Purpose

To describe the sanction system and identify the violations.

Overview of the Sanction System

The Nebraska WIC Program has implemented a sanction system to objectively monitor all WIC authorized vendors.

The following are definitions of terms used to describe the Nebraska WIC Program Sanction System.

- **Vendor Violation** – any intentional or unintentional action of a vendor’s current owners, officers, managers, agents, or employees (with or without the knowledge of management) that violates the vendor agreement or Federal or State statues, regulations, policies, or procedures governing the Program.

- **Violation** – an infraction of Program regulations, policies, or agreements.

- **Investigation** – a method used by the State WIC office to determine if violations are occurring.

- **Sanction** – an administrative action taken as a result of a violation.

- **Pattern** – based on the type, severity, and number of the incidences of the violation.

There are two types of sanctions.

1. Mandatory Federal sanctions and
2. State agency sanctions

The Federal sanctions are mandated in the federal regulations and have disqualification periods associated with each violation.

The State agency sanctions have various points assigned to violations of the retail vendor agreement. These points range in value from 1 to 15, depending upon the seriousness of the violation. The points are retained for one month up to 12 months, depending upon the severity of the violation.
### Overview of the Sanction System (cont.)
Different methods of monitoring are utilized to determine if a violation has occurred. The methods of determining these violations include: inventory audit, compliance buys, food instrument edits, monitoring, Supplemental Nutrition Assistance Program reports, and additional methods as determined by the State WIC office.

### Establishing a Pattern of Violations
Sanction points are assessed upon two (2) independent documented repeated violations. When conducting inventory audits, a pattern can be established during a single review of the vendor’s redemption records. A pattern of violations does not need to be present when applying a permanent disqualification, a six year disqualification, and a three year disqualification for selling alcohol or tobacco.

### Outline of Violations
Failure to comply with the terms of the Nebraska WIC Program Retail Vendor Agreement will result in sanctions being levied by the State WIC office. The violations and the sanctions of the Nebraska WIC Program are outlined below.

### Mandatory Federal Sanctions

**Mandatory Federal Sanctions - Permanent Disqualification from the WIC Program**

1. Permanent Disqualification from the Supplemental Nutrition Assistance Program

2. One conviction by a criminal court of trafficking of WIC checks or selling firearms, ammunition, explosives, or controlled substances in exchange for WIC food instruments. A vendor shall not be entitled to receive any compensation for revenues lost as a result of such violation.

**Mandatory Federal Sanctions – Six Year Disqualification from the WIC Program**

1. One incidence of buying or selling WIC checks for cash (trafficking). **

2. One incidence of selling firearms, ammunition, explosives, or controlled substances in exchange for WIC checks. **

**Mandatory Federal Sanctions – Three Year Disqualification from the WIC Program**

1. One incidence of the sale of alcohol or alcoholic beverages or tobacco products in exchange for WIC checks. **
### Mandatory Federal Sanctions (cont.)

2. A pattern of 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 a specific period of time. **

3. A pattern of vendor overcharges. **

4. A pattern of receiving, transacting, and/or redeeming WIC checks outside of the authorized channels, including the use of an unauthorized vendor and/or an unauthorized person. **

5. A pattern of charging for supplemental food not received by the WIC shopper. **

6. A pattern of providing credit or non-food items, other than alcohol, alcoholic beverages, tobacco products, cash, firearms, ammunition, explosives, or controlled substances in exchange for WIC checks. **

#### Mandatory Federal Sanctions – One Year Disqualification from the WIC Program

1. A pattern of providing unauthorized food items in exchange for WIC checks, including charging for supplemental food provided in excess of those listed on the WIC check. **

#### Second Mandatory Federal Sanctions

When a vendor, who previously has been assessed a sanction for any of the violations identified with two stars (**), receives another sanction for any of these violations, the State agency will double the second sanction. Civil money penalties will be doubled up to the maximum limits.

#### Third or Subsequent Mandatory Federal Sanctions

When a vendor, who previously has been assessed two or more sanctions for any of the violations identified with two stars (**), receives another sanction for any of these violations, the State agency will double the third sanction and all subsequent sanctions. The State agency will not impose civil money penalties in lieu of disqualification for third or subsequent sanctions for these violations.
### Mandatory Federal Sanctions

#### Mandatory Federal Sanction – Disqualification Based on a SNAP Disqualification

The State agency will disqualify a vendor who has been disqualified from the Supplemental Nutrition Assistance Program. The disqualification will be for the same length of time as the SNAP disqualification. It may begin at a later date than the SNAP disqualification, and is not subject to administrative or judicial review under the WIC Program.

#### Voluntary Withdrawal or Non-renewal of Agreement

The State agency will not accept voluntary withdrawal of the vendor from the Program as an alternative to disqualification for any of the mandatory federal violations. The State agency will enter the disqualification on the record. In addition, the State agency will not use nonrenewal of the vendor agreement as an alternative to disqualification.

### State Agency Sanctions

#### State Agency Sanctions- Based on a Pattern of Violative Incidences

**State Agency Sanctions – Fifteen (15) Points & Twelve (12) Months Duration**

1. Redeeming WIC checks while the vendor is disqualified.

2. Failing to only purchase infant formula from the approved sources as maintained by the State WIC Office.

3. Failing to pay the WIC Program within 30 days of receipt of the certified written notification for amounts paid by the WIC Agency on WIC checks processed by the vendor which were not payable.

4. Failing to provide complete and acceptable purchase invoices from the wholesaler and/or other points of purchase and/or inventory records and/or receipts for documentation of inventory and payment of WIC authorized supplemental food items to the Department upon request.

**State Agency Sanctions – Ten (10) Points & Six (6) Months Duration**

1. Offering incentive items solely to WIC shoppers.

2. Requiring the WIC shopper to purchase other items when redeeming WIC checks.
State Agency Sanctions (cont.)

3. Failing to provide sales data information to the department upon request.

State Agency Sanctions – Five (5) Points & Three (3) Months Duration

1. Failing to maintain and post regular/minimum business hours. Minimum business hours are outlined in the vendor selection criteria.

2. Using the WIC Acronym or Logo for any purpose including promotion or incentives without the Department’s approval.

3. Failing to only use the official Nebraska WIC Program Shelf Labels to identify WIC authorized supplemental foods.

4. Failing to transact WIC checks inside the authorized store location only.

5. Failing to provide the cash register receipts, electronic journal entries, or acceptable records of the WIC check transaction for all checks for which the WIC Agency or Department is requesting transaction records.

6. Failing to provide the cash register receipts, electronic journal entries, or acceptable records of the WIC check transactions for all problem checks for which the vendor is requesting review and possible reimbursement.

7. Failing to clearly endorse the back of a WIC check with the Vendor’s bank deposit stamp or the Vendor’s name and identifying number or address.

8. Failing to obtain all Nebraska WIC authorized vendor number stamps (new or replacement) from the WIC agency.

9. Altering information on the WIC check.

10. Failing to submit an accurate Food Price Reporting List within two weeks from date of request.

11. Failing to provide fresh and wholesome products in a sanitary environment.

12. Failing to clearly mark the purchase price on the shelf or food item for a category of WIC foods.
**State Agency Sanctions (cont.)**

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<tr>
<th>State Agency Sanctions – One (1) Point &amp; One (1) Month Duration</th>
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<tbody>
<tr>
<td>1. Accepting WIC checks with the appearance of alteration.</td>
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<td>2. Failing to display the official Approved Nebraska WIC Vendor Poster in a prominent place.</td>
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<tr>
<td>3. Submitting ten (10) or more WIC checks for redemption with the Nebraska WIC Authorized vendor number stamp missing or unreadable within any calendar month.</td>
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**NOTE:** The State agency may not authorize a vendor applicant if it determines the store has been sold in an attempt to circumvent a sanction.

**Notification of Vendor Violations**

Notification is not required for WIC vendor disqualifications or civil money penalties based on Supplemental Nutrition Assistance Program (Food Stamp Program) sanctions.

Notification is not required for violations involving inventory audits, since a pattern can be established during a single review of the vendor’s redemption records.

The State WIC office will notify the vendor of the initial violation, for violations requiring a pattern of occurrences in order to impose a sanction, prior to documenting another violation, unless the State WIC office determines that notifying the vendor would compromise an investigation. Such determinations will be made on a case by case basis.

This notification requirement applies to the following mandatory federal violations.

1. A pattern of vendor overcharges,
2. A pattern of receiving, transacting, and/or redeeming WIC checks outside of authorized channels, including the use of an unauthorized vendor and/or an unauthorized person,
3. A pattern of charging for supplemental food not received by the WIC shopper,
4. A pattern of providing credit or non-food items, other than alcohol, alcoholic beverages, tobacco products, cash, firearms, ammunition, explosives, or controlled substances in exchange for WIC checks, and
5. A pattern of providing unauthorized food items in exchange for WIC checks, including charging for supplemental foods provided in excess of those listed on the WIC check.
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<th><strong>Notification of Vendor Violations (cont.)</strong></th>
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<td>This notification requirement applies also to the state agency violations, unless the State WIC office determines that notifying the vendor would compromise an investigation. Such determinations will be made on a case by case basis.</td>
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<td>Notification is not required for violations that only require one incidence before a sanction is imposed.</td>
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