



**Mecklenburg County
Department of Internal Audit**

Public Health
Women, Infants, and Children Program – Vendor Management
Report 2062

September 27, 2022

Internal Audit's Mission

To support key stakeholders in cultivating an environment of accountability, transparency, and good governance.

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Staff

Rhonda Minter, Auditor-in-Charge

Acknowledgements

**Obtaining Copies of
Internal Audit Reports**

This report can be found in electronic format at
<https://www.mecknc.gov/audit/reports/pages/default.aspx>



MECKLENBURG COUNTY
Department of Internal Audit

To: Raynard Washington, Director
Public Health

From: Terry Thompson, Audit Director
Department of Internal Audit

Date: September 27, 2022

Subject: Public Health Women, Infants, and Children Program – Vendor Management Audit
Report 2062

The Department of Internal Audit has completed its audit of the Public Health Department's Women, Infants, and Children Program to determine whether internal controls effectively manage key business risks inherent to vendor management. Internal Audit interviewed key personnel, reviewed and evaluated policies, procedures, and other documents, observed operations, and tested various activities from July 1, 2019 through February 28, 2021.

This audit was conducted in conformance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

OVERALL EVALUATION

Overall, key risks inherent to vendor management were managed to an acceptable level and no significant weaknesses were identified. As such, our report contains no risk observations and recommendations.

RISK OBSERVATION SUMMARY

The table below summarizes the risk factors identified during the audit and defined in Appendix A. The criticality or significance of each risk factor, as well as Internal Audit’s assessment of the design and operation of key controls to effectively mitigate the risks, are indicated by the color codes described in Appendix B.

RISK OBSERVATION SUMMARY			
Risk Factors and Observations	Criticality	Design	Operation
1. Policies and Procedures Risk	●	●	●
No risk observations noted			
2. Compliance Risk	●	●	●
No risk observations noted			
3. Human Resources Risk	●	●	●
No risk observations noted			
4. Vendor Monitoring Risk	●	●	●
No risk observations noted			
5. Segregation of Duties Risk	●	●	●
No risk observations noted			
6. Integrity Risk	●	●	●
No risk observations noted			

We appreciate the cooperation you and your staff provided during this audit. Please feel free to contact me at 980-314-2889 if you have any questions or concerns.

- c: County Manager
- Deputy County Managers
- County Attorney
- Deputy County Attorney
- Board of County Commissioners
- Audit Review Committee

BACKGROUND

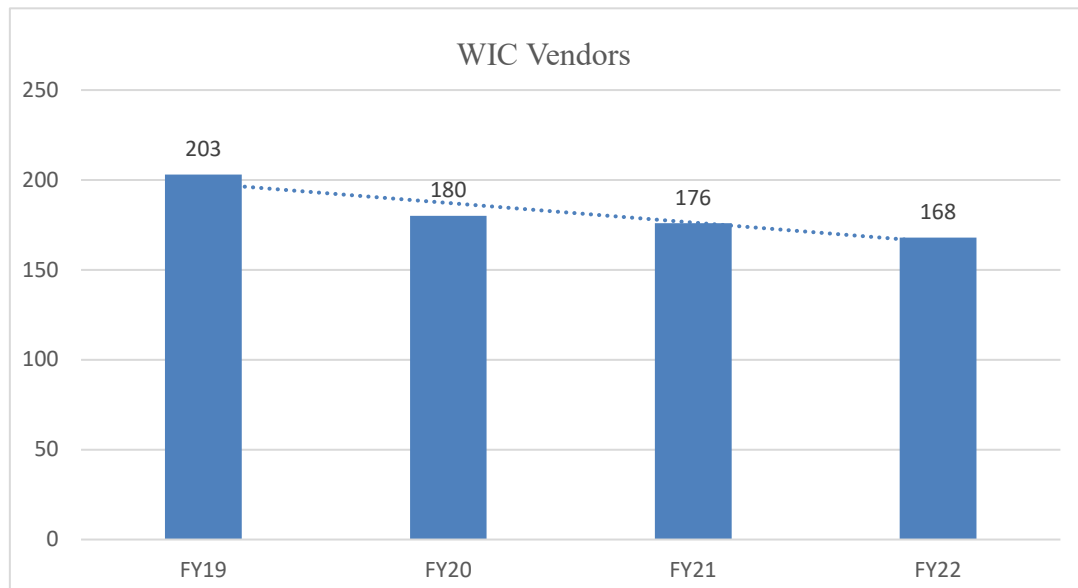
The Special Nutritional Program for Women, Infants and Children (WIC) is a federally funded food and nutrition program for pregnant and breastfeeding women and their children from birth to age five who are at nutritional risk. The U.S. Department of Agriculture (USDA) Food and Nutrition Service administers this program through grants to State agencies. State agencies, in turn, enter into agreements with Local Agencies for the operation of the program.

In North Carolina, the Department of Health and Human Services Division of Public Health, Women's and Children's Health Section administers the WIC Program and awards subgrants to Local Agencies such as Mecklenburg County Public Health to certify applicants' eligibility for the WIC Program and deliver benefits to eligible persons. Program benefits delivered at the local level include nutritious foods to supplement diets, information on healthy eating, and referrals to other health care and social services.

Food Benefit Delivery

Vendors play a unique role in the WIC Program and are critical to the program's success. In North Carolina, supplemental foods are provided to program participants through the retail purchase system. Food benefits are issued through an electronic benefit transfer (EBT) system using a card that works like a debit card, known as eWIC. Benefits are issued directly to individual participants, who use the eWIC card to obtain authorized supplemental foods at retail stores approved and contracted as vendors by the State. As the food deliverers, WIC vendors help assure that participants receive full benefits from the program by assisting them in identifying and purchasing allowable WIC foods.

The chart below shows the number of WIC retail vendors in Mecklenburg County July 1, 2018 through March 31, 2022. On average, 183 retail vendors participated in the WIC Program during this period.



Source: Mecklenburg County Public Health, WIC Program, unaudited

Vendor Management

Local Agencies are responsible for on-site monitoring for all new vendors and a minimum of a third of the existing vendors on an annual basis to ensure they are in compliance with program requirements. During the monitoring visit, DHHS 2922 – *WIC Vendor Monitoring Report* form is completed. Local agencies are required to send the original report to the State Agency, keep a copy on file, and provide the vendor with a copy. Additionally, they are required to document the outcome of all vendor monitoring visits in Crossroads, the State system used to manage WIC Program activities.

If monitoring reveals deficiencies, the Local Agency staff must return to the vendor's location within 21 days of the visit to ensure that the deficiencies were corrected. If requirements are not met, appropriate actions are taken by the State.




In addition to other administering activities, Local Agency staff also provide required initial and ongoing training to WIC vendors. Vendors found to have committed a program violation may be required to complete additional training.

APPENDIX A—Risk Factor Definitions




Risk Factor	Definition
Compliance Risk	Failure to comply with established policies, procedures, and/or statutory requirements may result in unacceptable performance that impacts financial, operational, or customer objectives.
Human Resources Risk	Failure to attract, train, develop, deploy, and/or empower competent personnel may inhibit the organization's ability to execute, manage, and monitor key business activities.
Integrity Risk	Dishonest or misdirected employees may carry out activities that are not in accordance with management's criteria and/or expectations.
Policies and Procedures Risk	Failure to have formal, documented, clearly stated, and updated policies and procedures may result in poorly executed processes and/or increased operating costs.
Segregation of Duties Risk	Failure to adequately segregate duties may allow an employee or group of employees to perpetrate and conceal errors or irregularities without timely detection.
Vendor Monitoring Risk	Inability to consistently execute processes in accordance with designed policies and procedures may result in unacceptable financial, operational, or customer impact.

APPENDIX B—Color Code Definitions

The criticality of a risk factor represents the level of potential exposure to the organization and/or to the achievement of process-level objectives before consideration of any controls in place (inherent risk).

Criticality	Significance and Priority of Action
	The inherent risk poses or could pose a significant level of exposure to the organization and/or to the achievement of process level objectives. Therefore, management should take immediate action to address risk observations related to this risk factor.
	The inherent risk poses or could pose a moderate level of exposure to the organization and/or to the achievement of process level objectives. Therefore, management should take prompt action to address risk observations related to this risk factor.
	The inherent risk poses or could pose a minimal level of exposure to the organization and/or to the achievement of process level objectives. Risk observations related to this risk factor, however, may provide opportunities to further reduce the risk to a more desirable level.

The assessment of the design and operation of key controls indicates Internal Audit’s judgment of the process and system design to mitigate risks to an acceptable level.

Assessment	Design of Key Controls	Operation of Key Controls
	The process and system design do not appear to be adequate to manage the risk to an acceptable level.	The operation of the process’ risk management capabilities is not consistently effective to manage the risk to an acceptable level.
	The process and system design appear to be adequate to manage the risk to an acceptable level. Failure to consistently perform key risk management activities may, however, result in some exposure even if other tasks are completed as designed.	The operation of the process’ risk management capabilities is only partially sufficient to manage the risk to an acceptable level.
	The process and system design appear to be adequate to manage the risk to an acceptable level.	The operation of the process’ risk management capabilities appears to be sufficient to manage the risk to an acceptable level.