

**NEW JERSEY DEPARTMENT OF HEALTH
WIC PROGRAM
STATE POLICY**

**Policy & Procedure Number: 1.50
Effective Date: April 24, 2024**

Functional Area: I. VENDOR MANAGEMENT

Subject: High-Risk Criteria

A. POLICY:

1. High-risk vendor means a vendor identified as having a high probability of committing a vendor violation through the application of the criteria established in 7 CFR §246.12(j)(3) and any additional criteria established by the State agency (SA).
2. The SA must identify high-risk vendors at least once a year using criteria developed by FNS and/or other statistically based criteria developed by the State Agency.
3. The SA shall establish a methodology to recognize high-risk vendors with the aim of preventing, limiting, and sanctioning them to maintain WIC program integrity.
4. Program integrity activities include trainings, routine vendor monitoring, compliance investigations, and inventory audits (see P&P's 1.38, 1.42, and 1.47).
5. The SA must conduct monitoring visits and compliance investigations (inclusive of inventory audits) on all high-risk vendors up to a minimum of five percent (5%).
 - a. If more than five percent of the State agency's vendors are identified as high-risk, the State agency must prioritize such vendors to perform monitoring visits and compliance investigations of those determined to have the greatest potential for program non-compliance and/or loss of funds.
 - b. If fewer than five percent (5%) of the State agency's authorized vendors are identified as high-risk, the State agency must randomly select additional vendors on which to conduct compliance investigations sufficient to meet the five percent requirement.

B. PROCEDURE:

1. The SA shall utilize the following federally mandatory reports to identify high-risk vendors:
 - a. [REDACTED]
 - b. [REDACTED]

2. The SA may identify high-risk vendors from SA reports, but not limited to the reports found in attachment 1.50A State Agency Indicator Reports list.
 - a. State Agency Indicator Reports: The Department uses statistically based reports to identify Vendors who are out of program compliance and/or have a high probability of having a vendor violation.
 - i. These reports are produced, reviewed, and analyzed at least monthly and comply with USDA, FNS criteria for high-risk reports.
 - ii. Vendors identified on these reports may receive a warning notice, sanction, monitoring visit, compliance buy and/or inventory audit.
 - b. Complaints: The SA receives information about Vendor noncompliance from a variety of sources, including WIC participants, other Vendors, local agencies, federal, state or local agencies (including law enforcement agencies) and interested citizens.
 - i. Follow-up on complaints may include investigations by the SA, monitoring visits, compliance buys or referral to federal, state or local law enforcement agencies.
 - ii. Additional information on complaints is described in P&P 1.33 Complaints.
 - iii. The SA may also identify high-risk Vendors through unusual WIC benefit redemptions or redemption patterns.
3. The SA may consider vendors designated as high-risk by the Supplemental Nutrition Assistance Program (SNAP) for program integrity activities.
4. Any vendor owner who has been disqualified from the program and granted reauthorization shall be designated a high-risk vendor for one year from the date of the new authorization. The vendor shall be reassessed after one year.
5. On an ongoing basis, the SA shall review the reports to identify vendors and assign high-risk status in the SA internal database. This is established by our Python program which is coded to automatically produce the report on a monthly basis. For the lists used to identify vendors for high risk please refer to 1.50A (Refer P&P 1.50A State Agency Indicator Reports list).
6. The vendor's designation as high-risk will be updated to "no-risk" in the SA's internal database after the completion of program integrity activities, provided that the vendor is found to be compliant according to the policies outlined in the program integrity activity policies P&P 1.38 Vendor Compliance Investigations, P&P 1.42 Routine Vendor Monitoring and P&P 1.47 Inventory Audits.

Attachment(s):

- 1.50A State Agency Indicator Reports list
- 1.33 Complaints 1.38 Vendor Compliance Investigations
- 1.42 Routine Vendor Monitoring
- 1.47 Inventory Audits