (4) if the detailed Food Sales Assessment confirms that a vendor is an Above-Fifty Percent vendor.

Applicants or vendors that are determined to be an A-50 vendor will be denied at authorization or terminated from the program unless it is determined that denial of authorization for the vendor would result in inadequate participant access. Vendors determined to be A-50 will receive notification, which contains instructions on how to appeal the denial or termination under the Administrative Review procedures in place. Vendors that remain on the program due to inadequate participant access will be moved to Peer Group G.

### **VIII. Changes in Vendor Information**

The vendor must provide Georgia WIC with written notice of any other change in business or contact information listed on the vendor application, including store name, hours of operation, telephone number and e-mail address.

The vendor must provide Georgia WIC with written notice of any change made to the "Operation and Sales" section of the vendor authorization application and "Operations, Sales, and Banking Information" section of the Corporate Attachment Form. Specifically, any change pertaining to the types of non-taxable food and non-food items sold by a vendor that are not SNAP or WIC eligible.

The vendor must provide Georgia WIC with at least **twenty-one (21) days** advance written notice of any changes to the ownership, operation, corporate structure, and management of its business or cessation of business and the effective date.

If business changes involve the addition of new owners, corporate officers, partners, and/or affiliates, a vendor must include the full name, social security number, and date of birth for each individual in its notice to the Department. New people added to an existing business, or who acquire the business must pass the Department's Business Integrity checks. **A vendor will be immediately terminated from the program if it fails to provide the Department with advance written notice of such changes and fails to provide the requisite information the Department needs to conduct its Business Integrity checks.**

For locations where none of the initial owners retain any ownership interest or for locations ceasing operation, the vendor authorization number will be terminated on the effective date of the change.

### **IX. Covert Compliance Investigation**

Vendors may be identified for covert compliance investigations via the following:

1. Research of programmatic reports and vendor database, including but not limited to the Vendor Score section of the Vendor Profile report;
2. Vendors who have been reported for potentially violating program policies; or
3. Random selection if less than five (5) % of vendors are high risk.
4. If the total number of vendors that are identified as high risk is greater than five (5) %, the investigations of those high risk vendors will be prioritized based on which indicators are flagged.

#### **X. Termination of WIC Vendor Agreement Upon Notice**

Georgia WIC may terminate the vendor agreement for cause after providing at least fifteen (15) days advance written notice. Use of the vendor stamp shall be discontinued fifteen days after the date of the termination notice. Any food instruments submitted for payment after fifteen days of the date of the termination notice will not be paid. All terminations shall remain in effect during the administrative review process. Reasons for termination **may include, but are not limited to, the following:**

1. Voluntary withdrawal from the WIC program.
2. The decision to sell the store.
3. Use of the WIC acronym, WIC logo, or close facsimiles thereof, in total or in part, in a manner that violates the provisions of this vendor handbook.
4. Accepting food instruments through the mail or mailing any approved formula/medical food directly to the WIC customer.
5. Failure to complete and submit documentation for annual training by the deadline specified by Georgia WIC.
6. Failure to provide Georgia WIC with written notice of a change in the vendor's business within at least twenty-one (21) days in advance of the change (including but is not limited to a change in ownership, name, location, corporate structure, sale or transfer of the business, or cessation of operation.)
7. Two (2) failed attempts by Georgia WIC to contact the vendor during business hours at the vendor's reported address and telephone number.
8. Determination that the vendor's SNAP license is invalid or not current.
9. Intentionally providing false information or vendor records, other than information or records provided in connection with a vendor application for authorization or re-authorization.
10. Failure to provide food instruments, inventory records, food sales or tax information upon request.

11. Failure to allow monitoring by WIC representatives, or harassing or threatening any WIC representative.
12. Forging a participant's signature on a WIC food instrument.
13. Reproducing the WIC vendor stamp.
14. Identification by Georgia WIC of a conflict of interest as defined by applicable state laws, regulations, and policies, between the vendor and Georgia WIC or its local agencies.
15. Failure to enroll in ACH within the time specified.
16. Four failed assessments for non-competitive prices within a 12-month period or less.
17. Providing prohibited incentive items as part of a WIC transaction, in a manner that violates the provisions of this handbook.
18. Failure to meet the selection criteria in effect at the time of assessment at any time throughout the agreement period.
19. Less than \$2,000 in annual WIC redemptions or not redeeming any WIC food instruments in sixty days, except pharmacies and military commissaries.
20. Violation of any federal or state law or regulation, or terms of the WIC Vendor Agreement or Vendor Handbook not otherwise covered by the sanction system.

## **XI. The Sanction System**

Below is a description of the Georgia WIC sanction system and how it works. For those violations that require a pattern, a pattern is established when the same violation occurs twice. Enforcement of all sanctions is required when violations have been committed.

### **State Agency Sanctions**

If a violation occurs in Category I, the vendor will receive written warning for the first offense. If the **same** violation occurs a second time, the vendor will receive another warning for the second offense. If the **same** violation occurs a third time, the vendor will be disqualified for the time period specified for that category (six months).

If a violation occurs in Category II, the vendor will receive written warning for the first offense. If the **same** violation occurs a second time, the vendor will receive another warning for the second offense. If the **same** violation occurs a third time, the vendor will be disqualified for the time period specified for that category (eight months.)

If a violation occurs in Category III, the vendor will receive written warning for the first offense. If the **same** violation occurs again after receiving the first warning, the vendor will be disqualified for the time period specified for that category (ten months).

If a vendor receives a warning letter and desires further explanation, the vendor may call Georgia WIC and speak with the Vendor Management Unit Manager or submit a written request for further explanation to Georgia WIC.

**State Agency Sanctions Category I - Disqualification for six months on third violation**

1. Stocking one or more WIC food items outside of manufacturer's expiration date.
2. Failure to allow in-store or manufacturers' promotional or free item with a WIC purchase.
3. Failure to submit or return requested documentation, other than food instruments or inventory records, food sales, tax information, or documentation for annual training, by the stated deadline.
4. Failure to stock the required inventory of contract formula.
5. Failure to stock the required inventory of any WIC food items other than contract formula.
6. WIC redemptions in excess of SNAP redemptions.

**State Agency Sanctions Category II - Disqualification for eight months on third violation**

1. Allowing the purchase of WIC foods in unauthorized container sizes.
2. Requiring WIC participants to show any identification other than the WIC identification card.
3. Use of a non-approved label by a bread manufacturer in the vendor's store.
4. Prices not marked on or near WIC foods with the exception of Infant Formula or Fruits or Vegetables.

**State Agency Sanctions Category III - Disqualification for ten months on second violation**

1. Failure to ring up a sale of WIC purchases.
2. Failure to write the price on a food instrument before the participant signs in plain sight of the participant during the WIC transaction.

3. Refusing to accept a valid WIC food instrument from a participant.
4. Allowing the substitution of one WIC approved food item listed on the food instrument for another WIC approved food item not listed on the food instrument.
5. Failure to repay charges within thirty days.
6. Contacting WIC participants for any reason regarding a WIC transaction.
7. Requiring participant to pay cash to redeem WIC food instruments, except for personal payments for amounts over the maximum amount of a Cash Value/Fruit and Vegetable Food Instrument.
8. Allowing the purchase of any formula other than the one specified on the front of the food instrument.
9. Failing to provide a WIC participant with the same courtesies as other customers
10. Prices not marked clearly on or near WIC infant formula.
11. Allowing WIC food items to exceed the quantity specified on the food instrument (except for manufacturers' or in-store promotional or free items that are offered to all customers.)
12. Failure to allow the purchase of any WIC food item.
13. Issuing a "rain check"/IOU for WIC approved foods.
14. Charging sales tax on a WIC food item other than on the amount that exceeds the value of the Cash Value Fruit and Vegetable Voucher.
15. Failure to provide WIC participants with a receipt.
16. Failure to check a WIC customer's WIC ID card/folder.

Please ensure that all of the information you receive pertaining to Georgia WIC is official documentation. We consider official documentation to be any document you receive from Georgia WIC with the program logo, and/or the signature of the Director of the Georgia WIC program or Deputy Director of Vendor Management. If you have any questions pertaining to Georgia WIC or its processes, please contact Georgia WIC at 1-866-814-5468, or visit our website at <http://dph.georgia.gov/vendor-information>.