

Financial Requirements

Policy

USDA Federal Regulations:

(j) *Local agency financial management.* The State agency shall ensure that all local agencies develop and implement a financial management system consistent with requirements prescribed by FNS and the State agency pursuant to the requirements of this section.

Authority

USDA Federal Regulations: 7 CFR 246.13 (j)

Procedures

All WIC contract agencies must have written financial policies and procedures for:

- Supply distribution
- Purchasing, bidding, and selection
- Check writing and control
- Billing
- Accounting/bookkeeping

All WIC contract agencies must have:

- An independent financial audit completed annually (See Policy “Local Agency Audits”)
- Expenditure controls to prevent over-billing of yearly budgets
- Valid signed time records for project staff that clearly indicate the amount of time the individual spends on each program area
- Generally accepted accounting practices and procedures that meet the minimum requirements as established in this manual

Required Accounting Records

All WIC contract agencies must have the following permanent accounting records:

- Cash receipts register that list each receipt of cash or checks with:
 - Date received
 - Payers name
 - Brief description
 - Amount received
 - Account credited
- Cash disbursements register that lists each disbursement in check number order with:
 - Date paid

- Payee
 - Check number
 - Amount paid
 - Account Charged
- A general ledger that summarizes the monthly postings from cash receipts and cash disbursements registers by general ledger account, with adequate identification of expenses by each grant or contract.
 - Journal entries that contain explain explanations and amounts of any adjustments to the general ledger accounts.
 - Time reports that show the hours worked on each separately funded program or grant, and total individual effort. Records must be broken out by program activity on each time report. (See Policy “Reporting WIC Personnel Costs”)
 - Payroll register that lists for each employee the following:
 - Gross pay
 - Federal and state tax withheld
 - Other amounts withheld
 - Net pay
 - Check number for each paycheck
- Note: The payroll register may be included in the cash disbursements register at small agencies
- Individual earnings records that list cumulative earnings during the year for each employee.
 - Cost Support Documentation
 - Bank statements and canceled voided checks
 - Invoices and bills for purchases of supplies, equipment, telephone, utilities, services, etc.
 - Travel claims with receipts for commercial transportation and lodging costs reimbursed to employees
 - Time reports and payroll registers
 - Copies of leases for office equipment rental
 - Tax deposit receipts for withholding tax payments
 - Copies of monthly and final expenditure reports submitted to the Iowa Department of Public Health
 - Copies of budget, contract, amendments and all related correspondence

The agency must follow these financial management procedures:

- All expenses must be paid by pre-numbered checks
- All receipts (cash and checks) must be listed individually and deposited in a bank account intact
- If one employee has control over all cash functions (receiving funds, making deposits,

reconciling bank statement, making payment, preparing payroll), that employee must be bonded

If the agency has more than one program they must

- Develop a plan for cost allocation to indicate how costs are distributed equitably to each program. The allocation plan should cover all joint costs of the agency.
- Support all costs included in the plan by formal accounting records that will substantiate the propriety of eventual charges. This includes costs to all programs of the agency which are to be included in costs of federally sponsored programs. This plan should contain:
 - The nature and extent of services provided and their relevance to the program
 - The items of expense to be included
 - The methods to be used in distributing costs
- Review the plan annually for necessary revisions.

Personnel whose salaries are supported in part or in whole by WIC funds must be offered the same package of fringe benefits as other employees of the agency. Fringe benefits may not be requested for employees whose salaries receive no support from WIC funds. Fringe benefits provided by the agency must be included in the agency's written personnel policies.