



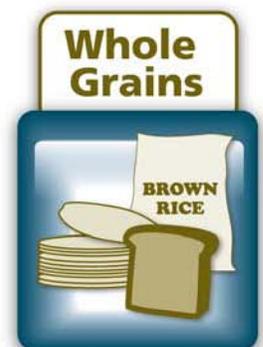
# North Carolina WIC Program

# Vendor Manual

October 1, 2018 to September 30, 2019

Nutrition Services Branch

N.C. Division of Public Health





# **NORTH CAROLINA WIC VENDOR MANUAL**

**EFFECTIVE October 1, 2018 – SEPTEMBER 30, 2019**

## **WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN**

**STATE OF NORTH CAROLINA**

**Department of Health and Human Services**

**Division of Public Health • Nutrition Services Branch**

**[www.nutritionnc.com](http://www.nutritionnc.com)**



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## Purpose of This Manual

The WIC Vendor Manual provides instruction to assist vendors participating in the North Carolina WIC Program. This manual, effective October 1, 2018, is a source of information about proper management practices as well as the requirements and responsibilities of the authorized WIC vendor.

Most questions or problems can be resolved by referring to the WIC Vendor Manual, WIC Vendor Agreement, or by going to the Nutrition Services Branch web site [www.nutritionnc.com/wic/vendor.htm](http://www.nutritionnc.com/wic/vendor.htm). Any suggestions or unanswered questions about the WIC Program should be directed to the Local WIC Program.

Program: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

## **What is WIC?**

“WIC” stands for the Special Supplemental Nutrition Program for Women, Infants, and Children. The United States Department of Agriculture (USDA) funds this program throughout the United States to provide nutrition education and supplemental foods for:

- Infants;
- Children up to 5 years of age;
- Pregnant women;
- Women who have had a baby in the last 6 months (Postpartum women); and
- Breastfeeding women who have had a baby in the last 12 months

The WIC Program is designed to prevent health problems in mothers and their young children and to promote healthy habits and healthy families. The program also provides referrals to other services and support for breastfeeding women and their infants. Health professionals at Local WIC Agencies determine an individual’s eligibility for the WIC Program based on nutritional risk, household income, and residence in the state of North Carolina (NC).

The WIC supplemental foods are good sources of important vitamins and minerals, high in fiber, and lower in fat content. The foods are individually prescribed by the health professional to meet the nutrition needs of each participant.

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## **What is the Role of the WIC Vendor?**

Vendors play a unique role in the WIC Program and are critical to the success of the program. Local WIC Agencies issue food benefits to WIC customers on eWIC cards. WIC customers then exchange their benefits for WIC supplemental foods available at authorized vendor locations. Vendors receive payment via ACH for eWIC transactions performed at their store. Only authorized vendors may transact (accept) food benefits.

WIC vendors are not permitted to use the acronym “WIC” or the WIC logo, including facsimiles, in total or in part, in the official name in which the business is registered or in the name under which the store does business. WIC vendors are also not permitted to use the WIC logo in advertising or promotional literature, nor are vendors allowed to apply stickers, tags, or labels having the WIC acronym or logo on NC-approved WIC supplemental foods. Both the acronym and logo are registered service marks with the U.S. Patent and Trademark Office. The purpose of the restriction is to prevent use of the service marks by private sector organizations in ways likely to cause confusion in regard to their involvement with the WIC Program. It is USDA’s policy to avoid endorsements, directly or indirectly, of any commercial product, service, or enterprise.

The State WIC Program allows vendors to use WIC shelf tags; however, it does not provide tags to vendors. The shelf tags may read “WIC Approved Item,” “WIC Approved Food,” or something similar. The tags may not include the name of a manufacturer, distributor, wholesaler, store, or brand name.

## Definitions

**Authorized Product List (APL):** The list of universal product codes (UPCs) and product look-up (PLU) codes for WIC supplemental foods, fruits and vegetables that are authorized for purchase by WIC customers. The APL must be uploaded into the vendor's point of sale (POS) system on a daily basis (this should be an automated process).

**Cash-value voucher (CVV):** a fixed-dollar amount check or electronic benefit transfer (eWIC) card used by a WIC customer to obtain authorized fruits and vegetables. CVV is also known as cash-value benefit (CVB) in an EBT environment.

**Chain Store:** A store owned or operated by a corporation, partnership, cooperative association, or other business entity that has 20 or more stores owned or operated by the business entity.

**Crossroads:** NC WIC Program's integrated computer system for issuance and redemption of FIs and CVVs.

**Electronic Benefit Transfer (EBT):** a method that permits electronic access to WIC food benefits using a plastic card. EBT for the North Carolina WIC Program is referred to as eWIC.

**Electronic Signature:** an electronic sound, symbol, or process, attached to or associated with an application or other record and executed and or adopted by a person with the intent to sign the record.

**eWIC:** The term used for EBT by the North Carolina WIC Program.

**eWIC Capable:** when the WIC vendor demonstrates their cash register system or payment device can accurately and securely obtain WIC food balances associated with an eWIC card, maintain the necessary files such as the authorized product list and successfully complete eWIC purchases.

**eWIC Card:** A plastic card with a magnetic stripe used to purchase North Carolina WIC authorized foods. Each card has a 16-digit Primary Account Number (PAN).

**eWIC Processor:** the entity contracted with the North Carolina WIC Program for the implementation, maintenance, and operation of the Program's eWIC system that acts as the agent of the Program to process and settle eWIC transactions.

**Food Benefits:** The supplemental foods a WIC customer receives from WIC for a selected month. Food benefits provide specific amounts of WIC authorized foods, formulas, and/or a fixed-dollar amount for WIC customers to receive fruits and vegetables.

- **Food Benefit Balance:** Unspent food benefits for the current month that are available to purchase by the cardholder. Each month's food benefits expire at 11:59PM on the Last Date to Spend. The benefit balance is printed on the cash register receipt after each purchase.
- **Redeemed Food Benefits:** The benefits that have been used by the WIC customer after the First Date to Spend and before the Last Date to Spend.

**Food Instrument (FI):** a check or electronic benefits transfer (eWIC) card used by a WIC customer to obtain supplemental foods. FIs and CVVs combined are also known as food benefits in an EBT environment. The term "food benefits" is used throughout this manual, unless in reference to vendor violations.

**Free-standing Pharmacy:** A pharmacy that does not operate within another retail store. This includes free-standing pharmacies that are chain stores and free-standing pharmacies participating under a WIC corporate agreement. Pharmacies operating within a retail store, such as a chain store, are not included in this category. Such pharmacies are authorized as part of the retail store and not authorized independently.

**Minimum Lane Coverage:** the number of POS terminals necessary for a vendor to operate an eWIC system.

**Mixed Basket:** A transaction consisting of multiple tender types such as WIC, FNS benefits and debit where WIC foods do not need to be separated from other groceries.

**Multi-function Equipment:** POS equipment obtained by a WIC vendor through commercial suppliers, which is capable of supporting WIC EBT and other payment tender types. This is also known as an integrated system.

**Not to Exceed (NTE):** The maximum price established by the NC WIC Program that the state will reimburse the vendor for an approved food item. This is also referred to as Maximum Allowable Price (MAP).

**Personal Identification Number (PIN):** a numeric password used by a WIC participant to authenticate the participant to the eWIC system.

**Point-of-sale (POS) Terminal:** an electronic device used to process eWIC card payments at authorized vendor locations.

**Predominantly WIC Vendor (PWV):** A vendor that derives more than 50% of its annual food sales revenue from WIC FIs. **PWVs are not authorized in NC.** If the State WIC Program determines that a vendor applicant is expected to be a PWV, the vendor application will be denied. If the State WIC Program determines that an authorized vendor has become a PWV based on analysis of its food sales documentation, the vendor's WIC Vendor Agreement will be terminated.

**Primary Account Number (PAN):** The 16-digit number on the front of an eWIC card.

**Product Look-Up (PLU) code:** an identification number placed on produce sold at authorized vendor locations.

**Sign or Signature:** a handwritten signature on paper or an electronic signature.

**Single-function Equipment:** POS equipment such as barcode scanners, card readers, PIN pads and printers, provided to an authorized WIC vendor solely for use with the WIC Program.

**Statewide eWIC:** when the State agency has converted all WIC clinics to eWIC and all authorized WIC vendors are capable of transacting eWIC purchases.

**Universal Product Code (UPC):** an identification code printed on the packaging of WIC approved foods sold at WIC authorized vendor locations.

## How to Become a WIC Vendor

To become an authorized WIC vendor, vendor applicants must comply with the selection criteria established by the USDA and the NC WIC Program. A vendor applicant must:

1. Sign a Vendor Agreement with the eWIC processor or a third-party processor certified by the eWIC processor.
2. Be an authorized Supplemental Nutrition Assistance Program (SNAP) vendor (free-standing pharmacy vendors are exempt from this requirement). A vendor applicant shall not become authorized as a WIC vendor if the store is currently disqualified from SNAP or the store has been assessed a SNAP civil money penalty for hardship and the disqualification period that otherwise would have been imposed has not expired;
3. Not use the acronym “WIC” or the WIC logo, including facsimiles thereof, in total or in part, in the official name in which the business is registered or in the name under which the store does business;
4. Accurately complete the WIC Vendor Application; WIC Price List or WIC Price List for Free-standing Pharmacies; WIC Vendor Agreement or WIC Vendor Agreement for Free-standing Pharmacies; and either an Above-50-Percent Vendor Self-Declaration form (retail vendors) or Cost-Containment Exemption for Free-standing Pharmacy Vendors form;
5. Maintain current shelf prices that are not more than the not-to-exceed (NTE) price for each food within the vendor applicant’s peer group (Free-standing pharmacy vendors are exempt from this requirement);
6. Pass a pre-authorization monitoring review conducted by the Local WIC Program to determine whether the store has the required minimum inventory of supplemental foods;
7. Maintain inventory within valid expiration dates;
8. Attend, or have a store manager or other authorized store representative attend, WIC Vendor Training. Ensure that the applicant’s employees receive instruction in WIC Program policies, procedures, and requirements;
9. Mark the current shelf prices of all WIC supplemental foods clearly on the foods or have the prices posted on the shelf or display case at all times;
10. Operate the store at a single, fixed location in NC. The store must be located at the address indicated on the WIC Vendor Application and must be the site at which WIC supplemental foods are selected by the WIC customer;
11. Be open throughout the year for business with the public at least six days a week, for at least 40 hours per week, between 8:00 a.m. and 11:00 p.m.;
12. Purchase and provide to WIC customers only infant formula, exempt infant formula, and WIC-eligible nutritionals directly from State-approved sources;
13. Not have any owners, officers, or managers who are employed by, or who have a spouse,

- child, or parent employed by the State WIC Program or the Local WIC Program serving the county in which the vendor applicant conducts business. An applicant also shall not have an employee who handles or transacts WIC food or cash-value benefits who is employed by, or has a spouse, child, or parent who is employed by the State WIC Program or Local WIC Program serving the county in which the vendor applicant conducts business. Such situations present a conflict of interest;
14. Not have any owners, officers, or managers who in the last six (6) years have been convicted of or had a civil judgment entered against them for any activity indicating a lack of business integrity. Such activities include, but are not limited to: fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, and obstruction of justice;
  15. Not currently be disqualified from participation in the WIC Program. Additionally, the vendor applicant must not have an owner, officer, or manager that currently has, or previously had, a financial interest in a WIC vendor that was assessed a claim by the WIC Program and the claim has not been paid in full;
  16. Not be expected to operate as a predominantly WIC vendor (PWV), as determined by the State WIC Program. A PWV is a vendor that derives more than 50-percent of its annual food sales revenue from WIC food instruments/benefits;
  17. Excluding chain stores and stores under a WIC Corporate Agreement that have a separate manager on-site for each store, not have an owner who holds a financial interest in any of the following: (1) another store that is disqualified from SNAP, or has been assessed a civil money penalty (“CMP”) in lieu of the disqualification and the time period during which the disqualification would have run has not expired; or (2) another store that is disqualified from the WIC Program, or has been assessed a monetary or civil money penalty in lieu of the disqualification and the time period during which the disqualification would have run has not expired; and
  18. Not submit false, erroneous, or misleading information in an application to become an authorized WIC vendor or in subsequent documents submitted to the State or Local WIC Program.
  19. Require an owner, manager, or other authorized store representative to complete training approved by the state WIC Program on eWIC procedures. The vendor must ensure that all cashiers and staff are fully trained on eWIC requirements, including training in the acceptance and processing of eWIC transactions.

## **Competitive Pricing and Price Limitations**

Federal regulations require State WIC Agencies to establish competitive pricing and price limitations for vendor authorization. Competitive pricing considers the prices a vendor charges for supplemental foods as compared to the prices charged by other authorized vendors for the same foods. Price limitations ensure that a vendor maintains competitive prices as an authorized vendor. Competitive pricing and price limitations are selection criteria that must be effective throughout the entire

agreement period. Subsequent to authorization, a vendor must not increase their prices to levels that would make them ineligible for authorization.

The competitive pricing structure for the NC WIC Program establishes five (5) peer groups. The following lists the definitions of each vendor peer group.

### Vendor Peer Groups

PEER GROUP NUMBER	Definition of Peer Groups		
	12-month Redemption	Registers	Store Class
I	\$2,000 - \$25,000	0-2	Not applicable
II	\$25,001 - \$75,000	3-5	Not applicable
III	\$75,001 - \$300,000	6 or more	Not applicable
IV	\$300,001 or more	Not applicable	Chain stores, stores under a WIC corporate agreement & military commissaries
V	Not applicable	Not applicable	Free-standing pharmacies

Peer groups will be determined using the following system:

1. Store classification. This system supersedes redemption history and the number of registers for chain stores, stores under WIC Program Corporate Vendor Agreement, military commissaries, and free-standing pharmacies. For example, a new major chain store is automatically assigned to peer group IV.
2. Number of registers. This system is used when a vendor applicant is not grouped by store classification and annual WIC Program redemption history is not available.
3. Redemption data. Vendors for which annual redemption history is available will be placed in a peer group based on the vendor's redemption data. This system supersedes the number of registers and excludes vendors assigned to a peer group based on store classification.

### Not-to-Exceed Prices (NTEs)

An NTE, also referred to as a maximum allowable price (MAP), is established for most supplemental foods sold by vendors in peer groups I-IV. The NTE is set at the 97<sup>th</sup> percentile of the current highest shelf price for most supplemental foods within a vendor peer group. The payment for a supplemental food cannot exceed the NTE calculated for the size and brand. The NTEs are established using redemption data obtained from the eWIC system. An NTE is calculated for each UPC in the APL.

Formula prices depend on the type of formula. Contract standard milk and soy-based infant formulas have prices based on vendor redemption data. Exempt infant formulas and WIC-eligible nutritionals do not have NTEs but instead, payments are based on current shelf price.

A list of WIC-approved infant formulas, exempt infant formulas and WIC-eligible nutritionals is posted on the NC Nutrition Services Branch web site at [www.nutritionnc.com/wic/vendor.htm](http://www.nutritionnc.com/wic/vendor.htm) and may also be obtained from your Local WIC Program.

## Application Process

Applicants, other than free-standing pharmacies, must be authorized SNAP vendors prior to applying for WIC Program vendor authorization. To be eligible to accept WIC food benefits and cash-value benefits, food retailers must be authorized by the Local and State WIC Agencies, which includes having a current WIC Vendor Agreement signed by the vendor, the Local WIC Program, and the State WIC Program. Free-standing pharmacies are authorized through the same process, but can only accept food benefits issued for exempt infant formulas and WIC-eligible nutritionals. The owner, store manager, or other authorized vendor representative must attend training provided by the Local WIC Program.

Following the orientation to the WIC Program, vendor applicants not under a WIC corporate agreement must complete the following forms:

- WIC Vendor Application (DHHS 3282);
- WIC Price List (DHHS 2766) or WIC Price List for Free-standing Pharmacies (DHHS 2766-P);
  - Free-standing pharmacies are only required to submit the WIC Price List for Free-standing Pharmacies (DHHS-2766-P) for exempt infant formula and WIC-eligible nutritionals at authorization.
- WIC Vendor Agreement (DHHS 2768) or WIC Vendor Agreement for Free-standing Pharmacies (DHHS 2768-P); and
- Above-50-Percent Vendor Self Declaration (retail vendors) or Cost-Containment Exemption for Free-standing Pharmacy Vendors form

Corporations with twenty (20) or more authorized stores in NC, sign one (1) WIC Vendor Agreement (WIC Corporate Agreement) for all of its individual stores. In addition, corporations under a WIC Corporate Agreement are only required to complete one (1) price list for all of its individual stores – either a WIC Price List (retail vendors, DHHS 2766) or a WIC Price List for Free-standing Pharmacies (pharmacy vendors, DHHS 2766-P). Therefore, individual stores under a WIC Corporate Agreement do not submit an individual WIC Vendor Agreement, WIC Price List, or a WIC Price List for Free-standing Pharmacies.

Following the orientation to the WIC Program, vendor applicants under a WIC corporate agreement are only required to complete the following forms:

- WIC Vendor Application (DHHS 3282); and
- Above-50-Percent Vendor Self Declaration (retail vendors) or Cost-Containment Exemption for Free-standing Pharmacy Vendors

Vendor applicants (corporate and non-corporate) should submit all authorization-related forms to the Local WIC Program. The Local WIC Program then conducts a pre-authorization monitoring visit of the store to determine if the applicant's store meets WIC vendor requirements. A key requirement is that the store carries the required minimum inventory of WIC supplemental foods.

A vendor applicant must pass the monitoring review to become authorized. If a vendor applicant fails the first review, the Local WIC Program re-monitors within fourteen (14) days. Vendor applicants that fail the monitoring visit a second time cannot reapply for a period of ninety (90) days from the date of the second monitoring visit.

After the required pre-authorization monitoring visit has been completed, the Local WIC Program then submits the required forms to the State WIC Program for review. If a vendor applicant has prices above the NTE for its assigned peer group, the State WIC Program notifies the vendor applicant in writing. The vendor applicant is then given an opportunity to submit a revised WIC Price List within thirty (30) days. If any of the vendor applicant's resubmitted prices exceed the NTE, or the vendor does not resubmit prices within thirty (30) days, the application is denied in writing. The applicant must wait ninety (90) days from the date of the written denial to reapply for authorization.

To fully complete the authorization process, a vendor applicant must also sign a Vendor Agreement with the eWIC processor or a third-party processor certified by the eWIC processor prior to authorization. They must also pass certification testing, if necessary, and ensure that their staff are trained regarding eWIC policies and procedures for their store. Vendor applicants cannot be authorized without completing these requirements.

*Note: Vendor applicants that are denied WIC Program authorization receive written notification of this decision. This letter includes information regarding how to request a contested case hearing with the Office of Administrative Hearings (OAH) should the applicant wish to appeal the decision.*

A vendor applicant cannot transact (accept) WIC food benefits prior to authorization. **Upon authorization, the State WIC Program will provide a WIC Vendor Agreement (signed by the vendor, the Local WIC Program, and the State WIC Program) to the vendor through the Local WIC Program.**

### **Vendor eWIC Enablement and Certification**

In order to process eWIC transactions, vendors must obtain and be certified to use the appropriate POS terminal(s) and/or software. The North Carolina WIC Program has selected Solutran as the eWIC processor to facilitate all vendor enablement and certification processes for North Carolina. Vendor applicants must contact Solutran to obtain information and documents required for certification of the vendor's POS system, and arrange for the setup of the equipment and/or software needed to process eWIC transactions in North Carolina, as applicable. **To be authorized and maintain authorization as a North Carolina WIC vendor, all vendors/vendor applicants must have their POS system certified to accept eWIC by Solutran or a third-party processor certified by Solutran. Failure to obtain certification or a single function device provided by Solutran during the time specified by the North Carolina WIC Program may result in termination of the vendor's WIC Vendor Agreement or denial of the vendor applicant's application.** Vendors or vendor applicants in need of assistance with the certification process, including completion of contract documentation and set up of single function devices, may contact Solutran using the information listed below.

**Retailer Helpdesk** (available 24 hours a day, 7 days a week): 866-730-7746

**Email Address:** [ebtservices@solutran.com](mailto:ebtservices@solutran.com)

Vendors should also contact Solutran for:

- Assistance with updating contract documentation (only vendors with stand-beside devices provided by Solutran),
- Transaction history, settlement information, disputes, and reconciliation procedures,
- Support on system adjustments and resolution of out-of-balance conditions,
- POS terminal and scanner training, troubleshooting and replacement (only vendors with stand-beside devices provided by Solutran).

Vendors with multi-function systems should contact their third party-processor if they need assistance with the areas listed above.

Please send eWIC policy-related questions to: [NCWICVendorQuestions@dhhs.nc.gov](mailto:NCWICVendorQuestions@dhhs.nc.gov). North Carolina WIC Program vendor staff will answer your questions promptly. Guidance regarding NC eWIC is also provided on the eWIC webpage for the Nutrition Services Branch at <http://nutritionnc.com/ewic/>.

### **The Authorized Product List (APL)**

To appropriately configure an eWIC system to approve WIC supplemental foods for purchase, vendors must be provided with the authorized product list also known as the APL. Updates are made to the APL, as necessary, and provided to vendors accordingly. Vendors with single function devices will automatically have the APL programmed into the device when they receive it from the eWIC processor and will receive updates to the APL through automated downloads, as necessary. Regardless of the type of eWIC system used, vendors must ensure that the APL is downloaded to each eWIC device/outlet in their store at least once every 24 hours.

Vendors, manufacturers and wholesale suppliers may submit requests to update/add UPCs to the APL by completing the web-based *NC WIC Approved Product Registration Form*. This online form will be used to:

- **Update an existing UPC for brand specific food items** (Juice, cereal, bread, pasta, tortillas, brown rice, peanut butter, infant meat, infant cereal, infant fruit and vegetables, soy milk, yogurt and tofu)
- **Submit a new UPC for non-brand specific items** (Cow's milk, cheese, mature beans/peas/lentils, eggs, fish, and fruits and vegetables purchased with cash-value benefits)

Guidelines for submission of UPC updates and the online UPC submission form can be found at <http://www.nutritionnc.com/ewic/>.

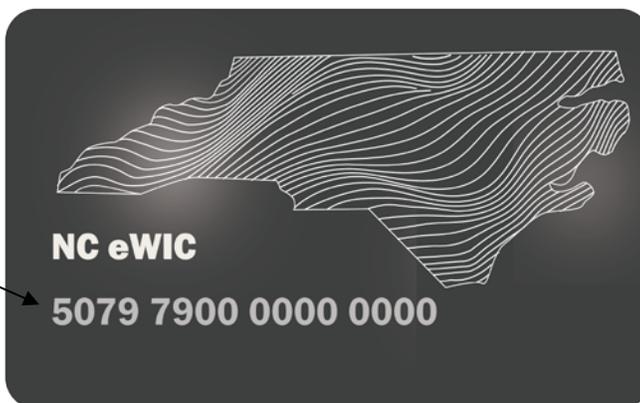
### **Mapping Requirement for Fresh Produce**

Fresh fruits and vegetables must be mapped to a corresponding product look-up (PLU) code in the North Carolina WIC Authorized Product List (APL) file or to the standard generic PLU for produce (4469) or organic produce (94469). This is a required process necessary to ensure that WIC customers can use their eWIC card to obtain fresh fruits and vegetables with their cash-value benefits. If mapping is not completed appropriately, produce which should be available for redemption with eWIC cash-value benefits will be denied when a WIC customer attempts to purchase it. If a WIC customer cannot purchase fresh produce with their cash-value benefits available on their eWIC card, then the vendor has failed to comply with eWIC processing requirements. Failure by a vendor to process eWIC transactions accurately may result in termination of the WIC Vendor Agreement.

## Guidelines for Processing eWIC Transactions

A sample of a North Carolina eWIC card is shown below.

**Primary Account Number (PAN):** The 16-digit number on the front of an eWIC card that is associated with the account for a WIC



A transaction is the process by which a WIC customer presents an eWIC card containing food benefits to a vendor in exchange for authorized supplemental foods allowed by the WIC Program. The transaction must take place at the vendor's store. In other words, WIC customers (the participant, parent, guardian, proxy, or compliance investigators) must select the WIC supplemental food at the vendor's store. Under no circumstances is it acceptable for a vendor to ask a WIC customer for identification. In North Carolina, WIC customers are not required to provide ID when completing WIC transactions. Vendors that transact printed FIs or CVVs or eWIC food benefits issued by other states run the risk of not being paid.

The key to proper WIC transactions is to ensure that all store personnel strictly follow procedures. If proper procedures are not followed, personnel from the State or Local WIC Program may investigate and/or conduct routine monitoring of the store.

Authorized WIC vendors may not discriminate against WIC customers. For example, an authorized WIC vendor cannot create a separate checkout line for WIC customers.

Vendors must process eWIC transactions, accurately, in a timely manner and in accordance with the terms of the North Carolina WIC Vendor Agreement, the eWIC Processor Vendor Agreement, the FNS EBT operating rules, standards and technical requirements, WIC Program Rules, and state and federal regulations, and statutes.

Transaction processing with the eWIC card is a more streamlined process because there are no FIs/CVVs to complete. It is important that a vendor owner, manager or other authorized store representative complete training on eWIC procedures prior to using the system. Furthermore, the vendor must ensure that all cashiers and staff are fully trained on eWIC requirements, including training in the acceptance and processing of eWIC transactions. The procedures used for eWIC processing are determined by the type of POS system used by the vendor.

If the vendor uses a single-function device provided by the eWIC processor, the process is as follows:

1. The WIC customer must first separate WIC supplemental foods from foods which will not be included in the transaction. If a vendor chooses to use single-function equipment, items purchased with WIC benefits will be a separate transaction from non-WIC items purchased by the WIC customer.
2. The WIC customer then swipes the card through the device and enters their PIN to authorize the transaction in lieu of a signature. If the system is not reading the card number when it is swiped, the card number may be manually entered by the WIC customer. **The vendor must never manually enter the eWIC card number or enter the PIN for the WIC customer.**
3. The vendor then scans the UPC or PLU code into the POS system for the approved supplemental food, fruit or vegetable presented for purchase by the WIC customer in the type and size available on the WIC customer's eWIC account. If the scanning device is not working, then the vendor can manually enter the correct UPC/PLU code. Foods presented for purchase that are not WIC-approved, will be rejected by the system and cannot be deducted from the WIC customer's benefit balance.
4. Once the UPC/PLU code is scanned into the POS system, the vendor must scan the item into their cash register system to determine the price for the item. Then the vendor must enter the quantity transacted and item price into the POS system.  
**Steps 3 and 4 must be repeated for every approved supplemental food, fruit or vegetable presented for purchase by the WIC customer.**
5. The vendor then enters any discounts which the WIC customer is eligible for into both systems.
6. The vendor calculates a total and then submits the transaction using the single function device.
7. The vendor provides the WIC customer with a receipt printed from the single function device which shows the items purchased and the remaining balance. The transaction is then completed/finalized in the store system.

If the vendor uses a multi-function (integrated) system, the process is as follows:

1. The vendor scans the UPC(s) and/or PLU codes for all items presented for purchase by the WIC customer, including the UPC/PLU codes for the supplemental foods, fruits or vegetables. If the scanning device is not working, then the vendor can manually enter the correct UPC(s)/PLU codes to complete the transaction. With integrated systems, it is not necessary to separate items for purchase with eWIC benefits. Integrated systems are programmed to select the correct foods by UPC/PLU code and subtract them from the WIC customer's benefit balance. Also, foods presented for purchase that are not WIC-approved, will be rejected by the system and cannot be deducted from the WIC customer's benefit balance.
2. The WIC customer swipes the card through the card reader device and enters their PIN to authorize the transaction in lieu of a signature. This can be done at any time during the transaction. If the system is not reading the card number when it is swiped, the card number may be manually entered by the WIC customer. **The vendor must never manually enter the eWIC card number or enter the PIN for the WIC customer.**
3. The vendor's cash register system determines the items that will be applied to the eWIC card and then deducted from the customer's benefit balance.
4. The vendor applies all discounts for which the WIC customer is eligible.
5. The WIC customer reviews items and then confirms the amount.
6. The vendor then submits the transaction.
7. The vendor's cash register system receives the response and the remaining balance for the transaction (if any) is presented to be paid.
8. If there are remaining items, they must be paid for using another tender type (credit/debit, cash or SNAP).

9. The vendor provides the WIC customer with a receipt which shows the items purchased and the remaining balance.

**When a multi-tender transaction is performed, the WIC customer must swipe their eWIC card first before any other tender type is applied to ensure that the proper items are deducted from the WIC customer's benefit balance before another tender is used for the purchase.**

**NOTE:** The transaction guidelines for integrated systems may vary slightly based on the POS system used. Vendors with integrated systems should refer to the guidance provided for their POS system for more comprehensive instructions on how to transact eWIC using their system.

### Receipt of Purchase Requirements

The printed receipt provided to the WIC customer is a record of what was purchased at the vendor's store. Vendors must provide WIC customers with printed receipts in accordance with receipt requirements listed in the *USDA, FNS, WIC EBT Operating Rules* which can be accessed using the link below:

<https://www.fns.usda.gov/sites/default/files/wic/WIC-EBT-Operating-Rules-September-2014.pdf>

### Additional eWIC Transaction Requirements

When performing eWIC transactions the vendor must:

1. Provide to the WIC customer only the approved supplemental foods, fruits, and vegetables contained in the APL after it has been determined that the WIC customer has an available balance on the date of the transaction; the WIC customer is not required to get all of the supplemental foods available on their benefit balance or get the full dollar value of the cash-value benefits; however, a WIC customer may obtain more fruits and vegetables than the full dollar value of the cash-value benefits if the WIC customer pays the difference. This is known as a split tender transaction. Tax may be charged on the amount that exceeds the value of the cash-value benefit if the excess amount is paid in cash or other methods accepted by the vendor, except for SNAP benefits;
2. Not scan codes from UPC codebooks or reference sheets;
3. Only transmit the current shelf price of all WIC-approved supplemental foods purchased in the correct sizes, quantities and the total dollar amount of all WIC-approved supplemental foods purchased;
4. Ensure that the checkout process for eWIC allows a reasonable degree of security for protecting the PIN used by the WIC customer; and
5. Only perform eWIC transactions using cashiers in standard checkout lanes. eWIC transactions cannot be performed at self-checkout stations.

### Transacting Food Benefits at Free-standing Pharmacies

Authorized free-standing pharmacies can transact only food benefits issued for exempt infant formula and WIC-eligible nutritionals. Food benefits for authorized fruits and vegetables and any foods other than exempt infant formula and WIC-eligible nutritionals will not be paid to free-standing pharmacies. A list of these exempt infant formulas and WIC-eligible nutritionals can be found on the Nutrition Services Branch web site at [www.nutritionnc.com/wic/vendor.htm](http://www.nutritionnc.com/wic/vendor.htm) or from your Local WIC Program.

## Lost eWIC Cards

Should an eWIC card be found on the vendor's property and go unclaimed for 24 hours, the vendor must return the card to the Local WIC Agency as soon as possible. The vendor must not hold or use a WIC customer's eWIC card and PIN for any reason.

## Payments to Vendors for eWIC Transactions

Vendors receive payment for all eWIC transactions processed in their store through an Automated Clearinghouse (ACH) system in which payments are directly deposited into their bank account. Currently vendors also receive payments via ACH for FIs/CVV's that are replaced or go over the not to exceed price (maximum allowable price) for the printed FI or maximum value for the printed CVV. With eWIC, each item will have an NTE price. If a vendor submits an item price that is above the NTE, their payment will be decreased to the NTE amount for the item. Vendors are required to provide their bank account information to the eWIC processor to ensure payment for eWIC transactions.

## eWIC System Installation, Upgrades and Maintenance

Vendors must also comply with the following policies regarding eWIC system installation, upgrades and maintenance:

1. Connect the vendor's in-store system for each eWIC device/outlet covered by the WIC Vendor agreement to the State's eWIC system at least once each 24-hour period to download reconciliation files and the North Carolina WIC authorized product list.
2. Maintain POS terminals used to support the WIC Program in accordance with the minimum lane coverage requirements listed below:
  - a. Superstores and supermarkets: There will be one POS terminal for every \$11,000 in monthly WIC redemption up to a total of four POS terminals or the number of lanes in the location, whichever is less;
  - b. All other vendors: There will be one POS terminal for every \$8,000 in monthly redemption up to a total of four POS terminals, or the number of lanes in the location; whichever is less.
3. Maintain a North Carolina eWIC processor certified in-store eWIC system that is available for WIC redemption processing during all hours the store is open;
4. Request the North Carolina eWIC processor re-certify its in-store system if the vendor alters or revises the system in any manner that impacts the eWIC redemption or claims processing system after initial certification is completed. The following applies:
  - a. If the eWIC system is reconfigured or modified by the vendor and/or other parties in such a way that the WIC in-store system no longer exhibits the required system accuracy, integrity or performance required and under which requirements the WIC in-store system was certified, the State will not accept a redemption;
  - b. The vendor is liable for the costs of all recertification events needed to return the eWIC system for all eWIC devices/outlets covered by this agreement to full compliance with the State agency's system requirements. Failure to seek recertification when the vendor's system is altered/revised shall subject the vendor to the financial liabilities for all transactions processed

5. For vendors with integrated systems, obtain EBT card readers to support eWIC transactions within their store(s). The vendor must ensure that the EBT card readers they obtain meets all EBT and North Carolina EBT Processor requirements. The vendor must:
  - a. Purchase EBT card terminals that are capable of properly reading eWIC card transactions;
  - b. Ensure that the EBT terminal(s) will be supported by integrated software that is fully capable of supporting WIC in-lane transactions. The vendor's POS system must meet state certification requirements, including interoperability and North Carolina eWIC provider requirements, prior to being placed in operation to accept EBT transactions.
  - c. Acknowledge that the performance of maintenance, cost of maintenance and cost of future replacement of terminals is the vendor's sole responsibility;
6. Not charge to the North Carolina WIC Program:
  - a. any third-party commercial processing costs and fees incurred by the vendor from eWIC multi-function equipment. Commercial transaction processing cost and fees imposed by a third-party processor that the vendor elects to use to connect to the eWIC system of the state shall be borne by the vendor;
  - b. interchange fees related to eWIC transactions;
  - c. ongoing maintenance, processing fees or operational costs for vendor systems and equipment used to support eWIC after the WIC Program has implemented eWIC statewide, unless the equipment is used solely for the WIC Program or the State Agency determines the vendor using multi-function equipment is necessary for participant access.
7. Notify the WIC Program within 24 hours of any periods of time during which they do not maintain an Agreement with the state WIC Program's eWIC Processor or a third-party processor that has been certified by the state WIC Program's eWIC Processor.

## How to Maintain or End WIC Vendor Authorization

Authorized vendors wishing to maintain their WIC authorization must have on file with the State WIC Program, a signed, current WIC Vendor Agreement (DHHS 2768) or WIC Vendor Agreement for Free-standing Pharmacies (DHHS 2768-P)\*. Authorized vendors must complete a WIC Vendor Information Update (DHHS 779) each year prior to October 1, and at any time there is a change in store information. Retail grocery vendors must also submit an updated WIC Price List (DHHS 2766) within two (2) weeks of the written request of the State or Local WIC Program. All vendors must attend annual vendor training each year by September 30<sup>th</sup> to maintain authorization.

Vendors must always process EBT transactions accurately, in a timely manner and in accordance with the terms of the North Carolina WIC Vendor Agreement, the EBT Processor Vendor Agreement, the FNS EBT operating rules, standards and technical requirements, WIC Program Rules, and state and federal regulations, and statutes.

*\*Note: The current North Carolina WIC Vendor Agreement has been extended until December 31, 2018. The next Agreement cycle will start January 1, 2019 and end September 30, 2021. If a vendor becomes authorized during the cycle, the Agreement will be effective from the date of authorization until September 30, 2021. Authorization is not a license or property interest. Vendors must reapply for WIC authorization at the end of each contract period.*

Excluding free-standing pharmacies, a vendor must redeem at least two-thousand dollars (\$2,000) annually in WIC supplemental food sales. Failure to redeem at least two-thousand dollars (\$2,000)

annually will result in the termination of the WIC Vendor Agreement.

Change of ownership shall result in termination of the WIC Vendor Agreement by the State WIC Program. The new store owner can apply for vendor authorization as described in the “How to Become a WIC Vendor” section of this manual. If a store changes its name but not ownership, the Local WIC Program must be notified in writing of that change. A new WIC Vendor Agreement is not required.

A change in store location of more than three (3) miles from the store’s previous location shall result in termination of the WIC Vendor Agreement by the State WIC Program. The store owner must reapply for vendor authorization as described in the “How to Become a WIC Vendor” section of this manual.

If the store relocation is three (3) miles or less, a new WIC Vendor Agreement is not required. Complete the WIC Vendor Information Update form (DHHS 779) and submit to the Local WIC Program.

Additionally, cessation of operations, withdrawal from the WIC Program, or disqualification from the WIC Program shall result in termination of the WIC Vendor Agreement by the State WIC Program. The store owner must reapply for vendor authorization as described in the “How to Become a WIC Vendor” section of this manual.

**Please refer to the Terms of Vendor Agreement (or Terms of Vendor Agreement for Free-standing Pharmacies), Amendment to the WIC Vendor Agreement (or Amendment to the WIC Vendor Agreement for Free-standing Pharmacies), Contract Extension and 10A N.C.A.C. Subchapter 43D for a comprehensive list of requirements relevant to maintaining WIC vendor authorization.**

Vendors may voluntarily end their WIC Vendor Agreement at any time by providing thirty (30) days’ advance written notice to the Local WIC Program. Vendors should notify their WIC customers of the date after which they will no longer accept WIC food benefits and cash-value benefits.

## **How to Handle Customer Service Issues**

Local WIC Agencies are required to report significant customer service issues (complaints) about vendors to the WIC Vendor Unit in the Nutrition Services Branch. The customer service issue may come from a variety of sources including WIC customers, WIC staff, WIC vendors, and members of the general public. Depending on the nature of the customer service issue, the Nutrition Services Branch may target the vendor for investigation.

Vendors and WIC customers should report vendor and participant related customer service issues to their Local WIC Program before contacting the State WIC Program.

When submitting a customer service issue, use the “WIC Vendor Management Customer Service Issues Form.” An example of this form can be found in the “Forms, Instructions and Resources” section of this manual.

## **WIC Supplemental Foods**

The WIC Program allows certain supplemental foods that are beneficial to and meet specific nutrient needs for its customers. WIC customers can obtain any WIC supplemental foods in the quantities specified or fruits and vegetables with the cash-value benefit listed on the receipt that details the WIC customer’s benefit balance.

The NC WIC Program *Information on the Selection of Approved Foods* document which details criteria for supplemental foods and infant formula approved for issuance may be obtained at your Local WIC Program or found at the Nutrition Services Branch eWIC web site, <http://www.nutritionnc.com/ewic/>.

*Note: For more information, refer to the NC WIC Vendor Transaction Guide effective October 1, 2018.*

## **Sources of Infant Formula**

Vendors must purchase and provide to WIC customers only infant formula, exempt infant formula, and WIC-eligible nutritionals directly from State-approved sources and provide to WIC customers infant formula, exempt infant formula, and WIC-eligible nutritionals purchased only from the State-approved sources. Failure to comply with these requirements shall result in termination of the WIC Vendor Agreement. A list of approved sources (suppliers) may be obtained at your Local WIC Program or found at the Nutrition Services Branch web site, [www.nutritionnc.com/wic/vendor.htm](http://www.nutritionnc.com/wic/vendor.htm). Vendors must retain invoices, receipts, copies of purchase orders, and any other proofs of purchase for all WIC supplemental foods, including infant formula, which details at a minimum: the name of the seller and be prepared entirely by the seller or on the seller's business letterhead; the date of purchase and the date the authorized vendor received the WIC supplemental food at the store if different from the date of purchase; and a description of each WIC supplemental food item purchased, including brand name, unit size, type or form, and quantity. Failure to retain and provide this purchase documentation upon request can lead to disqualification from the WIC Program.

## Minimum Inventory Requirements (Retail Vendors)

To assure that WIC customers can obtain all supplemental foods prescribed, WIC retail vendors must stock the required minimum inventory of WIC supplemental foods. An exception to the minimum inventory requirement is made for free-standing pharmacies, which provide only exempt infant formula and WIC eligible nutritionals. The revised required minimum inventory is listed below.

### Minimum Inventory Requirements

Food Item	Type of Inventory	Quantity
Milk	Whole fluid, gallon	2 gallons
	Skim/low-fat (1%) fluid: gallon	6 gallons
Cheese	1-pound package	2 packages
Cereal	2 types: whole grain (minimum package size 12 ounces)	6 packages total
Eggs	Grade A, large, white: 1-dozen size carton	2 dozen
Juices	Single strength: 48-ounce container	4 containers
	64-ounce container	4 containers
Dried Peas & Beans	1-pound package	2 packages
Peanut Butter	16 to 18-ounce container	2 containers
Tuna	5 to 6-ounce container	6 containers
Bread/Tortillas	16-ounce loaf of bread or package of tortillas	2 loaves and/or 2 packages OR 1 loaf and 1 package
Rice	14-16-ounce package	2 packages
Infant Cereal	8-ounce box	6 boxes
Infant Fruits and Vegetables	3.5 to 4-ounce container	64 ounces
	1 type of fruit and 1 type of vegetable	
Infant Formula	Milk-based powder: 11 to 14 ounce	8 cans
	Soy-based powder: 11 to 14 ounce (Brands must be the primary contract infant formulas)	4 cans
Fruits	14 to 16 ounce can: 2 varieties	10 cans total
Vegetables (excludes foods in the dried peas & beans category)	14 to 16 ounce can: 2 varieties	10 cans total

## Equitable Treatment and In-Store Promotions

Federal WIC regulations [7 CFR 246.12(h)(3)(iii)] require WIC-authorized vendors to offer WIC customers the same courtesies that are offered to non-WIC customers. Per WIC Policy Memorandum from the USDA, dated February 7, 2014, WIC authorized vendors may not treat WIC customers differently from non-WIC customers by excluding them from in-store promotions. This means that WIC-authorized vendors must offer in-store promotions to WIC customers that are offered to non-WIC customers and cannot disallow the use of in-store promotions in WIC transactions that are allowed in non-WIC transactions. Similarly, WIC-authorized vendors may not treat WIC customers differently by offering in-store promotions that are not offered to non-WIC customers. Failure to provide the same courtesies to WIC customers, as outlined above, is a violation of Federal WIC regulations, thereby constituting a vendor violation.

In-store promotions are defined collectively as incentive items, vendor discounts, and coupons. An incentive item is an item or service provided by a vendor to attract customers or encourage customer loyalty. Incentive items may include free beverages, foods, or baby products with the purchase of a certain WIC supplemental food.

A vendor discount is defined as an in-store promotion that reduces the price or increases the quantity of a given product. A vendor discount may also result from the use of a coupon. The most common types of vendor discounts\* are as follows:

- Buy One, Get One Free (BOGO)
- Buy One, Get One at a Reduced Price
- Free Ounces Added to Food Item by Manufacturer (Bonus Size Items)
- Transaction Discounts
- Store Loyalty/Rewards Cards
- Manufacturers' Cents Off Coupons

**Cash back is not permitted as a result of vendor discounts in any WIC transaction.** Also, please note that although there are different types of vendor discounts that can be used, the WIC customer is not responsible for paying tax which results from the use of the vendor discount, e.g., the value of a coupon. In addition, as with any WIC transaction, vendors should not return any change to the WIC customer.

**Example:** A WIC customer has a \$.50 discount coupon for a WIC approved cereal. The cashier should ring up the WIC foods and enter that total, less the \$.50, in the "Pay Exactly" box of the FI. Tax should not be charged nor change given to the WIC customer.

Value of WIC Item	Coupon Value	"Pay Exactly" Amount
\$9.80	.50¢	\$9.30

*\*Definitions for the most common vendor discounts may be found in the "Forms, Instructions and Resources" section of this manual.*

## Vendor Discounts and eWIC

The USDA WIC EBT Operating Rules specify how vendors are to apply vendor discounts when processing eWIC transactions. The most frequent vendor discount encountered is the buy one, get one free (BOGO) promotion. This is a quantity discount that many vendors use statewide. In a true BOGO, the customer pays for one item and the second item is free. If this occurs when a WIC customer uses their eWIC card to transact benefits, the free item cannot be deducted from the WIC participant's benefit balance or reported to the State Agency. If a food item is advertised as "Buy one, get one free" with the disclosure that each item is sold for half the advertised price, both food items must be redeemed and deducted from the WIC customer's WIC benefits and must reflect an item price of half the advertised price in the transaction. It is very important that the disclosure be placed in all advertising relevant to the promotion. For more information regarding application of vendor discounts, review the EBT Operating rules available using the following link: <https://www.fns.usda.gov/>

## Printed Food Instruments and Cash-value Vouchers: Automated Clearing House / Corrections / Replacements (Ends December 2018)\*

Redeemed printed FIs and CVVs are reviewed using a visual and automated process. This is called an "edit." FIs and CVVs with edit errors are rejected. Vendors should check all FIs and CVVs carefully prior to deposit to avoid having any returned to their bank without payment. If FIs or CVVs are returned to their bank, vendors may be charged overdraft or service fees.

### Automated Clearing House (ACH)

Returned FIs that exceed the NTE will be paid through an Automated Clearing House (ACH) system. This is an automated deposit system that credits the vendor's account at the NTE for each FI rejected for that reason. The original FIs or Image Replacement Documents (IRD) are still returned to the vendor. Vendors provide the bank account information using the Vendor Authorization Agreement for Direct Deposit (ACH credits) form. See the "Forms, Instructions and Resources" section of this manual for a copy of a Vendor Authorization Agreement for Direct Deposit (ACH Credits) form. Statements are sent weekly to vendors with ACH deposits. These statements provide details of each transaction.

Returned CVVs that exceed the full dollar value of the CVV will also be paid through the ACH system at the full dollar value of the voucher. The original CVV or IRD is returned to the vendor.

***Note:** Vendors cannot ask WIC customers for payment of rejected FIs or CVVs, regardless of the reason for nonpayment. Vendors, therefore, do not have the right to obtain information concerning any WIC customer's identity, including address or telephone number.*

## Vendor Corrections Prior to or After Deposit

A vendor can correct only two (2) types of errors prior to or after deposit: errors made in the “Pay Exactly” and/or “Date Transacted” box. The proper correction procedure is as follows:

1. Draw a single line through the error (strikethrough). Do not use correction fluid or tape.
2. Mark the error with your store cashier’s initials.
3. Clearly enter the corrected “Date Transacted” and/or the “Pay Exactly” amount beside the error.
4. Deposit the printed FI or CVV in the bank. It is not necessary to submit the printed FI or CVV to the Local WIC Program.
5. If correction is required for errors in the “Pay Exactly” box after deposit **and rejection** from the bank, the vendor should follow the steps listed in 1 through 4 above and redeposit. This deposit must still be made within 60 days from the “First Date to Spend.”
  - a. If redeposit cannot be made within 60 days from the “First Date to Spend,” the vendor should contact their Local WIC Program.

If FIs or CVVs are returned from the bank because the vendor stamp is missing or illegible, a vendor can imprint and redeposit. FIs returned for exceeding the MAP will be automatically paid at the MAP through the ACH system. CVVs returned for exceeding the full dollar value will be paid at the full dollar value listed on the CVV through the ACH system. Other rejected FIs or CVVs may be presented to the Local WIC Program for possible replacement. See the next section for more information.

## Replacement of Printed Food Instruments & Cash-value Vouchers

FIs and CVVs that do not clear the edit process are returned to the vendor’s bank, with a stamp indicating the reason for the return. The following messages may be stamped on rejected FIs or CVVs:

- Post Dated Void Do Not Redeposit
- Stale Dated Void Do Not Redeposit
- Missing Vendor Stamp - Stamp and Resubmit
- Encoding Error - Correct and Resubmit
- Altered \$ Amount Contact Local Program
- Over Max \$ Amount ACH May Apply – Void
- Date of Use Error – Void Do Not Redeposit

Replacement is the process by which the State WIC Program may initiate an ACH payment to a vendor to take the place of an FI or CVV with a correctable error(s) (see the “Guidelines for Determining Replacement Options” table on page 27). A replacement can be initiated for an FI or CVV if the “Pay Exactly” amount has been altered **and the vendor provides a receipt to verify the “Pay Exactly” amount**. The “Pay Exactly” amount for a replacement requested for an FI will be within the MAP applicable to that vendor’s peer group. The “Pay Exactly” amount for a replacement requested for a CVV cannot exceed the full dollar value of the CVV. If a vendor continues to request replacements, the Local WIC Program will monitor the vendor to verify prices. If a vendor’s prices exceed the current MAPs applicable to the vendor’s peer group, the vendor’s WIC Agreement is subject to termination.

## Procedure for Replacement of Printed Food Instruments & Cash-value Vouchers

The procedure used to replace printed FIs and CVVs for vendors is as follows:

- Vendors will submit the FI or CVV, along with the corresponding receipts, to the Local WIC Program, with an explanation for the request and the “Pay Exactly” amount for replacement. FIs will be replaced for no more than the MAPs listed for the food items within the vendor’s peer group. CVVs will be replaced for no more than the full dollar value listed on the CVV.
- The Local WIC Program submits the FIs and/or CVVs that are eligible for replacement to the Nutrition Services Branch, Attention: WIC Vendor Unit. FIs and CVVs that are eligible for replacement will be paid directly into the vendor’s bank, through the ACH system.

Vendors are encouraged to keep copies of FIs and CVVs that they submit for replacement. If the original FIs or CVVs are lost in the mail, copies must be provided to enable the Local WIC Program to consider replacing them.

*Note: Each Local WIC Program establishes a policy for the frequency with which they will process replacement requests. The vendor must follow this policy.*

### Guidelines for Determining Replacement Options\*

The following table illustrates the types of **errors that can be** corrected and the situations in which the Local WIC Program may request replacement of FIs and CVVs. Use the table below for replacement guidelines.

Food Instrument or Cash-value Voucher Errors		Vendor Can Correct	Local WIC Program Can Request Replacement
Date Transacted	Precedes “First Date to Spend”	No	No
	After “Last Date to Spend”	No	No
	Missing	No	No
“Pay Exactly” amount	Has been altered (discovered before deposit)	Yes (1)	Yes
	Has been altered and returned from the bank	Yes (2)	Yes (3)
	Exceeds the MAP	Yes (4)	No
	Exceeds value of CVV	Yes (5)	No
Vendor Stamp Imprint	Missing	Yes	No
Signature	Missing	No	No
Date vendor deposits a FI or CVV in the bank for the <b>first time</b>	Over 60 days but not exceeding 180 days from “First Date to Spend”	No	Requires State WIC Program approval (6)
	Over 180 days from “First Date to Spend”	No	No
Batches of FIs or CVVs totaling more than \$500	Over 60 days from “First Date to Spend”	No	Requires USDA approval
Encoding	Electronic file from bank shows a figure different from the correct “Pay Exactly” amount	Yes (7)	Yes (8)
FI or CVV is mutilated	Not applicable	No	Yes

- (1) If errors can be corrected prior to deposit using the “Vendor Corrections Prior to or After Deposit” procedures outlined on page 25.
- (2) If errors can be corrected using the “Vendor Corrections Prior to or After Deposit” procedures on page 30 and re-deposited within 60 days from the “First Date to Spend.” If not, vendor should contact Local WIC Program.
- (3) If FI or CVV is returned from the bank stamped “Pay Exactly Altered”, the Local WIC Program can request replacement if the vendor provides a receipt to verify the “Pay Exactly” amount.

- (4) If the FI is corrected, **prior to deposit**, using the “Vendor Corrections Prior to or After Deposit” procedures outlined on page 30 for no more than the MAP for vendor’s peer group.
- (5) If the CVV is corrected, **prior to deposit**, using the “Vendor Corrections Prior to or After Deposit” procedures outlined on page 30 for no more than the full dollar value of the CVV.
- (6) Vendor must not have submitted the FIs or CVVs for replacement on two (2) separate occasions within the preceding twelve (12) months and the total value of the FIs or CVVs does not exceed five hundred dollars (\$500).
- (7) Vendor may work with their bank to correct the error in the electronic file encoding that was submitted originally and resubmit the FIs or CVVs if within sixty (60) days from the “First Date to Spend.” If more than sixty (60) days from “First Date to Spend,” vendor should contact their Local WIC Program.
- (8) Local WIC Program may request replacement of FIs or CVVs if more than sixty (60) days from the “First Date to Spend” and the corrected “Pay Exactly” amount of the FI or CVV does not exceed the applicable NTE for the FI or the full dollar value of the CVV after being rejected by the bank. If the corrected “Pay Exactly” amount exceeds the applicable MAP or full dollar value, it will be replaced at the NTE or full dollar value.

*\* Note: Approval for replacements is contingent upon the date the FIs/CVVs are submitted by the vendor to the Local WIC Program and the availability of grant funding for the federal fiscal year.*

**\*All printed FIs and CVVs must be deposited/redeposited for payment by December 31, 2018. After December 31, 2018, printed food instruments and cash-value vouchers will no longer be paid by the North Carolina WIC Program.**

## Vendor Monitoring

The State WIC Program is required by federal WIC regulation to monitor its vendors for compliance with WIC Program requirements. Vendors are primarily monitored for program compliance through routine monitoring and compliance investigations. The State WIC Program may also use other means to determine a vendor’s compliance with Program requirements.

### Routine Monitoring

Routine monitoring is overt, on-site monitoring during which program representatives identify themselves to vendor personnel. Routine monitoring is conducted by the Local WIC Program staff. The dates of monitoring visits are unannounced.

A routine monitoring visit includes, but is not limited to, the following:

- Review of infant formula invoices, receipts, copies of purchase orders, and any other proofs of purchase;
- Price checks: Verify that the current shelf prices of all WIC supplemental foods are marked on the foods or are posted on the shelf or display case at all times;
- Treatment of WIC customers;
- Food items obtained: Determine if the vendor permits WIC customers to get non-WIC food items with WIC food benefits;
- Review of compliance with split tender requirement;
- Inventory of WIC supplemental foods: Determine if the vendor has the required minimum inventory of North Carolina approved WIC supplemental foods in the store for purchase;

- Address problems, customer service issues, comments, and questions expressed by the vendor. This is also an opportunity for the vendor to receive training;
- Quality (freshness): Verify that the WIC supplemental foods in the store for purchase are within the manufacturer's expiration date and ensure that the supplemental foods are fresh and of good quality;
- Verify that the vendor does not use the "WIC" acronym or logo in the store name, advertising, promotional literature, or on WIC supplemental food stickers, tags, or labels;
- Ensure that equipment used to transact eWIC is accessible to the WIC customer; and
- Assessment of compliance with eWIC minimum lane coverage requirements.

Local WIC Program staff uses a WIC Vendor Monitoring Report (DHHS 2925) located in the "Forms, Instructions, and Resources" section of this Vendor Manual to document these visits. If violations are found, the vendor must take steps to correct the violation(s), such as:

- Immediately stock in the store for purchase the required minimum inventory of WIC supplemental foods;
- Immediately remove expired WIC supplemental foods from the shelf; and
- Immediately mark the current shelf prices of all WIC supplemental foods on the foods or post the prices on the shelf or display case.

If violations are cited, the Local WIC Program will re-monitor the vendor. Failure to correct violations cited during routine monitoring visits can lead to the disqualification of the vendor from the WIC Program.

## Compliance Investigations

The State WIC Program also monitors vendors by conducting compliance investigations. Compliance buys and inventory audits are the two (2) primary types of compliance investigations.

A compliance buy investigation is a covert, on-site investigation in which a representative of the WIC Program poses as a participant, parent, proxy, or caretaker of an infant or child participant and transacts one or more FIs or CVVs. During the visits, the representative does not reveal that he/she is from the WIC Program.

An inventory audit is the examination of a vendor's food invoices, receipts, copies of purchase orders, and any other proofs of purchase to determine whether a vendor has purchased sufficient quantities of supplemental foods to provide participants the quantities specified on FIs redeemed by the vendor during a given period of time. These records must be retained by the vendor for three (3) years or until any audit pertaining to these records is resolved, whichever is later. **Failure or inability to provide these records for an inventory audit or providing false records for an inventory audit carries a three-year disqualification from the WIC Program.** All purchase documentation for WIC supplemental foods must include the following: 1) the name of the seller and be prepared entirely by the seller or on the seller's business letterhead; 2) the date of purchase and the date the authorized vendor received the WIC supplemental food at the store if different from the date of purchase; and 3) a description of each WIC supplemental food item purchased, including brand name, unit size, type or form, and quantity.

## Vendor Claims

When the State WIC Program determines, the vendor has committed a vendor violation that affects payment to the vendor, the State WIC Program will deny payment or assess a claim. The State WIC Program has the authority to deny payment or assess a claim in the amount of the full purchase price of all food benefits affected by the vendor violation. Denial of payment or assessment of a claim may be based on violations detected through inventory audits, compliance buy investigations, or any other means the State WIC Program deems necessary to determine WIC Program compliance. Denial of payment by the State WIC Program or payment of a claim by the vendor for a vendor violation does not negate any other sanctions applicable to the vendor for the violation.

**Example:** Payment of a claim by the vendor for a vendor violation does not negate a disqualification period that is also applicable to the vendor for the violation. The vendor must pay the claim and be disqualified.

Vendors must reimburse the State WIC Program in full or agree to a repayment plan with the State WIC Program within thirty (30) days of written notification of a claim. If a vendor fails to reimburse the State WIC Program in full or agree to a repayment plan within thirty (30) days of written notification of a claim, the WIC Vendor Agreement will be terminated. Vendor claims are not subject to appeal other than the opportunity to justify or correct as permitted by 7 CFR 246.12 (k)(3). Additionally, a vendor applicant cannot be authorized if any of the vendor applicant's owners, officers, or managers currently has, or previously had, a financial interest in a WIC vendor that was assessed a claim by the WIC Program and the claim has not been paid in full.

## Sanction System and Appeals

The NC WIC Program sanction system is predominantly a pattern-based sanction system that requires disqualification of a vendor from the WIC Program for Program violations. WIC Program violations include both federal and state-established violations.

The disqualification periods for federal violations range from one (1) year to permanent disqualification. A vendor's disqualification for federal violations may also jeopardize the vendor's Supplemental Nutrition Assistance Program (SNAP) authorization. The disqualification periods for state violations range from sixty (60) days to one (1) year and do not affect a vendor's SNAP authorization. Each violation has a required disqualification period for a specified number of occurrences.

**Example 1:** Two (2) occurrences of vendor overcharging within a twelve (12)-month period requires a three (3)-year disqualification.

**Example 2:** Three (3) occurrences of failure to stock the required minimum inventory within a twelve (12)-month period requires a 180-day disqualification.

Please refer to the "Vendor Sanction System" on pages 31-32 for the number of occurrences and the required disqualification period for each violation. The State WIC Program will provide the vendor written notification of an initial violation that requires a pattern of occurrences to impose a disqualification, unless the State WIC Program determines that notifying the vendor would compromise an investigation. This notice requirement does not apply to inventory audits and to violations that require disqualification after a single occurrence. A disqualified vendor can no longer accept WIC food benefits and if provided with a stand-beside device(s) to complete eWIC transactions, must return the device(s) to

the eWIC contractor as soon as possible. Please refer to the Vendor Agreement of the eWIC contractor for more information.

Vendor applicants and authorized vendors may appeal certain adverse actions taken by the State WIC Program. For those adverse actions that may be appealed, the State WIC Program will provide the vendor or vendor applicant information on how to initiate an appeal in the State WIC Program's written notice of adverse action.

**VENDOR SANCTION SYSTEM**  
**FEDERAL MANDATORY VENDOR SANCTIONS**

<b>VIOLATIONS</b>		<b>DISQUALIFICATION PERIOD</b>
A.	A vendor criminally convicted of trafficking in food instruments or cash-value vouchers or selling firearms, ammunition, explosives, or controlled substances (as defined in 21 USC 802) in exchange for food instruments or cash-value vouchers. A vendor is not entitled to receive any compensation for revenues lost as a result of such violation.	Permanent
B.	One occurrence of buying or selling food instruments or cash-value vouchers for cash (trafficking) or one occurrence of selling firearms, ammunition, explosives, or controlled substances (as defined in 21 USC 802) in exchange for food instruments or cash-value vouchers.	6 years
C.	One occurrence of the sale of alcohol or alcoholic beverages or tobacco products in exchange for food instruments or cash-value vouchers.	3 years
D.	Claiming reimbursement for the sale of an amount of a specific supplemental food item which exceeds the store's documented inventory of that supplemental food item for six or more days within a 60-day period. The six or more days do not have to be consecutive days within the 60-day period. Failure or inability to provide records or providing false records required under 10A NCAC 43D.0708(30) for an inventory audit shall be deemed a violation of 7 C.F.R.246.12(l)(1)(iii)(B) and 10A NCAC 43D.0710(a)(1).	3 years
E.	Two occurrences of vendor overcharging within a 12-month period.	3 years
F.	Two occurrences within a 12-month period of receiving, transacting or redeeming food instruments or cash-value vouchers outside of authorized channels, including the use of an unauthorized vendor or an unauthorized person.	3 years
G.	Two occurrences within a 12-month period of charging for supplemental food not received by the WIC customer.	3 years
H.	Two occurrences within a 12-month period of providing credit or non-food items, other than alcohol, alcoholic beverages, tobacco products, cash, firearms, ammunition, explosives, or controlled substances as defined in 21 USC 802, in exchange for food instruments or cash-value vouchers.	3 years
I.	Three occurrences within a 12-month period of providing unauthorized food items in exchange for food instruments or cash-value vouchers, including charging for supplemental foods provided in excess of those listed on the food instrument.	1 year
J.	2nd sanction, excluding sanctions for trafficking convictions and SNAP disqualifications.	Double Sanctions
K.	3rd sanction, excluding sanctions for trafficking convictions and SNAP disqualifications.	Double Sanctions and no CMP option
L.	Disqualification from SNAP	Same length of time as the SNAP disqualification and may begin at a later date than the SNAP disqualification

**Note: Vendor overcharging** is intentionally or unintentionally charging more for supplemental food provided to a WIC customer than to a non-WIC customer or charging more than the current shelf price for supplemental food provided to a WIC customer.

Charging over the MAP is **NOT** vendor overcharging, so long as the vendor charges the WIC customer no more than it would have charged a non-WIC customer or no more than the current shelf price, whichever is less, for the supplemental foods provided. Additionally, a vendor can charge less than the MAP and still overcharge the WIC customer if the vendor charges more for the supplemental food provided to the WIC customer than to the non-WIC customer or charges more than the current shelf price for the supplemental food provided to the WIC customer.

### STATE VENDOR SANCTIONS

VIOLATIONS		DISQUALIFICATION PERIOD
A.	Two occurrences within a 12-month period of discrimination on the basis of WIC participation as referenced in 10A NCAC 43D.0708(38).	1 year
B.	Three occurrences within a 12-month period of failure to properly transact a WIC food instrument or cash-value voucher by not completing the date and purchase price on the WIC food instrument or cash-value voucher before obtaining the WIC customer's signature, by not obtaining the WIC customer's signature in the presence of the cashier, or by accepting a WIC food instrument or cash-value voucher prior to the "Issue Date" (First Date to Spend) or after the "Participant Must Use By" (Last Date to Spend) dates on the food instrument or cash-value voucher.	1 year
C.	Three occurrences within a 12-month period of requiring a cash purchase to transact a WIC food instrument or cash-value voucher.	1 year
D.	Three occurrences within a 12-month period of contacting a WIC customer in an attempt to recoup funds for a food instrument or cash-value voucher or contacting a WIC customer outside the store regarding the transaction or redemption of a WIC food instrument or cash-value voucher.	270 days
E.	Three occurrences within a 12-month period of failure to provide program-related records referenced in 10A NCAC 43D.0708(30) when requested by WIC staff, except as provided in 10A NCAC 43D.0708(30) and 10A NCAC 43D.0710(a)(1) for failure or inability to provide records for an inventory audit.	180 days
F.	Three occurrences within a 12-month period of failure to provide the information referenced in 10A NCAC 43D.0708(31) when requested by WIC staff.	180 days
G.	Three occurrences within a 12-month period of failure to stock the minimum inventory specified in 10A NCAC 43D.0708(24).	180 days
H.	Three occurrences within a 12-month period of stocking WIC supplemental foods outside of the manufacturer's expiration date.	90 days
I.	Three occurrences within a 12-month period of failure to allow monitoring of a store by WIC staff.	90 days
J.	Five occurrences within a 12-month period of failure to submit a WIC Price List as required by 10A NCAC 43D.0708(32).	90 days
K.	Three occurrences within a 12-month period of failure to mark the current shelf prices of all WIC supplemental foods on the foods or have the prices posted on the shelf or display case.	60 days
L.	Five occurrences within a 12-month period of requiring the purchase of a specific brand when more than one WIC supplemental food brand is available.	60 days

## Forms, Instructions, and Resources

The following section includes WIC Vendor form copies, form instructions, and sample letters from the vendor to their bank. A list of the current NC WIC Program Approved Foods and the current formula products may be obtained at your Local WIC Program or found at the Nutrition Services Branch web site, [www.nutritionnc.com/wic/vendor.htm](http://www.nutritionnc.com/wic/vendor.htm).

- Vendor-Related Resources for eWIC
- North Carolina WIC Vendor eWIC Update 1
- Memo Regarding Predominantly WIC Vendors
- Food Sales Fact Sheet
- Memo Regarding Substitution
- N.C. WIC Vendor Application (DHHS 3282) & Instructions
- Contract Extension for WIC Vendor Agreement Effective Oct. 1, 2015-Sept. 30, 2018
- WIC Vendor Agreement (DHHS 2768) & Instructions (Jan. 1, 2019-Sept. 30, 2021)
- Terms of Vendor Agreement (Jan. 1, 2019-Sept. 30, 2021)
- WIC Vendor Agreement for Free-standing Pharmacies (DHHS 2768P) & Instructions
- Terms of Vendor Agreement for Free-standing Pharmacies
- WIC Price List (DHHS 2766)
- WIC Price List for Free-standing Pharmacies (DHHS 2766-P)
- Above-50-Percent Vendor Self-Declaration Form
- Cost-Containment Exemption Form for Free-standing Pharmacy Vendors
- WIC Vendor Monitoring Report (DHHS 2925)
- N.C. WIC Vendor Information Update (DHHS 779) & Instructions
- WIC Vendor Management Customer Service Issues Form
- NC Approved Sources of Infant Formula, WIC-Eligible Nutritionals, and Exempt Formula
- Vendor Discounts
- WIC Vendor Agreement (DHHS 2768) & Instructions\*
- Terms of Vendor Agreement\*
- WIC Vendor Agreement for Free-standing Pharmacies (DHHS 2768P) & Instructions\*
- Terms of Vendor Agreement for Free-standing Pharmacies\*
- Amendment to the WIC Vendor Agreement\*

\*Effective until December 31, 2018 due to contract extension.