

ITCA WIC Local Agency Financial Management Monitoring Tool

Local Agency Name: _____

Date of Review: _____

ITCA Staff/Reviewer(s) Present: _____

Local Agency Staff Present: _____

Fiscal Year(s) Under Review: _____

The following items should be reviewed prior to the visit:

- Most recent audit
- Indirect Cost Agreement
- Annual Expenditure Report and Time Study for most recent closed out year
- Budgets for current and previous year
- Monthly Invoices
- Payments made for current and previous year
- Travel reimbursements for current and previous year

1. Audits

Review the local agency's most **recent financial audit** and answer the following questions:

- A. What year is the local agency's most recent financial audit? _____
(Request a copy if ITCA does not have in files.)
- B. Are the local agency audits being conducted on a yearly basis? _____
- C. Are any audits not yet closed? _____ What Year(s)? _____
- D. Does the review of the audit establish any financial management concerns?
- E. Have any claims been established for unallowable costs?
- F. What corrective action has been taken by the local agency to address audit findings?
Review the documentation of corrective action.

2. Indirect Cost Agreement

Obtain a copy of the local agency **indirect cost agreement** for the past and current year. Review the agreement and answer the following questions.

If indirect is not included in the WIC budget and/or expenditure report, skip this section.

- A. Does ITCA have a copy of the current indirect cost agreement? _____
- B. Is the agreement up to date? If not, when is a new one expected? _____
- C. Request a list of costs and services that are covered by the indirect rate.
- D. Review WIC expenses to ensure that they should not be classified as indirect according to the indirect cost agreement.
- E. Review indirect costs to ensure that WIC received the services charged to indirect and that the costs are allowable.

3. Budgets

Review the local agency **WIC program budgets** for the past and current year and answer the following questions.

- A. Does the local agency have a budget for the FY?
- B. Has the local agency provided the budget to ITCA?
- C. Were any budget modifications necessary (overspending of a line item, increased allocations to local agency, etc.)? If so, were they completed by the local agency and approved by ITCA?
- D. Compare the local agency's prior years' expenditures to the current budget to determine if the current budget deviates significantly from earlier expenditure patterns.

4. Financial Reports

Review the local agency's **monthly/annual financial reports** submitted for the past twelve months.

- A. Does the local agency submit all required monthly financial reports according to established time lines?
- B. Are the reports accurate? _____

- C. Are the Annual expenditures reported on time? _____
- D. Are the annual expenditure reports accurate? _____

5. **Accounting Records**

Review local agency **accounting records** for the most recent closed out year.

- A. Compare the annual expenditures to those reported. Explain any discrepancies.
- B. Was the correct base used to calculate indirect costs?
- C. Were any costs that are part of indirect charged to WIC?
- D. Are all the reported expenditures allowable costs in accordance with ITCA policy, FNS guidance and OMB Circulars A-87 or A-122 (no uniforms, food, greeting cards, **water, equipment for staff purposes**, limits on incentive items, etc.)
- E. Trace a personnel cost line item to the source documents such as a time sheet.
- F. Does the agency have an employee that works for another program in addition to WIC?

If so, check the time records to ensure that the actual hours worked for WIC are recorded rather than just a straight percentage.
- G. Trace two supply line items to the source documents such as Purchase Orders and invoices.
- H. Are travel costs advanced from the WIC account and reimbursed by ITCA credited back to the account?
- I. **Review the vehicle log. Do fuel expenditures seem reasonable given the mileage on the vehicle log?**
- J. Was approval obtained from ITCA for any equipment purchases costing more than \$5,000 or computers?

- K. Verify expenditures and reimbursements are posted and reported in the correct year. How does the local agency ensure that fiscal year integrity is maintained?
- L. Did reported expenditures have less than 10% variance of the total budget when compared to the budget for the year (if grant is >\$100,000)?

6. **Annual WIC Time Study**

Review the annual time study and local agency reporting of NSA expenditures by activity, Client Services, Nutrition Education, Breastfeeding Promotion and **Administration**.

- A. Was the local agency's time study submitted with the Annual Expenditure Report and on time?

7. **Accounting Practices**

- A. Does the agency have a financial manual that describes the accounting system and can be used by employees?

Review the manual to ensure that accounting procedures are documented.

- B. Does the WIC program have a separate accounting code? Does the accounting system track funds and expenditures by program?
- C. Does the local agency receive program income from any source, such as the sale of WIC program posters?
- D. Are individuals who handle money bonded or is the agency self-insured against loss?
- E. What is the local agency's fiscal year for accounting purposes?

- 8. **Equipment Purchases.** Ask to review equipment log or list of equipment purchases made by the WIC program with USDA funds.

- A. Ensure that the forms includes the item description, original purchase date, original purchase cost, serial and tag number, location, disposition and last date item was checked.
- B. Review the inventory and ensure that all items that are valued at \$5,000 or over and computers are inventoried (vans, buildings and computer equipment) as well as equipment that may be easily lost such as digital cameras, televisions, DVD players, etc. Ensure that the equipment list includes the date purchased, program purchased by, purchase price, location, disposition and disposition date.
- C. When was the last inventory conducted (must be done every two years)? Review documentation of the last inventory.
- D. Identify a few items on the inventory listing and locate them according to the location on the inventory.
- E. Review the inventory to ensure that all items are reasonable, necessary and allowable for the WIC program.
- F. What is the local agency's policy for the purchase, replacement and disposal of WIC program equipment?
- G. Are there controls in place to prevent the non-WIC use of equipment and supplies purchased by WIC? Are these controls effective? If not, describe any problems.

9. **Subcontractors**

- A. Does the local agency subcontract for services to the WIC program, such as a Nutritionist? Are contracts in place for all subcontractors?
- B. Ask for a copy of the subcontract. Is it appropriate? Review for accuracy of services provided, confidentiality, civil rights requirement, lobbying, suspension and debarment requirements.

- C. Describe the system for monitoring services and billing.
- D. Are services appropriate and are the costs reasonable?

10. Local agency WIC Director Questions

- A. Are you provided with financial status reports at least monthly?
- B. Do you have any concerns regarding the use of WIC funds, supplies or equipment?
- C. Do you have any concerns with purchasing supplies or equipment?
- D. Is the current time study completed for the most recent month/quarter? Does it appear that costs are applied to the appropriate cost category?
- E. Is the time study completed correctly using the Excel file?
- F. Review the Semi-Annual Certification Forms to ensure they are completed for the most recent time period.
- G. Do you have any comments or suggestions in the area of financial management?

NOTES/COMMENTS: