



**United States
Department of
Agriculture**

Food and
Nutrition
Service

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Alexandria, VA
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February 7, 2013

SUBJECT: WIC Policy Memorandum 2013-1
Offsetting Federal Claims against WIC State Agencies

TO: Regional Directors
Supplemental Food Programs
All Regions

WIC State Agency Directors
All Regions

The purpose of this policy memorandum is to clarify that the presence of State appropriated funding in the operation of the WIC Program does affect the manner in which Federal claims against WIC State agencies may be satisfied. The determining factor is whether or not the Federal and State funds are separately accounted for or commingled in the State agency's WIC Program operations.

In instances in which Federal and State funds are segregated, the ability exists to distinguish which dollars have been used for unallowable purposes. In this instance, a Federal claim should be asserted only for the amount of dollars spent inappropriately for WIC Program operations supported with Federal funds. The State agency is liable for the value of any improper expenditure funded by its Federal grant.

In instances in which Federal and State funds are commingled, it may be impossible to determine whether Federal or State funds were used for unallowable purposes. In this instance, the State agency is entitled to show that it has a sufficient amount of allowable expenditures to properly account for the total charges to its Federal grant. In other words, if the State agency allocates and spends an amount of State funds for allowable costs that equals or exceeds the unallowable expenditures, no Federal claim would exist.

The contents of this guidance document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

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The basis for this is the principle that in instances in which Federal and State funds have been commingled, no presumption arises that it was the Federal funds that were used for unallowable purposes without specific proof that it was the Federal funds that were misspent.

A handwritten signature in black ink, reading "Debra R. Whitford". The signature is written in a cursive, flowing style with a large initial 'D'.

DEBRA R. WHITFORD Director
Supplemental Food Programs Division

cc: Financial Management Directors, All Regions

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