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**SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR  
WOMEN, INFANTS, AND CHILDREN (WIC)**

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**State Project/Program: SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR  
WOMEN, INFANTS, AND CHILDREN (WIC)**

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**U. S. DEPARTMENT OF AGRICULTURE**

**Federal Authorization:** The WIC Program is authorized in section 17 of the Child Nutrition Act (42 United States Code 1786), as amended. Program regulations are issued by the U. S. Department of Agriculture (USDA) and codified at 7 Code of Federal Regulations, part 246.

**State Authorization:** N/A

**N. C. Department of Health and Human Services  
Division of Child and Family Well-Being**

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**Address Confirmation Letters To:**

SFY **2023** audit confirmation reports for payments made to Counties, Local Management Entities (LMEs), Managed Care Organizations (MCOs), Boards of Education, Councils of Government, District Health Departments and DHSR Grant Subrecipients will be available by mid-October at the following web address: <https://www.ncdhhs.gov/about/administrative-offices/office-controller/audit-confirmation-reports>

At this site, click on the link entitled “Audit Confirmation Reports (State Fiscal Year 2022-2023). Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from DHHS are found at the same website except select “Non-Governmental Audit Confirmation Reports (State Fiscal Years 2021-2023)”

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The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

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This compliance supplement must be used in conjunction with the OMB 2023 Compliance Supplement which will be issued in the summer. This includes "Part 3 - Compliance Requirements," for the types that apply, "Part 6 - Internal Control," and "Part 4 - Agency Program" requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

### **I. PROGRAM OBJECTIVES**

The objective of the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) is to provide nutritious supplemental foods, nutrition education on healthy eating, breastfeeding education, promotion, and support, and referrals to healthcare and other vital social services for low-income persons during critical periods of growth and development. Such persons include pregnant women, breast-feeding women up to one-year postpartum, non-breast-feeding women up to six months postpartum, infants (persons under one year of age), and children under age five determined to be at nutritional risk. Intervention during the prenatal period improves fetal development and reduces the incidence of low birth weights, preterm births, and anemia.

### **II. PROGRAM PROCEDURES**

The U. S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) administers this program through grants to State Agencies. State Agencies are awarded the grant on an annual basis after receipt and approval of the State Plan of Operation. The State Agencies, in turn, enter into agreements with Local Agencies for the operation of the program.

#### **Administration**

FNS administers the WIC Program through grants awarded to State public health systems or comparable State Agencies, Indian tribal governments, bands or intertribal councils, or groups recognized by the Bureau of Indian Affairs, U. S. Department of the Interior, or the Indian Health Service (IHS) of the U. S. Department of Health and Human Services. These WIC State Agencies, in turn, award subgrants to Local Agencies to certify applicants' eligibility for WIC Program benefits and deliver such benefits to eligible persons. Organizations eligible to serve as WIC Local Agencies include public or private non-profit health agencies, human service agencies that provide health services, and IHS health units. In North Carolina, the Department of Health and Human Services, Division of Child and Family Well-Being administers the WIC Program. Program services are delivered at the local level by public or private non- profit health or human services agencies. Local Agencies are selected based on their ability to offer services to the target population. Local public health systems enter into a Consolidated Agreement with the Department. The WIC Activity Budget and Agreement Addendum, which outlines programmatic performance requirements, are integral parts of the Consolidated Agreement. Measurement of the performance is made on an annual basis by the Department of Health and Human Services (DHHS) central and regional office staff. Local Agency funding may be adjusted based on performance.

#### **Funding of WIC Program Costs**

The WIC Program is a grant program that is 100 percent federally funded (7 CFR Sections 246.16(a), (b), and (c)). No state matching requirement exists. Funds are awarded by FNS on the basis of funding formulas prescribed in the WIC Program regulations.

FNS allocates federally appropriated funds to WIC State Agencies as grants which are divided into two parts: (1) a grant for food costs and (2) a grant for nutrition services and administrative (NSA) costs. The objectives of the food grant funding formula are to provide program stability

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by maintaining each State Agency's prior year operating level and to encourage program growth by providing a greater share of funds to those State Agencies receiving comparatively less than their fair share of funds based on their WIC eligible population. The NSA funding formula strives to preserve a reasonable measure of funding stability, while promoting funding levels that provide equivalent service to participants, and to promote incentives for reducing food costs so that more persons may be served.

Any funds recovered from participants are returned to the North Carolina Department of Health and Human Services and not the Local Agency. Agencies agree to abide by requirements set forth in Section 12(b) of the Richard B. Russell National School Lunch Act, 42 U.S.C 1760(b), as amended by Section 361 of the Healthy, Hunger-Free Kids Act of 2010 (Public Law 111-296) to support full use of Federal funds provided to State Agencies for the administration of the Special Supplemental Nutrition Program for Women, Infants and Children, and exclude such funds from budget restrictions or limitations including, at a minimum, hiring freezes, work furloughs, and travel restrictions affecting the WIC Program.

### **State Funding**

Although the federal financial participation (FFP) for WIC is 100 percent, some states voluntarily appropriate funds from their own revenues to extend WIC services beyond the level that could be supported by federal funding alone. North Carolina does not receive state funding to support the WIC program.

### **Certification**

Applicants for WIC Program benefits are screened at WIC clinic sites to determine whether they meet the eligibility criteria in the following categories: categorical, residency, income, and nutritional risk (7 CFR 246.7(c), (d), (e), and (g)). A WIC clinic site is a site designated by the Local Agency as the location where program services are offered. WIC clinic sites are required to have an announced public policy against smoking in any area where WIC Program functions are performed and provide a breastfeeding-supportive environment that includes an easily located private space for breastfeeding. (PL 103-111; 7 CFR 246.11 (c)(7)(i)).

### **Benefits**

The WIC Program provides specific nutritious supplemental foods, nutrition education, breastfeeding support, breastfeeding supplies, and health service referrals at no cost to the participant. The authorized supplemental foods are prescribed from standard food packages according to the category and nutritional need of the participant. The seven food packages available are described in detail in WIC Program regulations (7 CFR Section 246.10). Infants may receive iron-fortified infant cereal and infant fruits and vegetables. In addition to these foods, fully breastfeeding infants may receive infant meats; non-breastfeeding or partially breastfeeding infants may receive iron-fortified formula. Participating women and children may receive fortified milk, milk substitutes (cheese, tofu, yogurt, or soy-based beverage), eggs, hot or cold whole grain cereals high in iron and low in sugar, fruit, and vegetable juices high in vitamin C, peanut butter or dry or canned beans/peas/lentils, whole grains (whole wheat or whole grain bread, brown rice, soft-corn or whole-wheat tortillas, whole wheat pasta, oats, barley, and bulgur), and fresh, frozen, or canned fruits and vegetables. In addition to these foods, certain breast-feeding women also receive fish (tuna or salmon).

About 70 percent of the WIC Program's annual appropriations are used to provide WIC participants with monthly food package benefits. The remainder is used to provide additional benefits and to manage the program. Additional benefits provided to WIC participants include nutrition education, breast-feeding education, promotion, and support activities, and client services, such as diet and health assessments, referral services for other health care and social services, and coordination activities.

**Food Benefit Delivery**

Supplemental foods are provided to participants in any one of the following three ways (7 CFR Section 246.12(b)):

1. Direct Distribution
2. Home Delivery
3. Retail Purchase System (used in North Carolina)

North Carolina uses Crossroads, a web-based WIC management information system, to document client eligibility and food benefit issuance. The system is hosted by the State's Department of Information Technology.

Food benefits are issued through electronic benefit transfer (EBT) in North Carolina, which is known as eWIC. Benefits are issued directly to individual participants, who use them to obtain authorized supplemental foods at retail stores approved as vendors by the State Agency. Food benefits for all eligible participants are aggregated as family food benefits. The benefit balance associated with the eWIC account cannot be redeemed after the end date specifically authorized by the State agency management information system.

Once a WIC applicant has been determined eligible, food benefits are issued through Crossroads and loaded on an eWIC card. The State Agency issues card stock for eWIC. Families sign for receipt of food benefits on an electronic signature pad, and an image of the signature is retained in the Crossroads system for audit purposes. Local Agencies are responsible for the inventory of the eWIC cards.

WIC participants redeem food benefits at contracted vendors (grocery stores and pharmacies). North Carolina Department of Health and Human Services has a three party agreement with the vendor. The third party is the Local Agency. Local Agencies are responsible for vendor monitoring, for all new vendors and routine monitoring a minimum of one third of its authorized vendors on an annual basis. If monitoring reveals any deficiencies, the Local Agency staff must return to the vendor's location within 21 days of the visit to ensure that the deficiencies were corrected. A State required form (DHHS 2925 – *WIC Vendor Monitoring Report* form) is used. Local Agencies are required to send the original reports to the State Agency, keep a copy on file, and provide the vendor with a copy. Additionally, they are required to document the outcome of all vendor monitoring visits in Crossroads.

With eWIC, a unique benefit identification (ID) number is used for on-line tracking.

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**III. COMPLIANCE REQUIREMENTS**

Below on the matrix are the types of compliance requirements are applicable to the federal program, noted as “Y,” as determined by the federal granting agency if the federal program is listed in Part 2 of the OMB 2023 Compliance Supplement. A State agency may have added a Type. If the program is not listed in Part 2, the State Agency has determined the applicable Types. If a Type, applicable by OMB, does not apply at the local level or if the State has modified the federal requirements at the local level, this should be explained in the supplement under the Type. A Type that is not applicable at the local level is noted by “N.”

If a particular Type is noted as “Y,” the auditor must determine if the Type has a direct and material effect on the federal program for the auditee. For each Type of compliance requirement, the auditor must use the OMB 2023 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	Y	N	Y	Y	N	Y	N	Y

**A. Activities Allowed or Unallowed**

Funds allocated for NSA must be used for the costs incurred by the State or Local Agency to provide participants with nutrition education, breast-feeding education, promotion, and support, and referrals to other social and medical service providers and to conduct participant certification, caseload management, food benefit delivery, vendor management, voter registration, and program management (7 CFR Sections 246.14(a) through (d)).

Under no circumstances may the WIC grant be charged for costs that are demonstrably outside the scope of the WIC Program. The cost for some screening (exclusive of laboratory tests), referrals for other medical/social services, such as immunizations, prenatal (before birth)/perinatal (near the time of birth from the 28th week of pregnancy through 28 days following birth) care, well childcare and/or family planning, and follow-up on participants referred for such services, may be charged to the federal WIC grant. However, the cost of the services performed by other health care/social service providers to which the participant has been referred shall not be charged to the WIC grant. For example, the cost to screen, refer, and follow-up on immunizations for WIC participants may be charged to the WIC grant; but the cost to administer the shot, the vaccine, and vaccine-related equipment may not be charged to the WIC grant.

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### B. Allowable Costs/Cost Principles

Local agencies are required to follow Office of Management and Budget, Title 2 Code of Federal Regulations, Chapter II Part 200. An annual agreement between North Carolina (NC) DHHS and the agency outlines other programmatic and fiscal requirements. The WIC Program Manual (available online at [Community Nutrition Services Section](#) under WIC Local Agency Resources or from the Local Agency) contains specific program guidance in this area.

### C. Cash Management

This is a requirement in Title 2 Code of Federal Regulations, Chapter II Part 200. However, the State retains responsibility for this requirement and thus chooses not to pass it along to any of its subrecipients.

### E. Eligibility

#### **Eligibility for Individuals**

Auditors are required to determine if eligibility is a direct and material compliance requirement for split-eligible programs at the State level since the benefit payments that are paid as a result of the eligibility determination are listed on the State's Schedule of Expenditures of Federal Awards (SEFA). Determination should be documented in the work papers.

Applicants for WIC Program benefits are screened at WIC clinic sites to determine whether they meet the following eligibility criteria (7 CFR Sections 246.7(c), (d), (e) (g) and (l)). Applicants must provide all of the following to participate in the WIC Program:

- Proof of identity
- Proof that they reside in North Carolina
- Proof of income or participation in an adjunctive eligibility program
- Have a demonstrated nutrition risk

Per USDA guidance, it is not their expectation that an auditor evaluates whether the income eligibility determination has been done correctly. However, they do expect that an auditor validates that the necessary documentation for WIC eligibility (i.e., income, residency, identification) has been notated in the client's file. The Crossroads System prevents issuance without the required fields being completed.

The requirements are described below:

**Categorical** – Eligibility is restricted to pregnant, postpartum, and breast-feeding women, infants, and children up to their fifth birthday (7 CFR Sections 246.2 (definition of each category) and 246.7(c)).

**Residency** – An applicant must meet the State Agency's residency requirement. Applicants must present positive proof of identity and proof of physical address within North Carolina at certification. The Local Agency is required to certify within the Crossroads system that they verified residency at the time of certification. The Local Agency is not required to maintain copies of the proof of residency.

**Income** – An applicant must meet an income standard established by the State Agency or be determined to be automatically income-eligible based on documentation of his/her eligibility, or certain family members' eligibility, for the following federal programs: (1) Temporary Assistance for Needy Families (TANF); (2) Medicaid; or (3) Food and Nutrition Services (the Special Nutrition Assistance Program (formerly the Food Stamp Program), i.e., adjunctive income-eligible. State Agencies may also determine an individual

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automatically income-eligible based on his/her eligibility for certain State-administered programs (7 CFR Sections 246.2 (definition of “family”), 246.7(c), and 246.7(d)). North Carolina has not defined any State-administered programs to confer eligibility for WIC. Should a participant be determined to be adjunctively eligible by another program, they automatically qualify for WIC and no additional proof of income is required.

Income Guidelines: The income standard established by the State Agency may be up to 185 percent of the income poverty guidelines issued annually by the Department of Health and Human Services or state or local income guidelines used for free and reduced-price health care.

The income standard in North Carolina is 185% of the federal poverty level. All Local Agencies are required to use this guideline, or the above-described adjunctive income eligibility method.

Income Determination: Except for applicants automatically determined income-eligible, income is based on gross income and other cash readily available to the family or economic unit. Certain federal payments and benefits are excluded from the computation of income. In addition, the State Agency may exclude the value of military families’ off-base housing allowances but must implement such exclusion uniformly for all military families (7 CFR section 246.7(d)(2)(iv)). North Carolina excludes the value of military families off base housing when determining income eligibility. At a minimum, in-stream (away from home base) migrant farm workers and their families with expired Verification of Certification cards shall meet the State Agency’s income standard provided that the income of the family is determined at least once every 12 months (7 CFR section 246.7(d)(2)(ix)).

Local Agencies must consider family income over the preceding 12 months or the family’s current rate of income over the last 30 days, whichever indicator more accurately reflects the family’s income status. However, applicants in which an adult member is unemployed shall have income determined based on the period of unemployment. A State or Local Agency must require documentation of participation in the adjunctive income eligible programs or documentation of the income and household size. The procedures are described in the WIC Program Manual, Chapter 6. Per USDA guidance, it is not their expectation that an auditor evaluates whether the income eligibility determination has been done correctly. However, they do expect that an auditor validates that the necessary documentation for WIC eligibility (i.e., income, residency, identification) has been notated in the client’s file. Income eligibility is documented in the Crossroads System, which prevents issuance without the required fields being completed.

**Nutritional Risk** – A competent professional authority (CPA) (e.g., nutritionist, registered dietitian, dietetic technician registered (DTR), registered nurse, nurse practitioner, physician assistant, or physician)) must determine that the applicant is at nutritional risk. Nutritional risk is defined by the State Agency within broad guidelines set forth in WIC legislation and regulations. The specific nutrition risk criteria are in the WIC Manual. At a minimum, this determination must be based on measurement of height or length and weight, and on a hematological test for anemia. Such anemia testing is required according to guidelines from the Centers for Disease Control and Prevention (CDC). The test for pregnant women may be completed within 60 days of program certification. The determination of nutritional risk may be based on referral data provided by a competent professional authority who is not on the WIC staff (7 CFR sections 246.2 (definitions of competent professional authority and nutritional risk) and 246.7(e)).

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When an applicant meets all eligibility criteria, he/she is determined by WIC clinic staff to be eligible for program benefits. Certification periods are assigned to each participant based on categorical status for women, infants, and children (7 CFR Section 246.7(g)).

The Crossroads system automatically assigns each eligible person a priority classification according to the classification system described in 7 CFR Section 246.7(e)(4). A person's priority assignment reflects the severity of his/her nutritional risk. If the Local Agency cannot immediately place the person on the program for lack of an available caseload slot, the person is placed on a waiting list. Caseload vacancies are filled from the waiting list in priority classification order. No Local Agencies functioned under a waiting list in Federal Fiscal Year 2022. Local Agencies are expected to target program outreach and caseload management efforts toward persons at greatest nutritional risk (i.e., those in the highest priority classifications). Pregnant women are certified for the duration of their pregnancy and for up to six weeks postpartum. Non-breast-feeding women are certified for up to six months postpartum. Breast-feeding women are certified until one year postpartum (if breastfeeding stops prior to 6 months postpartum, the woman is considered postpartum non-breastfeeding). Infants certified before six months of age are certified until their first birthday. Infants certified after six months of age are certified for six months. Children are certified for one-year intervals ending with the month in which the child reaches the fifth birthday. Per USDA guidance, auditors should verify that risk determination occurred but not test that it was appropriately assigned. The Crossroads System prevents certification and issuance of benefits if risk has not been determined and documented.

### **F. Equipment and Real Property Management**

Local Agencies must receive prior approval from the state agency for the purchase of equipment with a value of \$500 or more. (FY2022-2023 Consolidated Agreement). For equipment purchased after January 1, 2018, the Local Agency is responsible for assigning a fixed asset number and applying a fixed asset tag to equipment purchased using WIC funds. The Local Agency is responsible for maintaining a fixed asset inventory including but not limited to a description, serial number, fixed asset tag number (either state agency issued, or Local Agency assigned), and date of purchase for each item purchased with a value of \$500 or more.

Local agencies must receive prior approval for all medical equipment and computer equipment regardless of cost. (FY2022-23 Consolidated Agreement)

### **H. Period of Performance**

The State retains responsibility for this requirement and thus chooses not to pass it along to any of its subrecipients.

### **I. Procurement and Suspension and Debarment**

#### **Procurement**

FNS requires prior written authorization for WIC State and Local Agencies to purchase non-equipment items valued at \$25,000 or more. This policy does not apply to purchases of automated data processing (ADP) equipment with a unit cost less than \$25,000 if the equipment is related to a multi-unit procurement with a total project cost (including equipment, software and/or contracted services costs) of \$25,000 or more, such as a statewide automation system or a large replacement plan. Such purchases continue to require prior approval from FNS (see ADP Projects). (May 1, 1998 Regional Letter No. 240-14: Procurement and Property Management – Non-Computer Equipment Purchases less than \$25,000, WIC Policy Memorandum #98-3)

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Purchases of other capital assets, such as buildings, land and improvements to buildings or land that materially increase their value or useful life, costing more than \$5,000.00, continue to require prior approval from FNS. (May 1, 1998 SFP Regional Letter No. 240-14: Procurement and Property Management – Non-Computer Equipment Purchases less than \$25,000 WIC Policy Memorandum #98-3)

### Suspension and Debarment

Suspension and Debarment does not apply to WIC.

### **Automated Data Processing (ADP) Projects**

Local Agencies are not authorized to make ADP acquisitions.

### J. Program Income

This is a requirement in Title 2 Code of Federal Regulations, Chapter II, Part 200. However, the State retains responsibility for this requirement and thus chooses not to pass it along to any of its subrecipients.

### L. Reporting

#### Financial Reporting

Local Agencies are required to enter actual expenditure information electronically through the Aid to County website (*FY2022-2023 Consolidated Agreement*). In addition, Local Agencies shall adhere to year-end reporting requirements as detailed in the FY22-23 WIC Agreement Addendum (*Section VI*).

Non-Local Agencies are required to submit a monthly report of expenditures and obligations through a DHHS- supplied Contract Expenditure Report (DHHS 2481). The report should represent actual expenditures and incurred costs for the reporting month. (*FY22-23 WIC Contract, General Contract Cover*)

### M. Subrecipient Monitoring

Not applicable at the local level.

### N. Special Tests and Provisions

#### **1. Compliance Requirement**

**Management Evaluations** – State Agencies must establish an ongoing management evaluation system which includes at least the monitoring of Local Agency operations, the review of Local Agency financial and participation reports, the development of corrective action plans, the monitoring of the implementation of corrective action plans, and on-site visits. Monitoring of the Local Agencies shall include evaluation of management, certification, nutrition education, civil rights compliance, accountability, financial management systems, and food delivery systems. These reviews must be conducted on each Local Agency at least once every two years, including on-site reviews of a minimum of 20 percent of the clinics in each Local Agency or one clinic, whichever is greater (7 CFR section 246.19(b)).

#### Audit Objective

The audit objective is to verify conformity with contractual requirements as specified in 7 CFR section 246.19(b).

#### Suggested Audit Procedures

Review the most recent Local Agency management review (monitoring report) conducted by the State Agency. Determine if the Local Agency required corrective

action, and if so, has the Local Agency implemented a corrective action plan regarding the “deficiency found” (items requiring corrective action).

**2. Compliance Requirement**

**Consolidated Agreements with Local Public health systems/Districts** – The DHHS Division of Child and Family Well-Being is made up of four major sections: Community Nutrition Services, Food and Nutrition Services, Early Intervention, and Whole Child Health.,,. The Division of Child and Family Well-Being (DCFW) and the Division of Public Health (DPH) utilize a single written agreement to manage all funds, that is, State, federal, or private grant funds that the Division allocates to local public health systems across the State. This document, as amended, is called the Consolidated Agreement.

The Agreement sets forth the more general requirements of the funding relationship between the state and local public health system. The respective requirements are detailed under the headings: NCDHHS Responsibilities; Funding Stipulations; Fiscal Control; Personnel Policies; Confidentiality; Civil Rights; Disbursement of Funds; Amendment of Agreement; Provision of Termination; and Compliance. More specific information related to program activity is set out in a document called the Agreement Addenda, which details outcome objectives (which may or may not be negotiable at the beginning of each fiscal year) that each public health system must achieve in exchange for the funding. A third part of the system is the Funding Authorization which is sent annually from each of the Sections or Branches of the Divisions to all public health systems being allocated funds from specific sources, i.e., State appropriations or other federal grant funds for specific activities. This Estimate indicates the amount of the allocated funds and their respective sources. Each health department should be able to provide an auditor with a copy of the Consolidated Agreement for the particular year being audited, as well as copies of the Funding Authorization and any revisions, Agreement Addenda, expenditure reports and any activity reports for each source of money received. If the health department cannot provide these documents, they may contact the State Division of Child and Family Well-Being Budget Office for assistance.

**Audit Objective**

The audit objective of this test is to verify with the requirements defined in the WIC Agreement Addendum and Funding Authorization documents for a local agency are being met.

**Suggested Audit Procedures**

It is suggested that the auditor review Section III. FUNDING STIPULATIONS of the Consolidated Agreement before beginning an audit. This Section, as applicable, describes much of the detailed information the auditor may be seeking during a review of these programs.

**3. Compliance Requirement**

**Vendor Monitoring** –WIC participants use the food benefits loaded onto their eWIC card at WIC-authorized vendor locations around the state. North Carolina Department of Health and Human Services has a three-party agreement with the vendor. The third party is the Local Agency. Local Agencies are responsible for vendor monitoring for all new vendor applicants and must complete routine monitoring on a minimum of one third (was 5% under COVID-19 Waivers) of its authorized vendors on an annual basis. Local Agencies are required to document vendor monitoring on the *WIC Vendor Monitoring Report* form (DHHS 2925) and in the Crossroads system. Local Agencies

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are required to send the original reports to the State Agency, keep a copy on file, and provide the vendor with a copy. Additionally, they are required to document the outcome of all vendor monitoring visits in Crossroads. If the monitoring reveals any deficiencies, the Local Agency staff must return to the vendor's location within 21 days of the visit to ensure that the deficiencies have been corrected. Local Agencies are required to send the original reports to the State Agency and keep a copy on file.

### **Audit Objective**

The audit objective is to verify compliance with the Vendor Monitoring requirements.

### **Suggested Audit Procedures**

The auditor should review the Local Agency vendor monitoring files to determine if one third of the contracting vendors have been monitored on an annual basis. The reviewer should check to see if the *WIC Vendor Monitoring Report* form (DHHS 2925) was completed, recommended follow-up on corrective action was completed and that the signature of the authorized vendor representative and the WIC monitor was entered on the form. Due to the COVID-19 pandemic, the State Agency received approval from the United States Department of Agriculture to waive existing requirements for onsite vendor routine monitoring and onsite preauthorization monitoring for vendor applicants. Both waivers were approved until 90 days after the end of the nationally declared public health emergency.

## **4. Compliance Requirement**

### **Conflicts of Interest and Certification Regarding No Overdue Tax Debts**

All non-State entities (except those entities subject to the audit and other reporting requirements of the Local Government Commission) that receive, use, or expend State funds (including federal funds passed through the NCDHHS) are subject to the financial reporting requirements of G. S. 143C-6-23 for fiscal years beginning on or after July 1, 2007. These requirements include the submission of a Notarized Conflict of Interest Policy (see G. S. 143C-6-23(b)) and a written statement (if applicable) completed by the grantee's board of directors or other governing body that the entity does not have any overdue tax debts as defined by G. S. 105-243.1 at the federal, State, or local level (see G. S. 143C-6-23(c)). All non-state entities that provide State funding to a non-State entity (except any non-State entity subject to the audit and other reporting requirements of the Local Government Commission) must hold the subgrantee accountable for the legal and appropriate expenditure of those State grant funds.

### **Audit Objective**

The audit objective is to verify conformity in establishing a Conflict-of-Interest Policy.

### **Suggested Audit Procedures**

The auditor should ensure a Conflict of Interest Policy is available in each Local Agency.