

<p style="text-align: center;"><b>Nutrition Services</b> <b>Department of State Health Services</b></p>
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Effective June 1, 2002

Policy No. AC:26.0

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### **Advance Cash Payments**

#### **Purpose**

To allow a local agency (LA) adequate operating funds to operate and purchase equipment and services necessary to support WIC operations while awaiting reimbursements for actual WIC expenditures.

#### **Authority**

7 CFR Part 3016

#### **Policy**

To ensure a LA has continued operating funds, cash advances may be authorized on a case-by-case basis.

#### **Procedures**

- I. Each fiscal year LAs may submit a written request to the state agency (SA) for a one-time cash advance.
- II. After review of the written request/justification, the SA shall respond with approval/denial via written correspondence.
- III. SA approval for cash advance is only valid for the current contract period. A new request shall be required for each contract period.
- IV. The advance shall be requested at the beginning of the contract period or at a single time later in the contract period, if circumstances so warrant and the request is approved.
- V. Advance funds shall be liquidated during the contract period so that after the final monthly billing, the LA shall not have advance funds on hand. Advance funds shall be liquidated no later than July and August

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of the contract period. If at the end of the contract period any unspent advance funds remain, these funds shall be returned to the SA. Processing of new fiscal year administrative claims shall be suspended until recovery of the previous year's excess advance funds is completed.

- VI. Advance funds shall be drawn only to meet immediate cash needs for disbursement.
- VII. Cash advances made to WIC LAs shall be based upon projected contract earnings via their respective contract. Estimated projection with reasonably expected growth added, shall be utilized to calculate a projected monthly earnings amount. Such calculation shall be the basis (upper limit) for awarding a two-month cash advance.
- VIII. With the exception of the initial request for advance funds, all other billings for reimbursement shall be requested only for actual allowable cash expenditures incurred as a result of WIC activities.
- IX. Advance funds requested from the WIC Program are for WIC purposes only and are restricted from use in offsetting other program costs.
- X. Any interest earned on cash advances shall be treated as program income and shall be handled according to requirements set forth in **Policy AC: 30.0**.