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UNITED STATES DEPARTMENT OF AGRICULTURE  
Food and Nutrition Service  
3101 Park Center Drive  
Alexandria, VA 22302

FNS INSTRUCTION 807-2  
REV. 1

ACTION BY: Regional Directors  
Supplemental Food Programs

SOURCE CITATION: Section 246.12

WIC Program-- Program Costs - Focal Instruments Used in Compliance Purchases

State agencies may, at their discretion, consider food instruments used in compliance purchases as either food or administrative costs.

Since the level of funds involved is usually small, it may be costly and difficult to transfer the costs from food to administrative funds. Thus, the costs of effecting and documenting the transfer to funds may exceed the value of the food instruments. It may be more efficient administratively to let the funds remain as food costs.

A former policy of requiring this cost to be an administrative expense was based on the notion that food instruments used in monitoring are an administrative monitoring cost, similar to salaries of investigators or travel expenses. States may, at their discretion, continue to follow this interpretation or they may follow the alternative interpretation that food instruments are not a normal administrative cost. Food or non-food items obtained in compliance purchases are customarily donated to charitable organizations, as opposed to salary or capital expenses which usually constitute the bulk of administrative costs.



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