National WIC Association Technology Conference



More Than Inventory Audits

September 27, 2017



<u>Overview</u>

- Focus Audit Purpose
- EBT Audit Process
 - Best Practice
 - Lessons Learned & Results
- Summary



Audit Focus

New WIC
Participants
Require Support

Participant Focused 462,622

	Total Infants Added
2017	to WIC
February	10,455
March	11,015
April	11,099

WIC affects 50% of All Births In Fla. & U.S.

Mother's Diet Supplementation





FFY2011 USG Bgt Spend: \$3.6T Revenue: \$2.3T Borrowed: \$1.3T

[Interest] \$227B [Non-Def] \$646B

Florida HEALTH

Stability: WIC Shopping = Habit













WIC Shopping = Habit





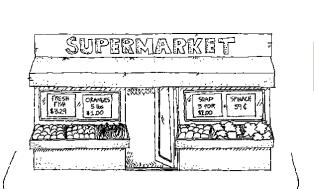








WIC Shopping = Habit









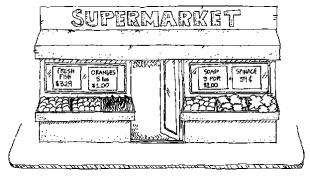
WIC Shopping = Habit









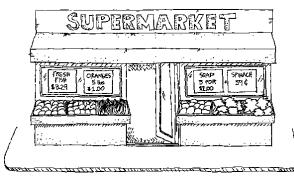






WIC Shopping = Habit





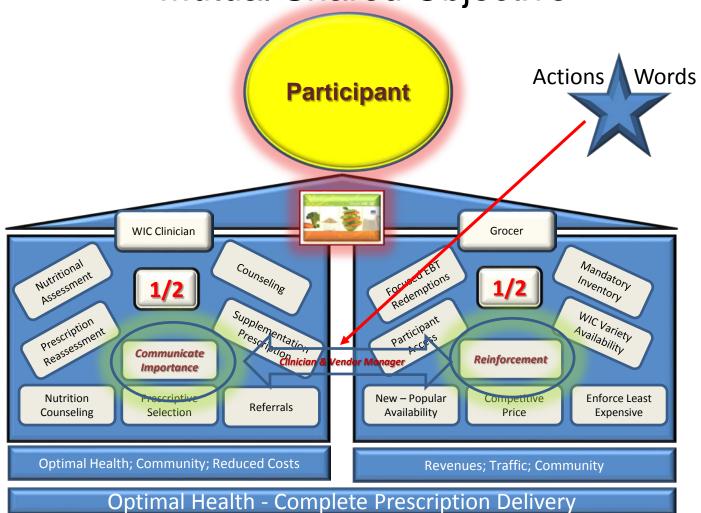




December

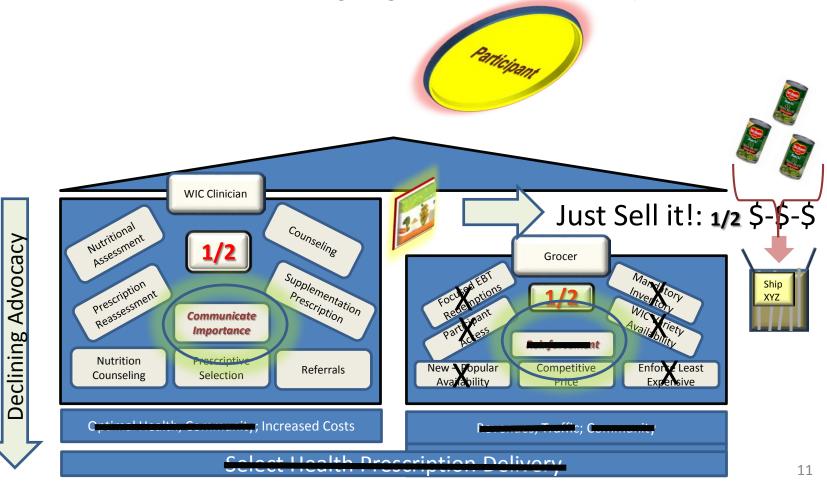


Mutual Shared Objective



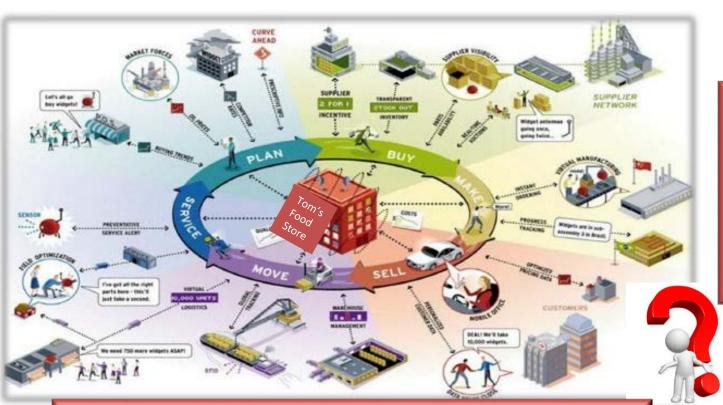


Or Damaging Incompatibility





WIC Isn't Everything



Florida: \$60B WIC: \$350M

- \$1.5M just to open
- \$750K-\$1M inventory
- 1.65% Margin
- 300% employee turnover
- WIC = 3% to 16% sales
- Added Pch 5% to 19%
- WIC + \$17.84

Tom's Business World



Grocer Proforma

PROFORMA OPERATING STAT	EMENT FO	R: 2	0,000 sq. ft.	Orlando, F	L		8-Deu-11	100000000000000000000000000000000000000	22222222222	
WEEKLY SALES	\$135,000		\$130,000		\$125,000		\$120,000		\$115,000	
AVERAGE MIONTHLY SALES:	\$584,955	AAAAAAAAAA	\$563,280	AAAAAAAAA AAAAAAA	\$541,825		\$519,960		\$498,296	
MONTHLY EXPENSES										
RENT	\$13,000	2.22%	\$13,000	2.31%	\$13,000	2.40%	\$13,000	2.50%	\$13,000	2.6
REAL ESTATE TAXES	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00
ELECTRIC	\$11,500	1.97%	\$11,500	2.04%	\$11,500	2.12%	\$11,500	221%	\$11,500	2.3
WATER	\$1,000	0.17%	\$1,000	0.18%	\$1,000	0.18%	\$1,000	0.19%	\$1,000	0.2
ADVERTISING	\$10,250	1.75%	\$10,250	1.82%	\$10,250	1.89%	\$10,250	1.97%	\$10,250	2.0
WRAPPINGSUPPLIES	\$7,000	1.20%	\$7,000	124%	\$7,000	1.29%	\$7,000	1.35%	\$7,000	1.4
TELEPHONE	\$650	0.11%	\$650	0.12%	\$650	0.12%	\$850	0.13%	\$850	0.1
PAYROLL	\$21,500	3.68%	\$21,500	3.82%	\$21,500	3.97%	\$21,500	4.13%	\$21,500	4.3
PAYROLLTAXES	\$5,000	0.85%	\$5,000	0.89%	\$5,000	0.92%	\$5,000	0.96%	\$5,000	1.0
INSURANCE	\$2,875	0.49%		0.51%	\$2,875	0.53%	\$2,875	0.55%	\$2,875	0.5
SANITATION	\$1,000	0.17%	\$1,000	0.18%	\$1,000	0.18%	\$1,000	0.19%	\$1,000	0.2
SECURITY	\$275	0.05%	\$275	0.05%	\$275	0.05%	\$275	0.05%	\$275	0.0
ACCOUNTANT	\$500	0.09%		0.09%	\$500	0.09%	\$500	0.10%	\$500	0.1
LEGAL FEES	\$350	0.08%	\$350	0.08%	\$350	0.06%	\$350	0.07%	\$350	0.0
UNIFORMS/LINEN	\$900	0.15%	\$900	0.18%	\$900	0.17%	\$900	0.17%	\$900	0.1
REPAIRS/MT CE /CONT.	\$500	0.09%	\$500	0.09%	\$500	0.09%	\$500	0.10%	\$500	0.1
BAD CHECKS	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.0
BANK SERVICE CHARGE	\$525	0.09%	\$525	0.09%	\$525	0.10%	\$525	0.10%	\$525	0.1
FLOOR WAX/CLEANING	\$625	0.11%	\$625	0.11%	\$625	0.12%	\$825	0.12%	\$825	0.1
EQUIP. RENTAL	\$750	0.11%	\$750	0.13%	\$750	0.14%	\$750	0.14%	\$750	0.1
/AN	\$650	0.11%	\$650	0.12%	\$650	0.12%	\$850	0.13%	\$850	0.1
HEAT	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.0
PAYROLL SERVICES	\$475	0.08%	\$475	0.08%	\$475	0.09%	\$0	0.00%	\$0	0.0
INVENTORY SERVICES	\$250	0.04%	\$250	0.04%	\$250	0.05%	\$250	0.05%	\$250	0.0
WRKR. COMP.	\$1,375	0.24%	\$1.375	0.24%	\$1,375	0.25%	\$1,375	0.26%	\$1,375	0.0
MISC.(Fines, etc.)	\$500	0.09%	\$500	0.09%	\$500	0.09%	\$500	0.10%	\$500	0.1
EUS-TOTAL	\$81,450	13.92%	\$81,450	14.46%	\$81,450	15.04%	\$80,975	15.57%	\$80.975	16.25
NOTE 1.)	\$01,430	0.00%	\$01,430	0.00%	\$01,430	0.00%	\$00,373	0.00%	\$00,373	0.0
NOTE 2.)	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.0
OTAL OFERATING EXPENSE	\$81,450	13.92%	\$81,450	14.46%	\$81.450	15.04%	\$80,975	15.57%	\$80,975	16.25
· · · · · · · · · · · · · · · · · · ·	PROFIT	RO:	PROFIT	ROI	PROFIT	ROI	PROFIT	ROI	PROFIT	RO
17.00%	\$17,992	22.09%	\$14,309	17.57%	\$10.828	13.05%	\$7,418	9.16%	\$3,735	4.6
QBQ\$\$ 18.00%	\$23.842	29.27%	\$19.942	24.48%	\$16.043	19.70%	\$12,618	15.58%	\$8.718	10.7
PROFIT 1930%	\$29,691	36.45%	\$25,575	31.40%	\$21,489	28.35%	\$17.817	22.00%	\$13.701	18.9
RANGE 20.00%	\$35.541	43.84%	\$31,208	38.32%	\$26.875	33.00%	\$23,017	28.42%	\$18.684	23.0
21.00%	\$41,391	50.82%	\$38.841	45.23%	\$32,291	39.85%	\$28,217	34.85%	\$23.667	29.2

OOTNOTES: Above figures are estimates. These are only estimates for future operation.

Cost for the property at 2.25 and construction at 1.5 million. ! Million in cash required down 2.75 million.

financed for 15 years at 7%. Fixturing for bldg. (this is rent) 1.4 million inventory 600K.

1 million in cash required, 1 million financed at 9% for 5 years (addl. Note 1).

Staying "Open"



You Want How Many Cans of Formula? Where?





Where's Waldo?

Participant Looks for WIC's Prescription



Save Yourself



Availability & Selling WIC's Prescription

We're here to help



WIC Review





- EBT Delivers Incentives
 - Communication Compliance Stability
 - The Chicken or the Egg
 - No stock = no sales
 - No sales = no stock
 - Provide Participant Prescription
 - Where are the WIC products?
 - Audit focus <u>on delivery to participants</u>
 - Team up Vendor focused solutions
 - Encourage Program Use
 - Undermines incentives for abuse
 - Compliance = \$

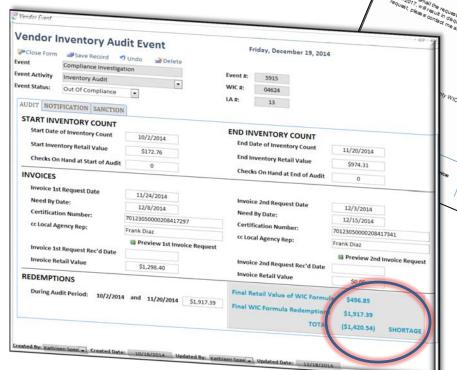


HEAL

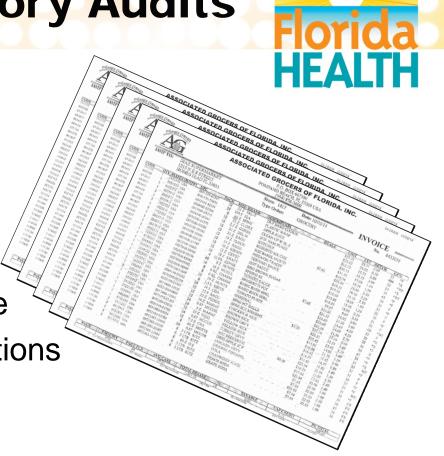
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P001 W001 # 202

- EBT Inventory Process
 - Compliance Review
 - Un/Scheduled Inventory
 - Confirm Invoice Data



- Roles
 - Vendor Manager
 - Count & Invoices
 - State Office
 - Organize/validate invoice
 - Validate against redemptions





04:24AM 10/06/14

INVOICE :

25.82

12.74

ASSOCIATED GROCERS OF FLORIDA, INC.

P.O. BOX 667590 POMPANO BEACH, FL 33069 USA

PLASTIC WRAP

CLEAN UP W BL.

SOZ BAREL MUSTI PIZZA/OK/TRADIT

TERIVAKI SAUCE

RETCHUR

Type Order:

100 F 1GA

64 Z SFINE 32 Z CLORX

2.5 Z GERBR

24 Z DEL M 24 Z RAGU

19 Z PLOCE

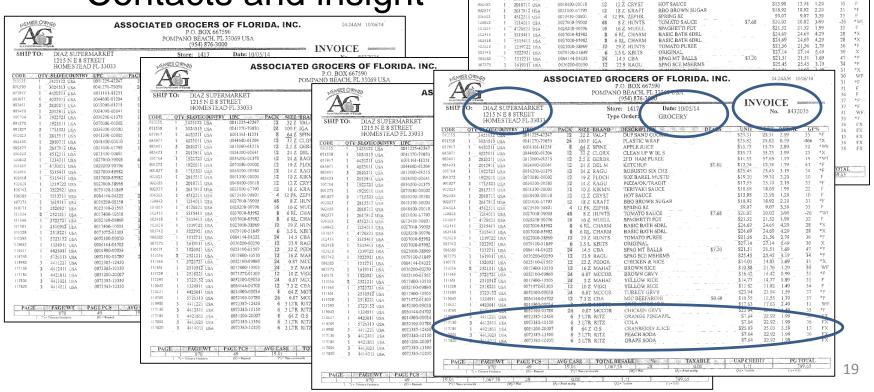
14 Z RAGU

10 Z KIKMN

GROCERY

Supplier or Distributor

- Verifies invoice data
- Contacts and insight



SHIP TO:

DIAZ SUPERMARKET 1215 N E 8 STREET HOMESTEAD FL 33033

0041270-79050

0044500-01204

0015000-0121

0024000+00641

ก็ครกครณ-อกก่อร

0036200-00580

0041390-00005

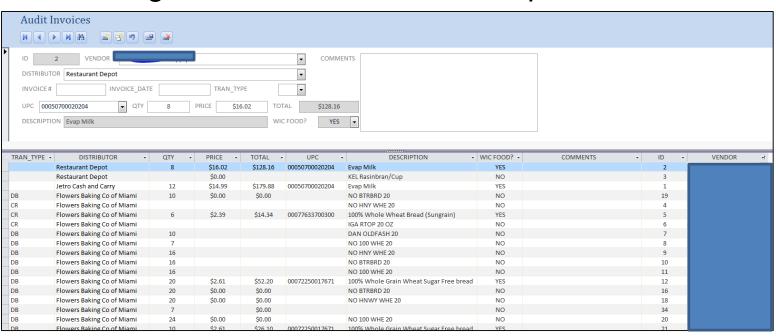
302/1513 USA

4025011 USA

1715321 USA

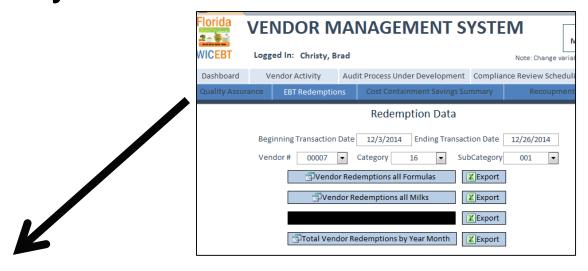


- EBT Inventory Audit
 - Organize invoices and redemptions





EBT Inventory Audit



TRANSACTIC -	HGTN	-	WIC#	•	CAT	→ SUB	CAT ·	UPC	→ BRAND	▼ PRODUCT DESCRIPTION ▼	FOOD DESCRIPTION .	OUNCE	S +	TRANSACTION_LOG_DATE •	SETTLED DATE •	REQUESTED +	NUMBER OF +	SETTLED PRICT
305	31846012	064	n	16	5	001		00072250017	7 Nature's Ov	n Bread	100% Whole Grain Wheat Sugar Free		16	12/3/2014	12/4/2014	7.1	3	7.18
305	31807105	064	1	16	5	001		00072250043	19 Nature's Ov	n Bread	100% Whole Wheat with Honey		16	12/3/2014	12/3/2014	7.1	3	7.18
305	31955113	064	1	16	5	001		00072250043	L9 Nature's Ov	n Bread	100% Whole Wheat with Honey		16	12/4/2014	12/4/2014	7.1	3	7.18
305	31810421	064	1	16	5	001		00072250043	L9 Nature's Ov	n Bread	100% Whole Wheat with Honey		16	12/3/2014	12/3/2014	7.1	3	7.18
305	31922005	064	1	16	5	001		00072250043	19 Nature's Ov	n Bread	100% Whole Wheat with Honey		16	12/4/2014	12/4/2014	10.7	7 :	10.77

Supermarket II

\$ 1,917.39

Overage/Shortfall \$ (1,420.54)



AVERAGE

85.88

172.76

EBT Inventory/Audit

		Cou Beginni				PRODUCT 12.5 oz Enfai 12.4 oz Enfai		1 Premium Infar		,
	Audit Summary Vendor Number: 4				121 Enfamil 591 Enfamil	12.5 oz Enfa 12.4 oz Enfa				ŕ
	Vendor Name: Supermarket II				121 Enfamil 191 Enfamil	12.5 oz Enfa 12.4 oz Enfa				ſ
	Audit Period: 10-2-14 to 11-20-14			F						
	Beginning Date Inventory Retail Value	\$	172.76	╽╽┛	un a	LUPĆ	BRAND FO	DOD DESCRIPTION	DUNCES TR	RAN
	Retail Value of Inventory Purchased During the Audit Period	S	1,298.40		275 084 04	00300871365421		remium Infant 1 Powder	12.5	1
	Beginning Date Inventory Retail Value + Retail Value of Inventory Purchased			1 1	30092374 04	00300871365421		remium Infant 1 Powder remium Infant 1 Powder	12.5 12.5	1
	During the Audit Period	s	1.471.16	1 1	30092801 04 20718191 04	00300871365421 00300871365421		remium Infant 1 Powder	12.5	1
	Ending Date Inventory Retail Value	s	974.31			4 00300871365421		remium Infant 1 Powder	12.5	1
			374.51			4 00300871365421	E-111-04-1-1-1-1	remium Infant 1 Powder	12.5	1
	Beginning Inventory Retail Value + Retail Value of Purchased During the Audit		400.05			4 00300871365421 4 00300871365421		remium Infant 1 Powder remium Infant 1 Powder	12.5 12.5	1
	Ending Date Inventory Retail Value	\$	496.85			4 00300871365421		remium Infant 1 Powder	12.5	1
1		- 1	1	1	26280483 04	4 00000021365421	Enfamil D	vernium Infant 1 Powder	12.5	- 1

WIC Redemptions During the Audit Period

1365421 5100691		12.5 oz Enfam Prem Inf 1 12.4 oz Enfam Gentlease	Premium Infant 1 Powder Gentlease Powder	12.5 12.4	21 24 45	450.87 523.44 974.31
1365421	Enfamil	12.5 oz Enfam Prem Inf 1	Premium Infant 1 Powder	12.5	30	644.10
5100691	Enfamil	12.4 oz Enfam Gentlease	Gentlease Powder	12.4	30	654.30
			_		- 0	1298.40

FOOD DESCRIPTION

OUNCES

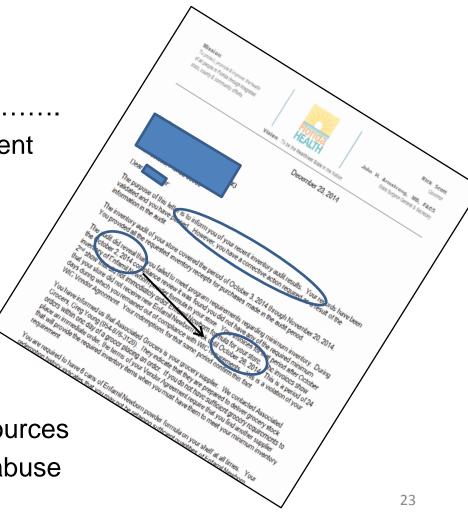
12.4

- w	ar y	UPC	BRAND	FOOD DESCRIPTION	DUNCES	TRANSACTION	SETTLED	REQUESTED	ITEMS	SETTLED
275 084 04			Enfamil	Premium Infant 1 Powder	12.5	10/29/2014	10/29/2014	65.07	3	64.17
30092374 04	4	00300871365421	Enfamil	Premium Infant 1 Powder	12.5	11/18/2014	11/18/2014	43.38	2	43,14
30092801 0/		00300871365421		Premium Infant 1 Powder	12.5	11/18/2014	11/18/2014	108.45	5	107.85
29718191 04	4	00300871365421	Enfamil	Premium Infant 1 Powder	12.5	11/14/2014	13/14/2014	43.38	2	43.14
29499313 0	4	00300871365421	Enfamil	Premium Infant 1 Powder	12.5	11/12/2014	11/12/2014	21.69	1	21.57
29357810 0	4	00300871365421	Enfamil	Premium Infant 1 Powder	12.5	11/11/2014	11/11/2014	173.52	8	172.56
29598002 0	4	00300871365421	Enfamil	Premium Infant 1 Powder	12.5	11/13/2014	11/13/2014	173.52	8	172.56
25862658 0	4	00300871365421	Enfamil	Premium Infant 1 Powder	12.5	10/11/2014	10/11/2014	21.69	1	21.39
26199857 0	4 4	00300871365421	Enfamil	Premium Infant 1 Powder	12.5	10/14/2014	10/14/2014	195.21	9	192.51
26380483 0	4 4	00300871365421	Enfamil	Promium Infant 1 Powder	12.5	10/15/2014	10/16/2014	130.14	6	128.34
6641411 0	4	00300871365421	Enfamil 1	Premium Infant 1 Powder	12.5	10/18/2014	10/18/2014	43.38	2	42.78
27128216 0	4	00900871365421	Enfamil	Premium Infant 1 Powder	12.5	10/22/2014	10/22/2014	151.83	7	149.73
20= 26.0	4	00300875365421	Enfamil	Premium Infant 1 Powder	12.5	11/1/2014	11/1/2014	195.21	9	192.51
29328335 6	ш	00300871365421	Enfamil	Premium Infant 1 Powder	12.5	11/11/2014	11/11/2014	21.69	1	21.57
29329136 0	: 4	005 21365421	Enfamil	Premium Infant 1 Powder	12.5	11/11/2014	11/11/2014	151.83	7	200.00
	ш							1539.99	71	1524.81
	ш								Average	21.47
	ш									
26236709 0	4 4	003008753,00691	Enfamil	Gentlease -	12.4	10/14/2014			5	109.25
29207789 D	4 4	00300875100691	Enfamili	Gentlesse Powder	12.4	11/10/2014	11/10/2014	44.78	2	
25818620 D	4	00300875100691	Enfamili	Gentlease Powder	1.0	10/10/2014			2	
30230181 0	4 24	00300875100691	Enfamili	Gentlesse Powder	12.4	1/19/2014			6	
26001084 0	24	00300875100691	Enfamili	Gentiesse Powder	12.4	10/12/	10/12/2014		1	
25473723 0	4	00300875100691	Enfamél	Gentlesse Powder	12.4	10/7/2014	10,014	44.78	2	
	ш							403,02	18	
	ш								asialia	21.81
	_									
								Total Redeen	ned	1917.33
										~~



EBT Inventory Audit

- Notice of results
 - Passed or Pass but
 - No invoice no payment
 - Justify or CAP
- Solution required
 - Invoices
 - Supplier
- Objective
 - Compliance
 - Encourage multiple sources
 - Discourage program abuse





Best Practice

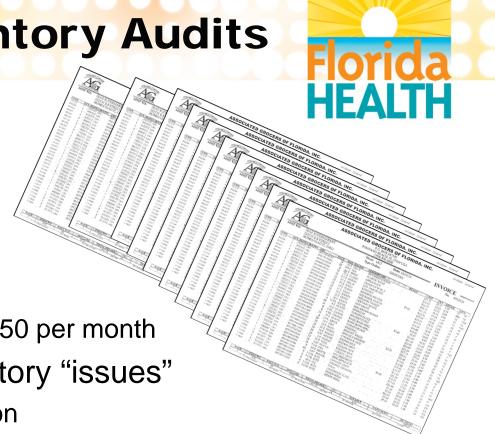
- Initial count at annual compliance review
 - Validate count in review
 - Good suppliers or issues?
 - Vendor: Good or Not So Good



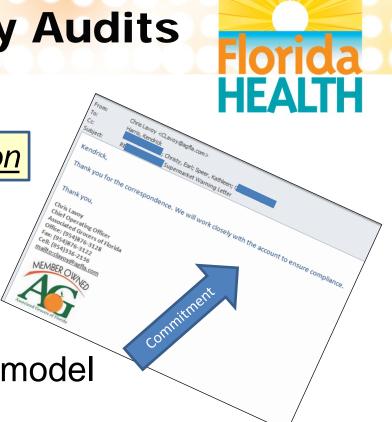
- Complete initial audit no or little result......
- Return again after second count and continue audit
 - Unannounced = increased compliance
 - Compliance improves dramatically



- Best Practice
 - High volume
 - Quick turn around
 - Aspirational objective 150 per month
 - Highlight product/inventory "issues"
 - Availability or distribution
 - Delivery
 - Discourage program abuse
 - Focus on high risk, all peer groups
 - Volume exposes patterns in market, region & areas



- Lessons Learned Communication
 - Starts with the first "but.....
 - Listen and learn
 - Supply chain
 - Characteristics of support
 - New sources
 - Understand vendor business model
 - Cost vs. price
 - Hear and respond to support problems
 - Impact of interruptions
 - Learn participant needs and wants
 - Refresh sources constantly



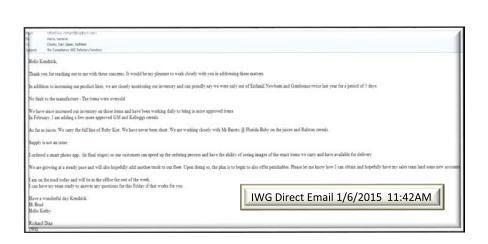
- Lessons Learned <u>Communication</u>
 - Suppliers/Distributors
 - Active compliance role
 - Solution oriented
 - Word "gets around"
 - Vendors "talk"
 - One audit = 5 + compliance actions
 - Vendors develop better choices
 - Guided solution oriented support
 - "Shop" for better suppliers
 - Communicate real time issues





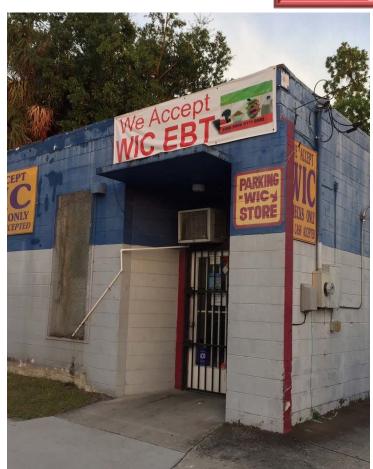
- Results <u>EBT Proactive Decisions</u>
 - Better Distribution = Better WIC
 - Expanding list of suppliers
 - New entrepreneurs serve many small vendors
 - Motivated Vendor Supplier Team







On-Going WIC Facility Renovations



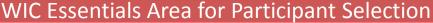


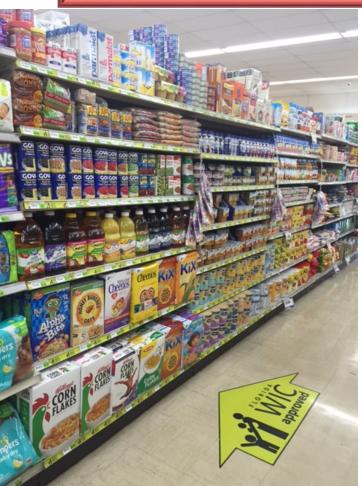














- Better "shopping"
- Higher redemption rates
- More prescription consumed
- "See" fast movers
 - Rapid restocking
 - Customer focused
- Speeds audits
- Increases Cooperation

HEALTH



WIC Shopping = Habit

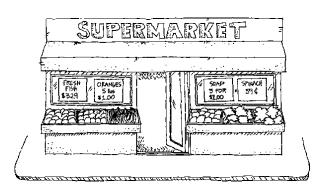






Stability

-Reliable Market-Supports Good Shopping Habits

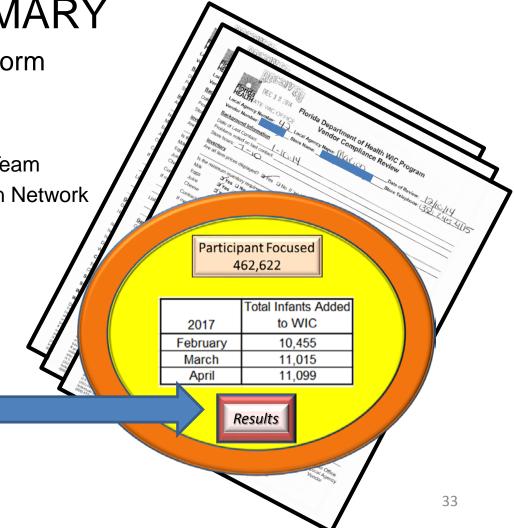






SUMMARY

- EBT Delivers a Valuable Platform
- Communicate to learn
 - Vendors "talk"
 - Devise focused solutions as a Team
 - Strengthen Wholesale/Distribution Network
- Vendor compliance
 - Encourage Vendor-Supplier-WIC
 - Inventory = Sales
 - Multiple Products
- Hard, Focused Work
 - Profitability = Stability
 - Stability = Profitability
 - A Team



Contact Information



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