



CHAPTER 11: FINANCIAL MANAGEMENT

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POLICY

The Idaho WIC Program operates according to WIC program specific federal regulations and financial guidelines to ensure fiscal accountability.

PURPOSE

The sections in this chapter provide guidance and clarification of acceptable use of funds by all WIC program staff.

SCOPE

The policy applies to all State and local agency staff spending funds and billing for operations within the WIC program.

DEFINITIONS

Costs

Costs are reimbursed only to the extent of benefit received by the specific federal program and to the goals of the program.

Direct Costs

Incurred specifically for a program objective and can be readily identified with a particular objective. Examples of direct costs in WIC are wages and salaries of staff working in the WIC Program and supplies specifically used to meet program requirements.

Indirect Costs

Incurred for the benefit of multiple programs, functions or other cost objectives, and therefore cannot be identified readily and specifically with a particular program or other cost objective. They typically support administrative overhead functions such as accounting, payroll, purchasing, facilities management, and utilities.

Allocated Costs

Refers to costs that are clearly associated and can be assigned to a specific program. They are typically shared costs between multiple programs such as mileage, sharps removal, and vehicle maintenance.

Program Incentive Items

Refers to a class of goods, usually of a nominal value, that are given to applicants, participants, potential participants, or persons closely associated with the WIC program (excluding staff) for purposes of outreach, nutrition education, or breastfeeding promotion. Other terms that may be used to describe these items include memorabilia, souvenirs, or promotional items. Examples include buttons, pens, bibs.

Outreach

Promotional efforts to encourage and increase participation in the WIC program, such as radio spots, newsletter articles.

Nutrition Education

Individual or group education sessions and the provision of information and educational materials designed to improve health status, achieve positive change in dietary habits, and emphasize relationships between nutrition and health, all in keeping with the individual's personal, cultural, and socioeconomic preferences.

Breastfeeding Promotion

Strategies, initiatives, and services to increase and support the initiation and continuation of breastfeeding among WIC participants.

Reasonable Costs

- are consistent with the costs of similar items from other vendors.
- are in proportion to other program costs for the function that the costs serve.
- are justified per location (for example, one per agency rather than every clinic site).
- are priority expenditures relative to other demands on available administrative resources.
- have a proven or reasonably expected positive outreach or nutrition education impact.
- are costs a prudent person would incur the cost in a similar situation.

Necessary Costs

- are incurred to carry out essential program functions.
- cannot be avoided without adversely impacting program operations (examples: computers, monitors, printers for a WIC staff workstation).

IN THIS CHAPTER

Section A	Grants
Section B	Allowable Costs
Section C	Program Incentive Items
Section D	Requirements for Federal Funds
Section E	Reporting

SECTION A: GRANTS

OVERVIEW

The WIC program is primarily federally funded and appropriated annually by Congress. WIC is a discretionary program and has a budget cap on the amount of federal money allocated each year. It must operate within the annual funding level. The Idaho WIC program does not receive state funding.

Each fiscal year, USDA allocates federal WIC funds to state WIC programs to cover the costs of food and of state and local program services, including nutrition education.

IN THIS SECTION

Food Funds
Nutrition Services and Administration
Peer Counseling
Budget

FOOD FUNDS

Food funds are allocated by USDA to each state based on the previous year's food grant, participation, and forecasted caseload. These funds are managed by the State agency.

Food Costs: Food costs are the cost of food purchased with vouchers issued to certified WIC participants.

Formula Rebates: State agencies are required to contract with infant formula companies to provide reimbursement for number of cans purchased by participants. A formula rebate is required for standard milk-based and standard soy-based infant formula.

NUTRITION SERVICES AND ADMINISTRATION (NSA)

NSA is based on an Administrative Grant per Participant (AGP) amount that is determined annually at the national level. The State agency will reimburse local agencies/tribal organizations for allowable operational and administrative costs up to but not exceeding the grant for administrative funds.

Of allowable expenses, at least 20% must be spent on nutrition education activities and four percent (4%) on breastfeeding promotion, support and related education.

PEER COUNSELING

Peer counseling funds are allocated by USDA to each state based on state participation rates. The State agency will reimburse local agencies for allowable costs up to but not exceeding the grant. The grant amount is determined every year and is based on the prior year's pregnant and breastfeeding participation.

BUDGET

Local agencies are funded based on a negotiated dollar amount per participant. The participant count is based on the previous federal year's monthly participation average.

Local agencies are required to prepare and submit an annual budget. A revised budget must be submitted anytime amendments are made to the contract amount.

REFERENCE

7CFR 246.16(a) through (c)

7CFR 246.6

7CFR 246.13(b)

7CFR 246.13(j)

SECTION B: ALLOWABLE COSTS

OVERVIEW

IN THIS SECTION

Allowable Program Costs
 Allowable Peer Counseling Costs

POLICY

Costs necessary for fulfillment of federally compliant program objectives are considered allowable costs. To be allowable, each cost item must be:

- used to carry out essential WIC program activities or allocable to WIC operations or functions.
- necessary and reasonable.
- treated consistently as a direct or indirect cost.
- determined in accordance with generally accepted accounting principles (GAAP).
- net of all applicable credits.
- not included as cost, or used to meet the cost-sharing or matching requirements of another federal award, unless specifically permitted by federal law or regulation.
- authorized or not prohibited under state or local laws and regulations.
- consistent with regulations, policies and procedures, which apply to federal award.
- adequately documented.

ALLOWABLE PROGRAM COSTS

Allowable direct costs are divided into four categories. Examples are not all inclusive.

- Program Management – all costs direct or indirect considered to be overhead or management costs.
 - Outreach
 - Food instrument reconciliation, monitoring and payment
 - Vendor monitoring
 - Program reporting
 - General management
 - Payroll and personnel systems
 - Accounting and audits
 - Financial or legal services
 - Fraud prevention
- Client Services – all costs expended to issue food benefits and other client services and benefits
 - Phone coverage, appointment setting
 - Diet and health assessments for certification
 - Computer data entry
 - Lab work, weighing, measuring
 - Issuance of food instruments
 - Training participants on food instrument use
 - Referral services for other health care and social services

- Coordination activities
- Nutrition Education – all costs directly related to general nutrition education
 - Nutrition education sessions (group or individual), including preparation
 - Prepare and providing nutrition education materials
 - Equipment for nutrition education
 - Interpreter or translator services to facilitate nutrition education
 - Evaluation or monitoring of nutrition education
- Breastfeeding Promotion – all costs expended for promotion and support of breastfeeding.
 - Education sessions (group or individual) to promote or support breastfeeding.
 - Pump issuance
 - Providing breastfeeding educational materials
 - Breastfeeding aids such as breast pumps, breastshells

Note: all computers and printers, regardless of unit cost, must have a justification letter sent to the State agency prior to purchase. In addition, any equipment which costs \$2000 or more per unit must have prior State agency approval.

Indirect costs must be evaluated every year. Indirect costs charged to the WIC grant are determined by taking a calculated indirect rate and multiplying it against staff salaries.

PEER COUNSELING ALLOWABLE COSTS

The primary purpose of peer counseling funds is to provide direct breastfeeding support services through peer counseling to WIC participants. Peer counseling funds may not be used to fund general WIC breastfeeding promotion and support supplies and services. The following examples are not all inclusive.

- Personnel and compensation
 - Salaries and compensation for peer counselors, designated peer counselor coordinators, and referral experts
 - Recruitment of peer counselors and related staff
- Durable goods and space
 - Phone lines, Internet service, cell/smartphones, pagers, and answering machines for contacts between peer counselors and mothers
- Incentives and educational materials used specifically by peer counselors to promote breastfeeding
 - Breast pumps and breastfeeding aids for demonstration purposes by peer counselors
- Staff training and resources
 - Travel for training of peer counselors and peer counseling staff/managers
 - Travel for home and hospital visits by peer counselors
- Peer counseling program advertising and promotion
 - Pamphlets and similar materials to promote the peer counseling program
- Miscellaneous
 - Indirect program costs (e.g., lease/rental costs, copying costs, HR services, legal services, utilities)

The use of peer counseling funds for expenditures that are not supported by the *Loving Support* model are not authorized.

REFERENCES

7 CFR Part 246.14

OMB Circular 87

7 CFR sections 3015 through 3019

WRO Guidance "Allowable Costs for Breastfeeding Peer Counseling Funds"

Alaska WIC Program Policy and Procedure Manual

Arizona WIC Program Policy and Procedure Manual

Oregon WIC Program Policy and Procedure Manual

SECTION C: PROGRAM INCENTIVE ALLOWABLE/UNALLOWABLE COSTS

OVERVIEW

IN THIS SECTION

Program Incentive Items
Examples of Allowable and Unallowable Program Incentive Items

POLICY

Program incentive items may be allowable if they are considered to be reasonable and necessary costs that promote the specific program purposes of outreach, nutrition education, or breastfeeding promotion as defined below.

All program incentive items should be able to withstand review, audit, and public scrutiny for appropriate expenditure of public funds. Questions about a planned incentive can be directed to the State agency. Ensure that funding is available for all required program functions, especially nutrition education, before considering the purchase of incentive items.

Local agencies are required to implement proportional allocation of costs for items that are shared between programs. For example, if WIC funds are used to purchase a television that will be used by other programs for viewing of other program messages, the appropriate percentage of cost must be shared between WIC and the other program(s). The allocation should be based on an appropriate measurement directly related to the item or activity.

GUIDELINES

Outreach items should:

- contain a WIC-specific message that targets the potentially eligible population.
- normally be seen in public.
- contain a WIC-approved nondiscrimination statement for publications or other printed material that include program information.
- have value as outreach devices that equal or outweigh other uses.
- include WIC contact information such as the State or local agency name, address and/or telephone number.
- constitute (or show promise of) an innovative or proven way of encouraging WIC participation.
- be reasonable and necessary costs.

Nutrition education items should:

- be targeted to participants.
- contain a WIC-approved nondiscrimination statement for publications or other printed material that also include any program information.
- have a clear and useful connection to particular WIC nutrition education messages.
- either convey enough information to be considered educational or be utilized by participants to reinforce nutrition education contacts.
- have value as nutrition education aids that equal or outweigh other uses.

- be distributed to the audience for which the items were designed (e.g., easy flow cups distributed during a relevant nutrition education contact to mothers of infants who are learning or will be learning to drink from a cup).
- be reasonable and necessary costs.

Breastfeeding promotion and support items should:

- Contain a WIC-approved nondiscrimination statement for publications or other printed material that also include any program information,
- have a clear and useful connection to promoting and supporting breastfeeding among current WIC participants.
- either convey information that encourages and supports breastfeeding in general, informs participants about the benefits of breastfeeding, or offers support and encouragement to women to initiate and continue breastfeeding.
- have value as breastfeeding promotion and support items that equal or outweigh other uses.
- be distributed to the audience for which the items were designed.
- be reasonable and necessary costs.

EXAMPLES OF ALLOWABLE AND UNALLOWABLE PROGRAM INCENTIVE ITEMS

SOME ALLOWABLE ITEMS

- Outreach items intended for WIC participants - T-shirts, buttons, diapers, bibs, toothbrushes, pens, cups or other items of nominal value with reasonable opportunity for public display that contain a WIC promotional message.
- Nutrition education – calendars that contain important nutrition education messages, refrigerator magnets picturing the MyPlate, and easy flow cups that are provided to mothers of infants who are learning how to drink from a cup as reinforcement of a relevant nutrition education session.
- Breastfeeding promotion and support – T-shirts, buttons or other items of nominal value with a breastfeeding promotion or support message.

SOME UNALLOWABLE ITEMS:

- Celebratory items or items designed primarily as staff morale boosters, generally for the personal use of the staff, with minimal public display (Examples: fruit and veggies scrubs for staff, staff coffee mugs/water bottles with a nutrition message, staff T-shirts, pedometers).
- Items of nominal value which have no outreach, breastfeeding, or nutrition education message (e.g., container gardening products/pots, vegetable/fruit seeds or plants); any program incentive item intended for persons who are not participants, potential participants, their parents/guardians, or persons connected to the WIC program.
- Food items purchased for any reason other than demonstrated use of WIC foods in an educational environment.
- Items not of nominal value, such as diaper bags, infant slings, or ponchos (regardless of any nutrition education, outreach or breastfeeding promotion messages).

REFERENCES

7 CFR Part 246.2

WRO Policy Memo 807-K/ASM 95-5 Allowability of Costs for Program Incentive Items

Utah WIC Program Policy and Procedure Manual

Alaska WIC Program Policy and Procedure Manual

Arizona WIC Program Policy and Procedure Manual

Oregon WIC Program Policy and Procedure Manual

SECTION D: REQUIREMENTS FOR FEDERAL FUNDS

OVERVIEW

IN THIS SECTION

Debarment and Suspension
Drug-Free Workplace
Lobbying Restrictions
No Smoking Policy

DEBARMENT AND SUSPENSION

The State and local agencies will comply with all applicable State and federal regulations with regard to non-procurement of goods and services from entities which have been debarred or suspended from entering into contracts or agreements with grantees and sub grantees of federal funds.

DRUG-FREE WORKPLACE

The State and local agencies will comply with all applicable State and federal regulations with regard to providing a drug-free workplace.

LOBBYING RESTRICTIONS

The State and local agencies will comply with all applicable State and federal regulations with regard to lobbying restrictions. Federal funds cannot be used for lobbying.

NO SMOKING POLICY

Smoking is prohibited in the physical space used to provide WIC services. "No Smoking" signs must be prominently displayed and consistent with federal regulations.

REFERENCES

WRO 802-A/ASM 94-54
7CFR 246.3(b)
7CFR 246.4(a)(23)
7CFR 246.6(b)(1)
7CFR part 3017
7CFR part 3018
7CFR part 3021

SECTION E: REPORTING

OVERVIEW

This section describes the guidelines for staff to ensure compliance with federal reporting WIC regulation.

IN THIS SECTION

Claims
Equipment Inventory
Staff Time
Participant and Vendor Collections

CLAIMS

POLICY

If a local agency is found to be in violation of the allowable costs policies in this chapter, WIC money spent on unallowable items will be subject to repayment by the contracting agency. Federal money may not be the source of repayment. A payment or repayment plan must be agreed upon by the local agency and the State agency and repayment must be received within 60 days of the violation discovery.

REFERENCES

7CFR 246.14
OMB Circular 87
7CFR sections 3015 through 3019
“Allowable Costs for Breastfeeding Peer Counseling Funds”

EQUIPMENT INVENTORY

All equipment purchased with WIC funds must be inventoried. Inventories must be thoroughly reviewed once a year.

“Equipment” means non-expendable items such as desks, chairs, file cabinets, hemocue machines, scales, breast pumps, computer equipment, television sets, VCR equipment and projectors.

REFERENCES

7CFR 246.25(d)
7CFR 246.13

STAFF TIME

USDA requires WIC programs to report end-of-year costs in the following categories: Breastfeeding Promotion, Client Services, General Administration, and Nutrition Education. These are used to show how the program services budget is actually used.

State and local agencies are required to follow federal requirements for documenting staff time billed to WIC. Employees paid by more than one federal program must document actual time spent working for each program.

TIME STUDIES

Time studies are used to calculate personnel costs for all WIC funded staff. One month a quarter or one week a month, local WIC programs will conduct staff time studies and provide to the state WIC program with a breakout of staff time according to federally identified categories. If WIC staff code actual time to the four required categories with each time reporting, a time study is not required.

SEMIANNUAL CERTIFICATION

Employees engaged in WIC only functions must sign a semiannual certification that states the employee worked solely for WIC. A secondary signature by a supervisor must accompany the staff signature.

REFERENCES

2CFR Part 225 (A-87), Attachment B, paragraph 8.h.
WIC Cost Allocation Guide
A-122, Attachment B, paragraph 7.m.
45 CFR Part 74, Appendix E, paragraph IX.B.7.c.

PARTICIPANT AND VENDOR COLLECTIONS

The State agency may use funds collected from participants and vendors in the fiscal year in which the initial obligation was made, in which the claim arose, in which the funds are collected, or after the funds are collected, provided certain conditions are met and all transactions and documentation are compliant. Before the State agency may credit, it must provide vendors and participants with a means to appeal the claim action.

REFERENCES

7CFR 246.14(e)(1-5)