

Financial Management

Policy

USDA Federal Regulations:

246.13 Financial management system

(a) *Disclosure of expenditures.* The State agency shall maintain a financial management system which provides accurate, current and complete disclosure of the financial status of the Program. This shall include an accounting for all property and other assets and all Program funds received and expended each fiscal year.

(b) *Internal control.* The State agency shall maintain effective control and accountability for all Program grants and funds. The State agency must have effective internal controls to ensure that expenditures financed with Program funds are authorized and properly chargeable to the Program.

(c) *Record of expenditures.* The State agency shall maintain records which adequately identify the source and use of funds expended for Program activities. These records shall contain, but are not limited to, information pertaining to authorization, receipt of funds, obligations, unobligated balances, assets, liabilities, outlays, and income.

(d) *Payment of costs.* The State shall implement procedures which ensure prompt and accurate payment of allowable costs, and ensure the allowability and allocability of costs in accordance with the cost principles and standard provisions of this part, 2 CFR part 200, subpart D, USDA implementing regulations 2 CFR part 400 and part 415, and FNS guidelines and instructions.

(e) *Identification of obligated funds.* The State agency shall implement procedures which accurately identify obligated Program funds at the time the obligations are made.

(f) *Resolution of audit findings.* The State agency shall implement procedures which ensure timely and appropriate resolution of claims and other matters resulting from audit findings and recommendations.

(g) *Use of minority- and women-owned banks.* Consistent with the national goals of expanding opportunities for minority business enterprises, State and local agencies are encouraged to use minority- and women-owned banks.

(h) *Adjustment of expenditures.* The State agency must adjust projected expenditures to account for redeemed food instruments and for other changes as appropriate.

(i) *Transfer of cash.* The State agency shall have controls to minimize the time elapsing between receipt of Federal funds from the U.S. Department of Treasury and the disbursements of these funds for Program costs. In the Letter of Credit system, the State agency shall make drawdowns from the US. Department of Treasury's Regional Disbursing Office as close as possible to the actual date that disbursement of funds is made. Advances made by the State Agency to local agencies shall also conform to these same standards.

(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 Part 246.13

USDA Federal Regulations: 7 CFR Part 246.14

Procedures

Accounting System

The Iowa WIC Program meets the requirements of this policy by maintaining an accounting system through the Bureau of Finance **and reconciled through** the Iowa Department of **Health and Human Services**. This system identifies all revenues and expenditures of the program and allocates them to cost centers for the appropriate fiscal year.

WIC State Agency

The WIC Program Planner:

- Reviews and approves local agency charges as submitted on IowaGrants.gov,
- Maintains records of obligations incurred by the **WIC State Agency**, and
- Prepares, electronically updates, and validates the Financial Management and Participant Report (FNS-798). See the procedure “Completing the FNS-798” for additional information on completing the FNS-798.

Contract Agency Compliance

Every agency that provides WIC services must sign a contract that incorporates federal regulations. Compliance is determined by submission of a budget and on-site monitoring of fiscal procedures for each agency.

Reimbursement

- Agency Reimbursement
 - Agencies are reimbursed for actual allowable expenditures on a monthly basis. Receipt of these reports and payment for these costs follow a monthly cycle which is used to help determine letter of credit drawdowns. Cash on hand is monitored daily by the Bureau of Finance.
- Breast Pump Reimbursement
 - Agencies are reimbursed for breast pump expenditures on a quarterly basis. Receipt of these reports and payment for these costs will be drawn down from WIC food funds or other funds approved by the **WIC State Agency**. See Policy “Breast Pump Purchasing Guidelines” for allowable purchases with WIC food funds.
- Vendor Reimbursement
 - Vendors are reimbursed through the eWIC Contractor based on actual daily redemptions.

Note: Funds may be converted from food to NSA funds only in accordance with USDA procedures.

Formula Rebate Funds

The Iowa WIC Program receives rebate funds through an infant formula rebate contract. These funds are identified separately in the state's accounting system as a credit against the food costs.

A monthly report shows the number of cans of formula purchased with WIC food instruments paid during the previous month. This report identifies the number of cans purchased by formulation (concentrate, powder, or ready-to-feed). The report also identifies the month that the food instruments were issued, so that rebate funds may be credited against the correct fiscal year.

The **WIC State Agency** presents a monthly invoice showing the total number of cans of formula manufacturer is to pay a rebate on and the manufacturer issues rebate payment. The **WIC** State agency reports to the USDA rebate payments received from manufacturers in the month in which the payments are received.

Notice of Compliance with Cash Management Improvement Act (CMIA)

The State of Iowa, the WIC State Agency, and each of the contract agencies must adhere to all terms, stipulations, and requirements of the Cash Management Improvement Act (CMIA) and 31 CFR Part 205.