



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

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OFFICE OF PUBLIC HEALTH SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN (WIC PROGRAM)

The state Office of Public Health should improve its oversight of the Women, Infants and Children (WIC) food program because it does not properly verify the accuracy of prices charged for eligible grocery items, allows stores to possibly overcharge for eligible items, and has been lax in sanctioning vendors who do not have sufficient WIC products in stock or carry expired products on their shelves, according to an audit released Monday by Legislative Auditor Daryl Purpera's office.

The performance audit, requested by the Department of Health and Hospitals, the umbrella agency that houses OPH, said vendors may have overcharged the WIC program an estimated \$655,132 from January 1 through June 30, 2013 because public health personnel assigned some stores to the wrong categories.

WIC is a U.S. Department of Agriculture program administered by the states. In fiscal year 2012, the state Office of Public Health received \$126 million for the program, enrolled approximately 145,000 participants and authorized 723 vendors.

The public health office assigns WIC vendors to seven levels based on their locations and sales volume, with stores in smaller, rural areas generally allowed to charge more for their WIC products than those in larger urban areas. It also establishes a minimum and maximum that can be charged for staples like bread, milk, and eggs.

The report said that OPH assigned 278 of 644 stores - 43 percent - to the wrong tier. Because of this, "some vendors may have charged higher prices than they should have and others may have charged lower prices," the audit report said. As a result, auditors estimate that vendors may have overcharged the program \$655,132.

The Office of Public Health said the "inaccurate tier assignments occurred because staff assigned vendors to tiers with no supervisory review of these assignments," the report said.



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The audit also said that OPH did not verify the accuracy of prices vendors charged for WIC items. In the fiscal year that ended June 30, 56 vendors attempted to redeem almost \$63,000 in food instruments that were over the maximum allowed by OPH.

Auditors said they visited three Baton Rouge area stores in September, checked their prices for accuracy, and found that 35 percent of items had prices higher the amounts reported to OPH. In one of the stores, most items did not have prices on them and the cashier did not know the prices when asked, according to the audit. One of the stores, the report said, charged \$21.99 for infant formula when the maximum it was allowed to charge was \$14.89.

Auditors also found that OPH did not follow up on all stock violations. The audit said that of 75 stores checked, 45 were cited for 71 violations involving not having enough WIC items in stock during the monitoring visit. However, of the 200 monitoring visits auditors reviewed at the 75 stores, OPH did not send letters 21 percent of the time when a supply violation was identified.

OPH is also required to examine sanitary conditions at the stores as part of the monitoring process, the report said, but auditors documented nine cases of unsanitary conditions when the agency took no action against the violators, the audit said.

When auditors accompanied OPH on four visits in May and September, more unsanitary conditions were noted, the report said, including “cheese that had expired in 2009 and infant food that was nine months past its expiration date. We also saw infant formula that was 14 months past its expiration date.”

Although sanitarian services is a function of OPH that conducts health inspections statewide, the audit said, the WIC staff does not currently refer unsanitary conditions at the stores to the sanitarians for investigation.

The audit also found that the state agency disqualified four vendors from the WIC program between 2008 and 2013, but forwarded only one of the four to the federal agriculture department, which determines if a vendor who violated WIC rules should also be disqualified from the food stamp program, known as SNAP, the Supplemental Nutrition Assistance Program.

The three other violators not reported to the U.S. Agriculture Department for review in the last five years are still in the SNAP program and redeemed \$566,399 in SNAP transactions from the time they were disqualified from WIC to July 2013, according to the audit.



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The audit also found that:

- Some smaller vendors redeemed large numbers of WIC transactions over time, a hint that “trafficking” in the WIC food instruments may be taking place. One small vendor, auditors said, recorded 38,343 paid transactions totaling \$873,268 for the 2013 fiscal year – a figure higher than transactions at 22 Wal-Mart Supercenters across Louisiana. The store is currently under investigation.
- Some vendors had “high numbers of even-dollar amounts,” an indication that “benefits are being sold by participants to vendors who offer cash for these benefits.”
- OPH did not always “escalate sanctions” for vendors with repeat violations. Six of 75 vendors who auditors checked had repeat violations but never received anything more than a warning letter.
- OPH did not sufficiently monitor the 69-state run WIC clinics and 39 contractor clinics every two years as the program requires. Twenty-nine of the clinics went from 2½ years to six years without a management evaluation; 50 of 77 of the clinics had repeat findings when the reviews were done.

J.T. Lane, DHH’s assistant secretary of the Office of Public Health, concurred with the audit findings. Lane said prior to the audit, “a new WIC manager was appointed and a business reorganization plan was implemented” to better oversee the program.

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On Twitter: LLA suggests improvements to WIC program