

Section 13

APPENDIX 3 –

SELECTION & AUTHORIZATION

Selection and Authorization

The Department must authorize each 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. 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 his/her 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 special formula only. In this situation, any reference to “WIC foods” shall mean WIC approved infant formula. Except for SNAP authorization, all other provisions shall remain the same.

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 Regulation, the Federal Regulation shall prevail.

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 on September 30th and any interested retail grocer, pharmacy, or military commissary, that requests an application by April 30th. The packet will provide instructions to complete the online application, the WIC Food Item Declaration and Price Survey, 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 a full line grocery store and a viable business that has been open for at least one (1) year prior to the **submission** of the enrollment application, the WIC Food Item Declaration, and Price Survey.

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, the WIC Food Item Declaration and Price Survey, 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 faxed copies in lieu of the original documents.**

Required attachments include: an original signed Vendor Contract, a copy of the Applicant’s current sanitation or health operating permit for each location identified in the application, copies of infant formula invoices, and 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, telephone number, SNAP identification number and a contact person responsible for the oversight of WIC transactions for 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 may be processed after October 1st, under the Arizona WIC Program's continuous enrollment criteria.

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:

1. The Department shall verify that the Applicant is an authorized SNAP retailer operating in good standing.
2. The Department shall verify that the Applicant's store is a full line grocery store and a viable business that has been open for at least one (1) year.
3. The Department or its designee shall conduct an on-site visit to verify the information contained in the application, Contract, WIC Food Item Declaration, and Price Survey. 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. 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 current fiscal year may be exempt from requirement (open enrollment only).
4. The Department shall provide initial Vendor training to the Applicant. Training attendance is required for new owners.
5. 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; or if the Applicant store is not a full line grocery store or has not been open for business for at least one (1) year, unless that applicant is necessary to ensure participant access to Program benefits.
6. 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 percent of its annual food sales revenue from WIC food transactions, unless that applicant is necessary to ensure participant access to Program benefits. The Department completes a six (6)-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 transactions exceed 50 percent of their total food sales, the Vendor Contract will be terminated unless the outlet is necessary to ensure participant access.
7. In the event an Applicant purchases or acquires an outlet that was in the process of being disqualified or which was disqualified from participation in 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.
8. 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.
9. The Department will not review a reapplication 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 reapplication for 180 calendar days from the date that the final administrative decision is rendered.

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

1. The Department shall follow the Vendor Evaluation Process and Criteria established for new Vendors.
2. The Department shall evaluate the Vendor's file for:
 - a. Compliance with the Vendor Contract, Federal Regulations, and this section at all business locations;
 - b. Responsiveness to Vendor Site Review corrective action recommendations and participant/authorized representative complaints;
 - c. Past performance in the previous five (5) federal fiscal years, including sanctions assessed;

- d. In the case of stores owned by corporations, past performance at other locations operated by the same corporation;
- e. Compliance with SNAP requirements;
- f. Timely and complete submission of WIC Food Item Declaration and Price Survey;
- g. 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.

All new Vendor Applicant Owners, 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 his/her designee who shall be responsible for Arizona WIC Program compliance at that location. In cases where the Applicant is new to the program, the owner or corporate representative **must** also attend. In addition to the management representative or his/her designee, other representatives may also 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.

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 Food Item Declaration and Price 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 Manual.

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, after being provided with one (1) opportunity to correct the deficiency, the Applicant does not meet the criteria for minimum stock requirements.

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.

Continuous Enrollment

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. As described previously in this section, submission deadlines apply to the Vendor Contract enrollment period. Applications that are submitted untimely during the enrollment period may 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). Any application processed after October 1st will be evaluated under the Program's continuous enrollment criteria.

Change of Ownership

When a change of ownership occurs, (e.g., a change in business entity or the addition or deletion of partners, associates, or principals; 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), the new owner shall complete an online application, WIC Food Item Declaration and Price Survey, including all required attachments, to become an Arizona WIC Program Vendor. 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 (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 Manual.

When the Department is notified of the change of ownership in writing by the Vendor, 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.

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, either 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 based on the evaluation process and criteria described in this Manual.

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 the application. The Department reserves the right to waive specific selection criteria in an effort to ensure participant access to supplemental foods. Pharmacies, which provide special formula only, are also exempt from specific selection criteria. All other Applicants shall be evaluated in accordance with the following criteria:

Stock Requirements

As described in Section 2 of the Vendor Manual, maintain the minimum stock and variety of all WIC foods from the time an application for enrollment is completed through the end of the Contract period;

1. Grocers/Commissaries
Grocer/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 Section 2 of this Manual.
2. Pharmacies
Pharmacy Applicants shall agree to order WIC-eligible infant formula in the amounts and brands specified on the food instruments redeemed by the WIC participant/authorized representative, or ordered by the local agency or Department.

Infant Formula Purchases

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. All Applicants and authorized Vendors are required to purchase infant formula **only** from the sources on the above-mentioned list.

Failure to do so will result in the denial of the application or the Vendor's Contract will be terminated and the store will be disqualified from participation in the WIC Program for one (1) calendar year. This list will be updated and provided to all authorized Vendors annually and to each new Applicant in the enrollment packet.

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.

Business Operations

The Applicant's location is a viable business and has been open for at least one (1) year prior to submission of the application and WIC Food Item Declaration and Price Survey. In addition, the Applicant must be able to provide the Department with one (1) year of business bank statements and records.

The Applicant's store must be a full line grocery store that stocks, at a minimum*:

1. Five (5) or more varieties with five (5) or more units of each variety of cereal.
2. Four (4) or more varieties with five (5) or more units of each variety of breads/tortillas
3. Five (5) or more varieties with five (5) or more units of each variety of fresh dairy products
4. Seven (7) or more varieties with five (5) or more units of each fruit
5. Seven (7) or more varieties with five (5) or more units of each vegetable
6. Four (4) or more varieties* with five (5) or more units of each variety of fresh meats/poultry/fish (includes different cuts of the same type of fresh meat [limited to two (2) different cuts of meat from the same variety])

*Pharmacies are excluded from this requirement **if** they were contracted to provide "special formula" only.

Note: This criterion may be waived to ensure adequate participant access to supplemental foods.

Accessibility to WIC participants

The Applicant's location(s) and hours of operation shall conform to the following requirements:

1. The Applicant shall be open for business a minimum of ten (10) hours a day, six (6) days a week.
2. 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 forty-five percent (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-percent of its annual food sales revenue from WIC food transactions, 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 to it.**

Upon completion of the assessment, if the Vendor's food sales from WIC food transactions exceed 50 percent of their total food sales, the Vendor Contract will be terminated unless the outlet is necessary to ensure participant access.

Sanitation

The Applicant shall be in compliance with all state, municipal and local sanitation standards and must have a current health permit or 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), 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.

History of Compliance

The Applicant and/or authorized Vendor shall not have been sanctioned or disqualified from participating in the SNAP or WIC Programs, including, but not limited to, the ITCA WIC and/or Navajo Nation WIC programs for a period of five (5) federal fiscal years prior to application.

Training

The Applicant **owner (or, for chain stores, their corporate representative)** shall accept mandatory training by the Department as a prerequisite to approval of the Vendor Contract. The Vendor shall also accept regional, state, local, and in-store training and shall implement corrective action(s) when a violation of state or federal rules or policies and procedures occurs as outlined in the Manual (See Training).

Conflict of Interest

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.

The Department shall have the right to cancel this Contract as authorized by A.R.S. § 38-511 immediately 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 behalf of the State 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 with respect to the subject matter of this Contract;
- c. Notification shall occur when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by any party to this Contract, unless the notice specified a later time.

Volume of WIC Business

Applicants who participated as WIC Vendors during the previous Contract period will be evaluated for low volume of WIC business. The Department will review WIC redemptions from the second federal fiscal year quarter (January, February and March), prior to the expiration of their current Contract.

During this review, if the applicant redeemed an average of ninety (90) or fewer food instruments or had less than \$5,000 in eWIC redemptions, the Applicant 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 for the sale of special formula only. Applicants who are currently disqualified or have been involuntarily withdrawn from SNAP shall not be considered as WIC Vendors.

Business Integrity

The Applicant, Applicant's owners, officers, or managers shall maintain a standard of business honesty and maintain a reputation of good business practices. The Applicant, Applicant's owners, officers, or managers shall not have a criminal conviction or a civil judgment against them in the last six (6) years.

The Department shall have the right to deny authorization or participation in the WIC Program based on information regarding the Applicant's business integrity and reputation, including, but not limited to, the following:

1. Criminal conviction or civil judgment against the owners, officers, or managers for:
 - a. Commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public or private agreement or transaction;
 - b. Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, or obstruction of justice;
 - c. Violation of federal, state, and/or local consumer protection laws or other laws relating to alcohol, tobacco, firearms, controlled substances, and/or gaming licenses.
2. Administrative findings by federal, state, or local officials that do not give rise to a conviction or civil judgment but for which the 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, officers, and managers.
3. Evidence of an attempt by the Applicant to circumvent a period of disqualification, a civil money penalty, or fine imposed for violations of the WIC Federal Regulations and WIC policies and procedures.
 - a. As needed, the Department may consider the following types of criteria to determine whether or not further investigation(s) is/are warranted:
 - 1) An applicant who is using the same store name as a previously authorized WIC Vendor who had prior WIC Program violations, regardless of whether sanctions were imposed;
 - 2) An applicant who is using the same store location as a previously authorized WIC Vendor who had prior WIC Program violations, regardless of whether sanctions were imposed;
 - 3) 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.
 - 4) 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.
4. If the Department determines, in its sole discretion, that further investigation may be necessary, it shall be entitled to obtain social security numbers from the applicant to assist it in obtaining the information required to make a determination.
5. Previous WIC Program violations administratively and/or judicially established as having been committed by owners, officers, or managers for which a sanction had not been previously imposed and satisfied.

6. Evidence of prior WIC Program violations that were personally committed by the owner(s) or the officer(s) of the Vendor or evidence of prior WIC Program violations committed by management which would indicate a lack of business integrity on the part of ownership and for which sanctions have not been previously imposed or satisfied.

Incentive Item Prohibition

For Vendor Applicants that receive or are likely to receive more than 50 percent 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. All Regular Vendors are prohibited from offering incentive items* solely to WIC participants; incentive items must be offered to all customers.

*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.

Timeframes for Action for Open Enrollment

The Department will review all Vendor applications by July 31st of each year.

By August 28th of each year, the Department will send, via certified mail, notice to all new Vendor Applicants whose applications were denied. Appeal rights shall be outlined in the notice.

By September 1st of each year, the Department will send, via certified mail, notice to current Vendors who did not file applications notifying them that their Contracts shall expire on September 30th.

By September 25th of each year, the Department will send the fully executed Vendor Contract and Vendor information packet to each Applicant who was authorized to become a WIC Vendor.

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 and assign the Applicant a Vendor ID number and two (2) ID stamps so that it may begin accepting WIC food instruments at the beginning of the Contract period. Prior to the execution of a Vendor Contract that 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), each outlet's address and telephone number, the SNAP identification number, and a contact person for each location who will be responsible for the operation of WIC transactions.

All new WIC Vendors will have a Vendor Site Review after a minimum of thirty (30) calendar days on the WIC Program. Failure to meet minimum stock requirements during this visit will result in sanctions according to Section 9 of this Manual.

Termination of the Contract

Either the Vendor or the Department may terminate the Vendor Contract according to the terms identified in the Vendor Contract. The Vendor 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 terminating the Vendor Contract; changing the location, ownership, or control of the business; or ceasing to operate. The Department will send the Vendor a letter confirming the date of termination and the final date WIC food instruments will be paid.

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

The Vendor must return its Vendor ID stamps to the Department within ten (10) calendar days of termination of the Vendor Contract.

Note: WIC Vendor authorization is not transferable. An attempted transfer of any part of WIC business to another location will void the Vendor Contract. Therefore, if there is a change of ownership, the new owner shall complete an application and meet all enrollment criteria to become an authorized WIC Vendor.

Expiration of the Contract

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

Contract Termination and Disqualification

The Department may terminate a Vendor Contract or disqualify a Vendor, which includes termination of the Vendor 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 Vendor 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 WIC participants/authorized representatives access to all checkout lanes (except for "Cash Only" and self-serve lanes).

The Vendor shall ensure that all information pertaining to WIC participants/authorized representatives is kept confidential, except for Department and local agency monitoring, investigation, or oversight.

The Vendor shall accept food benefits from WIC participants/authorized representatives without regard to their race, color, disability, age, national origin, or sex.

The Vendor shall comply with:

- a. The non-discrimination provisions of federal law;
- b. Regulations in 7 CFR Parts 15, 15a, and 15b;
- c. Applicable provisions of the Americans with Disabilities Act of 1990;
- d. All state, municipal, and local sanitation standards.

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 clearly mark the price of WIC approved foods, either on the product container or the shelf.

High-Risk Identification System

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

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

1. Pharmacy (class 1)
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 percent 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.

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 based on volume of food instruments redeemed, sales amounts, and geographic area.

Data reports are produced that provide peer group and redemption comparison data.