Overview of MI-WIC Fiscal
Administration
Policy and
Allowable Cost

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## State Agency's Federal WIC: Components

1. The cost of supplemental food benefits.

• 2. The cost of nutrition services and administration.

 Local Agencies must ensure all expenditures reported to the WIC program are allowable under not only federal cost principles but also state regulations, standards, and policies.

## Allowable Program Costs

 Meet criteria for authorized expenditures specified in the cost principles for federal programs, primarily Title 2 CFR Part 200, Subpart E and 7 CFR sections 3015 through 3019.



## Cost Item Requirements

- 1. Incurred to carry out essential WIC Program activities or allocable to WIC Program operations or functions.
- 2. Reasonable and necessary to carry out the program.
- 3. Treated consistently as a direct cost or indirect cost.
- 4. Determined in accordance with generally accepted accounting principles.
- 5. Net of applicable credits.



## Cost Item Requirements continued

- 6. 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.
- 7. Authorized or not prohibited under state or local laws and regulations.
- 8. Consistent with the regulations, policies and procedures, which apply to both federal awards and other activities of the recipient.
- 9. Adequately documented.



#### Program Incentives

 These items refer to a class of goods, usually of a nominal value, that are given to applicants, clients, potential clients, or persons closely associated with the WIC program (such as staff) for the purpose of outreach, nutrition education, or breastfeeding promotion.



#### Reasonable Program Incentive Cost

- 1. Provides a benefit to the program or program goals appropriate to the cost incurred.
- 2. Is comparable with the cost of similar items from other vendors.
- 3. Has high priority when compared to other needs for which administrative funds could be used.
- 4. Has a proven or reasonably expected outcome related to outreach, nutrition education, or breastfeeding promotion.



## Program Incentive Cost

Necessary: One that is incurred to carry out essential program functions and cannot be avoided without adversely impacting program operations.

1. Be intended for use by clients, potential clients, of persons providing outreach or referral services to promote WIC.

2. Be culturally appropriate for the target population in both language and symbolism.

#### Outreach Program Incentive Items

- 1. Include a WIC specific message that targets the potentially eligible population.
- 2. Be seen in public.
- 3. Include the FNS WIC approved nondiscrimination statement for printed materials that contain WIC information.
- 4. Have a value as outreach devices that equal or outweigh other uses.
- 5. Contain WIC contact information such as the State or local agency name, address, and/or telephone number.
- 6. Include an innovative or proven way of encouraging WIC participation.

#### Nutrition Education Program Incentive Items

- 1. Be targeted to clients.
- 2. Include an FNS WIC approved nondiscrimination statement for printed materials that contain WIC information.
- 3. Be a clear and useful connection to WIC nutrition education messages.
- 4. Convey enough information to be considered educational or be utilized by clients to reinforce nutrition education contacts.
- 5. Have a value as nutrition education aids that equal or outweigh other uses.



# Breastfeeding Promotion and Support Program Incentive Items

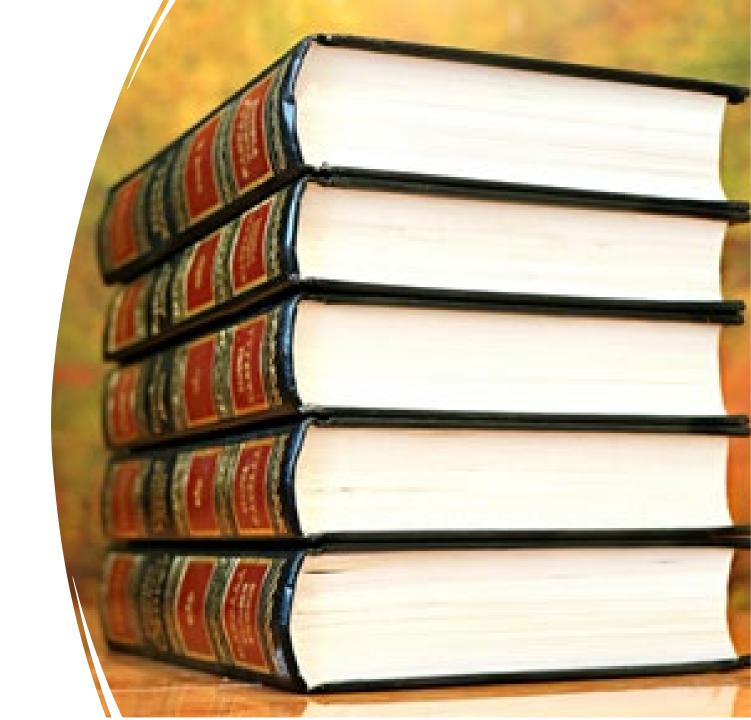
- 1. Include the FNS WIC approved nondiscrimination statement for printed materials with WIC info.
- 2. Be a clear and useful connection to promoting and supporting breastfeeding among current WIC clients.
- 3. Convey information that encourages and supports breastfeeding or offers support and encouragement to women to initiate and continue breastfeeding.
- 4. Have a value as breastfeeding promotion and support items that equal or outweigh other uses.
- 5. Be distributed to the audience for which the items were designated.

## One Way to Discover Ineligible Expenditures - AUDITS

- 1. Big Picture MDHHS is a recipient of WIC Funds from the United States Department of Agriculture (USDA)
- 2. MDHHS approves grant funding to subrecipients (Health Departments, Non-Profits)
- 3. MDHHS responsible for monitoring subrecipients for compliance with federal and state regulations
- 4. Subrecipients are required to be audited once every two years
- 5. Post pandemic, these audits are required to be "onsite"
- 6. FY23 40 Health Departments, 9 Non-Profits and For-Profits received WIC funding
- 7. Agencies with Family Planning programs audited concurrently with WIC audit

#### Criteria Utilized to Help Determine Expenditure Allowability

- 2 CFR 200 (Code of Federal Regulations Title 2 Part 200 – Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards)
- Title 7 CFR Sections 3015 through 3019
- MI-WIC Policy Manual
- FNS (Food and Nutrition Services) Policy Memos
- Grant Agreements



#### Common Audit Exceptions (Findings)

- Direct Expenditures
  - Staff morale boosters
  - Meals and refreshments at staff meetings
  - Charitable donations
  - Sales tax paid
  - Incentive items with no outreach value
  - Breast pumps for promotional purposes
  - Comfy cams
  - TV's in waiting room
  - Outreach incentives like a baby picture session, movie tickets, new bike
  - Costs associated with Blood Lead Testing cannot be claimed



### Payroll Exceptions

- Wages and fringe benefits must be allocated appropriately
  - Charging health insurance over 24 pay periods when there are 26 during the year
  - Charging fringes to the employee's home program
  - Salary / Fringes charged based on pre-determined (budgeted) percentage
     A predetermined pay period must be used for reference
     Timecards with actual hours worked per program must be maintained
  - Paid time off charged to the program the employee works that day
     Example Employee works on WIC on Tuesdays and calls in sick
     That sick time cannot be charged 100% to WIC
     A predetermined pay period must be used for reference
     If the employee worked 64 of 80 hours in the WIC program (80%)
     8 hours of sick time x 80% = 6.4 sick hours charged to WIC

### Indirect Cost Exceptions

- Include Facilities and Administrative (F&A) Costs incurred for a common or joint purpose benefitting more than one cost objective and not readily assignable to specific program
- WIC Breastfeeding indirect cost limitation no greater than 30% of total grant funds
- Unallowable costs included in the indirect cost pool
  - Equipment
  - Capital Expenditures
  - Items that should have been charged directly to another program (refreshments for a COVID clinic)
- Excluding a program's costs from the indirect cost pool (inaccurate IDC calculation)
  - Results in WIC program being overcharged

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