



Policy 320
Fiscal Review of Local Programs
April 13, 2022 (revised)

POLICY

The fiscal operations of local WIC programs shall be audited and reviewed for compliance with federal and state guidelines.

PURPOSE

To ensure that local WIC programs are conducting financial operations properly, presenting financial reports fairly, and complying with requirements for the expenditure of WIC program funds. To follow the audit and review schedule mandated by federal regulations.

RELEVANT REGULATIONS

- 7 CFR §246.19 (b) State agency responsibilities
- 7 CFR §246.20 Audits
- 7 CFR §3015 Implements OMB circulars
- 7 CFR §3016 Implements OMB circulars
- P.L. §89-642 Child Nutrition Act of 1966 17-62 (11/6/92, p 33)
- Biennial review requirement
- P.L. §98-502 Single Audit Act

[OMB Super Circular](#) is a combination of 7 federal Circulars, the following are referenced in this policy:

- OMB A-87 [Cost Principles for State, Local and Indian Tribal Governments](#)
- OMB A-89 [Federal Domestic Assistance Program Information](#)
- OMB A-102 [Grants and Cooperative Agreements with State and Local Governments](#)
- OMB A-110 [Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations](#)
- OMB A-122 [Cost Principles for Nonprofit Organizations](#)
- OMB A-133 [Audits of States, Local Governments and Non-Profit Organizations](#)

DEFINITIONS

Audit: A complete review of accounting operations and procedures performed by a certified public accountant.

Fiscal Review: A review of fiscal operations performed by a Public Health Division's (PHD) Financial Services staff member, or finance staff from USDA Western Regional Office, focusing on compliance with major federal requirements for management of funds.

PROCEDURE

General federal auditing requirements

- 1.0 OMB Super Circular, issued on December 26, 2013, codified at 2 CFR Part 200, requires that a non-federal entity that expends \$750,000 or more during its fiscal year in federal awards must have a single or program-specific audit conducted by an independent auditor.
 - 1.1. Local agencies are responsible for arranging this audit.
 - 1.2. Agencies that expend \$750,000 or more federal funds must be audited in accordance with 2CFR200 Subpart F, 45CFR75 Subpart F for nonprofit organizations.
 - 1.3. Agencies that expend \$750,000 or more federal funds must be audited in accordance with OMB Circular A-133 **or** in accordance with federal laws and regulations governing the programs for which they receive funds.

WIC Fiscal Review

- 2.0 The Child Nutrition Act of 1966, which authorizes the WIC program, requires state WIC programs to review local WIC programs at least biennially. This includes reviewing fiscal operations. Public Health Division Financial Services staff reviews fiscal operations of local WIC programs in connection with the biennial monitoring review by State WIC program staff.
- 3.0 Local WIC programs administered by local governments or tribes must be in conformance with:
 - 3.1. P.L. §98-502 Single audit act
 - 3.2. OMB §A-87 Cost principles for state and local governments
 - 3.3. OMB §A-102 Grants and cooperative agreements with state and local governments
 - 3.4. OMB §A-133 Audits of States, Local Governments and Non-Profit Organizations

WIC Fiscal Regulations

- 4.0 Local WIC programs administered by nonprofit organizations must be in conformance with:
 - 4.1. P.L. §98-502 Single audit act
 - 4.2. OMB §A-122 Cost principles for nonprofit organizations
 - 4.3. OMB §A-110 Grants and agreements with institutions of higher education, hospitals and other nonprofit organizations.
 - 4.4. OMB §A-133 Audits of institutions of higher education and other nonprofit organizations
- 5.0 Local programs that have expended \$750,000 or more in federal funds must arrange to have a yearly audit by an independent authority (a Certified Public Accountant (CPA)) in accordance with generally accepted government auditing standards covering financial and compliance audits.

The independent authority audits all agency programs, including WIC. Guidelines for this audit are found in OMB Circular A-133 for local governments, tribes, and non-profit organizations.

General agency audit and state review

- 5.1. The local agency arranges for the results of the agency-wide independent audit to be sent to the state auditor identified as contact for the county.
 - 5.1.1. The State auditor designates a State Agency to review the independent audit findings to ensure compliance with appropriate state and federal regulations.
 - 5.1.2. The reviewing agency sends copies of his or her review of the independent audit to the Public Health Division Business Services Section for every county that receives PHD funds.
 - 5.1.3. If the reviewer identifies problems with a PHD-funded program, PHD Financial Services Section follows up with the local agency to determine a corrective action plan.

EXAMPLE: Serene County arranges for its annual audit by an independent CPA. The CPA sends the results of that audit to the state agency responsible for reviewing Serene County.

Upon reviewing Serene County's audit, the reviewer discovers that the Serene County WIC program is being over billed for indirect costs. The reviewer sends a letter detailing that finding to the State Auditor with a copy to Public Health Division (PHD), which funds the WIC program. The PHD-Financial Services staff works with Serene County to correct the over-billing.

WIC biennial fiscal review

- 6.0 Public Law 102-518, the Child Nutrition Act, requires the state WIC program to review local WIC programs at least once every two years Fiscal operations are one part of this review. In the years that the state WIC program doesn't review, local agencies must conduct their own fiscal self-reviews, similar to the self-evaluation they perform between WIC biennial reviews.
 - 6.1. The fiscal review is conducted by PHD Financial Services staff and, if possible, is scheduled contemporaneous with the WIC or agency review. PHD Financial Services staff reviews health division programs, including the WIC program, for compliance with state and federal guidelines. See Appendix A—On-Site Review.
 - 6.2. PHD Financial Services summarizes results of the fiscal review in a letter sent to the local program. A copy of the letter is forwarded to the state WIC program and is reviewed by a state WIC manager.
 - 6.3. The local program completes a plan for corrective action as necessary, which is approved by the PHD Financial Services staff and the Oregon WIC program staff.
 - State staff follows up to ensure corrective measures are taken.
 - Failure to implement corrective measures could result in a decision to discontinue funds.

- 6.4. Check with your assigned nutrition consultant or the WIC fiscal analyst if you have any questions regarding appropriate use of WIC funds.

REFERENCES

1. The best source for up-to-date OMB Circulars is the Office of Management and Budget in Washington, D.C. Circulars can be accessed online [here](#). Hard copies can also be obtained from:

Office of Management and Budget
EOP Publications
725 17th Street NW, Room 2200
Washington, D.C. 20503
(202) 395-7332

2. The current Code of Federal Regulations (CFR) is available in any public or university library that is a government documents repository. 7 CFR 3015 and 3016 can be accessed online at:

- 7 CFR 3015: <https://www.govinfo.gov/app/details/CFR-2013-title7-vol15/CFR-2013-title7-vol15-part3015>
- 7 CFR 3016: <https://www.govinfo.gov/app/details/CFR-2012-title7-vol15/CFR-2012-title7-vol15-part3016>

Hard copies can also be obtained from the Office of Finance and Management in Washington, D.C.

Office of Finance and Management
Financial Management Division, USDA
Auditor's Building Room 2117
Washington, D.C. 20250
(202) 447-4949

3. The current Fiscal reviewer's review tool is available on the Policy and Partnership's website:

<https://www.oregon.gov/oha/PH/PROVIDERPARTNERRESOURCES/LOCALHEALTHDEPARTMENTRESOURCES/Pages/lhd-trt.aspx>

If you need this in large print or an alternate format, please call 971-673-0040.

This institution is an equal opportunity provider.

POLICY HISTORY

Date	* Major Revision, Minor revision
7/26/2016	Revision
11/25/2019	Major Revision
04/13/2022	Minor revision (updated links)

The date located at the top of the policy is the implementation date unless an “effective date” is noted on the policy. Policies will become compliance findings 6 months from the implementation date.

Release notes can be found in the corresponding document on the [Policy and Procedure Manual page](#).

***Major Revisions:** Significant content changes made to policy.

Minor Revisions: Minor edits, grammatical updates, clarifications, and/or formatting changes have occurred.

Date of Origin: Date policy was initially released