

**DEPARTMENT OF HEALTH  
PUERTO RICO WIC PROGRAM  
POLICY AND PROCEDURE MANUAL**

**POLICY AND PROCEDURE: 6.08  
EFFECTIVE DATE: APRIL, 2017**

**VENDOR MANAGEMENT**

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**VENDOR AUTHORIZATION**

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**POLICY:**

Pursuant to 7 CFR 246.12(g)(1), the Puerto Rico WIC Program (PR WIC) must authorize an appropriate number and distribution of vendors in order to ensure the lowest practicable food prices consistent with an adequate participant access to supplemental foods, and to ensure effective program management, oversight, and review of its authorized vendors.

Pursuant to 7 CFR 246.12(g)(3), PR WIC must develop and implement eligibility criteria to select vendors for authorization. PR WIC will apply its selection criteria consistently. PR WIC may reassess any authorized vendor at any time during the vendor's agreement period using the vendor's selection criteria at the time of the reassessment and must terminate the agreement with those vendors who fail to meet them.

PR WIC will establish the eligibility criteria to be applied, if any, to determine the number of authorized vendors at any vendor selection process as per 7 CFR 246.12.

**PROCEDURE:**

**I. VENDOR AUTHORIZATION ORIENTATION PROCESS**

1. PR WIC will announce the application period and when, where, and how the new applications will be submitted in general circulation newspapers, PR WIC vendor's web site "Vendor Authorization WIC Information" (WICA, for its Spanish acronym) and the Department of Health's web site, at least thirty (30) days before the beginning of the application period.
2. Detailed information on the requirements for vendor authorization will be provided both in the WIC vendor's web site (WICA) and the Department of Health's website.
3. PR WIC Vendor Management Division will provide group orientations about the authorization process in different geographical areas. The schedule of the orientation sessions will be published in general circulation newspapers the PR WIC vendor's (WICA) and the Department of Health's web sites. The orientation material will also be available in the WICA and in the Department of Health's web sites.

4. Vendor group orientations will include a demonstration of the application process.

## II. VENDOR AUTHORIZATION APPLICATION PROCESS

1. Eligibility requirements applicable to the selection process will be available in the WICA and Department of Health's websites to request authorization.
2. Applications will only be accepted electronically, submitted through PR WIC vendor's web site, WICA.
3. Each applicant will request access to the WICA web site by means of a user name and a password.
4. All applicants will complete demographic data as part of the request for a user name and password.
5. PR WIC administrative staff will be available by telephone to provide information regarding doubts of the application process.
6. On-site assistance will be available by appointment from 9:00 AM to 4:00 PM during the application period, at a designated location to be identified in the application period announcement. Opportunities to schedule an appointment to receive assistance in completing the application process will be available only two weeks before starting the application period in a first-come first-served basis. The vendor is responsible to bring all the required documents to be assisted by the program in the application appointment. The opportunity to complete the application through the on-site assistance appointment does not guarantee approval as an authorized PR WIC vendor.
7. Each required document must be scanned and attached as the application prompts. Vendors must provide the scanned documents identified by name of the document and store name.
8. The application will be available in the WICA web site during 30 calendar days. Applications must be completed and submitted correctly with all the required documents on or before the established deadline. Applications received after the deadline will not be accepted. Applications remaining incomplete after the deadline will not be considered.
9. The WICA web site will include a statement in which the vendor must certify correctness of the submitted information and accept the adverse results of omitting or providing false statements, before submitting the application.
10. The vendor will be able to access his application throughout the application period. He may enter data and save the application as many times as required until satisfied for its completion and correction, and for its final submission. The

vendor will be considered the only person or entity responsible for the content submitted and the completion of the application before, during, and after the application process. Accountable for compliance with PR WIC, State and Federal regulations, as well as the obligations under the WIC Authorized Vendor Contract Agreement.

11. The WICA web site for the application will only allow the vendor to submit the application until all the required data is provided and has passed the applicable edits. If the vendor submits an incomplete or outdated data, the system will not accept the application, so the vendor will have the opportunity to correct it within the given timeframe before the deadline.
12. The WICA web site will display the status of the application (incomplete or submitted) when the vendor accesses the site before final submission. Once submitted and accepted by the system, no further changes to the application will be allowed.

### **III. ELIGIBILITY REQUIREMENTS/VERIFICATION OF SUBMITTED DOCUMENTS PROCESS**

1. PR WIC will review documents submitted by vendor applicants through the Vendor Selection Committee appointed by the Executive PR WIC Director for such purposes.
2. The Vendor Selection Committee will use the Selection Committee Application to verify the required documents submitted by the vendors.
3. Eligibility Criteria will be confirmed by edits performed by the system on the data submitted in the vendor application, and by the verifications of the required documents by the Vendor Selection Committee.
4. Vendors must meet the eligibility criteria to be authorized. PR WIC will deny applications from any vendor who does not meet all the following eligibility criteria or fails to comply with them once authorized as a vendor. However, meeting all eligibility criteria will not guarantee authorization, since the vendor must also comply with regulatory requirements.

<b>Eligibility Criteria</b>	<b>Verification of submitted documents</b>
<p>1. Be an established store, doing business at least six (6) months prior to applying. An established store means that it remains open, serve customers, and possess the following documents:</p> <ul style="list-style-type: none"> <li>(a) Permit of use issued by the Office of Permits Management (OGPe for its Spanish acronym) or the autonomous municipality in which the store is located, as applicable</li> <li>(b) Have a valid Department of Health Sanitary license</li> <li>(c) Possess a valid municipal license (“patente municipal”).</li> </ul>	<p>The inspectors will verify the physical address during the preliminary inspection</p> <p>The Selection Committee will verify that the dates on documents are at least one month prior to application date, and:</p> <ul style="list-style-type: none"> <li>(a) The document expedited either by the OGPe or the autonomous municipality Permits Office, as applicable.</li> <li>(b) The document is updated and corresponds to the physical address of the store.</li> <li>(c) The document corresponds to the municipality where the store is located, and the applicable date for the current fiscal year.</li> </ul>
<p>2. Must have filed all required Federal, State, Municipal, and the Sales and Use Tax (IVU for its Spanish acronym) taxes and have no outstanding debts, or must have proof of a current payment agreement and submit the documentation there of required in the application instructions.</p>	<p>The Selection Committee will verify the:</p> <ul style="list-style-type: none"> <li>• Certification of Income Tax Return filling</li> <li>• Certification of IVU filling</li> <li>• No-debt IVU Certification</li> <li>• No-debt Certification from the Department of Treasury or payment agreement, as applicable</li> <li>• No-debt Certification from the Municipal Revenue Collection Center, as applicable</li> </ul>

<b>Eligibility Criteria</b>	<b>Verification of submitted documents</b>
3. The vendor must be in compliance with the government agencies, as applicable.	The Selection Committee will verify, as applicable the documentation from the following agencies: <ul style="list-style-type: none"> <li>• PR Treasury Department</li> <li>• PR Labor Department</li> <li>• Corporation of State Insurance Fund</li> <li>• State Department Corporation</li> <li>• National Child Support Enforcement Association (ASUME)</li> <li>• Any other government agency, as required.</li> </ul>
4. The vendor must have a valid bank account.	The Selection Committee will verify a check image to validate the existence of the bank account
5. Being certified as a vendor in the Nutrition Assistance Program (NAP)	The Selection Committee will verify the NAP active certification.
6. Haven't been disqualified by the NAP or haven't been currently imposed a civil money penalty for hardship in lieu of a NAP disqualification	The Selection Committee will verify the status in the NAP database.
7. Possess a valid Puerto Rico Vendor Registry Certificate (IVU, by its Spanish acronym)	The Selection Committee will verify the scanned certification document is present.
8. Must have an Employer Identification Number (EIN) or Tax identification (ID) number.	The Selection Committee will verify the EIN or Tax ID number.
9. Have access to internet on store and a valid electronic e-mail address. Internet access at the vendor store is required for EBT and/or new technology implemented by PR WIC Program	The inspector will verify the store has both internet access and a valid e-mail address.
10. Submit evidence of State Income Tax Return submitted for the prior calendar year, as indication of vendor's gross sales. For new stores, submit Gross Sales Projection certified by an authorized public accountant as the evidence for this criteria.	The Selection Committee will verify the State Income Tax Return or the Gross Sales Projection, as applicable.

<b>Eligibility Criteria</b>	<b>Verification of submitted documents</b>
<p>11. Provide evidence of NAP-eligible food sales revenue for the prior calendar year, if applicable, substantiated by inventory records use for Federal and State tax reporting (Financial Statement by an accountant or CPA, as applicable, including NAP eligible food sales) will be accepted as documentation.</p>	<p>The Selection committee will verify that the eligible food sales amount correspond to the food sales amount in the application.</p>
<p>12. Submit current shelf prices for all authorized supplemental foods included in the food list.</p>	<p>The Management Information System will edit to ensure all required prices are included and will reject prices outside pre-determined reasonable maximum and minimum levels.</p> <p>The inspectors will verify shelf prices for all authorized supplemental foods.</p>
<p>13. Be open at least 8 hours a day, 6 days a week, except holidays. Note: Opening on a holiday is at the vendor's discretion.</p>	<p>The Management Information System will validate the response to the application and will display error message if requirement is not met. Must have marked six week days on the application and have 8 or more hours a day for 6 days.</p>
<p>14. Have available the PR WIC minimum stock requirement for sale on the store shelves and refrigerators as per the type of food at the time of the preliminary inspection in accordance with 7CFR 246.12(g)(3)(i).</p>	<p>PR WIC inspectors will verify availability of each item during the onsite inspection.</p> <p>The Vendor Selection Committee will verify the inspection forms to ensure requirements are met.</p>
<p>15. The vendor applicant must comply with Business integrity criteria: have not been convicted of or had a civil judgment entered against them during the last six years for any activity indicating a lack of business integrity, in accordance with 7CFR 246.12(g)(3)(ii).</p>	<p>The Vendor Selection Committee will verify the negative certificate of penal record of each vendor applicant.</p>

<b>Eligibility Criteria</b>	<b>Verification of submitted documents</b>
<p>16. The vendors must not be disqualified from PR WIC at the time of application.</p>	<p>The Vendor Management must make sure status is up to date before selection process begins, included in checklist for vendor management. The Management Information System will validate against vendor status in vendor database.</p>
<p>17. The Representatives of authorized vendors must attend mandatory training sessions, scheduled by PR WIC before authorization, as established in the application instructions.</p>	<p>The Vendor Management staff will inform vendors regarding the mandatory training attendance and of the signing the vendor contract at the end of the training.</p>
<p>18. The vendor must not have a conflict of interest, or the appearance of a conflict of interest, with PR WIC.</p>	<p>The inspectors will verify thru the preliminary inspection:</p> <ul style="list-style-type: none"> <li>a. When an applicant or authorized vendor requests authorization to establish or relocate an authorized retail store in a building or structure where a clinic is located, or where WIC services are offered.</li> <li>b. When the owner or tenant of the building where a PR WIC clinic is located requests to become a WIC authorized vendor.</li> <li>c. When an authorized vendor owns or has a substantial economic interest, or is part of the corporation that owns the building where a PR WIC clinic is located.</li> <li>d. When a person or organization that already has another type of business relationship with the PR WIC requests to become a WIC authorized vendor.</li> <li>e. When an authorized vendor enters into another type of business relationship with the PR WIC Program.</li> </ul> <p>This eligibility criteria is included in the Vendor Agreement.</p>

<b>Eligibility Criteria</b>	<b>Verification of submitted documents</b>
19. The vendor applicant must obtain contract infant formula only from sources approved by PR WIC Program as stated in the vendor application {7 CFR246.12(g)(3)(i)}.	The authorized vendors must purchase infant formulas from distributors, suppliers and wholesalers approved by PR WIC Program. This is included in the Vendor Agreement.
20. The above-50-percent vendors must not provide prohibited incentive items to WIC participants {7 CFR246.12(g)(3)(iv)}.	This eligibility criteria is included in the Vendor Agreement.
21. The vendor will not have a history of three consecutive months without any Food Instrument redemption.	This eligibility criteria is included in the Vendor Agreement.
22. Failure to provide PR WIC Program legible copies, within 30 calendar days of the written request, of all required program related records including purchase and inventory records for WIC authorized foods will result in termination.	This eligibility criteria is included in the Vendor Agreement.
23. Failure to submit within established time period any documents, surveys or inquiries requested by PR WIC during the term of authorization will result in termination.	This eligibility criteria is included in the Vendor Agreement.
24. Failure to make available to PR WIC Program, the USDA, and/or any law enforcement agency, upon request and at a reasonable time and place for inspection and audit, all food instruments in the Vendor's possessions and all program related records will result in termination.	This eligibility criteria is included in the Vendor Agreement.

**Failure to comply with eligibility requirements or submitting false or misleading information on the application or the required documents is cause for immediate termination.**

#### ***IV. Classification Procedure During The Authorization Process Performed by the WIC System.***

Puerto Rico WIC Program will classify vendors as regular vendors or above-50-percent vendors based on their annual food sales data. PR WIC will use NAP food sales, WIC food sales and documented Cash and Credit food sales to determine if a vendor is a regular or above-50-percent vendor. For the purpose of the vendor classification process, "food sales" are all sales of foods that are eligible items under the Nutrition Assistance Program (NAP).

##### **1. Classification of Current Vendors As Regular or Above-50-Percent Vendors**

A current vendor is a vendor who has a valid vendor ID number and is not currently disqualified. The application of a vendor who is disqualified at the time of application will be denied.

- a. PR WIC will determine whether the current vendor meet the above-50-percent vendor criterion by calculating the WIC redemptions amount from the vendor's total food sales for the same period.
- b. If WIC redemptions are more than 50 percent of the total food sales, the vendor will be considered an above-50-percent vendor.
- c. PR WIC will require from vendors a statement of the total amount of income derived from the sale of foods that could be purchased using Nutrition Assistance Program (NAP) benefits. Also, the vendor must submit verifiable documentation to support the amount of food sales claimed.
- d. PR WIC will also calculate WIC redemptions amounts from the total food sales in the existing WIC-authorized stores owned by the vendor. If the existing stores of the vendors are classified as above-50-percent vendors, the store that the vendor is applying for will also be classified as above-50-percent vendor.

##### **2. Classification of New Vendors Applicants as Regular or Above-50-Percent Vendors**

PR WIC will determine whether or not new vendor applicants are expected to be above-50-percent vendors.

- a. The application requires vendor applicants to state if they expect to derive more than 50 percent of their annual revenue from the sale of food items from transactions involving WIC food instruments. A vendor who chooses the above-50-percent classification will automatically be classified as an above-50-percent vendor.
- b. If a vendor answers in the negative, PR WIC will further assess the vendor by:

- i. Calculating PR WIC redemptions as a percent of total food sales in existing WIC-authorized stores owned by the vendor applicant. If the existing stores of the vendors are classified as above-50-percent vendors, the store that the vendor is applying for will also be classified as above-50-percent vendor.
  - ii. Requesting from the vendor applicant the percentage of anticipated food sales by type of payment, i.e., cash, Nutrition Assistance Program, WIC, and credit/debit card.
  - iii. Reviewing either the inventory invoices for food items, or the actual food items present at the preauthorization visit.
- c. If the vendor is expected to be an above-50-percent vendor under any of the criteria described above, then the vendor will be treated as an above-50-percent vendor.
  - d. PR WIC will reassess the status of new vendors within six (6) months after authorization, by calculating WIC redemptions as a percentage of total WIC and NAP redemptions to determine whether or not the vendors are above-50-percent vendors and will reclassify in accordance to the results.
  - e. PR WIC will reassess the status of all vendors yearly.

#### ***V. Identifying Comparable Vendors and Assigning Peer Groups***

1. PR WIC will assign vendors to peer groups based on type of stores classified accordingly to their annual gross sales (large, medium, and small stores) and geographic area.
2. Policies and procedures related to peer group system will be reevaluated, at least every three years, to reflect any changes in store classification, geographic area, program participation, and/or other changes as deemed reasonable, subject to FNS approval and will be notified to all vendors with at least thirty (30) days before implementation.
3. PR WIC will notify each individual vendor of its peer group assignment.

#### ***VI. Price Competitiveness Determination Performed by the WIC System***

The competitive price will be calculated in consideration of the prices submitted by regular vendors in the shelf price surveys.

1. The Vendor application for authorization includes a survey of the vendor's shelf prices for all authorized foods. The vendor must keep identified the shelf price for each food item. The vendors' shelf prices will be compared to the PR WIC competitive prices criteria.

2. In order to be authorized, the vendor must certify the adherence to his/her competitive shelf prices resulting from the competitive price determination. The vendor must sign the price list as part of the vendor agreement of all competitive and adjusted prices.

### ***VII. Preliminary Inspection Performed by Vendor Management Inspectors***

PR WIC will conduct an initial announced site visit to new applicant vendors to verify that the minimum stock food inventories are being met, verify shelf prices, and determine compliance with the eligibility criteria.

### ***VIII. Preliminary Inspection Validation performed by the Selection Committee***

1. Once the Vendor management inspectors complete each preliminary inspection, the report will be submitted to the Vendor Selection Committee.
2. The Vendor Selection Committee will verify the inspection documentation to determine if the vendor complies with all the eligibility criteria.

### ***IX. Training and signing vendor agreement by Vendor Management division***

1. Once PR WIC determines that the applicant has met all the eligibility criteria and the distinct competitive price criteria, selected vendors will be notified, in writing, of the determination.
2. The notice will contain information on the mandatory attendance to a vendor training session prior to signing the authorization agreement, and will set the date for the training. The notice will advise that failure to attend the training will result in the denial of the authorization, except when written justification is presented.
3. PR WIC will provide vendors with one alternative date to attend training within those already scheduled. Vendors will also be advised that they will be classified as either regular or above-50-percent.
4. The vendor representative authorized to sign the contract must attend the mandatory training session.
5. After receiving the mandatory training, the vendors who accept the terms and conditions will sign the authorization agreement and the competitive price list certification. Vendors who sign the vendor agreement will be activated in the WIC vendor's database
6. New vendors will be provided with contact information to call and set up an appointment for scanner installation.

7. PR WIC Director will notify the non-selected vendors, in writing, of the denial action, stating the reason for denial. The notice will contain information on the right to appeal the determination, the period in which to appeal, and the process to request an administrative review.

**PR WIC reserves the right to assess and amend the procedures as required with FNS prior approval.**

P&P 6.08 as of April, 2017 supersedes P&P 6.08, as of March, 2014.