

## Section 2.2: Financial Procedures

10/2021

**References:** 7 CFR 246.14, [2 CFR Part 200](#) – Subpart E, Cost Principles, and 2 CFR Part 400

**Policy:** Local Agencies must assure that all program costs are allowable to be eligible for reimbursement and must follow required WIC financial procedures.

**Purpose:** To identify and assure that the financial management requirements of the WIC program are clearly described and met.

### Procedures

Local Agency funding is determined annually, depending on available federal funds, and is based on a monthly per participant caseload amount. WIC is a reimbursement grant based upon actual costs claimed.

Federal WIC funding may not cover all costs incurred by a Local Agency to administer/operate the WIC Program. Local Agencies are responsible for funding any unreimbursed expenses needed to meet program requirements and provide quality services. The WIC Program's goal is to improve the health and development of lower-income families in Minnesota. Communities benefit in various ways from the program: improved health and well-being, supplemental food purchases to local retailers, referral for families into other public health services and programs, etc. Grantee operational decisions about staffing and program administration affect overall costs.

Other funding sources may be available to supplement WIC such as TANF and Child and Teen Checkup. Community Health Boards may also use the state Local Public Health (LPHA) grant to cover their WIC costs. If state WIC funds are available at the end of the federal fiscal year, the State Agency will provide a final reimbursement to Local Agencies to cover as much of their unreimbursed expenses as possible.

#### **To meet requirements, each agency must:**

- Maintain accurate, current, and adequate records, which summarize and report the agency's financial status on a federal fiscal year basis (October 1st through the following September 30th). Records that verify all expenses, whether categorized as direct or indirect, and including time reporting, payroll, and purchase records, must be maintained for six years from the end of the grant agreement end date. See [Section 1.14: Record Retention](#). As part of this requirement:

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- Costs charged to the WIC Program must be allowable costs under all federal and state regulations and standards. Examples and definitions of allowable and unallowable direct costs are in [Exhibit 2-D: WIC Costs – Allowable and Unallowable](#).
- Costs charged to the WIC Program must be supported by documentation showing they are necessary, allocable, reasonable, and proper for the administration of the WIC Program. Costs related to the general operation and management of the Local Agency are not allowed except as documented direct costs or as part of an approved indirect cost rate.
- Use time reporting to support staff hours billed to WIC. This includes:
  1. WIC staff who work in other agency programs must document the time spent in each program to assure equitable distribution of personnel costs. (Staff who only work in WIC do not need to do this.) Use:
    - Daily time reporting or
    - Quarterly time reporting, if not more frequently, of WIC and non-WIC program staff time, for a minimum of no less than 2 consecutive weeks
  2. Staff must also document the time spent worked in each of the four WIC cost categories. Use:
    - Daily time reporting or
    - Quarterly time studies, if not more frequently, for a minimum of no less than two consecutive weeks

See Section 2.2.1 Direct Cost Categories below for more information.
- Indirect rate:
  - Annually, the Minnesota Department of Health (MDH) Community Health Division will contact CHBs to request the grantee's indirect rate. See [Indirect Cost Guidance for Community Health Boards](#).
  - Grantees that do not have a federally approved rate may use an indirect rate up to 10%.
  - Grantees with a federally negotiated indirect rate, such as Tribal and non-profit agencies, are required to complete an indirect questionnaire administered annually by State WIC staff.
  - Expenses included in the indirect rate may not be claimed as direct costs.
  - Administrative salaries are recorded under Indirect if no time reports are available to allocate time.
- Costs reported must be reduced by all applicable credits (e.g., discounts for timely payments, quantity discounts, etc.) prior to reporting.
- Provide timely and accurate reporting of costs which are allowable and allocable to the WIC Program.

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- Submit the monthly WIC Program Claim for Reimbursement by the 20th day of the month following the reporting period. See exception below for the final claim.
  - Properly allocate costs to the appropriate category: Program Management, Client Services, Nutrition Education, and Breastfeeding Promotion. See Section 2.2.1 WIC Cost Categories for definitions.
  - For reporting purposes, indirect costs are recorded only under Program Management on the claim form.
  - Once a claim has been processed, include any errors or changes into the next claim filed, with an explanation in the Remarks section of the claim form.
  - The final September Claim for Reimbursement is due no later than December 20th of the same calendar year. The September claim must only contain costs that have been incurred and fully paid for by the Local Agency in the applicable Federal Fiscal Year. If an error is identified on the September claim after it has been submitted for payment, Local Agencies should contact state WIC fiscal staff as soon as possible.
- Discuss any planned single-item purchase or project over \$5,000 with your State WIC Consultant early in the planning process. These requests must be submitted by the state to USDA for approval. See Section 2.2.2 Supplemental Funding for more information.
  - Maintain a record of all capital equipment purchases. See, [Exhibit 2-F: WIC Capital Equipment Inventory Form](#), for an example.
- Comply with the terms of all legally binding agreements between grantee and MDH.

### 2.2.1 WIC Cost Categories

Use the following direct cost categories to complete the monthly WIC Program Claim for Reimbursement.

- Program Management
- Client Services
- Nutrition Education
- Breastfeeding Promotion

To determine costs reported in these categories, use daily time reporting or quarterly time studies, for a minimum of no less than two consecutive weeks. When activities relate to more than one specific area, the costs must be divided based upon the percentages from the duties performed in each applicable category.

For example, travel to a nutrition education activity should go under Nutrition Education. Travel to a satellite clinic from the main site would go under Client Services, while WIC services performed at the satellite site would be listed under the applicable category, such as Client Services, Nutrition Education, etc.

Below are brief descriptions with examples of costs attributable to each category.

## Program Management

**General oversight & supervision**, including chart audits (chart audits related to Nutrition Education should be categorized under that category)

- WIC Card inventory documentation
- Preparation of administrative records and timecards
- Paid leave (e.g., holidays, maternity leave, sick leave)
- Expenses related to audits, accounting, and program reports, including fiscal reporting
- Outreach activities
- Activities and items not included in other cost categories

## Client Services

Client Services are **all salary and supply costs related to eligibility determination, participant services, and issuing benefits**. Examples include:

- Clinic preparations and scheduling, including participant communications
- Identity, residency, and income eligibility determination
- Anthropometric and hematologic assessment
- Nutrition assessment activities
- Referrals to other social or health services
- Benefit Issuance
- Travel to a satellite clinic from your main site
- Salaries of WIC staff providing general translation/interpreter services.
- Coordination with other programs
- Evaluating program effectiveness

## Nutrition Education

**An agency should use at least 17% of their WIC grant toward Nutrition Education (NE)**. These costs include **all salaries and supplies needed to educate participants in understanding the importance of nutrition in health and to achieve positive change in dietary habits**.

Examples include:

- Providing individual or group education, including planning & preparation time
- Documenting nutrition education and follow-up
- Educating on how to use food benefits and shop for WIC foods; Food costs for foods used in nutrition education
- Providing educational materials, including development & printing, setting up displays

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- Consultation with other health providers regarding a participant's nutritional status
- Evaluating and monitoring nutrition services (chart audits related to other program services should be categorized under Program Management)
- Preparing the agency's Nutrition Education Plan
- Attending NE trainings and workshops/conferences (including registration fees and travel expenses related to conference attendance)
- Interpretation and translation services provided by WIC staff for Nutrition Education activities

### Breastfeeding Promotion

Breastfeeding promotion is an important and integral part of the WIC program. **At least 2% of the WIC grant must be spent in this category.** Examples include:

- Salaries and related costs of staff counseling participants about breastfeeding
- Documenting breastfeeding education and follow-up
- Producing breastfeeding education and training materials
- Breast pumps and other allowed accessories
- Setting up and maintaining a space for breastfeeding
- Peer program related costs and services – if not reimbursed by the Peer program
- Monitoring and evaluating breastfeeding services
- Documenting breastfeeding support activities
- Attending breastfeeding workshops and trainings (including registration fees and travel expenses related to workshop attendance)

Any costs charged to a Peer Counseling Grant **cannot** be considered a Breastfeeding Promotion cost.

### 2.2.2 Supplemental Funding

#### Annual Supplemental Funding

The State Agency will provide \$2,500 annually for grantees to use for non-recurring expenses that support WIC services, such as:

- Purchase or replacement of equipment and supplies
- Travel to state-sponsored meetings and trainings (mileage, parking and lodging if needed)
- Breast pumps and supplies
- Other necessary items (i.e., formula shipping, communication devices such as dual handset phones, audio visual equipment)

The funding will be included in the Local Agency's annual funding letter.

- Submit these expenses on the monthly Claim for Reimbursement form on the "Other" line or if included within another category on the form, provide an explanation of the purchased item in the "Remarks" section.
- Save all receipts or purchase documentation.
- The State Agency will monitor these expenses for appropriateness on the monthly claim forms and during biennial financial reviews. See Section 2.2.3 Financial Review below for more information.

### **Request to Increase Administrative Funds (RIAF)**

- If unexpected needs arise related to program improvement or general infrastructure, an agency may be eligible to request increased administrative funding to cover non-recurring expenses. Availability of these funds varies each year and is not guaranteed.
- Discuss the request with your State WIC Consultant.
- If determined appropriate, submit, [Exhibit 2-C: Request to Increase Administrative Funds](#), to your State WIC Consultant.

### **Infrastructure Grant Funding**

- USDA periodically offers infrastructure funding grants. The focus of the grants varies each year, depending on USDA's goals. The grant application typically happens in the spring and is competitive nationally. Local Agencies will be notified by their State WIC Consultant when the grants become available.
- If interested, discuss with your State WIC Consultant.

### **Supplemental Clinic Travel Funding (SCTF)**

- A grantee whose clinic travel expense is estimated to be > \$2,000/year (including both staff travel time and mileage to the clinic site) may apply annually to receive Supplemental Clinic Travel Funding.
- Potential agencies will receive a worksheet from State WIC staff at the beginning of the federal fiscal year. Approval of additional funding will be determined upon completion of the application.
- This funding should be used to augment the WIC grant and defray the costs of staff travel time and mileage to WIC clinic sites claimed on the monthly Claim for Reimbursement.
- SCTF expenses will be monitored during financial reviews.
- If miles driven or staffing changes occur during the fiscal year, notify your State WIC Consultant so the SCTF can be revised as needed.

### 2.2.3 Financial Review

- In compliance with Federal WIC regulations and the WIC Grant Agreement, Local Agencies receiving grant funds are subject to a financial review. USDA requires a review be conducted every other year.
- A member of the Minnesota Department of Health (MDH) staff will perform a review of one month's invoice/Claim for Reimbursement, requesting from Local Agency administrative or financial staff documentation for costs claimed on the invoice/form.
- If further review is needed, additional documentation may be requested and/or an onsite visit may be conducted.
- Local WIC Agency staff and management will be notified in writing of the results of the review and any follow-up action needed to resolve compliance issues identified.

### Guidance

- Contact your State WIC Consultant if you have questions about whether an expense is WIC-allowed or you are seeking additional funds.
- Local Agencies are responsible for general training costs for staff and for maintaining and building staff expertise. Local Agency WIC grant funding should be used for those costs. See [Section 4.5: Staff Training](#) for more information.
- See [Section 6.12: Breastfeeding Peer Support](#), for information about the Breastfeeding Peer program financial procedures.

### Reference – Complete Listing of Hyperlinks

[2 2 CFR Part 200](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200) (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>)

[Section 1.14: Record Retention](#)

([https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/chsctns/ch1/sctn1\\_14.pdf](https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/chsctns/ch1/sctn1_14.pdf))

[Exhibit 2-D: WIC Costs – Allowable and Unallowable](#)

(<https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/exhbts/ex2/2d.pdf>)

[Indirect Cost Guidance for Community Health Boards](#)

(<https://www.health.state.mn.us/communities/practice/lphact/lphgrant/docs/indirect-guidance.pdf>)

[Exhibit 2-F: WIC Capital Equipment Inventory Form](#)

(<https://www.health.state.mn.us/people/wic/localagency/program/mom/exhbts/ex2/2f.pdf>)

[Exhibit 2-C: Request to Increase Administrative Funds \(RIAF\) Form - WIC Program](#)

(<https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/exhbts/ex2/2c.docx>)

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### Section 4.5: Staff Training

([https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/chsctns/ch4/sctn4\\_5.pdf](https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/chsctns/ch4/sctn4_5.pdf))

### Section 6.12: Breastfeeding Peer Support

([https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/chsctns/ch6/sctn6\\_12.pdf](https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/chsctns/ch6/sctn6_12.pdf))

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