Chapter Eighteen
Vendor Management

Overview

In This Chapter

This chapter is divided into twelve (12) sections, which detail all aspects of Vendor relations, and six (6) appendices.

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Section A
Vendor Selection and Authorization

Introduction

This section describes the Arizona Department of Health Services' (hereinafter "Department") Vendor Management Policies and Procedures for the WIC supplemental nutrition (food) delivery program, which includes, but is not limited to, the Arizona WIC Program Vendor Contract, Vendor enrollment, training, monitoring, sanctions, and the payment system used to redeem Food Instruments, including Cash Value Food Instruments, which will allow participants/authorized representatives to purchase fruits and vegetables. For all intents and purposes, the Arizona WIC Program Policy and Procedure Manual refers to all coupons, vouchers, checks, and electronic benefit transfers as Food Instruments, except where noted otherwise.

Policy

The Department must authorize each food Vendor Applicant before the Applicant may participate in the Arizona WIC Program. The authorization process begins when a retail food store, pharmacy or military commissary files a complete application, including all required attachments, with the Department. Authorization occurs when the Department enters into a written, fully executed Vendor Contract with the Applicant (See Appendix E). The Department shall provide the authorized Vendor with a copy of the executed Vendor Contract by certified mail.

An Applicant must have a fully executed written Vendor Contract with the Department before it may participate in the Arizona WIC Program as an authorized Arizona WIC Program Vendor. Only the Director of the Department or their designee may enter into a written Vendor Contract authorizing an Applicant to become an Arizona WIC Program approved Vendor.

The Department shall contract with a sufficient number of Vendors to serve all Arizona WIC participants. The Department may limit the number of Vendors to enable the Department to effectively manage the program.

Pharmacies may be contracted to provide "infant formula only." In this situation, any reference to "WIC foods" shall mean WIC approved infant formula. Except for Supplemental Nutrition Assistance Program (SNAP) authorization, all other provisions shall remain the same.

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Section A
Vendor Selection and Authorization (Continued)

Policy (Continued)

If any provision of the Vendor Contract conflicts with the requirements of the Federal WIC Program Regulations, the provisions in the Federal Regulations shall prevail. If any provision of the Vendor Contract conflicts with the requirements of the Vendor Manual, the Vendor Manual shall prevail. If any provision of the Arizona WIC Program Policy and Procedure Manual conflicts with Federal Regulations, the Federal Regulations shall prevail. If any provision of the Vendor Manual conflicts with the Arizona WIC Program Policy and Procedure Manual, the Arizona WIC Program Policy and Procedure Manual shall prevail. If any provision of the Vendor Manual conflicts with Federal Regulations, the Federal Regulations shall prevail.

The Arizona WIC Program sends out important information that can assist Vendors in maintaining compliance with the Arizona WIC Program Vendor Contract. Therefore, it is essential that the Vendor accept/pick up all certified mail sent to them from the Department. Examples of items that may be sent to Vendors via certified mail are replacement Food Instruments, contract related items (including some WIC Alerts), sanctions, lost/stolen Food Instruments and training notices.

Procedure - Continuous Enrollment

Retail grocers, pharmacies and military commissaries with a fixed location may apply to become an Arizona WIC Program Vendor. The Department will accept and process applications at any time during the year. There are no deadline restrictions attached to applications submitted and processed under continuous enrollment. However, submission deadlines will apply to the vendor contract enrollment period. All untimely applications will be processed after October 1st (unless the Department determines, in its sole discretion, that such applications must be processed earlier to ensure adequate participant access), under the Arizona WIC Program's continuous enrollment criteria.

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Section A
Vendor Selection and Authorization (Continued)

Procedure – Continuous Enrollment (Continued)

Vendor Contract Enrollment Period

Retail grocers, pharmacies and military commissaries with a fixed location may apply to become an Arizona WIC Program Vendor. In May, the Department shall mail an enrollment packet to each currently authorized Vendor whose contract expires September 30th, and any interested retail grocer, pharmacy, or military commissary who requests an application by April 30th. The packet will provide instructions to complete the online application and WIC Price Stock Survey (see Appendix A) as well as information regarding other documents that must be provided during the process. However, upon request the Department shall provide access to a WIC computer or a paper application to assist any Applicant who does not have computer/internet access. The open enrollment period deadline will be identified in the enrollment application packet. An Applicant must be open, viable and ready to do business **upon submission** of the enrollment application and WIC Price Stock Survey (see Appendix A).

The term of the Vendor Contract is three (3) federal fiscal years or a portion thereof to be determined at the discretion of the Department, beginning October 1st and ending on September 30th. The Department must receive a completed application and WIC Price Stock Survey (see Appendix A), including all required attachments, not later than 5:00 p.m. on the closing date established in the enrollment application packet. **The Department shall not accept facsimile copies in lieu of the original documents.**

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Procedure – Continuous Enrollment (Continued)

Required attachments include:

- An original signed Vendor Contract (See Appendix E)
- A copy of the Applicant's current sanitation or health operating permit for each location identified in the application
- Any additional information requested by the Department

The Applicant must complete information for all outlets which are to be considered, including, but not limited to:

- The name of each outlet
- Outlet numbers (if applicable)
- The address and telephone number
- A contact person responsible for the operation of the WIC Food Instrument redemption program
- The SNAP identification number of each outlet

Applications submitted after 5:00 p.m. on the enrollment closing date shall be deemed untimely. The Department shall inform the Applicant that its application was untimely and shall not be considered during the open enrollment period. However, an untimely application will be process after October 1st, under the Arizona WIC Program's continuous enrollment criteria.

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Section A
Vendor Selection and Authorization (Continued)

Evaluation Process

New Vendor Applicants: The evaluation process for Applicants who have not participated in the Arizona WIC Program within the last five (5) federal fiscal years is as follows:

- The Department shall verify that the Applicant is an authorized SNAP retailer operating in good standing
- The Department or its designee shall conduct an on-site visit to verify the information contained in the Application, Contract (See Appendix E) and WIC Price/Stock Survey (See Appendix A). An appointment shall be made for training purposes
  - Upon conclusion of the site visit, the Department or its designee shall notify the Applicant of the results of the verification visit by providing the Applicant with a copy of the Vendor Site Review form (See Appendix B). The Department or its designee shall make one unannounced follow-up visit if deficiencies are noted
  - Currently, Vendors who have had a satisfactory Vendor Site Review during the fiscal year may be exempt from this criteria (open enrollment only)
- The Department shall deny an application if the Department or its designee is unable to verify the information in the application or supporting documentation, or if the Applicant has less than the required amounts or kinds of WIC approved foods at the follow-up visit
- The Department shall not authorize a new for-profit applicant (not currently participating in the Arizona WIC Program) that is expected to derive more than 50% of its annual food sales from WIC Food Instruments, unless the applicant is necessary to ensure participant access to program benefits. The Department completes a six-month assessment of all new Vendors to assure that the status initially assigned is appropriate. Upon completion of the assessment, if the Vendor's food sales from WIC Food Instruments exceed 50% of their total food sales, the Vendor Contract will be terminated unless the outlet is necessary to ensure participant access

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Section A
Vendor Selection and Authorization (Continued)

Evaluation Process (Continued)

New Vendor Applicants (continued):

- In the event an Applicant purchases or acquires an outlet that was in the process of being disqualified or which was disqualified from participation the Arizona WIC Program at the time of acquisition, the application for that outlet location shall not be considered until the Department makes a determination that the sale was a legitimate arms-length transaction
  - The Department shall make this determination no later than six (6) months from the date of submission of the application
  - If the Department determines that the transfer was not a legitimate arms-length transaction, the application shall not be considered until the disqualification period has been served
- If the Department has disqualified the previous owner of an outlet for noncompliance or notified the previous owner that the outlet has been disqualified due to noncompliance, a new owner's application for that outlet shall not be considered until at least six (6) months from the expiration date of the previous owner's last Vendor Contract unless the Department makes an earlier determination that the sale was a legitimate arms-length transaction
- The Department will not review a re-application following a denial based upon the aforementioned reasons for 180 calendar days from the date in the denial letter
- If an Applicant appeals the denial of the application, the Department will not review a re-application for 180 calendar days from the date that the final administrative decision is rendered

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Section A
Vendor Selection and Authorization (Continued)

Evaluation Process (Continued)

Current and previous Vendors: The evaluation process for all current Vendors or Applicants, who were previous Vendors, who have participated in the Arizona WIC Program at any business location during the previous five (5) federal fiscal years is as follows:

- The Department shall follow the Vendor Evaluation Process and Criteria established for new Vendors
- The Department shall evaluate the Vendor's file in the following areas:
  - Compliance with the Vendor Contract, Federal Regulations and this Section at all business locations
  - Responsiveness to Vendor Site Review corrective action recommendations and participant/authorized representative complaints
  - Past performance in the previous five (5) federal fiscal years, including sanctions assessed
  - In the case of stores owned by corporations, past performance at other locations operated by the same corporation
  - Compliance with the SNAP requirements
  - Timely and complete submission of WIC Price/Stock Survey
  - Whether any business location of the Applicant is currently an Above-50-Percent Vendor or has previously been determined to be an Above-50-Percent Vendor within the previous five (5) Federal Fiscal years. (The Department will utilize this criterion in conjunction with information collected in the Vendor application, the outcome of the initial site review, and any other information that will support the determination.)
- Failure to meet **all** of the Vendor Evaluation Criteria, or if the Vendor's history file evaluation is unacceptable, provides cause to deny an application or to terminate a current Vendor's Contract

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Section A
Vendor Selection and Authorization (Continued)

Evaluation Process (Continued)

All new Vendor Applicants, current, and previous Vendors must attend the Department's mandatory training session scheduled by the Department for each open enrollment period. Each store shall send a management representative or their designee who shall be responsible for Arizona WIC Program compliance at the location. In addition to the management representative or their designee, other representatives may be designated to attend the mandatory training and function as training liaisons for that location's site.

- The additional store (outlet) representatives who function as training liaisons shall not be a substitute for the management representative or the designee
- Attendance at in-store training or at a mandatory or voluntary training session in a previous and/or a current contract cycle does not satisfy the requirement for attendance at the mandatory training session for the current open enrollment period

For denials due to the Applicant not meeting the training criteria, the Applicant will be given only one (1) final opportunity to attend a Department mandatory training session scheduled.

Individual outlets (stores) may be added to a Vendor Contract without affecting the status of the other outlet(s). The submission of an online Application and WIC Price/Stock Survey shall serve as written notice and shall be received by the Department not less than thirty (30) calendar days before the outlet opening date. The Department shall evaluate the individual outlet based on the evaluation process and criteria described in this section.

Before an Applicant is denied for any selection criteria outlined under the "Vendor Evaluation Criteria", **other than minimum stock requirements**, the Applicant's original application and related attachments shall be evaluated under the Participant Access criteria outlined in this Manual. The Department shall deny an authorization if the Applicant does not meet the criteria for minimum stock requirements, after being provided with one opportunity to correct the deficiency.

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Section A
Vendor Selection and Authorization (Continued)

Change Of Ownership

When a Change of ownership occurs, (including bankruptcy of a currently approved Arizona WIC Program Vendor), the new owner shall complete an on-line application and WIC Price Stock Survey to become an Arizona WIC Program Vendor, including all required attachments. Required attachments include: an original signed Contract; a copy of the Applicant's current sanitation operating or health permit for each location identified in the application; and any additional information requested by the Department as applicable. This should occur not less than thirty (30) calendar days prior to the transfer of ownership to ensure minimal disruption of services to Arizona WIC Program participants. The Department shall evaluate the application based on the process and criteria described in this section.

When the Department is notified of the change of ownership in writing by the Vendor (See Appendix C), the Department shall initiate the follow-up actions necessary to reduce any disruption of service to Arizona WIC Program participants. If a Vendor ceases operation by closing a location, any subsequent reopening shall be processed through the full application process, not under the change of ownership clause.

The Department will not authorize a Vendor applicant if it determines that the store has been sold or closed and reopened as a new store in an attempt to circumvent a WIC sanction. The Department may consider such factors as whether the store was sold to a relative by blood or marriage of the previous owner(s) or sold to any individual or organization for less than its fair market value. To make such determinations it may be necessary for the Department to request additional information from the applicant. The Department reserves the right, in its sole discretion, to request additional information from the applicant, which may include, but is not limited to, such items as a social security number or other identifying information from the applicant and/or owner(s) to enable the Department to conduct a thorough background check, and to access other similar search avenues, and verify information regarding the change in ownership of the store (*i.e.* bill of sale, lease, assignment, etc.).

The Department shall evaluate **all** of the applications for **all** of the above-mentioned based on the evaluation process and criteria described in this section.

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Section A
Vendor Selection and Authorization (Continued)

Vendor Evaluation Criteria

In addition to the submission of a complete and timely application, which includes the attachments, an Applicant must meet **all** of the evaluation criteria. Failure to meet any of the criteria is cause to deny an application. However, the Department reserves the right to waive specific selection criteria in an effort to ensure participant access to supplemental foods. Pharmacies, which provide only special order authorized infant formula, are also exempt from specific selection criteria. All Applicants shall be evaluated in accordance with the following criteria:

Stock Requirements

Maintain the minimum stock and variety of all WIC foods from the time an application for enrollment is completed and if approved, throughout the contract period, as described in Section 2 of the Vendor Manual.

- Grocers/Commissaries: Grocers/Commissary Applicants shall have the required WIC approved foods in the amounts and variety required on its shelves or stored at its location address (not available to order) from the date an application is submitted. WIC approved brands are listed in the Vendor Manual, Section 2.
- Pharmacies: Pharmacy Applicants shall agree to order WIC eligible infant formula in the amounts and brands specified on the Food Instrument redeemed by the WIC participant/authorized representative, or ordered by the Local Agency or Department. However, pharmacies are not required to maintain the minimum stock requirements if they were contracted to provide only “special WIC infant formula.”

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Section A
Vendor Selection and Authorization (Continued)

Stock Requirements (Continued)

The Arizona WIC Program will maintain a list of infant formula wholesalers and distributors licensed in accordance with State law and federal regulations and infant formula manufacturers registered with the Food and Drug Administration.

Authorized Vendors are required to only purchase infant formula from sources on the above-mentioned list. Failure to do so will result in the denial of the application or the Vendor being disqualified from participation in the WIC Program.

This list will be updated and provided to all authorized Vendors annually and to each new applicant in the enrollment packet.

In order to be included on the Arizona WIC Program's list of infant formula sources, the following requirements must be met:

- Infant formula manufacturers must be registered with the Food and Drug Administration
- Wholesalers or distributors must be licensed in accordance with State law and federal regulations and must purchase infant formula directly from the manufacturer

Undue Hardship

A current Vendor may be authorized to stock a reduced minimum stock of infant and/or woman/child food packages if one of the following criteria exists:

- A local agency documents **fewer** than:
  - Four (4) milk based **and** two (2) soy based infant formula participants

    and/or
  - Eight (8) woman/child participants

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Section A
Vendor Selection and Authorization (Continued)

Stock Requirements (Continued)

- A Vendor may request the stocking of these products be reduced based on the low volume of WIC sales of these products. The Department will make a determination based on the following criteria:
  - The Vendor's redemption of infant and/or woman/child food packages during the past six (6) calendar months must substantiate the Vendor's request to reduce the minimum stock Requirements
  - The number of authorized Vendors in the area
  - The request must be submitted in writing to the Department
- Any local agency whose participants may be affected by this reduction must approve of the decision to reduce the minimum stock requirements of these products
- The approval is contingent upon the Vendor's agreement to provide all WIC authorized foods. If a WIC participant makes a request for any item that relates to the reduction, the Vendor must order the item and make it available to them within five (5) calendar days
- Written documentation from the Department approving the reduced amounts must be on file at the Department with a written notification to the affected Vendor and local agency before the requirement shall become effective. The effective date shall be the date the written notification is received by the Vendor

Competitive Price Evaluation

The Department collects food prices and redemption data to perform various analyses and ensure that all Vendors are and remain competitively priced throughout the Vendor Contract period. However, the Department reserves the right to consider participant access and allow an increase in price variance within a peer group to ensure access to supplemental foods.

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Section A
Vendor Selection and Authorization (Continued)

Accessibility to WIC Participants	The Applicant's location(s) and hours of operation shall conform to the following requirements: • The Applicant shall be open for business a minimum of ten (10) hours a day, six (6) day a week. • The Applicant location shall be accessible to WIC participants because of its proximity to a WIC clinic or to the participants' residence. **Note:** This criterion may be waived to ensure adequate participant access to supplemental foods.
Type of Store	The Applicant shall be a retailer of groceries who has 45% or more of its gross sales from groceries. Gross sales are **all** sales including groceries, non-food items, alcohol, tobacco, lottery, fuel (for stores that have gas stations) and general merchandise (for stores classified as Super Centers). The Department will exclude fuel and general merchandise sales from the applicant's gross sales figure. **Note:** This criterion may be waived to ensure adequate participant access to supplemental foods.
Above-50-Percent Vendor	The Department shall not authorize a new for-profit applicant (not currently participating in the Arizona WIC Program) that is expected to derive more than 50% of its annual food sales revenue from WIC Food Instruments, unless that applicant is necessary to ensure participant access to program benefits. The Department completes a six-month assessment of all new Vendors to assure that the status initially assigned is appropriate. As part of this assessment, the Department will consider the State of Arizona Transaction Privilege, Use and Severance Tax Returns (TPT-1's), at a minimum on a quarterly basis, while contracted as an authorized WIC Vendor. It is the Vendor's obligation to ensure that the TPT-1's are submitted to the Department of Revenue. If no returns have been submitted to the Department of Revenue, the Department will make its determination based solely on the information available. Upon completion of the assessment, if the Vendor's food sales from WIC Food Instruments exceed 50% of their total food sales, the Vendor Contract will be terminated unless the outlet is necessary to ensure participant access.

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Section A
Vendor Selection and Authorization (Continued)

Sanitation

The Applicant shall be in compliance with all state, municipal and local sanitation standards and must have a current Permit to Operate posted in the store.

Service Mark Compliance

The WIC acronym and the WIC logo are registered service marks of the United States Department of Agriculture (USDA) for USDA's WIC, Registration Nos. 1,630,468 and 1,641,644, and all rights therein and goodwill pertaining thereto belong exclusively to the USDA. The Applicant is not permitted to use the WIC acronym or the WIC logo, including close facsimiles thereof, in whole or in part, in the official name or the business name of the Applicant. The Applicant is not permitted to use the WIC acronym or WIC logo in advertising or other promotional materials, and the Applicant is prohibited from attaching the WIC acronym or WIC logo to any food item.

Authorized Vendors may use the WIC acronym and WIC logo to identify themselves as an authorized WIC food Vendor and to identify authorized WIC foods by attaching channel strips and shelf-talkers stating "WIC-approved" or "WIC-eligible" to grocery store shelves.

- The Department will provide authorized Vendors with the only allowable WIC Decals, channel strips, and shelf-talkers for these purposes.
- Vendors shall not develop their own signage, channel strips, or shelf-talkers; or use ones distributed by manufacturers and distributors.

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Section A
Vendor Selection and Authorization (Continued)

History of Compliance	The Applicant and/or authorized Vendor shall not have been sanctioned or disqualified from participating in the SNAP or another WIC Program, including the ITCA WIC and/or Navajo Nation WIC Programs, for a period of five (5) federal fiscal years prior to application.
Training	The Applicant shall accept mandatory training by the Department as a prerequisite to approval of the Vendor Contract. The Vendor shall also accept regional, state location and in-store training and shall implement corrective action(s) when a violation of state or federal rules or policies and procedures occur as outlined in the Training of Vendors, Section B.
Conflict of Interest	There shall be no conflict of interest between the Vendor and the Department or the local agency and all provisions of A.R.S. § 38-511 apply to the Department's Contract with the Vendor.
Volume of WIC Business	The Applicant which participated as a WIC Vendor during the previous Contract period and had an average of ninety (90) or fewer Food Instruments redeemed for the quarter of February, March, and April may be considered to have too low a volume, and may be evaluated as demonstrating a lack of demand for the Vendor applicant in the area. **Note:** This criterion may be waived to ensure adequate participant access to supplemental foods.
SNAP Status	The Applicant shall have authorization from and operate in compliance with the SNAP regulations, except for pharmacy contracts only for the sale of special formula. Applicants who are currently disqualified and/or have been involuntarily withdrawn from the SNAP shall not be considered as WIC Vendors. Applicants who have been assessed a SNAP civil money penalty for hardship, and the disqualification period that would otherwise have been imposed has not expired, will not be considered as a WIC Vendor, unless there is inadequate participant access.

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Section A
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Business Integrity

The applicant, applicant's owners, officers, managers and/or other representatives shall maintain a standard of business honesty and maintain a reputation of good business practices. The applicant, applicant's owners, officers, managers and/or other representatives shall not have a criminal conviction or civil judgment against them in the last six years.

The Department shall have the right to deny authorization or participation in the WIC Program based on consideration of information regarding the business integrity and reputation as follows:

- Criminal conviction of, or civil judgment against, the owners officers or managers for:
  - Commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public or private agreement or transaction
  - Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, or obstruction of justice
  - Violations of Federal, State and/or local consumer protection laws or other laws relating to alcohol, tobacco, firearms, controlled substances, and/or gaming licenses
- Administrative findings by Federal, State or local officials that do not give rise to a conviction or civil judgment but for which an Applicant is removed from such program, or the Applicant is not removed from the program but the Department determines a pattern exists of three (3) or more instances evidencing a lack of business integrity on the part of the owners, officer's and managers

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Section A
Vendor Selection and Authorization (Continued)

Business Integrity (Continued)

- Evidence of an attempt by the Applicant to circumvent a period of disqualification, a Civil Money Penalty or fine imposed for violations of the Federal WIC regulations and Department WIC policies and procedures.
  - As needed, the Department may consider the following types of criteria to determine whether or not a need exists for it to conduct further investigation(s):
    - An applicant who is using the same store name as a previously authorized WIC Vendor who had prior WIC Program violations, whether sanctions had been imposed or not;
    - An applicant store is located at the same address as a previously authorized WIC Vendor who had prior WIC Program violations, whether sanctions had been imposed or not;
    - An applicant using the same store name and/or address of a previously authorized WIC Vendor who was terminated from the WIC Program for Program violations.
    - An applicant who employs a previous owner or owners of a store which was terminated from the WIC Program, when that employee is now acting as an Officer or Manager or in any other type of management capacity
- If the Department determines, in its discretion, that further investigation may be necessary, it shall be entitled to obtain the social security number from the applicant to assist it in obtaining the information required to make a determination.
- Previous WIC Program violations which are established administratively and/or judicially as having been committed by owners, officers or managers for which a sanction had not been previously imposed and satisfied.
- Evidence of prior WIC Program violations personally committed by the owner(s) or officer(s) of the Vendor at one (1) or more outlets of a multi-outlet Contract, or evidence of prior WIC Program violations committed by management at other outlets of multi-outlet Contracts which would indicate a lack of business integrity on the part of ownership and for which sanctions have not been previously imposed or satisfied.

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Section A
Vendor Selection and Authorization (Continued)

Incentive Item Prohibition

For Vendor Applicants that receive or are likely to receive more than 50% of their annual food sales from the sale of supplemental foods obtained with WIC Food Instruments, incentive items* shall not be provided to WIC Program participants.

***Note:** Above-50-Percent Vendors **cannot** provide any incentive items to WIC customers; however, Regular Vendors can provide incentive items to WIC customers, as long as the same incentive items are being provided to **all** customers.

*Incentive items or other free merchandise are: Free or reduced price food or other items, cash, lottery tickets, buy one-get one free, buy one-get one at a reduced price, free amounts added to an item by a manufacturer, manufacturer coupons, store loyalty cards, sales and specials for supplemental food, free or reduced price services except for the minimal customary courtesies of the retail food trade, such as bagging supplemental food for the participant and assisting the participant with loading the supplemental food into his/her vehicle.

Timeframes for Action for Open Enrollment

- The Department will review all Vendor Applications by the end of July.
- By the end of August, the Department will send a certified notice to all new Vendor Applicants whose applications were denied. Appeal rights shall be outlined in the notice.
- By the first day of September, the Department will send a certified notice to all current Vendors who did not file an application notifying them that their current Contract shall expire on September 30th.
- By the third week of September, the Department will send the fully executed Vendor Contract and Vendor information packet to each Applicant who was authorized to become a WIC Vendor.

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Section A
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Contract Approval

After evaluation of the Vendor application and upon a determination that the Applicant met all of the evaluation criteria, the Department will authorize the Vendor Applicant to become an approved Arizona WIC Program Vendor. Upon authorization, the Department will execute the Vendor Contract, assign the applicant a Vendor ID number and two (2) ID stamps so that it may begin to accept WIC Food Instruments at the beginning of the contract period.

Prior to the execution of a Vendor Contract which covers more than one outlet, the Vendor shall file a list of outlets participating as WIC Vendors including:

- The name of each outlet
- Outlet numbers (if applicable)
- Its address and telephone number
- A contact person at each location responsible for the operation of the WIC Food Instrument redemption program
- The SNAP identification number of each outlet

All new WIC Vendors will have Vendor Site Review after a minimum of thirty (30) calendar days on the program. Failure to meet minimum stock requirements during this visit will result in sanctions according to Section H of this document.

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Section A
Vendor Selection and Authorization (Continued)

Termination of the Contract

Either the Vendor or the Department may terminate the contract according to the terms identified in the contract. The contract will be terminated immediately if the Vendor ceases operations, ownership changes (whole or controlling interest), or the Vendor files bankruptcy, which causes ownership or control to change.

The Vendor must inform the Department, in writing, not less than thirty (30) calendar days before the date of termination, change of location, ownership or control of the business, or the date that the Vendor will cease business. The Department will send the Vendor a letter confirming the date of termination and the date by which Food Instruments must be deposited for payment.

When an outlet under one contract ceases operations, the Vendor must complete in writing a Store Closure Notification form (See Appendix D) and submit it to the Department not less than thirty (30) calendar days prior to closure of the outlet.

All new WIC Vendors will have a Vendor Site Review after a minimum of thirty (30) days on the program. Failure to meet the minimum stock requirements during this visit will result in sanctions according to Section H of this document.

The Vendor will not be eligible to re-apply for 180 calendar days from the date of any termination.

If the Vendor appeals any termination, the Department will not review a re-application for 180 calendar days from the date that the final administrative decision is rendered

The Vendor must return its Vendor ID stamps to the Department within ten (10) calendar days of termination of the contract, a change of ownership or control of the business, or termination of the business.

Note: WIC Vendor authorization is not transferable and the contract shall be terminated. Therefore, if there is a change of ownership, the new owner must complete an application and meet <u>all</u> enrollment criteria.

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Section A
Vendor Selection and Authorization (Continued)

Expiration of the Contract

The Department will notify the Vendor at least fifteen (15) calendar days prior to the expiration of its contract. Expiration of the Vendor's Contract is not subject to appeal.

Contract Termination and Disqualification

The Department may terminate a contract or disqualify a Vendor, which includes termination of the contract, by providing the Vendor with thirty (30) calendar days advance written notice.

Any Vendor that is disqualified from another Food and Nutrition Service (FNS) Program may be disqualified from the Arizona WIC Program for the same length of time. During the disqualification, the Department will not consider the Vendor for authorization as an approved WIC Vendor.

Customer Relations

- During the term of the contract, the Vendor shall post in a conspicuous place the "We Accept Arizona WIC Food Instruments" decal provided by the Department
- The Vendor shall give WIC participants/authorized representatives the same courtesies shown to all other customers
- The Vendor shall allow participants/authorized representatives access to all checkout lanes (**excludes** "Cash Only" and self serve lanes)
- The Vendor shall ensure that all information pertaining to WIC participants/authorized representatives shall be confidential, except for Department and local agency monitoring, investigation or oversight
- The Vendor shall accept Food Instruments from WIC participants/authorized representatives without regard to their race, color, disability, age, national origin or sex
- The Vendor shall comply with:
  - The non-discrimination provisions of Federal law
  - Regulations in 7 CFR Parts 15, 15a, 15b
  - Applicable provisions of the Americans with Disabilities Act of 1990
  - All state, municipal, and local sanitation standards

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Section A
Vendor Selection and Authorization (Continued)

Pricing

- The Vendor shall charge prices for WIC foods that are comparable to the prices charged by other similar type stores
- The Vendor may contract pricing for WIC approved foods
- The Vendor shall mark clearly the price of WIC approved foods either on the product container or the shelf

ID Stamp

The Vendor ID stamps are the property of the Department

The Department will provide the Vendor with two (2) Vendor ID stamps at the time of initial authorization

The Vendor is strictly responsible to maintain the ID stamps and store them in a secure location

The Department will replace, at no charge, an ID stamp which is worn. For a fee, the Vendor may order additional duplicate ID stamps from the Department

Section B
Training of Vendors

Policy

Mandatory regional and initial training shall be established by the Department. The Mandatory regional training is an interactive training, which will occur at the onset of each new contract period.

The Department or its designee will provide mandatory regional or initial training to the owner or manager of each Vendor Applicant.

- All new Vendor Applicants, including those who have previously participated in the Arizona WIC Program **must** attend the regional or initial training before the Vendor Applicant will be accepted as an authorized Vendor. Any Applicant who fails to participate in the regional or initial training, as scheduled, will have its WIC Vendor application denied
- All current Vendors **must** attend the regional training as part of their current contract. A Vendor's failure to participate in the regional training, as scheduled, may result in the termination of the Vendor's Contract
- A management representative or designee from each store location is required to attend the training as scheduled. Each Applicant/current Vendor representative will be expected to sign an attendance sheet at the beginning of the training session (only during the regional training) and will be provided a signed Training Acknowledgment form at the completion of training as proof of attendance
- Vendors who have a large employee turnover and/or have a large volume of Arizona WIC Program business are encouraged to have as many employees as possible attend regional and initial training

Continued on Next Page

Section B
Training of Vendors (Continued)

Policy (Continued)

- Training is designed so that the Vendor and its employees have minimal program violations and to improve service through communication.
- Training can also reduce Food Instrument redemption errors made by cashiers and bookkeepers and improve the integrity of the WIC Program so that participants receive only those foods intended to meet their nutritional needs
- The Department may provide in store or other training if the Department determines that the Vendor has violated its WIC contract, Federal Regulations, or any Section of the Arizona WIC Program Policy and Procedure Manual - Vendor Management
- The Department will conduct training when requested by a Vendor, or as deemed necessary

Procedure

Mandatory Regional or Initial Training

The Department will provide mandatory regional or initial training to the owner or manager of each Vendor Applicant. In the case of a chain store or Applicants with more than one outlet, the manager or their designee of each outlet wishing to be authorized as a WIC Vendor must attend the mandatory regional or initial training before the outlet will be authorized to become a WIC Vendor. The recipient of the training will be responsible to ensure that its store or outlet operates in compliance with its WIC Vendor Contract, Federal Regulations and this Section.

Continued on Next Page

Section B
Training of Vendors (Continued)

Procedure (Continued)

The recipient of the training will also be responsible for training and oversight of its cashiers and other personnel who are responsible for handling WIC transactions. The mandatory training session will include:

- Explanation of the WIC Program
- Use of the Vendor Manual
- The Vendor's Role
- Approved and Non-Approved Foods
- Minimum Stock & Variety Requirements/Infant Formula Purchases
- Wholesaler/Supplier Problems
- WIC Food Instruments
- WIC Identification Folder & Proxy Form
- WIC Redemption Procedures
- "X" Signatures
- Corrections to the Food Instrument
- Alterations of WIC Food Instruments
- Use of Manufacturer Coupons, Store Specials or Discount Cards
- WIC Price/Stock Survey
- WIC Payment Criteria
- Vendor Claims/Reimbursement Procedure
- Program Updates
- Complaint Process
- Vendor Monitoring
- Violations and Sanctions
- Vendor Rights and Responsibilities
- Service Mark Compliance
- Incentive Item Prohibition

Section B
Training of Vendors (Continued)

Procedure (Continued)

When appropriate, the Department will provide the Vendor representative with a Vendor Manual and training materials that address WIC procedures and serves as a guide for Vendors to follow when presented with a problem concerning the Arizona WIC Program.

A local agency, (e.g. county health department) Vendor liaison will attend the mandatory regional training, if possible.

Annual Training

The Department shall be responsible for providing Vendor training annually. At least one Vendor representative for each outlet must participate in the annual training. The Department will have sole discretion to designate the date, time, and location of all interactive training. The Department shall provide at least one alternative date on which to attend such training. The annual training will:

- Include instruction on the purpose of the WIC Program
- Review approved and non-approved foods, including minimum stock requirements
- Review requirement that Vendors obtain infant formula only from sources included on the Arizona WIC Program Infant Formula Suppliers List
- Review the procedures for redeeming and depositing Food Instruments
- Review policies and procedures regarding the use of incentive items
- Review the Vendor sanction system
- Review the complaint process
- Review the claims procedures
- Discuss any changes to program requirements since the last training
- Provide the Vendor with a name of a contact person for questions regarding the Arizona WIC Program

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Section B
Training of Vendors (Continued)

Procedure (Continued)

Documentation of Vendor Training

- Training Acknowledgment form. The owner, manager or their designee will be required to sign a Training Acknowledgment form for the following types of training:
  - Scheduled regional training
  - Scheduled initial on-site training
  - Requested on-site training
  - Other scheduled training
- Vendor Site Review form. The owner, manager or their designee will be required to sign the Vendor Site Review form to acknowledge receipt of training on deficiencies found
- The Department shall maintain a copy of the Training Acknowledgment and Vendor Site Review forms in their respective individual Vendor files
- The Vendor will receive a copy of the Training Acknowledgment and Vendor Site Review forms at the time of the training and a copy will be mailed to a chain store's corporate office or to the headquarters' office of the store outlet, when more than one outlet is covered by the contract

Section C
High Risk Identification System

Peer Groups

Policy

The Department has developed a system to assign Vendor peer groups for high-risk analysis.

Procedure

The Department captures information from the Arizona WIC Program Vendor Application to determine peer group. Vendors are classified into the following peer groups:

1. Pharmacy (class1)
2. National/Regional or Local Chain (class 2)
3. Super Centers (class 3)
4. Large Urban Independent - more than $750,000 total gross annual sales (class 4)
5. Small Urban Independent - less than $750,000 total gross annual sales (class 5)
6. Large Rural Independent - more than $750,000 total gross annual sales (class 6)
7. Small Rural Independent - less than $750,000 total gross annual sales (class 7)
8. Above-50-Percent – more than 50% annual food sales from WIC redemptions (class 8)
9. Military Commissary (class 9)

For peer group purposes, a chain is classified as a group of six (6) or more outlets listed under one (1) contract

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Section C
High Risk Identification System (Continued)

Peer Groups (Continued)

Procedure (Continued)	Information relative to the number of cash registers, square footage, hours of operation, number of employees, warehousing and delivery schedules, etc. is collected and may be used for further comparison. For example, comparisons are made among volume of Food Instrument redemptions and sales and geographic area. Data reports are produced which provide both peer group and redemption comparison data. High-risk Vendor reports can be generated from the Arizona In Motion (AIM) automation system. These reports will be run to identify high risk Vendors, who will be monitored through compliance buys and/or inventory audits.

Food Redemption Screening

Policy	The Department will enforce the standards established in this section for Food Instrument payment.
Procedure	
Acceptance of WIC Food Instruments	Refer to the Vendor Manual for the proper Food Instrument redemption procedures.

Continued on Next Page

Section C
High Risk Identification System (Continued)

Food Redemption Screening Procedure (Continued)

Deposit and Payment of WIC Food Instruments

The Department prints conditional drafts, which are called Food Instruments. The Food Instrument is taken to the Vendor for redemption.

The Department will not pay WIC Food Instruments which are incorrectly completed. Therefore, prior to deposit, it is recommended that the Vendor review the Food Instrument(s) to ensure that payment will be made.

The Vendor must clearly stamp each Food Instrument with its authorized WIC Vendor ID stamp in the box on the Food Instrument that states, “Pay to the order of:”

Note: If the Vendor is an authorized Inter Tribal Council of Arizona, Inc. or Navajo Nation WIC Vendor, the Vendor **may not** use the other WIC Program’s ID stamp to validate an Arizona WIC Program Food Instrument.

The Vendor must endorse and deposit the Food Instrument in its financial institution. Food Instruments **must** be deposited no later than sixty (60) calendar days from the “first date to use” printed on the Food Instrument. Food Instruments submitted for payment after this date will **not** be honored.

The Vendor’s financial institution routes the Food Instrument(s) through the Federal Reserve System to the Arizona WIC Program’s banking contractor.

Food Instruments received for payment by the banking contractor are reviewed according to standardized criteria. Food Instruments that meet all criteria are accepted for payment, and the funds are credited to the Vendor’s account through standard banking procedures.

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Section C
High Risk Identification System (Continued)

Food Redemption Screening Procedure (Continued)

Rejected WIC Food Instruments

Food Instruments that do not meet all of the designated criteria are rejected for payment by the Arizona WIC Program's banking contractor and are returned to the Vendor through standard banking procedures.

There are two types of Vendors authorized by the Department. The two types are Regular Vendors and Above-50-Percent Vendors. They are defined in Chapter one (1) of this Policy and Procedure Manual.

The payment criteria established for unreasonable dollar amount and over the maximum dollar amount printed on the Food Instrument are different for Regular Vendors and Above-50-Percent Vendors. Payment will be made as defined below:

- Regular Vendors will be paid the maximum amount allowed based on the Vendor's peer group
- Above-50-Percent Vendors will be paid for the maximum amount allowed based on the Vendor's peer group, which is no more than the average redemption amount for all Regular Vendors by Food Instrument type

Food Instruments rejected for payment by the banking contractor for unreasonable dollar amount and for over the maximum dollar amount printed on the Food Instrument are paid through the Automated Clearing House (ACH) process. A Vendor must provide authorization to the Department and its bank to receive ACH payments or debits.

Note: <u>Cash Value Food Instruments</u> will be paid up to the maximum value as stated on the face of the Food Instrument for both Regular and Above-50-Percent Vendors.

All other payment criteria for rejected Food Instruments are the same for Regular and Above-50-Percent Vendors. Payment criteria for all rejected Food Instruments are outlined on the following pages.

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Section C
High Risk Identification System (Continued)

Food Redemption Screening Procedure (Continued)

Rejected WIC Food Instruments (Continued)

The Arizona WIC Program's banking contractor will reject Food Instruments for only one reason at a time. When rejected Food Instruments are sent to the Department for a second level review, the Department will review them for **all** payment criteria. The table below shows how the different reject reasons affect reimbursement.

Reject Reasons Table

REJECT REASON	REIMBURSEMENT
*Unreasonable Dollar Amount	Yes, payment will be made. The Vendor will be paid through ACH, the maximum value established for the Food Instrument type based on the vendor's peer group, but not more than the maximum stated on the Food Instrument.
*Over the Maximum	Yes, payment will be made. The Vendor will be paid through ACH, the maximum value established for the Food Instrument type based on the vendor's peer group, but not more than the maximum (includes Cash Value Food Instruments) stated on the Food Instrument.
Missing Vendor ID Stamp	Yes, payment will be made. Clearly stamp the Food Instrument(s) with the authorized Vendor ID stamp and redeposit the Food Instrument(s), one time only within sixty (60) calendar days of the first date to use. See Second Level Review for Extenuating Circumstances in this Chapter for Food Instrument(s) that cannot be re-deposited within the time frame indicated above.
Unreadable Vendor ID Stamp	Yes, payment will be made. Clearly stamp the back side of the Food Instrument(s) with the authorized Vendor ID stamp and submit for second level review according to this section.

Table continued on Next Page

*NOTE: UNREASONABLE DOLLAR AMOUNT and OVER THE MAXIMUM are paid according to the Vendor type (Regular or Above-50-Percent). CASH VALUE FOOD INSTRUMENTS are paid up to the maximum amount listed on the Food Instrument.

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Section C
High Risk Identification System (Continued)

Food Redemption Screening Procedure (Continued)

Reject Reasons Table (Cont)

REJECT REASON	REIMBURSEMENT
Missing Signature	No, payment will not be made. Food Instruments rejected for payment due to a missing signature will **never** be paid. Vendors must obtain the signature **before** depositing the Food Instrument for payment.
Altered Food Instruments	No, payment will not be made. Payment will **never** be made if white-out was used.
Stale Date (Deposited Beyond Sixty (60) Calendar Days of First Date to Use)	No, payment will not be made. Vendors must submit the Food Instrument within sixty (60) calendar days of the “first date to use” printed on the Food Instrument.
Cashed Early	No, payment will not be made. Food Instruments rejected for payment due to early cashing (accepted prior to the “first date to use” printed on the Food Instrument) will **never** be paid. Vendors must verify the dates are valid **before** redeeming the Food Instrument.
Cashed Late	No, payment will not be made. Food Instruments rejected for payment due to cashing after the “last date to use” will **never** be paid. Vendors must verify that the dates are valid **before** redeeming the Food Instrument.

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Section C
High Risk Identification System (Continued)

Review for Reimbursement of Food Instruments Initially Rejected for Payment

Policy

Upon written request, the Department will provide authorized Vendors with the opportunity for a second level review of Food Instruments initially rejected for payment.

- The second level review will use the criteria established in this Section to determine if the rejected Food Instrument qualifies for no, partial or full payment
- Bank charges for returned Food Instruments will not be reimbursed

Vendors will be notified in writing of the decision made after the second level review

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Section C
High Risk Identification System (Continued)

Review for Reimbursement of Food Instruments Initially Rejected for Payment (Continued)

Procedure	The second level review is conducted only by the Department.
Second Level Review – Vendor Responsibilities	The Vendor is responsible to: • Submit the rejected Food Instrument(s) to the Department within ninety (90) calendar days of the first date to use. All Food Instruments submitted ninety (90) calendar days after the first date to use may not be accepted for consideration • Submit a written explanation of all extenuating circumstances related to the rejection of the Food Instrument(s). (See “Extenuating Circumstances” in this Section) • Notify the Department in writing if it is to send the reimbursement(s) to an address other than that listed on the Vendor Contract • The replacement Food Instrument must be endorsed showing that the payee and the Vendor’s endorsement match • The replacement Food Instrument must be deposited in the Vendor’s named bank for payment not later than thirty (30) calendar days after the issue date for the replacement Food Instrument

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Section C
High Risk Identification System (Continued)

Review for Reimbursement of Food Instruments Initially Rejected for Payment (Continued)

Second Level Review - Department Responsibilities

All Food Instruments received by the Department for second level review are entered on the "Rejected Food Instrument (FI) Replacement Log" noting:

- Vendor name and outlet number, if applicable
- Vendor identification number
- Replacement Food Instrument serial number
- Review Food Instrument serial number
- First date to use listed on the Food Instrument
- Food Instrument type
- Food Instrument redemption amount
- Replacement Food Instrument amount
- Date the Food Instrument was reviewed
- Reviewer's initials
- Any relative comments

The Department will review the Food Instrument and determine if it can be paid. The Department will:

- Determine if the Food Instrument was submitted within ninety (90) calendar days after the first date to use.
  - If the Food Instrument was submitted more than ninety (90) calendar days after the first date to use, the Department may reject the Food Instrument and note on the "Rejected Food Instrument (FI) Replacement Log" that the Food Instrument was rejected for payment for this reason (skip the rest of the steps and go to "Food Instruments denied payment" in this section).
  - If the Food Instrument was submitted within ninety (90) calendar days of the first date to use, the Department will continue the evaluation.
- Determine if any rejection criteria apply (see criteria under Rejected WIC Food Instruments in this section).

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Section C
High Risk Identification System (Continued)

Review for Reimbursement of Food Instruments Initially Rejected for Payment (Continued)

Second Level Review - Department Responsibilities (Continued)

Department staff will note on the "Rejected Food Instrument (FI) Replacement Log" whether the Food Instrument was accepted or rejected for payment according to the rejection criteria indicated in this section.

If the Department determines that the Food Instrument should not be paid, the Department shall note on the "Rejected Food Instrument (FI) Replacement Log" that the Food Instrument was rejected for payment. (When the Food Instrument is rejected, go to "Food Instruments denied payment" of this Section).

The Department shall issue a "replacement" Food Instrument for Food Instruments accepted for payment as follows:

- If more than one Food Instrument is to be replaced, the replaced dollar amount for each Food Instrument shall be added to calculate the total reimbursement due to the Vendor. The sum of the total reimbursement shall not exceed two hundred (200) dollars.
- Complete the "replacement" Food Instrument.
- Submit the "replacement" Food Instrument to an authorized Department staff person for review and signature.

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Section C
High Risk Identification System (Continued)

Review for Reimbursement of Food Instruments Initially Rejected for Payment (Continued)

Second Level Review - Department Responsibilities (Continued)

The Department will return Food Instruments denied payment at the second level of review to the Vendor along with a letter explaining the reasons for denial

Note: The Department will mark with a red "S" in the lower right hand corner all Food Instruments, which are denied payment at the second level review and returned to the Vendor to indicate that they have been reviewed by the Department.

Document the transaction:

- The Department will keep a photocopy of the letter sent to the Vendor describing the disposition of Food Instrument(s) submitted for review in the Vendor's file
- The Department will keep a photocopy of the Food Instrument(s) rejected for payment at the second level review in the Vendor's file
- Rejected Food Instrument(s), which have been reimbursed, will be stapled to the white tissue copy of the "replacement" Food Instrument with any supporting documentation and filed according to each federal fiscal year

Extenuating Circumstances

The Department review will consider extenuating circumstances which merit payment of the Food Instrument. Extenuating circumstances include:

- Missing Vendor ID Stamp

  The Department will replace a Food Instrument, which has a missing Vendor stamp if:

  - The endorsement and redemption were made by the Arizona WIC Program Vendor
  - The Vendor provides a written explanation which documents it was administratively impossible for the Vendor to redeposit the rejected Food Instrument within sixty (60) calendar days after the first date to use
  - The Vendor clearly stamps its Vendor number on front of the Food Instrument and there is no other reason for rejection

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Section C
High Risk Identification System (Continued)

Review for Reimbursement of Food Instruments Initially Rejected for Payment (Continued)

Second Level Review - Department Responsibilities (Continued)

Extenuating Circumstances (Continued)

- Stamped with another WIC Program Vendor ID Stamp

  The Department will replace a Food Instrument stamped with another WIC Program Vendor ID stamp if:

  - The endorsement and redemption were made by an Arizona WIC Program Vendor
  - The Vendor clearly stamps the Arizona WIC Program Vendor ID number on the back of the Food Instrument and there is no other reason for rejection

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Section C
High Risk Identification System (Continued)

WIC Price/Stock Surveys

Policy

The Department requires Vendors to verify and complete a WIC Price/Stock Survey (see Appendix A) semi-annually to evaluate and ensure that competitive price criteria continues to be met throughout the term of the Vendor Contract.

The data is also used to monitor retail price increases, compare wholesale to retail, monitor market trends, and for food forecasting. The price date is not used to set or establish the maximum redemption amount for Food Instruments.

Procedure

- All Vendors must accurately complete and submit the on-line WIC Price/Stock Survey semi-annually, between the first (1st) and the fifteenth (15th) calendar day of June and December

  Exception: Pharmacies shall be exempt from this requirement if they were contracted to provide only "special WIC infant formula".

  Note: Chain stores must submit one consolidated WIC Price/Stock Survey for all outlets. However, if prices vary for each outlet and/or region, a separate report must be submitted for each outlet and/or region.
- All Vendors are required to submit additional WIC Price/Stock Surveys when requested by the Department.
- All Vendors may submit additional WIC Price/Stock Surveys when there is a wholesale price increase.
- The Department's on-line system will not save or submit incomplete surveys. All required information must be entered.
- The WIC Price/Stock Survey completed and submitted for authorization is required for the enrollment process and **may not** replace the WIC Price/Stock Survey due in June and December.
- The WIC Price/Stock Survey that is due semi-annually should not be submitted prior to the first (1st) calendar day of the month and no later than the fifteenth (15th) calendar day of the month in which they are due (June and December).

Section D
Routine Monitoring

Policy

- Execution of the Vendor Contract authorizes the Department to perform any and/or all monitoring, as the Department deems appropriate
- Vendor monitoring responsibilities may be delegated to a contractor
- The Department or its contractor shall visit each Vendor prior to, or at the time of, initial authorization
- Vendors may be selected for monitoring based on their volume of WIC Program sales, past program abuse, history of unusually high prices of authorized foods, complaints, availability or variety of authorized foods, submission of suspicious Food Instruments or other concerns of the Department
- The Department is responsible for comprehensive monitoring of all authorized Vendors to ensure that they understand the WIC Program's rules, regulations and procedures. The measures that the Department and its contractor may use to monitor Vendors include, but are not limited to, the following:
  - Vendor Site Review
  - Reject Food Instrument report reviews
  - Compliance investigations
  - Inventory audits
  - WIC participant/authorized representative and clinic complaints.
  - Criminal/Civil Background Checks
- The Department and contractor may conduct follow-up on Vendors who are reported on the Arizona WIC Program Complaint hotline

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Section D
Routine Monitoring (Continued)

Procedure

Vendor Site Reviews

A Vendor Site Review is an unannounced on-site visit. These visits are unannounced because the purpose of the visit is to determine if the Vendor is maintaining adequate stock for when participants/ authorized representatives redeem Food Instruments. If an appointment is made, the Vendor may be artificially well-stocked when it would otherwise not have adequate WIC stock for participants/authorized representatives. Appointments may be made for training purposes only. As outlined in the Vendor Contract, the Vendor cannot refuse to allow a Vendor Site Review to be conducted. A Vendor Site Review may be conducted at any time the Vendor is open for business.

There shall be four types of Vendor Site Reviews:

- INITIAL: First time visit for a new applicant or change of owner (an appointment will be made for training purposes)
- INITIAL FOLLOW-UP: Follow-up visit for a new applicant or change of owner that did not meet the required minimum WIC stock during the initial visit
- REPRESENTATIVE: Chosen at random; and will be completed for all new Vendors after a minimum of thirty (30) days on the program
- HIGH RISK: All new Vendors after a minimum of thirty (30) days on the Program; and Vendors identified by low inventory, participant/authorized representative complaints, sanitation issues, etc.

Vendor Site Reviews may be conducted by the Department or its authorized contractor as follows:

- At a minimum, annually during each federal fiscal year (October through September) for at least 5% of the authorized Vendor population
- The above-mentioned Vendor Site Reviews will not include initial reviews
- Only the Department will be responsible for Vendor Site Review monitoring at military commissaries and pharmacies

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Section D
Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

Vendor Site Reviews will be conducted with corrective action follow-up completed.

Training and education to participating Vendors will be provided at the time of the visit.

Vendor Site Reviews may be used to substantiate abuse and fraud under the Violations and Sanctions section (see Section H).

The Vendor Site Review form (see Appendix B) will document the following information:

- Date of and reason(s) for the review
- Statement of problems/deficiencies identified on a previous Vendor Site Review or complaints experienced by WIC participants/authorized representatives or WIC staff
- Current Vendor prices for WIC foods offered whether or not the prices are documented on the shelf
- Examination of Arizona WIC Food Instruments in the possession of the Vendor at the time of the site review for proper completion of Food Instrument redemption requirements
- Corrective action taken by the Vendor since the last visit when problems or deficiencies were noted (during the current or prior Federal Fiscal Year)
- Corrective action recommended and target correction date of current visit
- Training and/or counseling given on proper WIC policies and procedures
- Vendor comments, if applicable, which must include how the Vendor plans to correct deficiencies found
- If no deficiencies are found, the following statement will be documented on the form: “Did not have any discrepancies uncovered during this review”, with the date of the review entered by the reviewer

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Section D
Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

For Vendor Site Reviews, the procedures upon arrival shall be:

- Upon arrival at the Vendor's location, the WIC representative will document the time, look for the WIC decal, and determine whether there is appropriate wheelchair access to the store.
- The WIC representative will introduce him/herself to the manager or person in charge and discuss the purpose of the visit and explain what he/she will be doing.
- If a WIC decal was not displayed, the WIC representative will provide the store representative with two (2) WIC decals (one English and one Spanish) and ask that the decals be posted before the end of the on-site visit.

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Section D
Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

The following items will be checked during the store visit:

- WIC foods – All quantities, sizes, brands, varieties, and the highest shelf price will be listed on the Vendor Site Review form (See Appendix B) for all WIC foods offered - both on the shelf and in-store storage
- Prices – Prices should be clearly marked on the merchandise or shelf
- Store sanitation – Current posted county Health Operating Permit, freezer and refrigeration temperatures, and clean appearance of the store
- Treatment of WIC participants/authorized representative/personnel – Observe attitude of Vendor's employees toward WIC participants/authorized representatives, if possible, and WIC personnel
- ADA compliance – Observe compliance with the American's With Disabilities Act. For example, whether an individual who is wheelchair bound would have access to WIC foods (access would include the ability to request a store clerk to obtain a WIC food that is unreachable)
- Food Instruments – Review Food Instruments in the possession of the Vendor to determine if proper redemption procedures are being followed. If the store is large, request Food Instruments from at least one cash register
- WIC ID Stamp – Observe the condition of the Vendor's WIC ID stamp(s)
- Infant Formula – Review the Vendor's purchase records for infant formula and verify that the supplier on the list for approved infant formula suppliers
- Shelf Markers – Observe the use of shelf markers throughout the store. If the store has selected to use these items, ensure that only the State issued "WIC Approved" shelf markers are used and that the appropriate WIC approved foods are labeled.

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Section D
Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

Upon completion of the review, the following items will be discussed with the store representative:

- The Food Instruments reviewed, indicating proper or improper redemption procedures
- Vendor ID stamp(s) which is/are not legible
- Results of the Vendor Site Review, indicating any deficiencies found and/or corrective action taken from a previous site visit, if applicable
- Any questions, problems, or suggestions regarding the Arizona WIC Program
- When deficiencies are found, the store representative will be advised that a follow-up visit will be conducted
- The store representative will be asked to sign the form, to document any comments, and may be asked to explain how the corrective action will be implemented

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Section D
Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

The representative performing the Vendor Site Review will have on hand the following:

- Vendor Manual on compact disc
- WIC Decals (English and Spanish)
- Minimum stock requirement
- Arizona WIC Programs Food List
- WIC telephone numbers

The Department representative will accurately:

- Complete all information requested on the Vendor Site Review form
- Document corrective action taken on deficiencies of a previous visit and if no other deficiencies are found, document that the Vendor appears to understand current WIC policies
- Document deficiencies found during this visit and the training provided
- Have the store representative document how the store plans to correct the deficiencies found

The pink copy of the Vendor Site Review form will be left with the Vendor at the time of the visit. When more than one outlet is covered by the Vendor Contract, a copy will be mailed to a chain store's corporate office or to the store outlet's office headquarters (if deficiencies are identified). The original Vendor Site Review form will be on file at the Department to prove that the Vendor received training and/or counseling.

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Section D
Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

The Vendor Site Review form may be used to document all training and/or counseling of Vendors. Documentation will be on file to prove that the Vendor has received training and/or counseling. Training and education will include the following:

- Review of proper program procedures and/or requirements as indicated in the Vendor Contract and/or Vendor Manual
- Review approved and non-approved foods
- Review Vendor practices
- Discuss problem areas, expected compliance, and how the Vendor plans to correct deficiencies, if applicable
- Discuss sanctions that may be applied
- Inform Vendor of who to contact for questions regarding the Arizona WIC Program

The Department will maintain all original Vendor Site Review forms in the individual Vendor's file. Vendor Site Review forms are analyzed for the following:

- Condition of Vendor ID stamp
- Vendor Food Instrument redemption procedure training necessary for discrepancies noted when reviewing Food Instruments
- Whether corrective action of previous visit(s) was implemented
- Current corrective action necessary
- Vendor comments
- Need for materials and/or additional training for staff
- Non-compliance with minimum stock requirements
- Price increases or decreases
- Sanitary conditions of the store
- Whether the Vendor is subject to sanction (See Violations and Sanctions).

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Section D
Routine Monitoring (Continued)

Review Of Rejected Food Instruments

The Department will review the Vendor rejected Food Instrument report as necessary to ensure that the Vendor is following the correct Food Instrument redemption procedures. The report documents the Food Instruments rejected for payment by the Vendor and the reason(s) for the rejection(s).

The report will be analyzed to determine if the program error(s) are subject to sanctions (see Section H).

Vendors and their employees may not seek, verbally or in writing, full or partial payment or restitution from WIC participants/authorized representatives for Food Instruments rejected for payment by the banking contractor or the Department or for Food Instruments that are damaged or were never deposited.

Section E
Compliance Investigations

Policy

The Department or its authorized contractor shall conduct compliance buys (covert investigations) to determine the Vendor's compliance with WIC Program requirements. Compliance investigations may include compliance buys and/or inventory audits.

Annually, compliance buys will be conducted of a minimum of 5% of all Vendors authorized by the Department as of October 1 of each fiscal year.

The Department will conduct compliance buys on all high risk Vendors up to the 5% minimum. If more than five percent 5% of the Department's Vendors are identified as high risk, the Department will prioritize those Vendors so as to perform compliance investigations of those determined to have the greatest potential for program non-compliance and/or loss of funds.

Compliance investigations may also be conducted on a random basis or on those Vendors suspected of violating WIC Program requirements and/or federal, state or local laws.

Execution of the Vendor Contract by the Vendor authorizes the Department to perform compliance investigations.

The Vendor is responsible to maintain all documents and records that pertain to their participation in the Arizona WIC Program for a period of five (5) federal fiscal years from either the expiration or termination of their contract, or the final payment under their contract.

Procedure

The compliance buy is an investigation involving an undercover (covert) on-site visit in which an individual poses as a WIC participant/authorized representative/proxy and uses WIC Food Instruments to determine a Vendor's compliance with WIC Program requirements.

Section F
Inventory Audits

Policy

The Department may conduct inventory audits on Vendors to determine their compliance with WIC Program requirements.

Execution of the contract by the Vendor authorizes the Department to perform inventory audits.

The Vendor is responsible for maintaining all documents and records that pertain to their participation in the Arizona WIC Program for a period of five (5) federal fiscal years from the expiration or termination of their Vendor Contract; or the final payment under their contract.

Procedure

The inventory audit will include a comparison of a Vendor's documented inventory of a supplemental food item against the Vendor's claimed reimbursement for the sale of that supplemental food item for a specific period of time

Section G
Complaint Reporting

Policy

The Department will accept complaints from participants, authorized representatives, proxies and Vendors who report fraud and/or abuse of the WIC Program.

The identity of the complainant, if requested, will be confidential.

Note: Department and local agency WIC staff should remind participants, authorized representatives, proxies and Vendors that the Arizona WIC Program Integrity Team wants to know about their problems and that they are an important source of information.

Procedure

Participants may file a complaint against a Vendor for WIC Program violations by calling the Toll Free Complaint Hotline or by contacting the WIC Program by U.S. Mail, electronic mail (AZwicComplaints@azdhs.gov), phone and/or in person. Complaints by participants against Vendors may include, but are not limited to:

- Vendor's employee was verbally abusive.
- Vendor was out of WIC authorized food(s).
- Vendor sold expired infant formula.
- Vendor overcharged for WIC food(s).

Vendors may file a complaint against a WIC participant/authorized representative/proxy by calling the Toll Free Complaint Hotline or by contacting the WIC Program by U.S. Mail, electronic mail (AZwicComplaints@azdhs.gov), phone and/or in person. Complaints by Vendors against participants/authorized representatives/proxies may include but are not limited to:

- Participant/authorized representative/proxy was verbally abusive to Vendor employee.
- Participant/authorized representative/proxy attempted to purchase unauthorized WIC food(s).
- Participant/authorized representative/proxy attempted to return food purchased with WIC Food Instrument(s) for a cash refund.

The Department will take the appropriate follow up action on all complaints received.

Section H
Violations and Sanctions

Policy

Federal statutes and regulations and Arizona Department of Health Services policies and procedures require sanctioning contracted WIC Vendors determined to be violating:

- WIC Program federal regulations
- State statutes
- The WIC Vendor Contract
- The Vendor Manual
- WIC Program policies and procedures.

The Department may sanction Vendors violating program requirements by imposing:

- Administrative fines
- Monetary claims
- Civil money penalties
- Terminations or disqualifications from the WIC Program

  or
- Any combination of sanctions

Vendor violations may be intentional or unintentional. The Department 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 Department may sanction Vendors for a combination of violations or any violations of the:

- Terms of the Vendor contract
- Federal or state statutes or regulations
- WIC Program policies and procedures

  and/or
- Other applicable statutes, rules or regulations

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Section H
Violations and Sanctions (Continued)

Policy (Continued)

The imposition of sanctions shall not be construed as excluding or replacing any other criminal or civil sanction, penalty, or remedy applicable under any federal, state or local laws.

Vendor violations and/or sanctions in preceding contract periods may impact Vendor qualifications for authorization in subsequent contract periods.

Violations of the WIC Program that occurred during the previous contract period may be carried over and used as a basis for:

- Administrative fines
- Civil money penalties
- Monetary claims
- Termination
- Disqualification
- Criminal prosecution
- Denial of an application for a WIC Vendor contract

  or
- Other sanctions, or any combination of sanctions, under any subsequent contracts in accordance with WIC Program Policies and Procedures

All references in this document to participants include WIC participants, parents or caretakers of infant and child participants, or proxies. All references to days or years in this document refer to calendar days or calendar years.

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

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Section H
Violations and Sanctions (Continued)

SubSection A: Department Sanctions - Administrative and Procedural Violations

Under this subsection, Vendors are subject to administrative fines and/or termination and disqualification, and any combination of sanctions. Vendors who fail to pay a fine as required will be terminated and disqualified for one year.

A violation under SubSection A will remain on the Vendor's record for sanction purposes for 24 calendar months from the date of that violation and may be used when determining how many incidents of that violation have occurred. If the Department is able to determine that the Vendor is no longer committing the previously sanctioned violation, then any subsequent incidence of that violation will be considered an initial incident of that violation.

Except for violation #11, if the Department determines that disqualification of a Vendor for an administrative or procedural violation would result in inadequate participant access, a civil money penalty may be imposed in lieu of disqualification. (See SubSection E for civil money penalty calculation).

The first incidence of any violations 1 - 18 listed below will result in a warning letter, unless the Department, in its sole discretion, determines that a warning letter would compromise an investigation. Subsequent incidents of an administrative or procedural violation will result in administrative fines or termination of the Vendor Contract and disqualification from the WIC Program. The Department, in its sole discretion, may continue an investigation of a violation beyond the number of incidents necessary to impose a sanction.

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Section H
Violations and Sanctions (Continued)

Department Sanctions – Administrative and Procedural Violations

Violation	Second Incidence	Third Incidence	Fourth Incidence
1. Accepting a Food Instrument that is outside valid dates, post-dated or missing a signature.	$100.00	$200.00	Termination of contract and one year disqualification
2. Failing to verify signature on ID folder or proxy form against signature on Food Instrument.	$100.00	$200.00	Termination of contract and one year disqualification
3. Failing to offer program participants the same courtesies offered to other customers.	$100.00	$200.00	Termination of contract and one year disqualification
4. Requiring identification other than the WIC ID folder or proxy form to use WIC Food Instrument(s).	$100.00	$200.00	Termination of contract and one year disqualification
5. Failing to allow WIC participants to use coupons or other promotional specials.	$100.00	$200.00	Termination of contract and one year disqualification
6. Failing to record the total actual price on the WIC Food Instrument before obtaining the WIC participant's signature on the Food Instrument.	$100.00	$200.00	Termination of contract and one year disqualification
7. Failing to display the current price of an authorized WIC food item on the item, shelf or nearby sign.	$100.00	$200.00	Termination of contract and one year disqualification
8. Failing to display the official Department signage for the Vendor's declared store or house brand of cow's milk, eggs, and cheese.	$100.00	$200.00	Termination of contract and one year disqualification
9. Requiring other cash purchases as a condition to use WIC Food Instruments.	$100.00	$200.00	Termination of contract and one year disqualification

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Section H
Violations and Sanctions (Continued)

Department Sanctions – Administrative and Procedural Violations (Continued)

Violation	Second Incidence	Third Incidence	Fourth Incidence
10. Approaching, soliciting, or leaving advertisements or other promotional items for WIC applicants or participants at the WIC State Agency or Local Agency WIC Clinics.	$100.00	$200.00	Termination of contract and one year disqualification
11. Failing to maintain required minimum stock.	$200.00	$400.00	Termination of contract and one year disqualification
12. Collecting sales tax on a WIC food purchase.	$200.00	$400.00	Termination of contract and one year disqualification
13. Allowing the return of food items purchased with WIC Food Instruments in exchange for food items not authorized by the WIC Program or for WIC food items not listed on the WIC participants' Food Instruments.	$200.00	$400.00	Termination of contract and one year disqualification
14. Contacting WIC participants to attempt to collect funds that will not be or were not paid to the Vendor by the WIC Program.	$200.00	$400.00	Termination of contract and one year disqualification
15. Charging WIC participants for authorized WIC foods obtained with WIC Food Instruments.	$200.00	$400.00	Termination of contract and one year disqualification

Violation	Second Incidence	Third Incidence	Fourth Incidence
16. Failing to submit a Vendor Price/Stock Survey as required.	$200.00	$400.00	Termination of contract and one year disqualification
17. Allowing the purchase of less than the total amount of infant formula as specified on the Food Instrument.	$200.00	$400.00	Termination of contract and one year disqualification
18. Using the WIC logo or the acronym "WIC" without written approval from the Department and the USDA.	$500.00	$1000.00	Termination of contract and one year disqualification

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Section H
Violations and Sanctions (Continued)

SubSection B: Department Sanctions – Fraud and Abuse

Violations #1 through #12 listed below are fraud and abuse violations. The Department sanctions for fraud and abuse are termination of the Vendor Contract and disqualification from the WIC Program.

The Department will send the Vendor a single warning letter after the first incident of a fraud or abuse violation, unless the Department, in its sole discretion, determines that a warning letter would compromise an investigation.

The Department will NOT send any additional warning letters for subsequent incidents of a fraud or abuse violation or before imposing the Department sanction. The Department, in its sole discretion, may continue an investigation of a violation beyond the number of incidents necessary to impose a sanction.

A fraud or abuse violation that results in a Department sanction will remain on the Vendor's record as a violation incident for 24 calendar months from the date of that violation and may be used when determining how many incidents of that violation have occurred. If the Department is able to determine that the Vendor is no longer committing the previously sanctioned violation, then any subsequent incident of that violation will be considered an initial incident of that violation.

If the Department determines that disqualification of the Vendor for fraud or abuse would result in inadequate participant access, a civil money penalty may be imposed in lieu of disqualification. (See Subsection E in this section for calculation.)

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Section H
Violations and Sanctions (Continued)

Department Sanctions – Fraud and Abuse Violations

Violation	Number of Incidences of the Violation that Will Result in the Indicated Sanction	Sanction
1. Failing to attend training as required by the Department.	Two	Termination of contract and six months disqualification
2. Failing to provide access to Vendor premises and/or in any manner to hinder or impede authorized WIC personnel in the act of conducting an on-site education, monitoring, inventory audit, or investigation visit.	Two	Termination of contract and six months disqualification
3. Providing false, inconsistent, or misleading information on the WIC Price/Stock Survey.*	Two	Termination of contract and one year disqualification
4. Threatening or verbally abusing WIC participants and/or threatening or verbally abusing WIC Program personnel conducting official WIC Program business.	Two	Termination of contract and one year disqualification
5. Physically abusing WIC participants and/or physically abusing WIC Program personnel conducting official WIC Program business.	Two	Termination of contract and one year disqualification
6. Failing to maintain, due to suspension, revocation, or denial, a Health Code Permit or other licenses, permits, or certifications to operate a food store in the State of Arizona or the State in which the Vendor is geographically located (i.e., Utah, Nevada, or California).	Two	Termination of contract and one year disqualification

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Section H
Violations and Sanctions (Continued)

Department Sanctions – Fraud and Abuse Violations (Continued)

Violation	Number of Incidences of the Violation that Will Result in the Indicated Sanction	Sanction
7. Being assessed of a civil money penalty for hardship in the SNAP.	Two	Termination of contract and disqualification for the period of time for which the Vendor would otherwise have been disqualified by the Food Stamp/SNAP
8. Failing to maintain inventory records or other records required by the Department for a period of five years.	Two	Termination of contract and one year disqualification
9. Failing to make available to the Department, the United States Department of Agriculture, any law enforcement agency, the Department of the Attorney General, or the Comptroller General of the United States, upon request, and at a reasonable time and place for inspection and audit, all Food Instruments in the Vendor's possession and all program related records. (This includes failing to provide the Department legible copies, within 30 calendar days of the written request, all required program related records including purchase and inventory records for WIC authorized foods).	Two	Termination of contract and one year disqualification

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Section H
Violations and Sanctions (Continued)

Department Sanctions – Fraud and Abuse Violations (Continued)

Violation	Number of Incidences of the Violation that Will Result in the Indicated Sanction	Sanction
10. Allowing the return of food purchased with WIC Food Instruments in exchange for cash, credit or non-food items.	Two	Termination of contract and one year disqualification
11. Discriminating on the basis of race, color, disability (handicap), age, national origin, or gender (sex).	Two	Termination of contract and one year disqualification
12. Purchasing infant formula from a source that is not listed on the Arizona WIC Program's list of infant formula manufacturers, wholesalers or distributors.	Two	Termination of contract and one year disqualification
***Note:** For WIC Price/Stock Surveys (Market Basket) prices, it is the sole responsibility of the vendor to provide timely verified updates to the Department.		

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Section H
Violations and Sanctions (Continued)

SubSection C: Mandatory Sanctions Under Federal Regulations

USDA Federal Regulations, specifically those at 7 C.F.R. § 246.12, impose mandatory sanctions for Violations #1 through #12 listed below. The mandatory sanctions for the violations listed below are termination of the Vendor Contract and disqualification from the WIC Program. For Violations #4 through #11 listed below, the federal regulations also require the Department to establish a pattern of violations before imposing the mandatory sanction.

For Violations #4 through #10 listed below, the Department will send the Vendor a single warning letter after the first incident of a violation, unless the Department, in its sole discretion, determines that a warning letter would compromise an investigation. The Department will NOT send any warning letters for subsequent incidents of a violation. No warning letters will be sent for violations #1, #2, #3, #11, or #12). The Department, in its sole discretion, may continue to investigate a violation beyond the number of incidents necessary to impose a sanction.

If the Department is able to determine that the Vendor is no longer committing the previously sanctioned violation, then any subsequent incident of that violation will be considered an initial incident of that violation.

Except for Violation #1, if the Department determines that disqualification of the Vendor would result in inadequate participant access, a civil money penalty may be imposed in lieu of disqualification. (See Subsection E for calculation.)

SubSection C: Mandatory Sanctions Under Federal Regulations

Violation	Number of Incidences of the Violation that Will Result in the Indicated Sanction	Sanction and Length of Disqualification
1. Vendors convicted of trafficking in Food Instruments or selling firearms, ammunition, explosives, or controlled substances (as defined in Section 102 of the Controlled Substances Act (21 U.S.C. § 802)) in exchange for Food Instruments.	One	Termination of contract and permanent disqualification

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Section H
Violations and Sanctions (Continued)

SubSection C: Mandatory Sanctions Under Federal Regulations

Violation	Number of Incidences of the Violation that Will Result in the Indicated Sanction	Sanction and Length of Disqualification
2. a. Buying or selling Food Instruments for cash (trafficking) or b. Selling firearms, ammunition, explosives, or controlled substances (as defined in 21 U.S.C. § 802) in exchange for Food Instruments.	One	Termination of contract and six year disqualification
3. Selling alcohol, alcoholic beverages or tobacco products in exchange for Food Instruments.	One	Termination of contract and three year disqualification
4. Charging the WIC Program more for supplemental food than non-WIC customers or charging the WIC Program more than the current shelf price.	Three	Termination of contract and three year disqualification
5. Charging the WIC Program for supplemental food not received by the participant.	Three	Termination of contract and three year disqualification
6. Receiving, transacting and/or redeeming Food Instruments outside authorized channels, including the use of an unauthorized Vendor and/or an unauthorized person.	Three	Termination of contract and three year disqualification
7. Providing credit (including rain checks) or non-food items, other than alcohol, alcoholic beverages, tobacco products, cash, firearms, ammunition, explosives, or controlled substances (as defined in 21 U.S.C. 802), in exchange for Food Instruments.	Three	Termination of contract and three year disqualification
8. Providing unauthorized food items in exchange for Food Instruments, including charging for supplemental food provided in excess of those listed on the Food Instrument.	Three	Termination of contract and one year disqualification

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Section H
Violations and Sanctions (Continued)

SubSection C: Mandatory Sanctions Under Federal Regulations (Continued)

Violation	Number of Incidences of the Violation Which will Result in the Indicated Sanction	Sanction and Length of Disqualification
9. Providing incentive items* or other free merchandise to WIC Program participants. (Only applicable to Above-50-Percent Vendors)**	Three	Termination of contract and one year disqualification
10. Providing incentive items* or other free merchandise solely to WIC Program participants. (Only applicable to Regular Vendors)**	Three	Termination of contract and one year disqualification
11. Claiming reimbursement for the sale of an amount of a specific supplemental food item that exceeds the store's documented inventory of that supplemental food item for a specific period of time. Each month that a Vendor claimed reimbursement for the sale of a specific supplemental food item that exceeded the Vendor's documented inventory of that supplemental food item, shall constitute an incidence of a violation. Three incidences of this violation will result in termination of the contract and a three year disqualification.		
12. Becoming disqualified from the SNAP will result in disqualification from the WIC Program. The term of the disqualification shall be identical to, and may begin at a later date than, the SNAP disqualification. The disqualification is not subject to administrative or judicial review under the WIC Program.		

***Note:** Incentive items or other free merchandise are defined as: Free or reduced price food or other items, cash, lottery tickets, buy one, get one free, buy one get one at a reduced price, free amounts added to an item by a manufacturer, manufacturer coupons, store loyalty cards, sales and specials for supplemental food, free or reduced price services except for the minimal customary courtesies of the retail food trade, such as bagging supplemental food for the participant and assisting the participant with loading the supplemental food into his/her vehicle.

****Note:** Above-50-Percent Vendors **cannot** provide any incentive items to WIC customers; however, Regular Vendors can provide incentive items to WIC customers, as long as the same incentive items are being provided to **all** customers.

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Section H
Violations and Sanctions (Continued)

SubSection D: Multiple Violations During a Single Investigation

When, during the course of a single investigation, the Department determines a Vendor has committed multiple violations (which may include violations subject to Department sanctions or federally mandated sanctions) the Department shall disqualify the Vendor for the period corresponding to the most serious sanction. Additionally, if a Vendor is immediately subject to disqualification after an investigation has been completed, but an additional incident of a different violation would result in a longer period of disqualification, then the Department may continue the investigation to determine whether the more serious sanction should be imposed.

SubSection E: Civil Money Penalty

If the Department determines that disqualification of a Vendor would result in inadequate participant access, a civil money penalty will be imposed. The civil money penalty amount shall be determined by using the formula in USDA Federal Regulations at 7 C.F.R. § 246.12 (l) (1) (x). The formula is as follows:

Step I: Multiply 10% (.10) times the average monthly redemptions for the previous six calendar month period ending with the month preceding the month during which the notification of violation is dated.

Step II: Multiply the product of Step I by the number of months of the disqualification period.

The result of Step II will be the civil money penalty imposed. A civil money penalty shall not exceed $11,000 for each violation.

When, during the course of a single investigation, the Department determines a Vendor has committed multiple violations, the Department must impose a civil money penalty for each violation.

The total amount of civil money penalties for violations investigated as part of a single investigation shall not exceed $44,000.

A civil money penalty shall not be imposed in lieu of disqualification for third or subsequent sanctions for violations listed in SubSection C, items 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11.

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Section H
Violations and Sanctions (Continued)

SubSection E: Civil Money Penalty (Continued)

Vendors that have been convicted of trafficking (SubSection C - Item 1) in Food Instruments or selling firearms, ammunition, explosives or controlled substances in exchange for Food Instruments will be permanently disqualified from the WIC Program. A civil money penalty in lieu of disqualification will not be considered even if disqualification of the Vendor would result in inadequate participant access or if the Vendor had at the time of the violation an effective policy and program in effect to prevent trafficking and the ownership of the Vendor was not aware of, did not approve of, and was not involved in the conduct of the violation.

If a Vendor does not pay, only partially pays, or fails to timely pay a civil money penalty assessed in lieu of disqualification, the Department must disqualify the Vendor for the length of the disqualification corresponding to the violation for which the civil money penalty was assessed (for a period corresponding to the most severe violation in cases where a mandatory sanction included the imposition of multiple civil money penalties as a result of a single investigation).

SubSection F: Second Mandatory Sanction

If a Vendor has been previously sanctioned for a violation under Mandatory Sanctions under Federal Regulations (**except** for Violations #1, #11, and #12) and commits a second violation of that type, the sanction amount for the second violation will be doubled.

SubSection G: Third or Subsequent Mandatory Sanction

If a Vendor has been previously sanctioned two or more times for a violation under Mandatory Sanctions under Federal Regulations (**except** for Violations #1, #11, and #12) and commits additional violations of that type, the sanction amount for third and all subsequent violations will be doubled.

SubSection H: No Voluntary Withdrawal Or Non-renewal Of Contract

The Department shall not accept voluntary withdrawal of the Vendor from the WIC Program as an alternative to disqualification for the violations requiring a mandatory sanction under federal regulations listed in SubSection C. In addition, the Department shall not use non-renewal of the Vendor Contract as an alternative to disqualification for the mandatory sanctions in SubSection C.

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Section H
Violations and Sanctions (Continued)

SubSection I: Criminal Or Civil Prosecution

A Vendor who commits fraud or abuse in the WIC Program is liable to prosecution under applicable federal, state, or local laws. Under federal law, those who have willfully misapplied, stolen, or fraudulently obtained program funds valued at $100 or more will be subject to a fine of not more than $25,000 or imprisonment for not more than five years or both. If the value of the willfully misapplied, stolen, or fraudulently obtained program funds is less than $100, the penalties are a fine of not more than $1,000 or imprisonment of not more than one year or both.

SubSection J: Change Of Business Entity

A change in ownership does not eliminate any violation or sanctions that occurred before the change in ownership. If a Vendor changes ownership at the same location (*i.e.*, through a change in business entity or the addition or deletion of partners, associates, or principals), any violations that occurred under the previous contract will carry over to the new contract and may be used for determining sanctions, including termination and/or disqualification. Such changes in ownership may include, but are not limited to, a change from a sole proprietorship or partnership to a corporation where the previous individual owner(s) or one or more partner(s) remain as an officer or shareholder of the new corporation.

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Section H
Violations and Sanctions (Continued)

SubSection K: Termination/ Denial/ Disqualification	Vendors may appeal denial of authorization, an administrative fine, termination, disqualification, or a civil money penalty according to the most recent administrative hearing procedures issued by the Department. However, as stated above, a termination and disqualification which is based on a SNAP disqualification **is not subject to administrative or judicial review**. For those cases where a Vendor has timely appealed a termination or termination and disqualification action, and the Vendor was allowed to continue on the program, all provisions of the WIC Vendor contract will continue to apply, including sanctions for noncompliance, during the time period the contract is in effect. Vendors who are terminated and disqualified may apply for a WIC Vendor contract after the disqualification period ends. The Vendor must meet all current requirements for a WIC Vendor Contract including the selection plan and limitation policy requirements. The Department will not consider contracting with a Vendor during any disqualification period from the WIC Program.
Subection L: SNAP Disqualification	Disqualification from the WIC Program for any of the mandatory sanctions listed in SubSection C of this Sanction Policy may result in disqualification as a retailer in the SNAP. As stated above, such disqualification is not subject to administrative or judicial review under the SNAP.

Section I
Coordination with the Supplemental Nutrition Assistance Program (SNAP)

Policy

The Department has a cooperative agreement with the SNAP. Both programs regularly exchange information regarding authorized Vendors on each of their programs.

This exchange of information includes adverse actions taken by each program against their respective authorized Vendors.

The Department also refers Vendors suspected of violating Federal or State laws to the United States Department of Agriculture, Office of Inspector General for investigation and possible criminal prosecution.

Procedure

The Department will provide the Phoenix Food and Nutrition Services (FNS) Field Office with a list of authorized Vendors upon request.

The Department will receive SNAP redemption information via STARS or from the Phoenix Field Office, as needed, as a component of the Vendor enrollment criteria or monitoring activity.

The Department may provide the local Office of Inspector General with a list of authorized Vendors, selected redemption information and high risk reports.

The FNS will provide the Department with notice of SNAP disqualifications.

The Department will provide FNS notice of WIC disqualification within fifteen (15) calendar days after the date that the Vendor's administrative appeal has expired or after all administrative appeals have been exhausted. Notice will include, but not be limited to, a copy of the Vendor's notice of administrative action, which documents that the Vendor could be disqualified from the SNAP based on the WIC violations committed by the Vendor.

The Department will provide FNS with notice of any Vendor who has been assessed a Civil Money Penalty in lieu of disqualification, which will indicate the length of the disqualification period corresponding to the Vendor's violation.

Section J
Staffing and Staff Training

Policy

The Department will provide standardized training for individuals who are responsible for Vendor monitoring and training activities.

Procedure

- A Contractor may perform Vendor monitoring activities as defined in Section D of this Chapter
- A Contractor may perform Vendor investigation activities as defined in Section E of this Chapter

Section K
Participant Access

Policy

Federal regulations require that the Department ensure that all WIC participants have adequate access to purchase their WIC food items. By ensuring adequate access to authorized Vendors, the Department assists WIC participants in meeting their nutritional goals and needs.

Authorization

Before an Applicant is denied for any of the selection criteria outlined in this Manual, **other than minimum stock requirements**, the Applicant's original application and related attachments shall be evaluated under the Participant Access criteria stated on the following page to determine whether denying authorization would result in inadequate participant access. The Department shall deny authorization if the Applicant does not meet the criteria for minimum stock requirements, after being provided with one opportunity to correct the deficiency.

For denials due to the Application not meeting the training criteria, the Applicant will be given only one (1) final opportunity to attend a Department mandatory training session scheduled.

The Department shall not authorize a new for-profit applicant (not currently participating in the Arizona WIC Program) that is expected to derive more than 50% of its annual food sales from WIC Food Instruments, unless the applicant is necessary to ensure participant access to program benefits. The Department completes a six-month assessment of all new Vendors to assure that the status initially assigned is appropriate. Upon completion of the assessment, if the Vendor's food sales from WIC Food Instruments exceed 50% of their total food sales, the Vendor Contract will be terminated unless the outlet is necessary to ensure participant access.

Termination and Disqualification

Prior to terminating or disqualifying a Vendor from participation in the WIC Program, the Department shall consider the adequacy of access by participants to authorized WIC Vendors.

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Section K
Participant Access (Continued)

Procedure

The Department shall determine participant access is adequate when:

- There is at least one authorized Vendor within a one-mile radius of the Vendor being disqualified

  and

- The Department considered but did not find any geographic barriers for participants to access another authorized Vendor. Geographic barriers include, but are not limited to:
  - Mountains
  - Rivers
  - Lakes
  - Washes
  - Highways with limited access for crossing by vehicle or by foot

Prior to taking disqualification action, the Department shall document its participant access determination in the Vendor's file.

If the department, in its sole discretion, determines that disqualification of a Vendor would result in inadequate participant access, the Department shall impose a civil money penalty in lieu of disqualification, except when prohibited by 7 CFR §246.12.

Section L
Infant Formula Supplier List

Policy

The Department must develop and distribute a list of infant formula wholesalers and distributors (hereinafter "Suppliers") licensed in accordance with State law and federal regulations, and infant formula manufacturers registered with the Food and Drug Administration.

The list will be provided to all authorized WIC Vendors at minimum, once a year, by September 1st of each year.

The list may be amended and will be provided to all authorized WIC Vendors as appropriate.

Authorized WIC Vendors are required to only purchase infant formula from sources on the list or they will be sanctioned accordingly.

Criteria for Inclusion on The Infant Formula Supplier List

Suppliers selected by the Department are evaluated on the following submissions:

1. Written request, on letterhead with original signature, for addition to the list.
   - Letter must include a statement that all infant formula for distribution to retailers is purchased directly from manufacturers registered with the Food and Drug Administration and from no other source.
   - Two of the manufacturers must be the infant formula rebate manufacturer for the Arizona WIC Program.
2. Copy of any license(s) to do business in the State of Arizona.
3. Copy of Articles of Incorporation, partnership agreements, or sole proprietorship documents, as applicable (all owners or operators must be listed, including titles and addresses).
4. Original signed letter from all infant formula manufacturers that indicate supplier's infant formula purchases are directly from that/those manufacturer(s).
5. Upon addition to the list, the Supplier will provide copies of infant formula invoices to document Arizona business transactions, when requested by the Department.

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Section L
Infant Formula Supplier List (Continued)

Procedure

The Department will designate a representative to evaluate all Supplier submissions requesting to be added to the list. The Department will only accept written requests and the Department will only respond to the Supplier's request in writing. Upon receipt of the Supplier's request, the Department will:

- Document Supplier's contact information and generate a standard letter that will be sent via certified mail to provide notice in writing of the appropriate documents that must be submitted for evaluation.
- Upon receipt of the Supplier's letter request, the Department will review the packet to ensure that all appropriate documents have been submitted. Any documents not included with the submission, must be identified and requested via certified mail.
- All documents will be verified through the appropriate sources (i.e., manufacturer, Corporation Commission, State Licensing Department, etc.).
- Upon completion of the verification process, all documents will be forwarded to the Department Program Integrity Supervisor for final review and decision.
- Approved suppliers will be added to the list with an effective date of the first day of the month following the month that the approval was determined.
- The list will be maintained and updated online.

Suppliers will be notified of their evaluation status (approved or denied) in writing via certified mail.

Notification of Changes

Vendors may change suppliers at any time during the year by notifying the Department in writing not less than thirty (30) calendar days prior to the date that the change will occur.

Failure to Comply

Failure by the wholesaler or distributor to comply with all of the terms and conditions to be included on the list of approved infant formula suppliers shall result in immediate removal from the list.

Appendix A:
WIC Price Stock Survey Instruction Worksheet

See Following Page

WIC PRICE/STOCK SURVEY INSTRUCTION WORKSHEET

All Vendor Applicants and Authorized WIC Program Vendors are required to complete an online price/stock survey, also known as a market basket assessment. The online survey consists of a market basket of specific foods (listed below) that reduces the number of prices needing to be collected and ensures that the analysis being completed is consistent and uniform.

Vendor Applicants complete and submit the online survey as part of the authorization process. Under the Vendor Contract, authorized Vendors are required to complete and submit the online survey every six months (in June and December).

Listed below is information to assist you in preparing for the completion of the online price/stock survey. The information provided must reflect the **actual** shelf price **at the time of the online price/stock survey** for each WIC food item currently on the shelf or in inventory housed at your store location. If a space is left blank, the system will not allow you to continue, save, or submit your information. **Do not estimate or project prices**. [Exception: Pharmacies shall be exempt from this requirement if they are contracted to provide only "special infant formula."]

Carefully read through the Arizona WIC Program Minimum Stock Requirements in Section 2, Foods of the Arizona WIC Program Vendor Manual, and enter the **highest** actual shelf price for each WIC food item in the survey (except where brand specific). Fill in the price for the exact size listed or selected.

Item	Brand/Variety	Size	Enter size for prices submitted	Price
Baby Food	Gerber (any vegetable)	4 ounce		
Cereal	Cheerios (plain)	14 to 18 ounce		
Cereal	Kix (plain)	14 to 18 ounce		
Cheese	Cheddar (store or house brand only)	1 pound package		
Cheese	Monterey Jack (store or house brand only)	1 pound package		
Eggs	Large, White, Chicken (store or house brand only)	1 Dozen		
Infant Formula	Similac Advance with Iron (powder)	12.4 ounce		
Infant Formula	Enfamil ProSobee (powder)	12.9 ounce		
Juice	Tree Top Apple	64 ounce		
Juice	Frozen Orange	11.5 or 12 ounce		
Milk	1% (store or house brand only)	1 Gallon		
Milk	Whole (store or house brand only)	1 Gallon		
Peanut Butter	Plain, creamy, chunky or super chunk	16 to 18 ounce		
Tuna	Water-packed, chunk light	5 ounce		

Appendix B: WIC Vendor Site Review Form

See Following Pages

Arizona Department of Health Services

WIC PROGRAM VENDOR SITE REVIEW

Inter-Tribal Council of Arizona Inc. WIC Program

WIC VENDOR STAMP

Vendor Information Vendor ID Number: _____

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone Number: (_____) _____ Fax: (_____) _____

Reviewer Information

Local Agency/State Contractor: _____

Name of Reviewer: _____

Telephone Number: (_____) _____ Fax: (_____) _____

Date of Review: _____ Time: _____am/pm

Reason for Review

Application Visit:

(The Vendor ID number and stamp have not been issued)

[ ] Initial

[ ] Initial Follow-up

Authorized Vendors:

[ ] Representative/Routine

[ ] High Risk/Follow-up

PART I: GENERAL OBSERVATIONS

FACILITY INFORMATION			
	YES	**NO**	**COMMENTS**
A. Does the store front signage match the Owner name or DBA name on the Vendor's application?			If no, name on sign?
B. Are Vendor personnel cooperative?			
C. Are WIC participants allowed access to all check out lanes, (Excludes 'Cash Only' and 'Self Serve' lanes)?			
D. Are all prices clearly posted on the shelf or product?			
E. Did the store appear to be clean?			
F. Is the current county health operating permit posted? Expiration Date: _____			
G. Is there access for people with disabilities to use the store (Compliance with the Americans with Disabilities Act)?			
H. Do the Vendor's purchase records for infant formula indicate purchases from only the State's approved list?			
I. Does the Vendor accept forms of payment for food purchases other than WIC food instruments?			
J. Does the Vendor allow WIC customers to pay the difference using their own funds (mixed tender) if the amount exceeds the maximum amount written on the Cash Value Food Instrument/Cash Value Voucher (CVFI/CVV)?			

REVIEW OF MATERIALS			
Does the Vendor utilize the following:	**YES**	**NO**	**COMMENTS**
A. Vendor Manual			
B. WIC food list at cash registers			
C. "We Accept WIC" sign posted near entrance			

Store Name & Number:_____ Vendor Number:_____

PART II: FOOD INSTRUMENT REVIEW (including CVFI/CVV); number of Food Instruments reviewed: _____

SERIAL #	PARTICIPANT ID #	AMOUNT	DEFICIENCIES

PART III: CORRECTIVE ACTION RECOMMENDED FROM PREVIOUS VISITS

DATE	ACTION REQUIRED

Were the Corrective Actions implemented? ☐ Yes ☐ No ☐ N/A

PART IV: SITE VISIT VERIFICATION

I certify that I have performed a complete site inspection and that the above named Vendor is:

☐ In compliance and did not have any deficiencies uncovered during this review (_____).
Insert Today's Date

☐ Not in compliance; corrected at the time of visit. **Vendor is still subject to appropriate violation under sanction schedule or denial of Application to become an authorized Arizona WIC Program Vendor**.

☐ Not in compliance.

DEFICIENCIES	CORRECTIVE ACTION REQUIRED

VENDOR'S STATEMENT REGARDING WIC PROGRAM DEFICIENCIES

All on-site storage areas have been inspected for the above-mentioned WIC approved food items that do not meet the program's minimum stock requirements. No additional stock was located by the conclusion of this visit.

☐ I agree that all areas have been inspected for additional stock. _____
Store Representative Signature Date

All deficiencies found during this visit have been discussed with me and required corrective action has been explained.

☐ I agree with the deficiencies found, required action, and understand the topics discussed.

I anticipate making corrections no later than _____ Initials:_____
Insert Date the deficiencies will be corrected

VENDOR COMMENTS

☐ I disagree with the deficiencies found and/or the required action for the following reasons:

_____

_____

WIC PROGRAM REPRESENTATIVE COMMENTS

_____

_____

Store Name & Number:_____ Vendor Number:_____

PART V: REDEMPTION REMINDERS

- √ Identify the WIC customer
- √ Check the dates
  - → Do not accept before the date shown in the box marked "First Date To Use" or after the "Last Date To Use"
- √ Check to make sure that the Food Instrument has not been reported to you (in writing) by the State agency as either lost or stolen
- √ Check that the selected items, quantities and units being purchased are as specified on the Food Instrument
  - → All infant formula must be purchased
  - → No substitutions
  - → No rain checks
  - → Check the price of each item to avoid overcharges
- √ Enter the date the Food Instrument is used (cashier's responsibility) in the "Date of Use" box
  - → Date can be corrected one (1) time only and in the presence of the WIC participant/authorized representative by drawing a single line through the incorrect date, writing in the correct date and initialing the correction.
- √ Keep each WIC transaction separate
  - → Allow WIC customer to redeem more than one Food Instrument per visit
  - → Do not combine the total purchase amounts from two or three Food Instruments into one
  - → Food Instrument cannot exceed $200.00 (does not apply to Cash Value Food Instrument/Cash Value Voucher)
- √ Allow the use of coupons, the purchase of items on sale and to take advantage of promotional specials, for example:
  - → Cents off coupons
  - → Free additional ounces
  - → Buy one get one free
  - → In-store promotions
  - → Manufacturer promotions

  Note: The above-mentioned excludes Above-50-Percent Vendors
- √ Enter purchase price (cashier's responsibility) in the "Actual $ Amount" box
  - → Cannot exceed the maximum dollar amount
- √ Correct any mistakes in writing the dollar amount on the Food Instrument by doing the following
  - → Cashier will draw a single line through the incorrect dollar amount
  - → The corrected dollar amount is written in the "$ Correction Only" box
  - → Cashier will initial the correction in the "Cashier Initial" box
- √ Witness customer signature
  - → Compare the signature on the Food Instrument and ID folder before finalizing the transaction
- √ Give WIC customer a clear readable cash register receipt for each of their WIC purchases
  - → The receipt must reflect the store name, date, quantities purchased and total dollar amount
  - → Receipt must identify sale as a "WIC" transaction
- √ When redeeming Cash Value Food Instruments/Cash Value Vouchers (CVFI/CVV) remember:
  - → CVFI/CVV is for purchasing fruits and vegetables only
  - → Do not write more than the maximum amount on the CVFI/CVV
  - → Allow WIC Customer to use multiple CVFI/CVV towards a single purchase, but tender each CVFI/CVV separately
  - → Allow the customer to pay the amount over the maximum printed on the CVFI/CVV using another method of payment (mixed tender, such as SNAP, Cash, Debit/Credit, etc.)

Part VI: SIGNATURES

Store Representative Signature	WIC Program Representative Signature
Print Name	Print Name
Title	Title
Date	Date

Store Name & Number:_____ Vendor Number:_____

Part VII: FOODS

Instructions: List the highest regular, NOT sale, price for each WIC food item in stock. **(A)** = Arizona WIC or **(I) =** ITCA WIC

MILK – Store / House Brand: _____

Is mandatory signage posted? ☐ Yes ☐ No ☐ N/A

Quantity: Are there at least **(A)** 28-gallons of refrigerated milk OR
(I) 12-gallons, 2 half-gallons and 4 quarts of refrigerated milk?

☐ Yes ☐ No, **If NO**, # in stock:

(A) _____ Gallons

(I) _____ Gallons _____Half-Gallons _____Quarts

Variety: Does the Vendor carry **(A)** Whole **and** 1% OR
(I) Whole **and** 1% or Skim

☐ Yes ☐ No, **If NO**, Variety missing: _____

Type	Gallon	½ Gallon	Quart
Whole	$	$	$
Reduced Fat (2%)	$	$	$
Low Fat (1%)	$	$	$
Fat Free (Skim/Nonfat)	$	$	$
Lactose Reduced		$	$
Evaporated Whole	12 oz. can		$
Evaporated Skim	12 oz. can		$
Long Shelf life (UHT)			$
Non Fat Dry	oz.		$

Refrigerator Temperature: _____ °F (Acceptable: ≤ 45°)

MILK ALTERNATIVES

Item	Type/Size	Price
Tofu	any eligible brand (up to 16 oz.)	$
Meyenberg Goat's Milk	refrigerated, whole or low fat, quart only (32 oz)	$
8th Continent Soy Milk	refrigerated, original or vanilla, ½ gallon only	$
Pacific Ultra Soy	shelf stable, plain or vanilla, quart only (32 oz)	$

EGGS – Store / House Brand: _____

Is mandatory signage posted? ☐ Yes ☐ No ☐ N/A

Type – Medium and/or large, fresh, raw, white, chicken only (1 dozen cartons)

Quantity: Are there at least **(A)** 16 dozen OR
(I) 4 dozen?

☐ Yes ☐ No, **If NO**, # of dozen in stock = _____

Variety: Does the Vendor carry **(A)** Large eggs?

☐ Yes ☐ No ☐ NA

Size – 1 dozen	Price
Large	$
Medium	$

Refrigerator Temperature: _____ °F (Acceptable: ≤ 45°)

CHEESE – Store / House Brand: _____

Is mandatory signage posted? ☐ Yes ☐ No ☐ N/A

Type – Plain, domestic, pasteurized 16 oz. prepackaged in blocks

Quantity: Are there at least **(A)** 8 pounds OR
(I) 4 pounds?

☐ Yes ☐ No, **If NO**, # of pounds in stock? _____

Variety: Are there at least **(A)** 3 varieties (must include Cheddar, Monterey Jack and one other variety) OR **(I)** 2 varieties?

☐ Yes ☐ No, **If NO**, # of varieties in stock? _____

Variety missing: _____ ☐ NA

Type – 1 pound (16 ounce)	Price
Cheddar (includes longhorn)	$
Colby (includes longhorn)	$
Monterey Jack	$
Mozzarella (whole or part skim), includes string	$
Blended Cheese (blend of any type listed above)	$

Refrigerator Temperature: _____ °F (Acceptable: ≤ 45°)

Store Name & Number: _____ Vendor Number:_____

JUICE - Vitamin C Fortified - 100% juice, no added sugar

Quantity: Are there at least **(A)** 16 containers (in any combination of shelf stable/refrigerated and/or frozen) OR **(I)** 4 shelf stable/refrigerated and 6 frozen containers?

☐ Yes ☐ No, **If NO**, # of containers in stock? _____

Variety: Are there at least **(A)** 3 varieties (must include 64 oz. shelf stable Tree Top Apple, any brand frozen orange juice and one other type) OR **(I)** 3 varieties of shelf stable or refrigerated (must include orange juice) and 2 varieties of frozen concentrate?

☐ Yes ☐ No, **If NO**, # of varieties in stock? _____

Variety missing: _____

Item	64 oz. Refrigerated	64 oz. Shelf Stable	11.5 /12 oz. frozen
Any Brand Orange	$	$	$
Any Brand Grapefruit	$	$	$
Campbell's Tomato		$	
Dole Pineapple			$
Dole Pineapple Orange			$
Langer's Apple		$	$
Langer's Grape		$	
Langer's White Grape		$	
Langer's Pineapple		$	
Old Orchard Apple			$
Old Orchard Grape			$
Old Orchard Pineapple			$
Seneca Apple		$	$
Shurfine Apple		$	$
Shurfine Grape		$	
Tree Top Apple		$	$
Welch's Grape		$	$
Welch's White Grape		$	$
Western Family Apple		$	$
Western Family Grape		$	$

Freezer Temperature: _____ °F (Acceptable: ≤ 0°)

CANNED FISH (Arizona) ☐ NA

Tuna – Any eligible brand, plain, chunk light, water-packed. Are there at least 6 (5 oz.) cans?

OR

Pink Salmon – Any eligible brand, plain, water-packed, pink salmon.

Are there at least 6 (5 oz.) cans?

OR

Sardines – Any eligible brand, flavored, seasoned or plain. Are there at least 8 (3.75 oz.) cans?

☐ Yes ☐ No, If **No**, # of cans of each type in stock?

Tuna: _____ 5 ounce cans

Pink Salmon:_____ 5 ounce cans

Sardines: _____ 3.75 ounce cans

CANNED FISH (ITCA) ☐ NA

Tuna – Any eligible brand, plain, chunk light, water-packed. Are there at least 6 (5 oz.) cans?

☐ Yes ☐No, If**No**, # of cans in stock?_____

Pink Salmon – Any eligible brand, plain, water-packed, pink salmon. Are there at least 6 (5 oz.) cans?

☐ Yes ☐No, If**No**, # of cans in stock?_____

Sardines – Any eligible brand, flavored, seasoned or plain. Are there at least 8 (3.75 oz.) cans?

☐ Yes ☐No, If**No**, # of cans in stock?_____

Type	Size	Price
Tuna	5 oz.	$
Pink Salmon	5 oz.	$
Sardines	3.75 oz.	$

PEANUT BUTTER – Any eligible brand, plain (creamy, chunky, super chunk or natural)

Are there at least **(A)** 8 jars OR (I) 2 jars of peanut butter?

☐ Yes ☐ No, **If No**, # of jars in stock? _____

Size (16 oz. to 18 oz.)	Price
_____ oz.	$
_____ oz.	$

Store Name & Number: _____ Vendor Number:_____

LEGUMES

Dry Beans / Peas / Lentils – Any eligible brand and type

Quantity: Are there at least **(A)** 8 pounds OR
(I) 4 pounds?

☐ Yes ☐ No, **If NO**, # of pounds in stock? _____

Variety: Are there at least **(A)** 1 type of beans **and** 1 type of peas or lentils?

☐ Yes ☐ No, If **No**, variety missing _____

Item	1 lb. package	Bulk
Beans	$	$
Peas / Lentils	$	$

Canned Beans - Only These Brands and Types (up to 16 oz. cans)

Quantity: Are there at least **(A)** (I) 8 cans (up to 16 oz. size)

☐ Yes ☐ No, **If NO**, # of cans in stock? _____

Variety: Are there at least (I) 2 Varieties (1 must be Pinto beans)?

☐ Yes ☐ No ☐ NA

If NO, variety missing: _____

Brand	Type	Size	Price
Albertson's	Cannellini	oz.	$
	Garbanzo	oz.	$
	Great Northern	oz.	$
	Red	oz.	$
	Whole Pinto	oz.	$
Bush's	Black	oz.	$
	Cannellini White Kidney	oz.	$
	Dark Red Kidney	oz.	$
	Garbanzo	oz.	$
	Great Northern	oz.	$
	Pinto	oz.	$
Valu Time	Pinto	oz.	$
Food Club	Dark Red Kidney	oz.	$
	Garbanzo	oz.	$
	Great Northern	oz.	$
	Pinto	oz.	$
Springfield (Fancy)	Black	oz.	$
	Black-eyed Peas	oz.	$
	Pinto	oz.	$

Canned Beans (continued) - Only These Brands and Types (up to 16 oz cans)

Brand	Type	Size	Price
El Mexicano	Garbanzo	oz.	$
	Pinto	oz.	$
Fry's / Kroger	Black	oz.	$
	Black-eyed Peas	oz.	$
	Cannellini Kidney	oz.	$
	Dark Red Kidney	oz.	$
	Garbanzo	oz.	$
	Great Northern	oz.	$
	Light Red Kidney	oz.	$
	Pinto	oz.	$
	Red	oz.	$
Great Value	Black	oz.	$
	Great Northern	oz.	$
	Pinto	oz.	$
	Red	oz.	$
Safeway	Black	oz.	$
	Garbanzo	oz.	$
	Light Red Kidney	oz.	$
	Lima	oz.	$
	Pinto	oz.	$
	Red	oz.	$
Shurfine (Premium)	Black	oz.	$
	Dark Red Kidney	oz.	$
	Garbanzo	oz.	$
	Great Northern	oz.	$
	Light Red Kidney	oz.	$
	Pinto	oz.	$
Western Family (Premium)	Black	oz.	$
	Garbanzo	oz.	$
	Great Northern	oz.	$
	Light Red Kidney	oz.	$
	Pinto	oz.	$

Store Name & Number: _____ Vendor Number:_____

WHOLE GRAINS

100% WHOLE WHEAT BREAD – Loaves only, 16 ounce packages (includes any store brand labeled 100% whole wheat)

Quantity: Are there at least **(A) (I)** 6 packages (16 oz. each)?

☐ Yes ☐ No, **If NO**, # of packages in stock? _____

Variety: Are there at least **(A)** 2 brands?

☐ Yes ☐ No ☐ NA

If NO, # of brands in stock? _____

Only these brands

Brand	Price	Brand	Price
Bimbo 100% Whole Wheat	$	Wonder 100% Whole Wheat	$
Roman Meal Sun Grain 100% Whole Wheat	$	Store / House Brand:	$
Sara Lee Classic 100% Whole Wheat	$	Store / House Brand:	$

Note: Store brand, if any, **must** be labeled 100% whole wheat

TORTILLAS AND BROWN RICE – 16 ounce packages only

Are there at least **(A)** 6 packages in ***any combination*** of the below listed brands?

☐ Yes ☐ No ☐ NA

If NO, # of packages in stock? _____

Soft Corn Tortillas – Only these brands of yellow or white

Brand	Price	Brand	Price
Casa Rica	$	Mama Lola's	$
Don Pancho	$	Mission Yellow	$
Guerrero	$	Santa Fe Tortilla Company	$
La Banderita	$	Store / House Brand:	$
La Burrita	$	Store / House Brand:	$

Soft Whole Wheat Flour Tortillas – Only these brands

Brand	Price	Brand	Price
Guerrero Tortillas de Harina Integral	$	Mission Whole Wheat	$
La Banderita Fajita Whole Wheat	$	Store / House Brand:	$

Brown Rice – Only these brands of long or short grain

Brand	Price	Brand	Price
Blue Ribbon	$	Springfield	$
Mahatma	$	Store / House Brand:	$
Shurfine	$	Store / House Brand:	$

Store Name & Number: _____ Vendor Number:_____

CEREAL – Boxes or Bags

Quantity: Are there at least **(A)** 24 packages (includes both cold and/or hot) OR **(I)** 14 packages (12 cold and 2 hot)?

☐ Yes ☐ No, If No, # of packages in stock? _____Cold _____ Hot

Variety: Are there at least **(A)** 4 varieties of cereal (both cold and/or hot)? OR (I) 3 varieties of cold cereal and 1 hot cereal?

☐ Yes ☐ No, **If No**, # of varieties in stock?_____

Variety: Are there **(A)** General Mills Cheerios Plain and Kix Plain? OR (I) 2 whole grain varieties of cold cereal?

☐ Yes ☐ No, **If No,** variety missing _____

COLD CEREALS (14 oz. or larger)	**SIZE**	**PRICE**	**SIZE**	**PRICE**	**SIZE**	**PRICE**
Any Store Brand Crispy Rice	oz.	$	oz.	$	oz.	$
Any Store Brand Toasted Oats*	oz.	$	oz.	$	oz.	$
General Mills Cheerios – Plain*	oz.	$	oz.	$	oz.	$
General Mills Cheerios – MultiGrain*	oz.	$	oz.	$	oz.	$
General Mills Corn Chex	oz.	$	oz.	$	oz.	$
General Mills Wheat Chex*	oz.	$	oz.	$	oz.	$
General Mills Kix – Plain	oz.	$	oz.	$	oz.	$
General Mills Total Whole Grain*	oz.	$	oz.	$	oz.	$
Kellogg's All Bran Complete Wheat Flakes*	oz.	$	oz.	$	oz.	$
Kellogg's Corn Flakes	oz.	$	oz.	$	oz.	$
Kellogg's Frosted Mini Wheats Original*	oz.	$	oz.	$	oz.	$
Kellogg's Rice Krispies	oz.	$	oz.	$	oz.	$
Kellogg's Special K Original	oz.	$	oz.	$	oz.	$
Malt O'Meal Frosted Mini Spooners*	oz.	$	oz.	$	oz.	$
Malt O'Meal Crispy Rice	oz.	$	oz.	$	oz.	$
Post Great Grains Banana Nut Crunch*	oz.	$	oz.	$	oz.	$
Post Honey Bunches of Oats Almonds	oz.	$	oz.	$	oz.	$
Post Honey Bunches of Oats Honey Roasted	oz.	$	oz.	$	oz.	$
Post Honey Bunches of Oats with Vanilla Bunches*	oz.	$	oz.	$	oz.	$
Post Grape Nuts*	oz.	$	oz.	$	oz.	$
Post Grape Nuts Flakes	oz.	$	oz.	$	oz.	$
Quaker Life Original*	oz.	$	oz.	$	oz.	$
Quaker Oatmeal Squares – Brown Sugar*	oz.	$	oz.	$	oz.	$
Quaker Oatmeal Squares – Cinnamon*	oz.	$	oz.	$	oz.	$
HOT CEREALS (11.8 oz. or larger)	**SIZE**	**PRICE**	**SIZE**	**PRICE**	**SIZE**	**PRICE**
Cream of Wheat Instant Original Flavor (single serving packets)	oz.	$	oz.	$	oz.	$
Malt O'Meal Original Hot Cereal	oz.	$	oz.	$	oz.	$
Quaker Instant Oatmeal Regular Flavor (single serving packets)*	oz.	$	oz.	$	oz.	$
***Indicates cereal is Whole Grain**						

Store Name & Number: _____ Vendor Number:_____

FROZEN FRUITS and VEGETABLES – Any size and type of container

Does Vendor carry frozen fruits which meet the Food List criteria?

☐ Yes ☐ No

Does Vendor carry frozen vegetables which meet the Food List criteria?

☐ Yes ☐ No

CANNED FRUITS and VEGETABLES – Any size and type of container, including cans, cups or jars

Does Vendor carry canned fruits which meet the Food List criteria?

☐ Yes ☐ No

Does Vendor carry canned vegetables which meet the Food List criteria?

☐ Yes ☐ No

FRESH FRUITS and VEGETABLES – Any variety of fresh

Quantity:
Are there at least **(A)** 32 pounds of fresh fruits and vegetables? OR
(I) 15 pounds of fresh fruits and 15 pounds of fresh vegetables?

☐ Yes ☐ No, **If No**, # of pounds of fruits _____ in stock

and # of pounds of vegetables _____ in stock?

Variety:
Are there at least **(A)** 2 varieties of fruits AND 2 varieties of vegetables? OR
(I) **3** varieties of fruits AND 5 varieties of vegetables?

☐ Yes ☐ No, **If No**, # of varieties of fruits _____ in stock

and # of varieties of vegetables _____ in stock?

Document Below the Quality and Condition of Fruits & Vegetables (provide type of items and a brief description such as: excellent, good, spoiled, discolored, rotten, etc. Photographs must also be taken to support deficiencies).

INFANT FRUITS/VEGETABLES – Any eligible brand, Stage 2 Only

Quantity: Are there at least **(A)** 64 (4 oz.) containers? OR
(I) 64 (3.5 oz.) and 8 (4 oz.) containers?

☐ Yes ☐ No

If NO, # of containers in stock? _____ 3.5 oz. _____ 4 oz.

Variety: Are there at least **(A)** 2 varieties of fruits? OR
(I) 4 varieties of fruits?

☐ Yes ☐ No, **If NO**, # of varieties in stock? _____

Variety: Are there at least **(A)** 2 varieties of vegetables? OR
(I) 4 varieties of vegetables?

☐ Yes ☐ No, **If NO**, # of varieties in stock? _____

Brand **(Document Brand Name)**	3.5 oz.	4 oz.
	$	$
	$	$

INFANT CEREAL – Gerber and/or Beechnut, single grain, without fruit

Quantity: Are there at least **(A)** 18 (8 oz.) boxes or 9 (16 oz.) boxes or a combination which equals 144 ounces? OR
(I) 12 (8 oz.) boxes or 6 (16 oz.) boxes?

☐ Yes ☐ No

If NO, # of boxes in stock? _____ 8 oz. _____16 oz.

Variety: Are there at least **(I)** 2 varieties? (must include rice)

☐ Yes ☐ No ☐ N/A

If NO, # of varieties in stock? _____ ☐ Does not carry rice

Brand	8 oz.	16 oz.
Gerber	$	$
Beechnut	$	$

INFANT JARRED MEAT – Any eligible brand, any stage, single ingredient with or without added broth or gravy

Quantity: Are there at least **(A) (I)** 31 (2.5 oz.) containers?

☐ Yes ☐ No, **If NO**, # of containers in stock? _____

Variety: Are there at least **(I)** 2 varieties?

☐ Yes ☐ No ☐ N/A

If NO, # of varieties in stock? _____

Brand **(Document Brand Name)**	2.5 oz.
	$
	$
	$

Store Name & Number:_____ Vendor Number:_____

INFANT FORMULA – Iron Fortified, NO LOW IRON

MILK BASED FORMULA
(Similac Advance with Iron, with or without Early Shield)

Are there at least **(A)** 36 cans powder? OR **(I)** 27 cans powder?

☐ Yes ☐ No, **If No**, # of cans in stock? _____

SOY BASED FORMULA
(Similac Soy Isomil with or without Early Shield)

Are there at least **(A)** 18 cans powder? OR **(I)** 9 cans powder?

☐ Yes ☐ No, **If No**, # of cans in stock? _____

CONTRACT FORMULA	**Powder Size (up to 16 oz.)**	**Powder Price**	**Concentrate (13 oz.)**	**RTF (Quart / 32 oz.)**	**RTF - 8 oz. (4 or 6 pack)**
Similac Advance with Iron (with or without Early Shield)	oz.	$	$	$	$
Similac Soy Isomil (with or without Early Shield	oz.	$	$	$	$
Similac Sensitive and/or Sensitive for Fussiness and Gas	oz.	$	$	$	$
Similac Alimentum and/or Similac Expert Care Alimentum	oz.	$		$	$
Similac NeoSure and/or Similac Expert Care Neosure	oz.	$	$	$	$
Similac Pediasure					$
Similac Go & Grow	oz.	$			
Similac Go & Grow Soy	oz.	$			
Similac Isomil DF and/or Similac Expert Care for Diarrhea	oz.			$	
Similac Sensitive RS and/or Sensitive for Spit-up	oz.	$		$	
NON-CONTRACT FORMULA (items below may be with or without Lipil)					
Enfamil	oz.	$	$	$	$
Enfamil AR for Spit-up	oz.	$		$	
Enfamil EnfaCare	oz.	$			
Enfamil Gentlease for Fussiness and Gas	oz.	$			
Enfamil Nutramigen	oz.	$	$	$	
Enfamil Pregestimil	oz.	$			
Enfamil Prosobee for Sensitive Tummy	oz.	$	$	$	$
Gerber Good Start Supreme DHA & ARA	oz.	$	$		$
Gerber Good Start Supreme Soy DHA & ARA	oz.	$	$	$	

Appendix C: Change of Ownership Form

See Following Pages

CHANGE OF OWNERSHIP

Submit this form not later than 30 calendar days prior to change.

Vendor Name/Number:_____Vendor ID Number:_____

Address:_____

City:_____ State:_____ Zip Code + 4:_____

Phone Number: (____)_____ Fax Number: (_____)_____

Effective Date:_____

Signature:_____ **Date**:_____

NEW OWNER

Name:_____

Address:_____

City:_____ State:_____ Zip Code + 4:_____

Phone Number: (____)_____ Fax Number: (_____)_____

Note: The new owner must contact the Arizona WIC Program to re-apply. The current contract becomes void at change of ownership. Ownership is not transferable.

Appendix D: Store Closure Notification

See Following Pages

STORE CLOSURE NOTIFICATION*

Submit this form no later than 30 calendar days prior to closing.

Vendor Name/Number:_____Vendor ID Number:_____

Address:_____

City:_____ State:_____ Zip Code + 4:_____

Phone Number: (____)_____ Fax Number: (_____)_____

Effective Date:_____

Date of Last Bank Deposit: _____

Note: The Vendor ID Stamps are the property of the WIC Program and must be returned within ten (10) calendar days after store closing.

* This *form is submitted only when* the store closes operations, not a change of ownership.

Appendix E: Vendor Contract Example

See Following Pages

Vendor I.D.: _____

ARIZONA DEPARTMENT OF HEALTH SERVICES
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM
FOR WOMEN, INFANTS AND CHILDREN (WIC)

VENDOR CONTRACT

VENDOR NAME (Legal Name of Store): _____

NAME OF OWNER: _____

ADDRESS OF STORE: _____
Street

_____
City County State Zip Code + 4

FEDERAL IDENTIFICATION NUMBER: _____

This Contract, including any amendments made by the Arizona Department of Health Services (hereafter referred to as the Department), by and between the Department and the above named Vendor is effective on either October 1, 2013, or the date of the Department's signature, whichever is later, and ends September 30, 2016, or until terminated by either party according to the terms in the Contract.

The purpose of this Contract is to establish an authorized retail outlet where WIC participants, parents or caretakers of infant and child participants, or proxies (hereafter collectively referred to as participants) can get authorized WIC foods, and to provide the terms and conditions of this Contract.

This Contract is contingent upon the availability of funds from the Federal government to operate the WIC program and the continued operation of the WIC program by the Department. This Contract shall not constitute a license or a property interest.

This Contract is in effect for three (3) federal fiscal years or portion thereof beginning on October 1, 2013 and ending on September 30, 2016. Neither the Vendor nor the Department is obligated to renew this Contract or enter into a new Contract at the expiration or the termination of this Contract.

GENERAL TERMS

1. The federal statutes and regulations that govern the WIC Program, the Arizona WIC Program Vendor Manual and any amendments or additions thereto, and the WIC Policy and Procedure Manual are incorporated in this Contract by reference.

2. If any provision of this Contract conflicts with federal statutes or regulations that govern the WIC program, the federal statutes or regulations shall govern. If any provision of this Contract conflicts with the Vendor Manual, the Vendor Manual shall prevail.

3. Any provision of this Contract, or any document attached or incorporated by reference, that is waived or held to be invalid shall be severable from the remainder of this Contract and shall not affect any other provisions of this Contract. Any provision to this Contract that is found to be prohibited by law shall be severable and shall be in effect only to the extent such provision complies with the law.

4. Arizona law shall govern all aspects of this Contract not covered by federal statutes or regulations.

5. This Contract, Appendices and all incorporated documents represent the entire agreement between the Vendor and the Department. No condition or requirement contained in, or made a part of, this Contract shall be modified without an approved written amendment to this Contract. Amendments shall be effective only if in writing and signed by all parties to the Contract. The terms and provisions of this Contract shall remain in full force and effect except as amended and to the extent so amended. In the event that the Vendor does not sign an amendment to this Contract within thirty days of receipt of the amendment, the Vendor shall be terminated from participation in the Arizona WIC Program.

6. The Vendor shall be considered an independent Contractor, not an agent of the Department, the State of Arizona, or the United States government.

VENDOR RESPONSIBILITIES

THE VENDOR SHALL COMPLY WITH:

a. This Contract and the Arizona WIC Program Vendor Manual, and any subsequent amendments or additions thereto.
b. Federal and state statutes (including 42 U.S.C. § 1786) and regulations (including United States Department of Agriculture (hereafter USDA) regulations 7 C.F.R. § 246.1 *et seq.*) that govern the WIC program, including any changes made during the agreement period.
c. The Arizona WIC Program Policy and Procedure Manual and any amendments or changes thereto.
d. The Vendor selection criteria throughout the Contract period, including any changes to the criteria. Using the current Vendor selection criteria, the Department may reassess the Vendor at any time during the Contract period. The Department will terminate and/or disqualify the Vendor if the Vendor fails to meet the current selection criteria. The Vendor may also be subject to other sanctions, including administrative fines, termination, disqualification, and civil money penalties, or any combination of sanctions, according to the Violations and Sanctions section of the Vendor Manual.

THE VENDOR AGREES TO:

1. Have at least one representative participate in training annually. Vendor training may be provided by the Department in a variety of formats, including newsletters, videos, and interactive training. The Department will have sole discretion to designate the date, time, and location of all interactive training, except that the Department will provide the Vendor with at least one alternative date on which to attend such training.

2. Train and update cashiers and other employees who handle WIC purchases on WIC program requirements and provide special or additional training to employees as required by the Department to ensure that all cashiers and other employees who handle WIC purchases understand WIC program requirements.

3. Be held responsible and accountable for the actions or inactions of its owners, officers, managers, agents, and employees who commit Vendor Violations.

4. Maintain the required types and amounts of WIC authorized foods at all times. The required types and amounts of WIC authorized foods are found in the most current Arizona WIC Programs Food List and Section 2 of the Vendor Manual (Minimum Stock Requirements).

5. Maintain the minimum required stock from the date it submits its application to be a Vendor and, if authorized, throughout the entire contract period.

6. Submit semi-annual (June 15th and December 15th) WIC Price/Stock Surveys as required by the Department.

7. Maintain its store in a clean and sanitary manner, which includes maintaining and displaying a current Health Code Operating Permit. The Vendor must also notify the Department immediately and in writing should the current Health Code Operating Permit and any required license or certificate be denied, suspended or revoked. If the Department becomes aware that the Vendor has failed to maintain sanitation or food safety standards, it may notify the proper regulatory office.

8. Display the "We Accept Arizona WIC Food Instruments" decal so that WIC participants will see that the Vendor accepts WIC food instruments.

9. Accept WIC food instruments only from WIC authorized participants.

10. Offer program participants the same courtesies offered to other customers.

11. Not deliver supplemental foods to WIC customers' homes.

12. Accept WIC food instruments only within the specified time period. (See Section 5 of the Vendor Manual (Cashing Food Instruments)).

13. Ensure that the cashier enters the correct date in the "date of use" box when the WIC food instrument is used.

14. Charge the WIC Program the current shelf price for each WIC supplemental food item. The current shelf price is the price marked on the item, shelf, container or nearby sign and includes the sale price of an item.

15. Charge the WIC Program for only those supplemental food items actually received by the WIC participant.

16. Ensure that the cashier enters the correct total price on the WIC food instrument before the participant signs it.

17. Ensure that the cashier witnesses the participant's signature on the food instrument and ensure that the signature on the food instrument matches one of the signatures on the ID folder or Proxy Certification form. (See Section 5 of the Vendor Manual (Cashing Food Instruments)).

18. Provide authorized supplemental food items in the amounts listed on the food instrument in exchange for WIC food instruments.

19. Not require identification from WIC participants other than the WIC ID folder or the WIC Proxy Certification form.

20. Not provide unauthorized food items, non-food items, cash or credit (including rainchecks) in exchange for WIC food instruments.

21. Not provide refunds or permit exchanges for authorized supplemental WIC food items obtained with WIC food instruments, except for exchanges of an identical authorized supplemental food item when the original authorized supplemental food item is defective, spoiled, or has exceeded its "sell by", "best if used by" or other date limiting the sale or use of the food item. (An identical authorized supplemental food item means the exact brand, type and size of the original authorized supplemental food item obtained and returned by the participant).

22. Not collect sales tax or other taxes on authorized WIC foods purchased with WIC food instruments.

23. Not allow the purchase of alcohol, alcoholic beverages, tobacco or tobacco products in exchange for WIC food instruments.

24. Not provide WIC food items, including infant formula, that are expired, spoiled or beyond their "sell by", "best if used by" or other date limiting the sale or use of the food item in exchange for WIC food instruments.

25. Not approach, solicit or leave advertisements or other promotional items for WIC applicants or participants at the WIC State Agency or Local Agency WIC Clinics.

26. Only use the WIC acronym and WIC logo in material provided by or as specified by the Department. No reproductions are permitted. The WIC acronym and WIC logo are registered service marks of the USDA, and all rights therein and goodwill pertaining thereto belong exclusively to USDA. The WIC acronym and WIC logo shall only be used by Vendor under the following limited circumstances:

    a. Vendor must display the official WIC window decal (in English, Spanish or both) distributed by the Department in a place conspicuously visible to the general public. The purpose of the window decal is to identify Vendor as an authorized WIC food Vendor.
    b. To identify authorized WIC foods by attaching channel strips or shelf-talkers on store shelves that state "WIC-approved" or "WIC-eligible." Vendor can only use channel strips or shelf-talkers approved by the Department.

27. Not use the WIC acronym or the WIC logo, including close facsimiles, in any other manner, such as:

    a. Attaching the WIC acronym and/or WIC logo to any food item;
    b. Using the WIC acronym and/or WIC logo in the official or business name of the Vendor. The Department has the authority to determine whether a Vendor has violated this prohibition, subject only to the oversight of the Food and Nutrition Services (FNS); or
    c. Using the WIC acronym and/or WIC logo in advertising or other promotional materials.

28. Not allow the return of food purchased with WIC food instruments in exchange for cash, credit, non-food items or unauthorized food items.

29. Not allow the sale of firearms, ammunition, explosives or controlled substances as defined in 21 U.S.C. § 802 in exchange for WIC food instruments.

30. Maintain competitive prices for WIC authorized food items.

31. Ensure that the store must have a store-front sign. The store-front sign must be a permanent fixed sign. The name on the sign must match the Owner Name or DBA (Doing Business As) Name on the store's Vendor Application.

32. Notify the Department in writing at least 30 days before the Vendor stops doing business, the ownership changes, or the store location changes.

33. Return all Vendor identification stamps to the Department within ten calendar days from the date the Vendor stops doing business, changes ownership, or no longer participates in the Arizona WIC Program.

34. Ensure that no conflict of interest, as defined by state statutes, regulations or policies, exists between the Vendor and the Department or its local agencies.

35. Permit announced and unannounced visits by Department, state, local and federal representatives to review compliance with WIC program requirements.

36. Maintain records as required under this Contract for a minimum of five years.

RESPONSIBILITIES OF THE DEPARTMENT

THE DEPARTMENT WILL:

1. Provide the Vendor with a copy of the Arizona WIC Program Vendor Manual.

2. Train WIC participants regarding program procedures for the use of WIC food instruments. Training may be provided by local agencies.

3. Provide the Vendor with all required training, including one interactive training, during the Contract period.

4. Notify Vendors of changes to federal or state statutes, regulations, policies or procedures governing the WIC Program before the changes are implemented. This includes notifying the Vendor of any changes in the WIC approved foods and changes which affect WIC food instrument redemption or program requirements.

5. Monitor the Vendor for compliance with federal and state statutes, regulations, rules, policies and procedures. Monitoring may include, but is not limited to, routine monitoring visits, undercover compliance buys, investigations, and inventory audits.

6. Enforce compliance with this Contract, federal and state statutes, rules, regulations, policies and procedures.

7. Make payments to the Vendor in accordance with the WIC food instrument redemption procedures set forth in this Contract and in the Vendor Manual, including subsequent revisions.

PAYMENT TO VENDORS AND CLAIMS

The Department may make price adjustments to the purchase price on food instruments submitted by the Vendor for redemption to ensure compliance with the price limitations applicable to the Vendor (see Section 6 of the Vendor Manual (Payments)).

1. The Vendor shall:

   a. Mark all WIC food instruments “For Deposit Only”;
   b. Stamp all WIC food instruments with its WIC Vendor ID prior to deposit;
   c. Endorse all food instruments to show:

      1. The Vendor’s Name;
      2. Name of the Vendor’s bank;
      3. The Vendor’s bank account number;
      4. That the payee and Vendor’s endorsement matches (on replacement food instruments); and

   d. Deposit in the Vendor’s named bank for payment not later than:

      1. 60 calendar days from the first date to use for regular food instruments; or
      2. 30 calendar days from the issue date for replacement food instruments (food instruments issued after a second level review has determined payment should be made for a rejected food instrument).

2. Food instruments rejected due to a missing Vendor ID stamp shall be stamped and redeposited by the Vendor for payment, one time only, not later than 60 calendar days from the first date to use (see Section 6 of the Vendor Manual (Payments)).

3. The Vendor shall not submit WIC food instruments for payment that:

   a. Are known to have been reported as either lost or stolen;
   b. Were redeemed by another authorized Vendor or a store that is not currently authorized as a WIC Vendor;
   c. Include charges for foods not included on the Arizona WIC Programs Food List or for non-food items;
   d. Include charges for WIC foods in excess of the quantities or dollar amount specified on the food instrument;
   e. Are false claims for reimbursement of WIC food instruments; or
   f. Include charges for WIC foods for more than the current shelf price.

4. The Vendor agrees that the Department may authorize the Department's Banking Contractor to reject food instruments for payment to the Vendor for, but not limited to, the following reasons (see Section 6 of the Vendor Manual (Payments)):

   a. The food instrument does not have a legible authorized Arizona WIC Vendor ID stamp number;
   b. The food instrument was deposited in the bank more than 60 calendar days from the first date to use for the food instrument or more than 30 calendar days from the issue date for the replacement food instrument (food instruments issued after a second level review has determined payment should be made for a rejected food instrument);
   c. The food instrument was accepted or deposited in the bank before the first date to use;
   d. The food instrument was accepted after the last date to use;
   e. The food instrument does not have the signature of the participant;
   f. The food instrument has been altered;
   g. The redeemed dollar value exceeds the maximum dollar value;
   h. The redeemed dollar value is in excess of the amount set by the Department as the maximum price permitted for food items listed;
   i. The date of use on the food instrument is before the first date to use printed on the food instrument or the date of use is after the last date to use printed on the food instrument; and
   j. The date of use on the food instrument is missing.

5. The Department may delay payment or establish a claim in the amount of the full purchase price of each food instrument that contained Vendor overcharges or other errors. The Department will provide the Vendor with an opportunity to justify or correct a Vendor overcharge or other error. The Vendor must pay any claim assessed by the Department. In collecting a claim, the Department may offset the claim against current and subsequent amounts to be paid to the Vendor.

6. In addition to denying payment or assessing a claim, the Vendor may be sanctioned for Vendor violations found in the Contract and in the Violations and Sanctions section of the Vendor Manual (Section 9). Sanctions may include administrative fines, termination, disqualification, and civil money penalties in lieu of disqualification, or any combination of sanctions.

7. For any food instrument rejected for payment, other than a food instrument rejected for a missing Vendor ID stamp, the Vendor may request reimbursement from the Department not later than 90 calendar days from the first date to use on the rejected food instrument. Reimbursement of a rejected food instrument shall be in accordance with the Vendor Manual (see Section 6 of the Vendor Manual (Payments)).

8. The Department shall not be obligated to reimburse the Vendor for a food instrument reported to the Vendor as lost or stolen.

9. The Vendor may not charge participants for authorized supplemental foods obtained with food instruments. In addition, the Vendor may not seek restitution from these individuals for food instruments not paid or partially paid by the Department.

10. The Department shall not be obligated to reimburse the Vendor for any bank fees.

MULTIPLE LOCATIONS

Vendors shall provide with their application a current list of all individual store locations that are to be authorized under this Contract. Multiple store locations may be added or deleted in accordance with WIC program policies and procedures without affecting the status of any other location.

The Vendor shall notify the Department in writing not less than 30 calendar days before adding or deleting a location. (See Section 10 of the Vendor Manual (Rights and Responsibilities)).

BANKING

The Vendor shall provide the Department with the name, address, branch, and account number for the bank that the Vendor has authorized to accept its food instruments for deposit. The Vendor shall notify the Department in writing of any change in its bank account at least 30 calendar days before the change takes place.

MONITORING AND AUDIT

The Department shall monitor the Vendor. The Vendor shall comply with the inspection and audit requirements described in A.R.S. § 35-214.

Monitoring may include, but is not limited to the following:

a. Unannounced monitoring visits by Department personnel or persons authorized by the Department; representatives from the United States Department of Agriculture or other federal agencies; federal, state or local law enforcement agencies; or authorized personnel from local WIC agencies.
b. Compliance buys, which are undercover investigations to determine compliance with WIC requirements.
c. Inventory audits.

During monitoring visits, the Vendor shall provide access, during normal business hours, to all WIC food instruments, shelf prices, shelf price records, purchase records of WIC authorized foods, and food storage areas.

VIOLATIONS – CARRYOVER

Violations of the WIC Program that would result in federally mandated sanctions, which occurred during the previous Contract period, may be carried over and used as a basis for termination and/or disqualification or other sanctions (including monetary claims) under any subsequent Contracts in accordance with the most recent Violations and Sanctions section of the Vendor Manual.

VENDOR RECORD REQUIREMENTS

1. In accordance with A.R.S. § 35-214, the Vendor shall retain records including all books, accounts, reports, files, purchase invoices, inventory records, records used for federal tax reporting purposes, federal and state tax returns and other records relating to the performance of this Contract for a period of five years from the date of, whichever is later;

   a. Expiration of this Contract;
   b. Termination of this Contract;
   c. Final payment under this Contract.

2. The Vendor shall retain records related to disputes, litigation, settlements of claims, or exceptions of the Director arising out of the performance of this Contract until such time as these matters have been finally resolved or for five years, whichever is later.

3. Upon request, the Vendor shall make available to representatives of the Department; the USDA; any law enforcement agency; Department of the Attorney General; or the Comptroller General of the United States, at any reasonable time and place for inspection and audit, all food instruments in the Vendor's possession and all program related records.

4. The Vendor shall, at its own expense, provide a legible copy of all such records to the Arizona WIC Program within 30 calendar days of the written request of the Department or the USDA.

5. The Vendor shall, at the request of the Department, sign an appropriate release form provided by the Arizona Department of Revenue. The release form will authorize the Arizona Department of Revenue to provide copies to the Department of any tax returns (including sales tax forms) filed by the Vendor during the five year period prior to the request.

6. The Vendor shall retain and produce for inspection and audit the original of all such records when needed to verify the authenticity of a copy.

PURCHASE AND INVENTORY RECORD REQUIREMENT

Vendor purchase records shall reflect the name and address of the supplier, distributor, wholesaler or manufacturer, the date of the purchase, list of the items purchased, size, stock number, quantity and the unit price. Vendor purchase records shall be maintained for five years. (Handwritten invoices are not acceptable).

Vendors shall only purchase infant formula from sources on the Arizona WIC Program's list of infant formula manufacturers, wholesalers or distributors.

Sales receipts for WIC authorized foods (other than infant formula) purchased at retail establishments (for resale by the Vendor) must include the name and address of the retail establishment, the date of the purchase, a description of the exact item(s) purchased (e.g. 12 oz box of Total Cereal), the unit price of the items, and the total amount purchased.

a. Receipts that do not completely describe the actual item purchased shall have codes that can be verified by contacting the retailer at which the item(s) were purchased.
b. All receipts from purchases at retail establishments must be machine dated by the establishment. Hand or manually dated retail store receipts are not acceptable.
c. Affidavits, Statements of Fact, other written statements, or oral statements shall not be accepted as evidence of inventory. Only purchase records or retail receipts as described above in this section shall be accepted and constitute evidence of inventory.

RELEASE OF VENDOR RECORDS

1. The Department has the right to coordinate Vendor monitoring with the Inter Tribal Council of Arizona, Inc. (ITCA) and the Navajo Nation WIC Programs. This shall include, but is not limited to, joint investigations, compliance investigations, inventory audits and access to Vendor records.

2. The Department may share records and information concerning the Vendor's participation in the WIC Program with other entities responsible for oversight, administration or enforcement of the WIC Program or the Supplemental Nutrition Assistance Program (SNAP). These persons may include personnel from its local agencies and other WIC State and local agencies and persons investigating or prosecuting WIC or SNAP violations under federal, state or local law or with persons directly connected with the administration or enforcement of any federal or state law.

NOTIFICATION OF NAME, MAILING ADDRESS OR TELEPHONE NUMBER CHANGE

The Vendor shall notify the Department in writing at least 30 calendar days before any change in the store name, the store's mailing address, or the store's telephone number. A change in Vendor location is not a change in mailing address.

CHANGE OF OWNERSHIP

This Contract is not transferable between owners and establishments. The Contract will be terminated when the Vendor changes ownership. The Vendor shall notify the Department at least 30 calendar days before a change in ownership, including bankruptcy of an authorized Vendor (see Section 13 of the Vendor Manual (Appendix 3 – Selection and Authorization)).

CHANGE IN LOCATION

Vendors who change the location of their business will not be authorized at their new location unless they have applied to the Department for authorization; have met all selection and authorization criteria; and have received a Vendor Contract for the new location.

Vendors shall notify the Department in writing at least 30 calendar days before changing locations. This Contract is not transferable between locations. The Contract will be terminated when the Vendor changes location.

CLOSING OF THE BUSINESS

The Vendor Contract will be terminated when the Vendor ceases operation as a food store for any reason. The Vendor shall notify the Department in writing at least 30 calendar days before closing their business.

TERMINATION AND EXPIRATION OF THE CONTRACT

The Department will immediately terminate the Contract if it determines that the Vendor has provided false or misleading information in connection with its application for authorization.

The Vendor or the Department may terminate this Contract for cause after providing at least 30 calendar days advance written notice. The Department may terminate this Contract and/or disqualify the Vendor for, but not limited to, the reasons stated below:

a. Failure of the Vendor to comply with the conditions and responsibilities set forth in this Contract; the most recent federal regulations at 7 C.F.R. § 246. 1 *et seq.*; the WIC Vendor Manual, including Section 9 (Violations and Sanctions); the Department's WIC Policies and Procedures; or subsequent amendments or revisions to these documents.
b. Low volume of WIC sales (see Section 13 of the Vendor Manual (Appendix 3 Selection and Authorization)).
c. Termination of the WIC Program or the non-availability of funds.
d. Non-competitive prices.
e. Failure to pay claims.
f. Failure to maintain business integrity.
g. Fraud.
h. Food sales revenue from WIC food instruments is identified as more than 50-percent of the total food sales upon completion of the new Vendor six-month assessment.
i. Termination and/or disqualification from SNAP or another WIC Program.

The Department may terminate a Vendor without cause with at least 30 calendar days advance written notice.

The Contract expires and ceases to be effective when the end date specified in the Contract has been reached. Expiration of the Contract is not subject to appeal or to a fair hearing.

After the expiration or termination of the Contract, the Vendor must reapply for authorization. If a Vendor is disqualified, the Department will terminate the Vendor's Contract and the Vendor will have to reapply for authorization in order to be authorized after the disqualification period is over. In all cases, the Vendor's new application will be subject to the Department's Vendor selection criteria and any criteria the Department uses to limit the number of Vendors it will authorize.

Disqualification from the WIC Program may result in disqualification as a retailer in the SNAP. Such disqualification may not be subject to administrative or judicial review under the SNAP.

The Department will not accept or process an application from a Vendor during any period of disqualification.

APPEAL AND FAIR HEARINGS

The Vendor has the right to appeal (request a fair hearing) certain adverse actions of the Department which result in denial of an application for a Vendor Contract, administrative fines, civil money penalties, termination of a Vendor Contract or disqualification from the WIC program. The Vendor appeal rights and fair hearing procedures are found in Section 10 (Appeal Rights and Hearing Procedures) of the Vendor Manual. A copy of the Vendor's appeal rights and fair hearing procedures will be sent with any adverse action notice.

CRIMINAL PENALTIES

A Vendor who commits fraud or abuse in the WIC Program is liable to prosecution under applicable federal, state or local laws. Under federal law, those who have willfully misapplied, stolen or fraudulently obtained program funds will be subject to a fine of not more than $25,000 or imprisonment for not more than five years or both, if the value of the funds is $100 or more. If the value is less than $100, the penalties are a fine of not more than $1,000 or imprisonment for not more than one year or both.

BUSINESS INTEGRITY

The Vendor shall comply with the business integrity requirements as stated in federal statutes and regulations that govern the WIC Program and in the Vendor Manual (see Section 13 (Authorization and Selection)).

CONFLICT OF INTEREST

1. The Vendor ensures that no conflict of interest shall exist with either the Department or local agencies. A conflict of interest relates to the standard of ethical conduct that no officer or employee shall have any interest, financial or otherwise, direct or indirect, or engage in any business transaction, or professional activity or incur any obligation of any nature which is in conflict with the discharge of a person's duties.

2. The Department will immediately terminate this Contract as authorized by A.R.S. § 38-511 upon notification of the parties should such conflict of interest arise after the acceptance of this Contract by the parties. A.R.S. § 38-511 provides:

    a. Such cancellation shall occur without any further obligation;
    b. Conflict of interest shall include, but is not limited to, situations where any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on the behalf of the State, its political subdivisions, or any of the departments or agencies of either is, at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to this Contract in any capacity or a consultant to any other party of the Contract with respect to the subject matter of this Contract;
    c. Cancellation under this section by the State or its political subdivisions shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to this Contract unless the notice specifies a later time.

ATTORNEY FEES AND COSTS

If a Vendor initiates an action, appeal, or lawsuit against the Department relating to the terms of this Contract in any administrative or judicial tribunal of competent jurisdiction, and the Department prevails, the Vendor shall pay the Department's reasonable attorneys' fees and costs. The administrative or judicial tribunal of competent jurisdiction where the action, appeal, or suit was adjudicated can determine the Department's attorneys' fees (i.e., $110.00 up to $200.00 an hour) and costs. The Department is considered to prevail when:

a. The Vendor's position was not substantially justified; and
b. The Department prevailed as to the most significant issue or set of issues.

The Department shall submit its petition for reasonable attorneys' fees (i.e., $110.00 up to $200.00 an hour) and costs to the administrative or judicial tribunal of competent jurisdiction within 20 days after the clerk's mailing of a decision on the merits of the cause, unless extended by the administrative or judicial tribunal. The Department's petition shall provide the following information to the administrative or judicial tribunal:

a. Evidence of the Department's eligibility for attorneys' fees and costs;
b. The amount sought; and
c. An itemized statement from the attorney(s) and expert(s) stating;
    1) The actual time spent representing the Department; and
    2) The rate at which the fees were computed.

FORFEITURE

Notwithstanding any provision of state law and in addition to any other penalty authorized by law, a court may order a person that is convicted of a violation of a provision of law, with regard to the trafficking of food instruments, funds, assets, or property that have a value of $100.00 or more and that are subject of a grant or other form of assistance under this section, to forfeit to the United States all property as follows:

a. All property, real and personal, used in a transaction or attempted transaction, to commit or to facilitate the commission of, a violation described above;
b. All property, real and personal, constituting, derived from or traceable to any proceeds a person obtained directly or indirectly as a result of a violation described above.

All property subject to forfeiture under this clause, any seizure or disposition of the property, and any proceedings relating to the forfeiture, seizure, or disposition shall be subject to section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. § 853) other than subsection (d) of that section.

INDEMNITY

1. The Vendor shall, at all times, indemnify, defend and hold harmless the State and/or any of its agents, officials and employees from any and all claims, demands, suits, actions, proceedings, losses, costs and/or damages of every kind and description, including attorneys' fees and/or litigation expenses brought or made against or incurred by the State on account of loss of or damage to any property or for injuries to or death of any person, caused by, arising out of, or contributed to, in whole or in part, by reasons of any alleged act, omission, professional error, fault, mistake, or negligence of the Vendor, its employees, agents or representatives, or subcontractors, their employees agents or representatives in connection with or incident to the performance of this Contract or arising out of workers compensation claims, or unemployment compensation claims of employees of the Vendor and/or its subcontractor or claims under similar such laws or obligations. The Vendor's obligations and responsibilities under this section shall not extend to any liability caused by the sole negligence of the State or its employees.

2. The Vendor shall indemnify, defend and hold harmless the Department from any claim, liability or expense caused by the Vendor's default under this Contract.

PROHIBITION AGAINST DISCRIMINATION

1. The Vendor shall comply with the nondiscrimination provisions of USDA regulations 7 C.F.R. §§ 15, 15a, and 15b.

2. Both the Vendor and the Department agree to comply with all aspects of anti-discrimination legislation, including all federal legislation and A.R.S. § 41-1463.

    a. The Vendor shall not discriminate because of race, color, disability, age, national origin, or gender in any interactions with WIC recipients, representatives of the Department, or suppliers;
    b. The Department shall not discriminate because of race, color, disability, age, national origin, or gender in any interactions with Vendors or Vendor applicants;
    c. The Vendor shall comply with all applicable provisions of the Americans with Disabilities Act of 1990, and its amendments.

ANTITRUST VIOLATIONS

The Vendor, the Department, and the State recognize that in actual practice overcharges resulting from antitrust violations are in fact borne by the purchaser. Therefore, the Vendor hereby assigns to the Department and the State any and all claims for such overcharges.

NOTICE

Whenever notice is required by the terms of this Contract, unless otherwise specified, the notice shall be in writing; shall be delivered in person or by certified mail with a return receipt requested or by a Department contracted courier service; and shall be directed to the person(s) and address(es) specified for such purpose on the execution page of this Contract or to such other person(s) and/or address(es) as either party may designate to the other party by written notice.

VENDOR CONTRACT

ARIZONA DEPARTMENT OF HEALTH SERVICES

BY _____
Signature

_____
ADHS Office of Procurement

_____
Date

Arizona Department of Health Services

1740 West Adams, Room 303

Phoenix, Arizona 85007

1 (866) 737-3935
Telephone Number

APPLICANT

I, the undersigned, have read and understand all requirements of the Arizona WIC Program in addition to the terms and conditions of this contract and the attachments. I understand that I will be bound by these requirements.

The undersigned representative has legal authority to obligate this Vendor.

_____
Signature Date

_____
Print or Type Name and Title of Authorized Person

_____
Store Name

_____
Street

_____
City State Zip Code

_____
County/Reservation

_____
Telephone Number

Appendix F: Vendor Training Acknowledgement Form

See Following Page

Arizona WIC Program
Vendor Training Acknowledgement

A. I certify that I attended and understood all of the following WIC Vendor procedures. I further understand that I will be responsible for providing training to cashiers and other employees who handle WIC transactions in my store.

- Explanation of the WIC Program
- Use of the Vendor Manual
- The Vendor's Role
- Approved & Non-Approved Foods
- Minimum Stock & Variety Requirements/ Infant Formula Purchases
- Wholesaler/Supplier Problems
- WIC Food Instruments
- WIC Identification Folder & Proxy Form
- WIC Redemption Procedures
- "X" Signatures
- Corrections to the Food Instrument
- Alterations of WIC Food Instruments
- Use of Manufacturer, Store Specials or Discount Cards
- WIC Price/Stock Survey
- WIC Payment Criteria
- Vendor Claims/Reimbursement Procedure
- Program Updates
- Complaint Process
- Vendor Monitoring
- Violations & Sanctions
- Vendor Rights and Responsibilities
- Service Mark Compliance
- Incentive Item Prohibition

B. Vendor Comments: _____

_____

_____	_____
Store Name / Store Number	WIC Program Representative
_____	_____
Print Name and Title	WIC Program Representative Title
_____	_____
Signature	Signature
_____	_____
Date	Date

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