VENDOR AND FARMER MANAGEMENT APPENDIX 5

NORTH CAROLINA
PROCEDURES FOR COMPLIANCE BUY INVESTIGATIONS

1. The investigator is issued eWIC cards with the child's food package loaded onto them. Each eWIC card has its own unique card number associated with a fictional participant which informs the banking contractor that the eWIC card has been used for a compliance buy and ensures payment to the vendor. This card number also enables the State agency to retrieve transaction data for eWIC purchases after payment.
2. The investigator conducts a compliance buy at the selected vendor. If a violation occurs, the State agency sends a written Notice of Violation (NOV) to the vendor in accordance with 7 C.F.R. § 246.12(l)(3), unless the State agency determines that providing the vendor with notice will compromise the investigation. The NOV alerts the vendor that a compliance buy has been conducted and identifies the violation(s) that occurred. The NOV also informs the vendor that additional compliance buys will be conducted and that further violations can result in disqualification of the vendor from the WIC Program. Additional training is also offered to the vendor. If the State agency determines that notice of the violation will compromise the investigation, a *Notice of Violation Not Provided Form* (see Appendix 7) is completed which details why the notice was not sent.
3. Following the NOV, the investigator conducts one or more additional compliance buys at the selected vendor. If a pattern of violations is shown with the additional compliance buy(s), the State agency issues a *Notice of Intent to Disqualify* the vendor from the WIC Program. This Notice details the violation(s) detected, the procedures for appealing the disqualification and the effective date of the disqualification.
4. A minimum of two compliance buys is conducted at each vendor selected for compliance buy investigation. A WIC Compliance Buy Investigation Report is completed for each compliance buy and the status of each investigation is updated in the WIC Vendor Tracking Database/Crossroads computer system. If no violations are found on the first or second compliance buy, the case may be closed unless the State agency determines that additional compliance buys should be conducted.
5. When a claim must be assessed due to a violation detected during a compliance buy investigation, the State agency assesses the claim in the amount overcharged by the WIC vendor. Claims are assessed at the completion of the compliance buy investigation. Per the North Carolina Administrative Code, 10A NCAC 43D .0708(35), authorized vendors agree to *"Reimburse the state agency in full or agree to a repayment schedule with the state agency within 30 days of written notification of a claim assessed due to a vendor violation that affects payment to the vendor."* Vendor Unit staff send a Notice of Claim to the vendor which details why the claim was assessed, the amount of the claim and the thirty-day deadline for payment submission or establishment of a payment plan. The letter also informs the vendor that their Vendor Agreement will be terminated if the State agency is not contacted regarding a payment plan or payment is not made in full by the deadline.
6. If after thirty days, the State agency has not received payment in full from the vendor or been contacted by the vendor regarding a payment plan, an additional notice will be sent to the vendor. This notice will state that payment has not been received by the State

agency and request that payment be made in full or a payment plan be established within 14 days. The letter will also remind the vendor that their Vendor Agreement will be terminated if the State agency is not contacted regarding a payment plan or payment is not made in full within 14 days. If the vendor does not establish a payment plan or pay the claim in full within 14 days of receipt of the notice, their Vendor Agreement will be terminated.

7. Vendor Unit staff maintain a spreadsheet to track claims assessed for compliance buy investigations. The spreadsheet is reviewed by the Vendor Manager or the Compliance Investigations Supervisor on a monthly basis to ensure that appropriate action is taken for all claims assessed.
8. In some cases, compliance buy investigations may be coordinated with the Office of Inspector General and the Supplemental Nutrition Assistance Program.