



Inter Tribal Council of Arizona, Inc. WIC Program
Vendor Sanction Schedule
 Effective October 1, 2021



ITCA WIC sanctions authorized WIC vendors that violate WIC Program federal regulations, the Vendor Agreement, the Vendor Manual and/or ITCA WIC Program policies and procedures. Sanctions for violating ITCA WIC Program requirements include termination, disqualification, civil money penalties, administrative fines, monetary claims, or a combination of sanctions. Federal regulations require ITCA to sanction vendors regardless of whether the violations were intentional or unintentional.

All violations and sanctions remain on the vendor’s record for the entirety of the three year Vendor Agreement period. Violations that result in mandatory sanctions under federal regulations may impact subsequent vendor reauthorization. Upon the first occurrence of a violation that result in a warning letter, ITCA sends a written warning letter to the vendor. A written warning letter may not be issued to the vendor if ITCA, in its sole discretion, determines that a warning letter could compromise an ongoing investigation. ITCA may not issue any form of warning (written or otherwise) for violations that occur after the first incident. ITCA reserves the right, in its sole judgment, to continue the investigation of a vendor if the vendor has committed violations up to, or in excess of, the number of incidents that would normally result in a sanction.

If a vendor commits multiple violations that result in disqualification during the course of a single investigation, ITCA disqualifies the vendor for the length of time corresponding to the violation that results in the longest disqualification period. If two or more different types of violations are substantiated during the same investigation, ITCA reserves the right to continue its investigation in order to determine whether the greater sanction (*e.g.*, a longer disqualification period) should be imposed. However, ITCA retains the right to impose a sanction on any of the violations substantiated during its investigation. ITCA must enter all vendor violations into the vendor record. ITCA must include documentation of its client access determination and any supporting documentation in the file of each vendor who is disqualified or receives a civil money penalty in lieu of disqualification.

For purposes of the ITCA Vendor Sanctions Schedule, the term “ WIC benefits” refers to the food instrument, eWIC card, the eWIC account, non-cash value benefits, and Cash Value Benefits (CVB). The term “clients” refers to WIC Program participants, parents, caregivers, WIC customers, WIC shoppers, and any person who shops on behalf of the WIC client, and may be used interchangeably. An incident is an occurrence, event, purchase, sale, exchange, or delivery of any item, including point-of-sale devices that involve, but not limited to: swiping eWIC cards; manually entering eWIC card numbers; entering Personal Identification Numbers (PINs); scanning UPCs; entering prices; printing or providing receipts; voiding sales; or a deposit, withdrawal, transfer between accounts, or exchange of currency. All references to “days” or “years” refer to calendar days or calendar years.

ITCA VENDOR SANCTIONS SCHEDULE

A. Mandatory Sanctions under Federal Regulations		
Sanction Code	Violation Description	First Incident
A-1	Convicted of trafficking in WIC benefits or selling firearms, ammunition, explosives, or controlled substances (as defined in Section 102 of the Controlled Substances Act (21 USC § 802)) in exchange for WIC benefits.	Termination of Vendor Agreement and permanent disqualification
A-2	Buys or sells WIC benefits for cash.	Termination of Vendor Agreement and 6 year disqualification

A-3	Sells firearms, ammunition, explosives or controlled substances (as defined in Section 102 of the Controlled Substances Act (21 USC § 802)) in exchange for WIC benefits.	Termination of Vendor Agreement and 6 year disqualification
A-4	Sells alcohol, alcoholic beverages, or tobacco products in exchange for WIC benefits.	Termination of Vendor Agreement and 3 year disqualification

B. Mandatory Sanctions Under Federal Regulations			
Sanction Code	Violation Description	First Incident	Second Incident
B-1	Charges the WIC program more for supplemental foods than non-WIC customers, or charges the WIC program more than the current price posted on the shelf or item. Note: Any overcharge of \$.01 or more is a violation.	Warning letter	Termination of Vendor Agreement and 3 year disqualification
B-2	Charges the WIC program for supplemental food not received by the WIC shopper.	Warning letter	Termination of Vendor Agreement and 3 year disqualification
B-3	Receives, transacts, and/or redeems WIC benefits outside authorized channels, including the use of an unauthorized vendor and/or an unauthorized person.	Warning letter	Termination of Vendor Agreement and 3 year disqualification
B-4	Provides 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 WIC benefits.	Warning letter	Termination of Vendor Agreement and 3 year disqualification
B-5	A pattern** of claiming reimbursement for the sale of a specific supplemental food item in a quantity that exceeds the store's documented inventory of that supplemental food item for a specific period of time.	Termination of Vendor Agreement and 3 year disqualification	Termination of Vendor Agreement and 3 year disqualification
B-6	Provides unauthorized food items in exchange for WIC benefits including charging for supplemental food provided in excess of quantities available on the eWIC benefits.	Warning letter	Termination of Vendor Agreement and 1 year disqualification
B-7	A pattern** of an above-50-percent vendor providing prohibited incentive items to customers as set forth in paragraph (g)(3)(iv) of this section, in accordance with the State agency's policies and procedures required by paragraph (h)(8) of this section	Warning letter	Termination of Vendor Agreement and 1 year disqualification
** "Pattern" is defined as 2 occurrences of the same violation which can be established during a single inventory audit, or multiple inventory audits, or other review of records.			

C. Critical Administrative Sanctions			
Sanction Code	Violation Description	First Incident	Second Incident

C-1	Fails to provide access to vendor premises and/or in any manner hinders or impedes authorized WIC personnel from conducting an on-site education, monitoring, inventory audit, or investigation visit.	Warning letter	Termination of Vendor Agreement and 1 year disqualification
C-2	Provides false, inconsistent, or misleading information about pricing, infant formula supplier, infant formula invoices, or any other form or document requested by ITCA.	Warning letter	Termination of Vendor Agreement and 1 year disqualification
C-3	Is disqualified from SNAP or is assessed a civil money penalty for hardship by SNAP.	Disqualification for the period of time for which the vendor would otherwise have been disqualified by SNAP and Termination of Vendor Agreement	N/A
C-4	Fails to maintain inventory records, or other records required by ITCA, for a period of 3 years and 5 months after termination or expiration of the Vendor Agreement.	Warning letter	Termination of Vendor Agreement and 1 year disqualification
C-5	Allows the return of food purchased with WIC benefits in exchange for cash, credit or non-food items.	Warning letter	Termination of Vendor Agreement and 1 year disqualification
C-6	Charges the WIC Program sales tax on WIC purchases.	Warning letter	Termination of Vendor Agreement and 1 year disqualification
C-7	Fails to provide requested information such as invoices, tax forms, or price information by the due date established by ITCA.	Warning letter	Termination of Vendor Agreement and 1 year disqualification
C-8	Fails to pay administrative fines, collections, claims, or overcharges in full by the due date established by ITCA.	Warning letter	Termination of Vendor Agreement and 1 year disqualification
C-9	Scans a sheet with UPCs, or scans a UPC not physically attached to the product, for the purchase of supplemental foods, during a WIC transaction.	Warning letter	Termination of Vendor Agreement and 1 year disqualification

D. Administrative Sanctions					
Sanction Code	Violation Description	First Incident	Second Incident	Third Incident	Fourth Incident
D-1	Fails to meet the minimum stocking requirements of WIC approved foods.	Warning letter	\$100 Fine	\$200 Fine	Termination of Vendor Agreement and 1 year disqualification

D-2	Does not allow WIC shopper to pay the difference between the CVB value of the authorized fruits and vegetables benefit and the actual cost of the fruits and vegetables being purchased.	Warning letter	\$100 Fine	\$200 Fine	Termination of the Agreement and 1 year disqualification
D-3	Fails to clearly display the current price of an authorized WIC food item on the item, shelf or nearby sign.	Warning letter	\$100 Fine	\$200 Fine	Termination of Vendor Agreement and 6 month disqualification
D-4	Fails to give a receipt to the WIC shopper for WIC purchases, or “WIC” isn’t printed or written on receipt for WIC purchases.	Warning letter	\$100 Fine	\$200 Fine	Termination of Vendor Agreement and 6 month disqualification
D-5	Fails to give the WIC shopper a receipt with the remaining WIC benefit balance after transaction.	Warning letter	\$100 Fine	\$200 Fine	Termination of Vendor Agreement and 6 month disqualification
D-6	Requires the WIC shopper to purchase something in order to obtain their WIC benefit balance, or use their WIC benefits.	Warning letter	\$100 Fine	\$200 Fine	Termination of Vendor Agreement and 6 month disqualification
D-8	Limits or restricts the purchase of food items available in the WIC benefits.	Warning letter	\$100 Fine	\$200 Fine	Termination of Vendor Agreement and 1 year disqualification
D-9	Asks for identification from the WIC shopper for the purchase of WIC foods.	Warning letter	\$100 Fine	\$200 Fine	Termination of Vendor Agreement and 1 year disqualification
D-10	Has a sheet(s) containing the barcodes or UPCs of WIC allowable foods anywhere in the store.	Warning letter	\$200 Fine	\$400 Fine	Termination of Vendor Agreement and 1 year disqualification

Disqualification from SNAP

If a vendor is disqualified from SNAP the vendor must be disqualified from the ITCA WIC Program. The term of the WIC disqualification period shall be identical to the SNAP disqualification period, and may begin at a later date. The disqualification is not subject to administrative or judicial review under the ITCA WIC Program. Receiving a civil money penalty for hardship in lieu of disqualification from SNAP may result in disqualification from ITCA WIC. The term of the WIC disqualification period shall be identical to the SNAP disqualification period that would have otherwise been imposed. Prior to imposing a disqualification period, client access is considered. If the vendor has been disqualified from SNAP and ITCA WIC determines that the vendor is needed for WIC client access, a WIC civil money penalty will be imposed. If the vendor has received a SNAP civil money penalty for hardship and the vendor is needed for adequate WIC client access,

ITCA WIC does not impose a WIC disqualification period or issue a WIC civil money penalty. ITCA’s client access determination is documented and kept in the vendor’s file.

SNAP Program Action	ITCA WIC action	ITCA WIC action if vendor is needed for client access
SNAP Disqualification	Disqualification for same length of time as SNAP disqualification but may begin at a later date	Civil money penalty imposed
SNAP hardship civil money penalty imposed in lieu of disqualification	Disqualification for the time period the vendor would have otherwise been disqualified from SNAP	No action; client access determination is documented in the vendor’s file

Disqualification from Other WIC Program(s)

If a vendor is disqualified from another WIC Program for a mandatory sanction (Sanction Codes A-1 through B7 above) the vendor is disqualified from the ITCA WIC Program as reciprocal action. The term of the ITCA WIC disqualification period shall be identical to the other WIC Program’s disqualification period, and may begin at a later date. Receiving a civil money penalty in lieu of disqualification from the other WIC Program may result in disqualification from ITCA WIC. Prior to imposing a reciprocal disqualification period, ITCA WIC considers client access. If another WIC Program’s disqualification results in inadequate ITCA WIC client access, ITCA WIC imposes a civil money penalty in lieu of disqualification (when there is no civil money penalty imposed on the vendor by another WIC Program). If the other WIC Program imposes a civil money penalty in lieu of disqualification and the vendor is needed for ITCA WIC client access, ITCA WIC does not take reciprocal action. Client access determination is documented and kept in the vendor’s file.

Other WIC Program Action	ITCA WIC Action	ITCA WIC Action if vendor is needed for client access
WIC Disqualification	Disqualification for same length of time as WIC disqualification but may begin at a later date	WIC Civil money penalty imposed
WIC civil money penalty imposed in lieu of disqualification	Disqualification for the time period the vendor would have otherwise been disqualified from the other State agency’s WIC Program	No action; client access determination is documented in the vendor’s file

Second Mandatory Sanction

For a vendor who has previously been sanctioned with a disqualification period, or issued a civil money penalty in lieu of disqualification for a mandatory federal sanction found in Sanction Code A-2 through B-7, a subsequent violation of the mandatory federal sanctions found at Sanction Code A-2 through B-7 results in the imposition of a second disqualification period or civil money penalty in lieu of disqualification. The second imposition of a disqualification period or issuance of a civil money penalty in lieu of disqualification is for double the length of time imposed for the first disqualification period or double the civil money penalty dollar amount up to the regulatory civil money penalty limits.

Third or Subsequent Mandatory Sanction

A vendor who has been sanctioned with a second disqualification period, or second civil money penalty in lieu of disqualification for violations that result in the mandatory sanctions listed at Sanction Code A-2 through B-7 will be sanctioned with a disqualification period a third time. The third or subsequent imposition of a disqualification period, is double the disqualification period, for mandatory sanctions listed at Sanction Code A-2 to B-7. A vendor is no longer eligible for a civil money penalty (up to the regulatory civil money penalty limits) in lieu of disqualification for the third or subsequent imposition of disqualification for violations listed in A-2 through B-7.

Civil Money Penalties

Except for violation A-1 above, if ITCA determines that disqualification of a vendor results in inadequate client access, a civil money penalty is imposed in lieu of disqualification. Civil money penalties are calculated following the method in 7CFR §246.12(l)(1)(x). The amount of the civil money penalty, codified at 42 U.S.C.1786(o)(1)(A) and 42 U.S.C. 1786(o)(4)(B), shall not exceed the amount specified in §3.91(b)(3)(v) of this title (currently \$15,877) for each violation. The total amount of civil money penalties imposed for violations investigated as part of a single investigation may not exceed the amount specified in §3.91(b)(3)(v) of this title (currently \$63,509) as the maximum penalty for violations occurring during a single investigation. A vendor is not eligible for a civil money penalty in lieu of disqualification for the third or subsequent imposition of disqualification for violations listed in A-2 through B-7. When during the course of a single investigation ITCA determines a vendor has committed multiple violations, ITCA will impose a civil money penalty for each violation. If the vendor fails to pay, or pay in accordance to the authorized installment payment plan or only partially pays a civil money penalty assessed in lieu of disqualification, the vendor is disqualified for the length of the disqualification corresponding to the most serious violation for which a civil money penalty was assessed.

No Voluntary Withdrawal or Nonrenewal of Agreement

ITCA does not accept voluntary withdrawal, or nonrenewal of the vendor agreement as an alternative to disqualification for mandatory sanctions listed at Sanction Code A-2 through B-7 or imposition of a civil money penalty in lieu of disqualification.

Criminal or Civil Prosecution

A vendor who commits fraud or abuse in the WIC program is subject to civil or criminal prosecution under applicable federal, state, or local laws. Under federal law, those who have willfully misapplied, stolen, or fraudulently obtained program funds valued at \$100 or more are subject to a fine of not more than \$25,000 or imprisonment for not more than five years or both. If the value of the willfully misapplied, stolen, or fraudulently obtained program funds is less than \$100, the penalty is a fine of not more than \$1,000 or imprisonment of not more than one year or both.

Change of Ownership

A partial change in business ownership does not eliminate violations or sanctions. A partial change in business ownership may include, but is not limited to, adding or removing partners, associates or principles, a change in sole proprietorship or partnership to a corporation where the previous individual owner(s) or one or more partner(s) remains as an officer of shareholder of the new corporation. Violations that occurred prior to the change in business ownership are carried over to a new agreement, and may be used for determining sanctions, including termination and/or disqualification.

Termination, Denial, Disqualification, and Appeals

Vendors may appeal decisions made by the ITCA WIC Program that result in adverse action to be applied to the vendor by requesting an administrative review (request for fair hearing). See the ITCA WIC Vendor Manual – Section 12 Administrative Review Procedures for administrative review procedures and list of violations that are eligible for administrative review, the administrative review procedures are also available upon request. During the appeal process a vendor is not relieved of the responsibility of continued compliance with the terms of any written agreement with ITCA. The vendor agreement will continue to be in place until the outcome of the administrative review is determined and finalized. Exception: when a vendor has been convicted of trafficking or illegal sales, the vendor agreement will be terminated immediately.

WIC Only Stand Beside Device

Upon disqualification or termination, vendors who utilize WIC only stand beside device terminals are required to return the equipment to the eWIC processor. If the cost of the WIC only stand beside device is paid by ITCA, the vendor becomes responsible for any and all costs accrued after the termination or disqualification date if the equipment is not returned to the eWIC processor.