



# **MDCPS Policy and Procedures: Subgrant Manual**

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**Repeal Prior Manuals: Upon the effective date, the following Subgrant Manual supersedes and repeals all previous Subgrant Manuals that were filed by the Mississippi Department of Human Services and adopted.**

### **Chapter 1: Introduction**

The Subgrant Manual has been prepared to provide uniform procedures and guidance for the administration of subgrants awarded by the Mississippi Department of Child Protection Services (MDCPS). The manual serves a three-fold purpose:

1. To ensure subgrantee funds are used for the purposes for which they are awarded;
2. To safeguard public monies to the greatest extent possible; and
3. To provide guidance to subgrantees in establishing and maintaining sound business accounting procedures.

This document serves as a guide in monitoring MDCPS and/or federally funded programs administered by subgrantees. It is intended to identify important requirements that MDCPS, as both a grantor and pass-through entity for program funds, will monitor and provide reasonable assurance that subgrantees are in compliance with all applicable requirements.

An electronic copy of the Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. §200) is available online at [eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#). The Subgrant Manual and all forms referenced and associated with each chapter of this manual are available online at <https://www.mdcps.ms.gov/>.

**ALL MDCPS SUBGRANTEES AND ANY LOWER-TIER SUBRECIPIENTS ARE REQUIRED TO COMPLY WITH THE DIRECTIVES SET OUT IN THIS MANUAL AND ALL APPLICABLE FEDERAL REGULATIONS.**

### **Chapter 2: Definitions**

The terms and definitions included in this chapter are used by MDCPS. The sources of these terms include 45 C.F.R. § 75.2, documents issued by the State Auditor's Office, the U.S. Office of Management and Budgets (OMB's) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards, which has been codified at 2 C.F.R. § 200, et seq., and applicable OMB circulars.

1. Accounting Procedures: Methods implemented to ensure that financial information is reflected in accounting records in a consistent, proper, and orderly manner.
2. Accounting System: All records, formal and informal, together with the procedures related to the assembling, classifying, recording, and reporting of information concerning the financial operations and conditions of a fiscal entity.
3. Accounts Payable: Liabilities of the subgrantee owed to persons, firms, or corporations for goods and services received. Obligations of subgrant funds must be liquidated no later than forty-five (45) days from the end of the subgrant period.

4. Accounts Receivable: Amounts due to the subgrantee from persons, firms, or corporations for goods and services.
5. Accrual Basis Accounting: The basis of accounting under which revenues are recorded in the fiscal year they are earned, and expenditures recorded in the fiscal year they are incurred. Obligations of subgrant funds must be liquidated no later than forty-five (45) days from the end of the subgrant period.
6. Accrued Expenditure: An expense incurred for goods and services received during a given period that has not been paid. Accrued expenses cannot be reported on the Final Claim Support Form.
7. Acquisition Cost: The net invoice unit price of the equipment, including the cost of modifications, shipping, attachments, and accessories, necessary to make the property usable for the purpose for which it was acquired.
8. Administrative Cost: Any expenditure for governmental functions normally associated with the administration of a public assistance program. The cost must be included in determining administrative costs subject to the statutory limitation on administrative costs, regardless of whether the expenditure is incurred by the State, a sub-recipient, a grantee, or a contractor of the State.
9. Administrative Closeout: The process by which MDCPS administratively performs subgrant closeout procedures upon determining that the subgrantee failed to close out a program year within the specified amount of time or failed to properly adhere to established closeout policies and regulations.
10. Allocation: The amount of funds provided by the Program Funding Division to a subgrantee to incur obligations and expenditures over a certain period.
11. Appropriated Funds: A sum set aside by formal legislative action for a particular purpose for specific use during a specified period.
12. Assets: The entire recourse of the subgrantee fund, including any property (tangible or intangible) of monetary value.
13. Audit: The process by which a MDCPS and/or any other federal entity auditor examines, reviews, and assesses the financial records with supporting documentation of subgrantees to evaluate the overall financial statements and/or to review and evaluate the programmatic measures.
14. Award: Grants and other agreements in the form of money or property, in lieu of money, by the Federal/State Government to an eligible recipient.
15. Bond: A form of money guarantee which protects against loss caused by another party or by some contingency over which that party may have no control. Any bond, in which may be required by MDCPS, shall be obtained from companies holding certificates of authority as acceptable sureties, according to 31 C.F.R. Part 223. A list of these companies is published annually by the U.S. Department of the Treasury in its Circular 570.

16. **Bond, Bid Guarantee:** A firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified. This bond must be equivalent to five percent (5%) of the bid price.
17. **Bond, Fidelity:** A bond against any loss resulting from fraud or lack of integrity, honesty, or fidelity of one (1) or more employees, officers, or other persons holding a position of trust with the subgrantee, which must be payable to MDCPS. This bond must be equivalent to twenty-five percent (25%) of the total subgrant amount.
18. **Bond, Payment:** A bond executed in connection with a contract to assure payment, as required by law, of all persons supplying labor and materials in the execution of the work provided for the subgrant.
19. **Bond, Performance:** A bond executed in connection with a subgrant to secure the fulfillment of all the subgrantee's obligations amount within a specified period of time.
20. **Budget:** An authorized plan of proposed expenditures and the means of financing them with respect to an allocated amount within a specific period of time.
21. **Budgetary Accounting:** A method of accounting, which allows for the comparison of actual revenues and expenditures to budget figures. In many cases, budgetary accounting applies to allocations and the expenditures authorized thereby.
22. **Budget Narrative:** A written justification adequately explaining the subgrantee's funding needs.
23. **Budget Summary:** A compilation of the detailed data contained in the Cost Summary Support Sheet (MDCPS-BS-1006).
24. **Capital Improvement:** Expenditures made by the subgrantee that either increase the value of real property or extend its useful life. Examples may include fences, outdoor lighting, heating/cooling systems, plumbing and minor renovations. Capital improvements are permissible only as allowed by programmatic regulations and approved through the programmatic division.
25. **Cash:** Currency, checks, money orders, or bank drafts on deposit in the account of the subgrantee agency.
26. **Cash Balance:** Currency, checks, money orders, or bank drafts on deposit in the account of the subgrantee agency less any checks written against these receipts.
27. **Cash Basis Accounting:** The basis of accounting under which revenues are recorded when received and expenditures are recorded when paid.
28. **Cash Disbursement Journal:** A journal kept recording in sequential order the expenditures of funds whether by check or other method of payment.
29. **Cash Federal/State:** Cash held by the subgrantee which has been received from the grantor agency and becomes a part of the total cash balance.

30. Cash Local: Cash held by the subgrantee which has been received from sources at the local level including private, county, and/or municipal government sources.
31. Cash Outlay: Total amount of cash spent by a subgrantee during a specific period either for expenditures, transfers between funds, or refunds of unexpended cash to the grantor agency.
32. Cash Payment: The payment of cash for expenditures. Such payments may precede the expenditure (an advance), coincide with the expenditure (a direct payment), or follow the expenditure (the payment of a liability).
33. Cash Program Income: Cash held by the subgrantee that is directly generated by a supported activity or earned as a result of the subgrant.
34. Cash Receipt: Cash received by a subgrantee for which it acknowledges accountability.
35. Cash Receipts Journal: A journal kept recording in sequential order, the receipt of all funds.
36. Certification of Subgrant Compliance: A form by which the subgrantee releases the unexpended and/or unobligated balance of the subgrant/agreement to MDCPS (MDCPS-SGCC-1012).
37. Claim Support Form: The form used to report monthly costs incurred under MDCPS subgrants and to request funds on a cost reimbursement or cash advances basis (MDCPS-BA-CS-001 and MDCPS-BA-CS-002).
38. Closeout: The process by which MDCPS determines that all applicable administrative actions and all required work elements of the subgrant/agreement have been completed.
39. Closeout Form: A checklist used by the subgrantee to ensure that all closeout documents are included as a part of the subgrantee closeout package (MDCPS-SGCC-1011).
40. Cognizant Agency: The Federal agency responsible for negotiating and approving indirect cost rates for the subgrantee.
41. Commodities: Budget category that includes various consumable supplies, goods, or merchandise of every kind purchased by a subgrantee or lower-tier sub-recipient.
42. Contract: A legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a federal award. The term contract as used in this manual does not include legal instruments that are considered Federal grants or subgrants. The nature of the relationship between the parties will determine whether the instrument is a contract or a subgrant.
43. Corrective Action: An action or additional information from the subgrantee that is required for the subgrantee to be considered to meet a requirement.
44. Cost Reimbursement: A method of funding subgrants under which the subgrantee receives funds the following month for actual expenses incurred during the previous month. The subgrantee is reimbursed for the Federal and/or State portion of cash payments reported on the monthly Claim Support Form: Advanced (MDCPS-BA-CS-001).

45. Cost Summary Support Sheet: A budget form used to describe the basis for determining the cost for the various activities on the Budget Summary (MDCPSCSSS-1007).
46. Cumulative Cost: Total cost incurred for a specific grant from the beginning date through the current period.
47. Current Needs: A method of funding a subgrant where the subgrantee evaluates its cash needs for sixty (60) days and submits a request for these funds thirty (30) days prior to the period funds will be needed. Pending receipt of federal funding, the subgrantee may request payment for the Federal and/or State portion of expenses expected to be paid during the sixty (60) day period of projected cash needs once the subgrant agreement becomes effective. A 'Cash Advance Claim Support Form' (MDCPS-BA-CS-002) is required under the current needs/cash advance method to initiate the payment process. A monthly 'Claim Support Form' (MDCPS-BA-CS001) is also required to report costs incurred.
48. Debarment: An action taken by a debarring official in accordance with Federal regulations and established procedures to exclude a legal entity or a participant from participating in covered transactions. A participant so excluded is debarred.
49. Direct Cost: Cost immediately identifiable with specific subgrant activities that are recorded as a subgrant expenditure when incurred.
50. Encumbrances: Commodities and services which have been ordered but the goods have not been received or the service has not been rendered for funds committed during the current subgrant period.
51. Equipment/Property: Tangible personal equipment/property of a non-consumable nature with a useful life of one (1) year or more. See also definitions provided in 2 C.F.R. Part 200 for capital assets, computing devices, general purpose equipment, information technology systems, special purpose equipment, and supplies. (See the Property Management chapter of this manual for items that are classified as equipment, regardless of costs).
52. Expenditure: Exchange of an asset or incurrence of a liability for an asset, goods received, or services rendered after a voucher for goods and/or services is approved.
53. E-verify: An internet-based system that compares information from an employee's Form I-9, Employment Eligibility Verification, to date from U.S. Department of Homeland Security and Social Security Administration records to confirm employment eligibility. (<https://www.e-verify.gov/>)
54. Expense: Cost incurred (cash or noncash) which is presumed to benefit operations of the current fiscal period.
55. Financial Statements: Presentations of financial data that show the financial position and the results of financial operations of a fund, a group of accounts, or an entire subgrantee unit for a particular accounting period.
56. Finding: An item that is a requirement of the subgrantee that has been identified by MDCPS that requires additional action or information to be considered met.
57. Fiscal Year: The twelve (12) month period that is the legal period for budgeting and accounting for the subgrantee.



58. Fixed Assets: Assets of a long-term character and non-consumable in nature which are intended to be held or used for a period exceeding one (1) year. This includes land, buildings, improvements, machinery, furniture, and other equipment See Chapter 5. Some exclusions apply.
59. Fixed Price Contract: Contractual agreement whereby payments to the subgrantee are contingent on the subgrantee fulfilling the agreement terms.
60. Fixed Unit Price: Method of funding subgrants under which the subgrantee is paid a predetermined fixed price for services performed.
61. Funding Division: A MDCPS Division that provides monies from State and/or Federal sources to fund State and/or Federal contracts or subgrants for the provision of services for or on behalf of MDCPS.
62. Funding Source: A source from which funds are derived.
63. General Journal: A journal or book of original entries that require both the credited and debited amounts to be listed, along with respective amounts being credited or debited. Specifically, a journal consists of a chronological record of the transactions showing an explanation of each transaction, the accounts affected, whether those accounts are increased or decreased, and by what amount. It may also be known as a General Ledger.
64. Generally Accepted Accounting Principles (GAAP): A set of rules and regulations that represent the accepted accounting principles and practices.
65. Indirect Cost: Costs incurred for common or joint objectives, and therefore, cannot be readily and specifically identified with a particular project or activity.
66. Indirect Cost Plan: The documentation prepared by an organization to substantiate its claim for reimbursement of indirect cost. The plan provides the basis for review and negotiations leading to the establishment of an organization's indirect cost rate.
67. Indirect Cost Rate: Expressed as a percentage of the indirect costs to a direct cost base pending prior approval by the appropriate authority.
68. In-Kind Contributions: The value of non-cash contributions provided by the subgrantee or non-federal parties. Contributions may be in the form of charges for real property and nonexpendable personal property or the value of goods or services directly benefitting and specifically identifiable to the project or program.
69. Internal Control: The plan of the organization and all the methods and measures adopted within a fund or agency to safeguard its assets, check the accuracy and reliability of the accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

70. Invoice: The original bill from the vendor indicating the price, description of goods or services sold, and terms of the sale. This is used as documentary evidence that the service has been performed or the material received. If not an original, the invoice must read “customer copy.”
71. Lower-Tier Agreement: A legally binding document between an MDCPS subgrantee and another entity to provide a service required under the MDCPS subgrant, rather than the direct delivery of the services by the MDCPS subgrantee. Lower-tier agreements must be approved by MDCPS. All lower-tier sub-recipients must comply with the requirements specified in the MDCPS Subgrant Manual.
72. Matching Contributions Local Cash, Local In-Kind Program Income: The subgrantee’s non-federal cash, in-kind contributions program income used to meet federal matching requirements, including the outlay of other non-federal monies contributed to the subgrantee by other public agencies, institutions, private organizations, and individuals.
73. MDCPS Subgrant Manual: A policy manual developed by MDCPS that implements the agency’s policies and procedures that are applicable to MDCPS subgrantees, agreements, and any lower-tier agreements.
74. Non-Expendable Equipment/ Property: Equipment or property that has a continuous use and an expected useful life of one (1) year or more. The equipment/property shall be tagged and placed on the Property Control List.
75. Obligations: Amounts which a subgrantee may be legally required to pay out of its resources including encumbrances, as well as accounts payable and accrued liabilities.
76. Outstanding Claimants: A list of all possible claimants to MDCPS funds. See the Closeout Procedures chapter of this manual (MDCPS-SGOCL-1013).
77. Outstanding Encumbrances: The portion of the total prospective expenditures filed (such as purchase orders or executory contracts) that remain to be liquidated.
78. Outlays: The spending or disbursing of money.
79. Pass-through Entity: A non-Federal entity that provides a subgrant to a subgrantee to carry out part of a Federal program.
80. Performance-Based Subgrant Agreement: A Subgrant agreement whereby payments to the subgrantee or lower-tier sub-recipient are performance-based (contingent on the subgrantee or lower-tier sub-grantee achieving specified elements of performance).
81. Program Budget: A budget in which projected expenditures are assigned to specific activities.
82. Program Income: Gross income earned by the subgrantee that is directly generated by a subgrant or agreement-supported activities.
83. Property Control: List An updated list of all equipment purchased by the subgrantee with subgrant funds, as required by the Property Management chapter of this manual.

84. **Property Management Policy:** Uniform standards adopted by all divisions and the Property Unit within subgrant funds, as required by the Property Management chapter of this manual.
85. **Purchase Order:** A document that authorizes the purchase of specified merchandise or services and authorizes the verification and holding of funds to cover the purchase.
86. **Questioned Cost:** Those funds questioned by an MDCPS state, federal, or any other authorized auditor that is expended by a subgrantee and are not in compliance with the terms and conditions of the subgrant/agreement or with any other compliance or federal requirements.
87. **Record Retention and Access Policy:** Federal regulations that establish the requirements for record retention and access to records of subgrantees and any lower-tier sub-recipients.
88. **Service Provider:** A person or governmental department, agency, or other entity that receives federal financial assistance to carry out a program through a state or local government; but does not include an individual who is a beneficiary of such a program.
89. **Single Audit Act Amendments:** A federal act passed by Congress in October of 1984, and amended in 1996, establishing audit requirements according to 2 C.F.R. Part 200, Subpart F, "Audit Requirements," for subgrants that expend a total amount equal to or more than \$750,000 in a single year. The Single Audit Act requires the reporting entity to have its federal financial assistance programs audited on an organization-wide basis by an independent Certified Public Accountant.
90. **Standard Assurance Policy:** Assurances and certifications by a subgrantee that they will comply with the regulations, policies, guidelines, and requirements imposed by the federal sponsoring agency and the grantor agency and ensure the compliance of any lower-tier sub-recipients.
91. **Subgrant/Agreement:** An award provided through a contractual arrangement by a pass-through entity (MDCPS) to a subgrantee for the subgrantee to carry out part of a federal award received by MDCPS. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program.
92. **Subgrant/Agreement Modification:** A contractual agreement that alters or amends any subgrant or agreement that has been approved by appropriate MDCPS personnel.
93. **Subgrantee Travel Policy:** Policy concerning in-state and out-of-state travel that defines uniform guidelines for the reimbursement of travel expenses of subgrantees.
94. **Subsidiary Account:** Group of related accounts which support in detail the summary data recorded in a control account.
95. **Subsidiary Ledger:** A group of subsidiary accounts; the sum of the accounts should equal the balance of the related control account.

96. Trial Balance: A list of the debit and credit balances of the individual accounts in a general ledger kept by double-entry accounting.
97. Unallowable Cost: A cost that is: (1) not allocable or beneficial to the subgrant, either directly or indirectly; (2) not treated consistently with costs incurred with non-federal funds; (3) lacking the necessary documentation required by statute or regulation; (4) not authorized under the subgrant agreement; or (5) not allowable under a specific statute, regulation, or policy.
98. Unexpended Balance: The portion of an allocation received that has not been expended; the balance remaining after deducting the accumulated expenditures.
99. Vendor: A company or individual who has rendered a service or sold merchandise to a subgrantee or lower-tier sub-recipient.

### **Chapter 3: Regulations, Certifications, and Standard Assurances**

Subgrantees are to comply with the regulations, policies, guidelines, and requirements imposed by the federal sponsoring agency and MDCPS. Subgrantees are to comply with State statutes and implement regulations that may also be applicable. Federal and State requirements include the specific program regulations applicable to each individual award as specified in the subgrant agreement.

Current federal regulations are available on the Internet at the following sites:

1. Code of Federal Regulations – [eCFR :: Home](#)
2. Federal Register – <https://www.federalregister.gov/>
3. OMB Circulars – [www.whitehouse.gov/omb](http://www.whitehouse.gov/omb)

Please refer to 2 C.F.R. Part 200, Subparts A-F that are particularly applicable to subgrantees, which include Executive Orders, Federal Regulations, and OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards, as implemented by the various Federal grantor agencies. Please note that these rules and regulations are subject to change, and it is the Subgrantee's responsibility to maintain compliance with all applicable rules, regulations, standard assurances, and certifications as updated.

Subgrantees holding and administering an MDCPS subgrant shall satisfactorily complete any MDCPS required training related to MDCPS policy, and Federal and State regulations. Subgrantees will be responsible for ensuring lower-tier recipients adhere to the requirements as outlined in any MDCPS subgrant training as well as any changes and/or updates to MDCPS policy, and Federal and State requirements.

Each subgrantee and any lower-tier sub-recipient must assure compliance with the regulations, policies, guidelines, and requirements imposed by the Federal grantor agency, any applicable state statutes, and MDCPS. There may be additional assurances

required by certain Federal awarding agencies. Therefore, all subgrantees are responsible for knowing the specific requirements of their awards.

### **Certifications**

Each subgrantee must certify in writing that it will comply with the following regulations:

1. Lobbying: Shall provide certification regarding lobbying to comply with 31 USC §1352;
2. Suspension and debarment: Shall provide the required certification regarding their exclusion status and that of their principals prior to the award in accordance with Executive Orders 12549 and 12689 Debarment and Suspension;
3. Drug-Free Workplace: Shall provide certification to comply with the Drug-Free Workplace Act of 1988;
4. Unresolved Monitoring and Audit Findings; and
5. Fidelity Bond Coverage.

### **Standard Assurances**

The Subgrantee assures the following:

1. The Subgrantee has the legal authority to apply for and receive the subgrant; that a resolution, motion, or similar action has been duly adopted or passed as an official act of the subgrantee's governing body, authorizing the subgrant, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the Subgrantee to act in connection with the subgrant and to provide such additional information as may be required;
2. The Subgrantee shall give MDCPS, the State Auditor's Office, the Federal grantor agency, the Comptroller General, or any other appropriate authorized State or Federal representatives, access to and the right to examine and copy all records, books, papers, documents, or any items related to the subgrant for as long as these records are required to be retained;
3. The Subgrantee shall establish and maintain both fiscal and program controls and accounting procedures in accordance with Generally Accepted Accounting Principles and Federal grantor agency and MDCPS directives and will keep and maintain such books and records for audit by MDCPS, by the Federal grantor agency, by the State Auditor, or by the authorized representatives; and will maintain either electronic or paper files of all such records, books, papers, documents, or items for a period of at least three (3) years from the date of submission of the final Claim Support Form: Cost Reimbursement (MDCPS-BACS-001). If any litigation, claim, audit, or action has begun before the expiration of the three (3) year period, the subgrantee will retain all such items until the completion of the action and resolution of all issues involved or until the end of the regular three (3) year period, whichever is later, and will obtain written approval from the Office of Legal Counsel prior to destroying any such items as described

above upon the expiration of the above-stated period. The request shall be completed by submission of the 'Request of Dispose of Records' form (MDCPS-DOM-001);

4. The Subgrantee shall comply with the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
5. The Subgrantee shall provide, in a timely manner, written disclosure, and all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Subgrant;
6. The Subgrantee shall establish safeguards to prohibit employees from using their positions for a purpose that involves nepotism, and constitutes or presents the appearance of any other personal or organizational conflict of interest or personal gain;
7. The Subgrantee shall comply with all Federal and State statutes to discrimination, including, but not limited to:
  - a) Title VI of the Civil Rights Act of 1964, prohibiting discrimination on the basis of race, color, or national origin;
  - b) Title VII of the Civil Rights Act of 1964, relating to non-discrimination in matters of recruitment, hiring, promotion, and other employment practices;
  - c) Title VIII of the Civil Rights Act of 1968, as amended, relating to nondiscrimination of the sale, rental, or financing of housing;
  - d) Title IX of the Education Amendments of 1972, as amended, prohibiting discrimination on the basis of gender in federally assisted education programs and activities;
  - e) Age Discrimination Act of 1975, prohibiting discrimination on the basis of age;
  - f) Section 504 of the Rehabilitation Act of 1973, prohibiting discrimination on the basis of disability;
  - g) Title I, Title II, and Title III of the Americans with Disabilities Act (ADA) (1990), as amended by the ADA Amendments Act of 2008;
  - h) Omnibus Reconciliation Act of 1981, prohibiting discrimination on the basis of race, color, religion, sex, national origin, age, and disability;
  - i) Drug Abuse Office and Treatment Act of 1972, as amended, relating to nondiscrimination on the basis of drug abuse;
  - j) Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, as amended, relating to non-discrimination on the basis of alcohol abuse or alcoholism;
  - k) Sections 523 and 527 of the Public Health Service Act of 1912, as amended, relating to confidentiality of alcohol and drug abuse patient records; and

- l) Any other non-discrimination provisions in the specific statute(s) under which these monies will be granted or awarded and the requirements of any other nondiscrimination statute(s) that may apply to this subgrant or award.
8. The Subgrantee shall ensure that buildings and facilities owned, occupied, or financed by the United States government are accessible to and usable by individuals with disabilities in accordance with the 2010 ADA Standards for Accessible Design;
9. The Subgrantee must take reasonable steps to ensure that persons with limited English proficiency (LEP) have meaningful access to programs, services, and benefits. Subgrantees that do not provide meaningful access for LEP individuals risk violating prohibitions against discrimination based on National Origin in violation of Title VI of the Civil Rights Act of 1964. Public entities and public accommodations also must ensure equal opportunity access for persons with disabilities. This includes ensuring that communications with applicants, participants, members of the public, and companions with disabilities are as effective as communications with people without disabilities. Subgrantees, public entities, and public accommodations that do not provide persons with disabilities equal opportunity access to programs may risk violating prohibitions against disability discrimination in Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA) of 1990, as amended, by the ADA Amendments Act of 2008.
10. The Subgrantee shall comply with the requirements of the provisions of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970, which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal assisted programs. These provisions apply to all interest in real property acquired for project purposes regardless of Federal participation in purchases;
11. The Subgrantee shall comply with the provisions of the Hatch Act, as amended, which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds;
12. The Subgrantee shall comply, as applicable, with the provisions of the Davis-Bacon Act, the Copeland Act, and the Contract Work Hours and Safety Standards Act, regarding labor standards for federally assisted construction agreements;
13. The Subgrantee shall conform with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by EO 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Chapter 60) and will incorporate an equal opportunity clause in federally assisted construction contracts and subcontracts;
14. The Subgrantee shall comply with the minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act;

15. The Subgrantee shall comply with the Intergovernmental Personnel Act of 1970 relating to prescribed standards for merit systems for programs funded under one of the nineteen statutes or regulations specified in Appendix A of OBM's Standards for a Merit System of Personnel Administration;
16. The Subgrantee shall comply, if applicable, with Section 102(a) of the Flood Disaster Protection Act of 1973;
17. The Subgrantee shall comply with the Lead-Based Paint Poisoning Prevention Act, which prohibits the use of lead-based paint in construction or rehabilitation of residential structures;
18. The Subgrantee shall assist the Federal grantor agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended, Executive Order 11593, and the Archeological and Historic Preservation Act of 1974;
19. The Subgrantee shall comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 and Executive Order 11514; (b) notification of violating facilities pursuant to Executive Order 11738; (c) conformity of Federal actions to State (Clean Air) implementation plans under Section 176(c) of the Clean Air Act as amended; (d) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended; (e) Protection of endangered species under the Endangered Species Act of 1973, as amended; (f) Section 6002 of the Resource Conservation and Recovery Act; (g) the Coastal Barriers Resources Act; (h) protection of Wetlands pursuant to EO 11988; (i) evaluation of flood hazards in flood plains in accordance with EO 11988; and (j) assurance of project consistency with the approved State Management Program developed under the Coastal Zone Management Act of 1972;
20. The Subgrantee shall comply with the Wild and Scenic Rivers Act of 1968 related to protecting components or potential components of the national wild and scenic rivers system;
21. The Subgrantee shall comply with the Laboratory Animal Act of 1966 pertaining to the care, handling, and treatment of warm-blooded animals held for research, development, and related activities supported by this subgrant;
22. The Subgrantee shall comply with the National Research Act regarding the protection of human subjects involved in research, development, and related activities supported by this subgrant;
23. The Subgrantee shall comply with 2 C.F.R. § 200.306;
24. The Subgrantee shall assure all funds received shall be used only to supplement services and activities that promote the purpose for which the grant is awarded and not supplant unless specifically authorized by the program regulations and MDCPS;



25. The Subgrantee shall comply with all applicable requirements of all other Federal and State laws, Executive Orders, regulations, and policies governing the program(s) for which these monies are provided and with the terms and conditions of the subgrant, including but not limited to all documentation/information required by MDCPS for federal reporting purposes.
26. The Subgrantee shall comply with the Privacy Act of 1974 (5 U.S.C. § 552a) related to gathering and disclosing of information and documentation maintained on individuals;
27. The Subgrantee shall comply with all requirements of the Federal Funding Accountability and Transparency Act (FFATA). This includes providing the grantor a Data Universal Number (DUNS) and other information such as executive compensation data when required so the grantor can meet the reporting requirements of FFATA;
28. The Subgrantee shall comply with the Program for Enhancement of Contractor Employee Whistleblower Protections (48 C.F.R. § 3.908-3, 48 C.F.R. § 52.203-17, and 41 U.S.C. § 4712). Specifically, the subgrantee/lower-tier sub-recipient shall provide written notification to all employees of employee whistleblower rights and protections under 41 U.S.C. § 4712, as described in 48 C.F.R. § 3.908 of the Federal Acquisition Regulation. Subgrantees shall also include in each agreement with lower-tier sub-recipients the required whistleblower provisions, as mandated in 48 C.F.R. § 52.203-17.
29. The Subgrantee shall provide the required certification regarding lobbying to comply with 31 U.S.C. § 1352;
30. The Subgrantee shall provide the required certification regarding their exclusion status and that of their principals prior to the award in accordance with Executive Orders 12549 and 12689 Debarment and Suspension;
31. The Subgrantee shall provide certification to comply with the Drug-Free Workplace Act of 1988.

Subgrantees are responsible for ensuring that any lower-tier sub-recipients are compliant with the above-listed regulations, certifications, and assurances, as well as any other applicable requirements of all other Federal and State laws, Executive Orders, regulations, and policies governing the program(s) for which these monies are provided and with the terms and conditions of the original Subgrant, including but not limited to all documentation/information required by MDCPS for federal reporting purposes.

#### **Chapter 4: Financial Management**

##### **Overview**

In accordance with 2 C.F.R. § 200.302, MDCPS requires that subgrantees and any lower-tier sub-recipients have in place, prior to the receipt of funds, a financial management system that will provide:

1. Accurate, current, and complete disclosure of the financial status of each subgrant and lower-tier sub-recipients;

2. Records that identify the source and application of funds for subgrant-supported activities, specific information pertaining to subgrant awards, obligations, unobligated balances, assets, liabilities, outlays, and income;
3. Effective control over and accountability for all subgrant funds, property, and other assets;
4. Comparison of actual expenditures with reported costs and budgeted costs for each cost category and work activity;
5. Procedures to ensure that original cash requested under MDCPS subgrants will be expended within thirty (30) calendar days of receipt upon the first request;
6. Procedures to minimize the time between receipt and expenditure of subgrant funds;
7. Procedures to ensure that all expenditures are obligated within the effective dates of the subgrant period;
8. Procedures for determining that the cost is allowable and that it may be allocated to an activity;
9. Procedures to prohibit the transfer of funds between federally funded programs and/or between subgrants or between activities within the same subgrant;
10. Procedures to ensure that each expense paid from a subgrant was authorized in the budget of the subgrant charged with the expense;
11. Accounting records (including a general ledger or comparable) that are supported by source documentation;
12. Audits that analyze the fiscal integrity of the subgrantee (Single Audit required for subgrantees that expend \$750,000 or more of federal financial assistance – pursuant to 2 C.F.R. Part 200); and
13. A systematic method to assure timely and appropriate resolution of findings identified in audits or management reviews.

#### **Accounting Procedures**

Separate financial records shall be maintained for each subgrant and lower-tier sub-recipients. Separate financial systems ensure record-keeping requirements are met and eliminate potential conflicts with the subgrantees' usual record-keeping system, which may reflect a different fiscal year, or accounting by function or department rather than by subgrant or work activity. Each subgrantee shall maintain one set of accounting records for the subgrant and shall separately identify the receipts and disbursements for each subgrant or other source of funds.

The subgrantee shall be able to isolate and trace every subgrant dollar from receipt to expenditure and have on file appropriate supporting documentation for every transaction. Examples of documentation include, but are not limited to the following:

1. Vendor invoices
2. Bills of lading
3. Purchase orders

4. Payment vouchers
5. Payroll
6. Bank statements and reconciliations
7. Documentation to verify that only eligible clients were served
8. Employee activity sheets to verify activities performed and the actual hours worked for each activity/subgrant, and/or
9. Cash receipt logs to verify all funds received and the actual date of receipt.

All the basic accounting records and documents listed below comprise the framework for a good financial management system. If implemented properly, such a system can provide accurate, current, and complete disclosure of the financial status of each subgrant, work activity, and cost category.

1. Cash Receipts Journal
2. Cash Disbursements Journal
3. Payroll Journal
4. General Journal/Ledger

Subgrantees shall develop their accounting system to meet the needs of their subgrant. The amounts recorded daily to the individual accounts shall be totaled and posted to the general ledger at least monthly for the subgrantee to complete the monthly Claim Support Form: Cost Reimbursement (MDCPS-BA-CS-001). Recording procedures shall be designed to provide information accurately while at the same time serving as an effective control in preventing mistakes and safeguards against unauthorized uses of funds.

#### **Internal Controls**

Subgrantees of MDCPS shall have in place a financial management process that contains adequate internal controls for the administration of the subgrant program. This system of internal controls may be evaluated during an audit or monitoring review of the subgrantee.

The following internal accounting control procedures are required of MDCPS subgrantees and lower-tiered sub-recipients:

1. Record all cash receipts immediately;
2. Compare deposit slips with receipts;
3. Bond employees who handle cash;
4. Deposit all checks or other cash receipts within two (2) business days;
5. Make all payments by pre-numbered checks;

6. Reconcile bank accounts monthly by comparing the cash balance in the accounting records to the cash balance in the bank account and retain a copy of the reconciliation in the files;
7. Use serially numbered purchase orders and receiving reports;
8. Issue checks to vendors only in payment of original invoices that have been approved and matched with purchase orders and receiving reports;
9. Distinguish between the time when funds are received and when the funds are disbursed;
10. Mark all documentation paid to prevent duplicate payments; and
11. Retain a Certified Public Accountant firm for an audit, if required. (Refer to Chapter 7: Monitoring for exceptions.)

### **Documentation Requirements**

The accounting system of each MDCPS subgrantee shall provide the monitors and/or auditors with adequate documentation to support the subgrantee's financial claims. Source documents are required to support transactions entered into the subgrantee's record keeping system. The following is a list of the minimum documentation required for selected transaction types:

<b>CATEGORY</b>	<b>DOCUMENTATION</b>
<b>Grant Revenues</b>	
Federal, State, and Other Receipts	Identification of the source of funds (i.e., signed subgrant agreement), request for cash and/or request for reimbursement (i.e., Claim Support Form), cash receipts journal, Paymode receipts, validated deposit slips, withdrawals and/or financial reports
Program Income	Record of service, purpose, amount, and/or deposit slips
Matching Cash Contributions	Record of source donor, dates, rates, amounts, and/or deposit slips
Matching Non-Cash Contributions	Record of source donor, dates, rates, amounts, and activities performed including time, date, place, and agenda, certification of cost or market/appraised values, and documentation to verify that expenses reported as in-kind match and all contributions were in proportion to the benefits received by the subgrant that was matched. Subgrantee's in-kind contributions must be accepted and documented as part of the Subgrantee's cost sharing or matching when such contributions meet the criteria as outlined in 2 C.F.R. § 200.306(b)(1)–(7).
<b>Grant Expenditures</b>	
Salaries and Fringe Benefits	Personnel files must include a job application or resume, IRS W-4 Form, State Tax withholding form, I-9 Form (if hired after May 1987), E-verify confirmation, date of hire, current approved salary/wage, timesheets, time system reports and/or activity reports which reflect the actual hours worked and duties performed each pay period. Time distribution/activity sheets are required when the employee's time is charged to more than one (1) subgrant or activity. Fringe benefits documentation must include the detail of the elements that comprise

	the fringe benefits (i.e. FICA, health insurance, supplemental insurance, etc.).
Travel	An approved travel voucher showing that all travel expenses were incurred for the benefit of the subgrant; and copies of supporting bills including out-of-state meal receipts, hotel bills, conference registration fee receipts, and/or conference agendas.
Telephone	Complete telephone bills/invoices and long-distance telephone logs that indicate the person calling and/or the person called, the date and time of the call, the reason and purpose of the call, the number called, and the subgrantee that benefitted from the telephone call. For subgrantees with multiple locations, allotment/portion per location is required.
Equipment/Property	Original vendor invoices, receiving reports, purchase orders, competitive quotes, or proof of newspaper advertisements for bids, property records, authorization to purchase equipment, and/or any other documentation necessary for purchasing law conformity. All purchases of equipment/property must be made in accordance with applicable purchasing requirements.
Commodities (Supplies)	Original vendor invoices, receipts, receiving reports, purchase orders, records of competitive quotes and/or other solicitations issued, proof of required solicitation advertisements, property records, and/or any other procurement-related documentation necessary for purchasing compliance of commodities/supplies. All purchases of commodities (supplies) must be made in accordance with applicable procurement regulations.
Contractual Services	Current contracts that are active and valid during the subgrant agreement term for services charged to the subgrant, evidence of completion of contracts, billings for services, current rental or lease agreements, competitive quotes or proof of newspaper advertisement for bids (if applicable), and/or documentation of fair market value. All contracts for services must comply with applicable rules and regulations.
Subsidies, Loans and Grants	Payments to/for clients: Client attendance records, documentation of services provided, including dates, times, names, and client signatures, and/or documentation to verify units of service provided. Lower-Tier Sub-recipients: Copies of the lower-tier sub-recipient agreement, including budget information and the scope of services required, financial and programmatic reports, documentation of payments made to the sub-recipient, evidence of monitoring of lower-tier sub-recipients, documentation of compliance with procurement procedures, and required compliance with the MDCPS Subgrant Manual.
Other Direct Cost	Original vendor invoices, receiving reports, purchase orders, competitive quotes, or proof of newspaper advertisements for bids (if applicable), and/or documentation of any expenses incurred for the benefit of the subgrant.

The list above is not all-inclusive. Additional documentation may be required if deemed necessary.

### Cost Allocation/Indirect Costs

MDCPS subgrantees may hold and administer more than one (1) federal subgrant at a given time and may have different federally approved cost allocation plans and/or indirect cost rate agreements for each subgrant. The Subgrantee shall be responsible for submitting its federally approved cost allocation plan and/or federally approved indirect cost agreement well in advance of an anticipated MDCPS subgrant agreement start date. If the subgrantee's cost allocation plan and/or indirect cost rate agreement is updated during the effective dates of the subgrant, a copy of the updated plan shall be submitted to the MDCPS Program Funding Division that awarded the subgrant as soon as possible, but no later than five (5) business days after federal approval of any cost allocation plan and/or indirect cost rate agreement.

Each subgrantee shall develop a cost allocation plan and/or an indirect cost rate agreement that covers the subgrantee's entire operation. Costs included in the plan should only be those that are not easily identifiable with a particular subgrant and/or administrative cost of the subgrantee, which shall be equitably distributed to all subgrant programs and/or other sources of funds in proportion to the relative benefits received.

Required documentation for indirect costs includes:

1. A subgrant cost allocation plan or an indirect cost rate agreement that has been reviewed and approved by the appropriate Federal cognizant agency and MDCPS, and
2. Identification of indirect costs in the accounting records that support the actual indirect cost incurred, and evidence to support the monthly allocation of indirect costs to the subgrant.

The cost allocation plan and/or indirect cost rate agreement submitted with the subgrant shall be developed in compliance with the requirements contained in the cost principles applicable to each subgrant.

Scrutiny of all vouchers and invoices by subgrantees and/or by MDCPS is necessary to verify that they are only for legitimate cost, eligible under the governing regulations, and authorized in the subgrant agreement. MDCPS shall include testing to ensure that costs are properly allocated to the correct subgrant and work activity.

The cost allocation plan should be accompanied by a certification of review by MDCPS.

### Types of Costs and Documentation

The following is a listing of selected types of costs and suggested bases for distributing shared costs as direct costs to MDCPS subgrants:

Salaries/Fringe Benefits	Number of hours worked for each subgrant/activity
Auditing	Direct audit hours dollar amount of each subgrant in proportion to the total amount audited
Office Space Used and Related Costs	Square feet of occupied space (utilities, janitorial service, etc.)
Local Telephone	Number of telephones
Fidelity Bond Expense	Employees subject to bond or penalty amounts
Motor Pool Cost	Number of miles driven and/or days used
Printing and Reproduction	Direct hours, job basis, pages printed, etc.

Copy Machine and Related	Number of copies made as documented by a copy log or access code
Postage Costs	Amount of postage used by each subgrant as documented by log
Payroll Employees Independent Contractors	Payroll Employees/ Independent Contractors paid, in whole or in part from the MDCPS subgrant shall prepare time sheets indicating the hours worked each pay period. The distribution of payroll charges and/or payments to independent contractors shall be based on the actual time worked for the benefit of the subgrant/activity

### **Lower-Tier Sub-Recipients**

All expenditures that involve agreements between the subgrantee and a third party (performing a service related to the program), must be fully disclosed in the cost summaries and budget narrative. If the provisions of a subgrant agreement allow a lower-tier sub-recipient to manage and administer subgrant-supported projects, the MDCPS Subgrantee must obtain prior written approval from MDCPS before any work is performed by a lower-tier sub-recipient and prior to any funds transferred. MDCPS Subgrantee shall have appropriate agreements in place with each lower-tier sub-recipient which shall be available for MDCPS review. If authorized, MDCPS Subgrantee agreements with lower-tier sub-recipient(s) shall contain language binding and requiring any lower-tier sub-recipient agreement to adhere to all provisions of the MDCPS Subgrant Manual, applicable Federal and State laws, and all guidelines established by MDCPS. The subgrantee must provide an explanation as to why a lower-tier sub-recipient is warranted.

Copies of rental agreements, service agreements, consultant agreements, etc. shall be available to validate the basis of the cost category. In addition, any contractual procurement agreement received in response to solicitation shall be submitted to MDCPS within thirty (30) days after execution.

### **Budget Preparation**

A budget is a tool used by the subgrantee to express its planned goals and objectives. It is a management tool to be used in addressing general management functions such as planning, operational performance, and control. The subgrantee’s fiscal staff shall have on file the currently approved subgrant budget including any approved modifications. The required forms and accompanying instructions that shall be used in preparing a budget for MDCPS subgrants are:

1. ‘Budget Summary’ (MDCP-BS-1006): A compilation of the detailed data contained in the Cost Summary Support Sheet (MDCPS-CSSS-1007);
2. ‘Cost Summary Support Sheet’ (MDCPS-CSSS-1007): A listing of the various budget categories separated for each activity on the ‘Budget Summary’ (MDCPS-BS-1006); and
3. Budget Narrative: A written justification adequately explaining the subgrantee’s funding needs according to the identified budget categories outlined in the subgrantee’s Cost Summary Support Sheet. The narrative shall relate funding needs to the

operation of individual programs or activities. Sufficient detail within each line item of expenditure and each activity shall be used to clearly explain the funding needs of the operation. Insufficient narrative justification will preclude favorable consideration of requested funding levels. For a sample Budget Narrative, please visit the MDCPS website.

For any Subgrant Budget to be approved by MDCPS, the subgrantee must present its planned budget in the same format as the MDCPS Budget Narrative Form, utilizing the MDCPS Budget Summary form and the MDCPS Cost Summary Support Sheet.

#### **Budget Activities**

Each MDCPS subgrant shall be organized and budgeted by activities according to the major functions necessary to accomplish the goals and objectives of the subgrant. This grouping by activities shall be used in preparing the ‘Budget Summary’ and ‘Cost Summary Support Sheet’ as well as the Budget Narrative. If the first narrative submission does not contain sufficient information, including information that is program-specific, MDCPS will request additional documentation.

If any administrative costs (direct or indirect) are included in the subgrant, they shall be budgeted in an Administration activity subject to any limits on the amount of administration that may be charged to the subgrant. Subgrantees shall consult with the MDCPS Program Funding Division to determine what activities are allowable under the subgrant and whether there are limits on the amount of administrative costs that may be charged to the subgrant.

#### **Budget Modification**

The Subgrantee is allowed up to, but not exceeding, three (3) Subgrantee-requested Subgrant budget modifications during the term of the Subgrant agreement to include any subgrant agreement modifications. A maximum of three (3) subgrant modifications may be requested by the subgrantee during the subgrant period. Subgrant modifications shall not be initiated within the last ninety (90) days of the subgrant period without prior approval by the MDCPS Commissioner or designee. (See the Subgrant Modification Signature Sheet – MDCPS-MSS-1004) Modifications shall be approved by the proper avenues.

Major changes to the subgrant that alter the scope of services, increase, or decrease the total amount of funding, affect the match requirements, authorize salary and wages, fringe benefits, equipment changes, or indirect costs requires a modification of the subgrant. (See the Subgrant Modification Signature Sheet– MDCPS-MSS–1004)

Minor changes to the subgrant may be made by written agreement to the changes by the subgrantee and MDCPS via an approved modification. Consult with MDCPS for specific guidance on amending the subgrant.

Modifications shall become effective on the date specified on modification forms, or upon the signature of both parties, whichever is later; unless a waiver is approved by the MDCPS Commissioner or designee.

MDCPS may initiate budget modifications of any active subgrant agreement (during the term of an active subgrant agreement or modification period) which may be in addition to any Subgrantee requested budget modifications. MDCPS may request and/or



initiate these budget modifications due to changes in federal program requirements and/or funding formulas from the associated federal partner agency or for reasons that serve the best interests of the federal program and/or the State. Any subgrant modification initiated and/or requested by MDCPS due to a change in MDCPS programmatic policy and/or as the result of direction from MDCPS federal funding partner, will NOT be treated as a subgrantee-initiated modification.

#### **Budget Categories**

Subgrantees are required to report deviations from budget or project scope or objective and must request prior approvals from MDCPS prior to implementing any budget and program plan revisions, in accordance with this section.

Subgrantees are required to separate subgrant costs into the below identified and explained categories to capture all associated costs to perform under an MDCPS Subgrant. Subgrantees shall be responsible for properly designating their associated costs into the below identified and explained categories pursuant to the requirements and guidance reflected in federal cost principles as codified in 2 C.F.R. Part 200 and as required of any other federal cost principle as identified codified in the Code of Federal Regulations by the applicable and governing Federal Partner.

For any Subgrantee's budget categories including an "estimated" amount for projected costs, the "estimated" amount for that category will be treated as a "Not to Exceed" amount for that category and/or line item.

Subgrantees shall structure and separate federal funds authorized under MDCPS subgrants into the following budget categories as applicable. MDCPS will monitor the subgrantee budget according to the below budget categories for compliance with federal cost principles and requirements contained within the MDCPS Subgrant Manual:

1. Salaries and Wages
2. Fringe Benefits
3. Travel
4. Contractual Services
5. Commodities
6. Capital Outlay – Equipment
7. Capital Outlay – Other
8. Subsidies, Loans, and Grants
9. Indirect Costs

#### **Salaries and Wages**

This Subgrant budget category includes payments made to officers and employees of a subgrant as compensation for personnel services based on the percentage of time dedicated to the subgrant. The salary budget category shall contain a line item or listing of each position authorized and the salary amount to be paid to each full-time employee and/or hourly rate

authorized, and the number of hours authorized for each part-time employee charged to the subgrant. The salary line should disclose whether salaries are to be paid from the grant fund or in-kind match. The salary budget category shall be strictly adhered to unless a formal modification of the subgrant is approved. A vacant position may be filled at or below the budgeted rate only and no additional positions may be charged to the subgrant unless approved through the budget modification process.

Salaries included as a part of the budget narrative shall be identified by a clear position/title as well as the appropriate salary for that position. Subgrantees shall also identify, as a percentage, the amount of effort for each position that will be dedicated to the performance of the MDCPS subgrant agreement. Please see the below example for illustrative purposes only:

<b>Position Title</b>	<b>Salary</b>	<b>% Dedicated to MDCPS Subgrant</b>	<b>Salary Charged to MDCPS Subgrant</b>
Program Manager	\$50,000.00	25%	\$12,500.00

Salary information shall be included as part of the Budget Narrative as required above for both the Administrative and Programmatic budget components.

Reference 2 C.F.R. § 200.430

#### **Fringe Benefits**

This Subgrant budget category includes payments made for the employer’s portion of expenses for social security (F.I.C.A. and Medicare), employee health/life/disability insurance premiums, worker’s compensation insurance, unemployment insurance, and pension plan costs. The fringe benefits budget category may include compensation paid to employees during periods of authorized absences from the job for vacation leave, sick leave, and/or military leave provided such costs are absorbed by all the subgrantee’s activity. The fringe benefits budget category must contain a line item or listing of each fringe benefit authorized on the ‘Cost Summary Support Sheet’ and in the Budget Narrative. Fringe benefits shall be limited to no more than thirty (30%) of salaries unless justification is submitted in the budget narrative and approved by MDCPS.

The amounts withheld from the employee’s gross pay (i.e., federal and state taxes, employee health/life/disability insurance premiums) cannot be budgeted or claimed for reimbursement under the subgrant as fringe benefits.

For Subgrantees classified as an Institute of Higher Education (pursuant to 34 C.F.R. § 600.4), tuition may be included as a Fringe subcategory.

Reference 2 C.F.R. § 200.431

#### **Fringe Benefits-Lump Sum Payments**

A Subgrantee may use grant funding for leave payouts to former employees upon subgrant termination and as part of the subgrant closeout; however, pursuant to 2 C.F.R. § 200.431, leave payments for each employee are limited to the allocated percentage of each employee within the Subgrant Agreement. Further, leave payments for each former employee are only allowable to former employees identified in the Subgrant Agreement and such payments shall only reflect amounts for leave accrued by each former employee during the Subgrant Agreement period.

### **Travel**

This Subgrant budget category includes payments made for transportation, lodging, and related cost to employees, officers, and volunteers who are in travel status on official business for the purpose of performing proposed services outlined within the subgrant agreement. Travel includes reimbursement for in-state travel, reasonable and project-related costs for conferences, meetings, etc., and staff reimbursement for the use of subgrantee-owned vehicles (vehicles owned by the subgrantee organization) and privately owned vehicles for project-related functions. The rate of reimbursement per mile will be at the rate approved by the Department of Finance and Administration on the date that travel was performed if the total amount of the subgrant award charged with the expense is not exceeded. (Please see below “DFA Travel Link”). While MDCPS will reimburse for mileage, MDCPS will not reimburse fuel charges as a travel line item (refer to commodities for reimbursement for fuel as travel) for subgrantee-owned vehicles or privately owned vehicles of employees under this category. Meal costs will be reimbursed based on the actual cost of each meal; up to the maximum daily meal rate, established by DFA, and receipts will not be required for meals reimbursed through subgrants funded by MDCPS. No travel shall be allowed for employees funded through other programs unless approved by MDCPS. No reimbursements will be made for the cost of commuting.

Note: MDCPS will not reimburse for mileage and fuel for a single project-related travel occurrence.

Pursuant to 2 C.F.R. § 200.475, travel costs are expenses incurred by employees who are in travel status on official business. These costs must be consistent with costs normally allowed under the MDCPS written travel reimbursement policy as outlined below. These costs may also be subject to the Federal requirements as outlined in 2 C.F.R. § 200.474.

Mississippi Code Section § 25-3-41 authorizes the Mississippi Department of Finance and Administration to set guidelines for travel reimbursement of state officials and employees. As these laws and regulations are amended, this policy shall be amended accordingly. A complete list of all current rules and regulations established by the Mississippi Department of Finance and Administration (DFA) is available at [www.dfa.ms.gov](http://www.dfa.ms.gov). State travel regulations are also contained in the Mississippi Agency Accounting Policies and Procedures Manual (MAAPP), Section 19.

All travel-related expenses will be reimbursed at the State rates and pursuant to DFA policies identified above. Should the federal grant exclude certain travel reimbursements and thereby conflict with any DFA travel policy or regulation, then the

federal grant exclusion and/or reimbursement requirement shall control. In that instance, Subgrantees must provide written documentation showing that the Subgrantee exercised due diligence to identify the least expensive and most practical method of transportation.

#### **DFA Travel Link**

<https://www.dfa.ms.gov/dfa-offices/purchasing-travel-and-fleet-management/bureau-of-purchasing-and-contracting/travel/>

Reference 2 C.F.R. § 200.475

#### **Contractual Services**

This Subgrant budget category includes payments for services rendered by persons/entities other than employees of the subgrantee through formal, written, contractual agreements between those persons/entities and the subgrantee. Examples include but are not limited to postage, telephone/internet/pager services, utilities, rent, repair or service agreements, service charges, computer software, contract workers that are independent contractors, and/or professional membership fees directly related to MDCPS subgrant program operations, as well as, programmatic payments for speakers, trainers, consultants, and other hired professionals.

The subgrantee will be responsible for procuring, administering, and properly maintaining active valid contract agreements with each person/entity identified within the Budget and Budget Narrative.

Reference 2 C.F.R. § 200.331

#### **Commodities**

This Subgrant budget category includes payments for various consumable supplies, goods, or merchandise of every kind purchased by a subgrantee or lower-tier sub-recipient. Budget narrative categories shall include an itemized list for any items purchased in this category. Examples include but are not limited to office supplies, training materials, and fuel for vehicles.

#### **Capital Outlay - Equipment**

This Subgrant budget category includes payments for machinery, furniture, and fixtures which are required to be reported on inventory regardless of cost; or payments as compensation for the use of equipment purchased and owned or leased by the Subgrantee through depreciation or use allowance charges computed in accordance with the cost principles applicable to the subgrantee. Examples include but are not limited to computers, printers, office furniture, telephone systems, motor vehicles, etc. (Refer to the Property Management chapter of this manual for details.)

Reference 2 C.F.R. § 200.1, 2 C.F.R. § 200.313

#### **Capital Outlay - Other**

This Subgrant budget category includes payments for land, buildings, and/or improvements to land or buildings that materially increase their value or useful life of the building; or payments for compensation for the use of buildings through depreciation or use allowance charges computed in accordance with the cost principles applicable to the subgrantee. Please note that pursuant to 2 C.F.R. § 200.439(b)(3), “Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity. See § 200.436, for rules on the allowability of depreciation on buildings, capital improvements, and equipment. See also § 200.465.”

Reference 2 C.F.R. § 200.439

### **Subsidies, Loan, and Grants**

Subsidies, Loans, and Grants may be identified as direct program services and/or assistance provided by MDCPS-approved lower-tier sub-recipients to clients or individuals.

Tuition may be paid in this budget category only when paid on behalf of clients served by organizations classified as a “Non-Institute of Higher Education (Non-IHE).” For definition of Non-IHE please reference 34 C.F.R. § 600.4.

### **Indirect Costs**

Indirect Costs may be identified as the actual costs allocated to MDCPS subgrants in accordance with an agency-wide cost allocation plan or indirect cost rate agreement that complies with the cost principles applicable to the subgrantee organization or as approved by the appropriate federal awarding agency.

Reference 2 C.F.R. § 200.332

### **Line-Item Flexibility**

Transfers of budgeted amounts between budget categories within an activity shall be restricted to no more than ten percent (10%) of the amount authorized in the receiving budget category. The Subgrantee must notify the MDCPS Finance and Procurement Unit if budget amounts between categories are being transferred and disclose the budget categories involved in the transfer and the amounts. No funds shall be transferred into the Equipment budget category and no funds shall be transferred into or out of the Salaries, Fringe Benefits, or Indirect Costs budget categories without the submission and approval of the long-form subgrant modification. There shall be no flexibility allowed between activities unless MDCPS provides written approval through a fully executed budget modification. For example, if the total amount authorized in the Commodities budget category is \$1,000.00, the subgrantee may expend up to \$1,100.00 for Commodities, as long as funds are available from another budget category such as Travel or Contractual Services.

Reference 2 C.F.R. § 200.308

### **Fidelity Bond Requirement**

Employees or Board Members of subgrantees, with fiscal responsibility, shall have a fidelity/dishonesty bond in the amount of twenty-five (25%) of the total subgrant amount. Employees or Board Members of subgrantees with fiscal responsibility include:

1. Those personnel who directly authorize the disbursement of funds;
2. Those personnel who approve the request for funds disbursement;
3. That personnel with check issuance authority; and
4. Those personnel who receive or deposit funds and/or reconcile financial records.

Reference 2 C.F.R. § 200.304

### **Payments and Cost Reporting**

MDCPS permits two (2) methods of cost reporting: Cost Reimbursement and Current Needs/Cash Advance.

#### **Cost Reimbursement**

For Cost Reimbursement payments, the Subgrantee may submit to the MDCPS Finance and Procurement Unit a Cash Advance Claim for an initial payment projecting the Subgrantee's cash needs for only the first sixty (60) days of the Subgrant term. Subgrantees must submit this initial payment through an MDCPS Cash Advance Claim Support Form.

All payment requests following the initial payment request will be on a Cost Reimbursement basis. Cost Reimbursement claims shall be accompanied by the following required supporting documentation: Subgrantee's General Ledger, Monthly Expenditure Report Form, and any other MDCPS-required programmatic data supporting funds expended under an approved MDCPS subgrant. All subgrant payment requests shall comply with the most current version of the MDCPS Subgrant Manual. In order to process the Subgrantee claim forms for payment, the Subgrantee must submit a complete and accurate claim form along with the above required supporting documentation or any other supporting documentation required by MDCPS.

Subgrantees will receive funds the following month for expenditures incurred the previous month. The subgrantee shall report the cost incurred for the month and request reimbursement by submitting the Cost Reimbursement Claim Support Form. The form shall be used by subgrantees to report the "total cumulative cost to date."

The Cost Reimbursement Claim Support Form shall be submitted to the appropriate MDCPS submission method (i.e. Email, Smartsheet, Portal) by the tenth (10th) calendar day of the following month. Supporting documentation shall be submitted with each claim form and as required by MDCPS. To the extent available, subgrantees must use funds from program income, rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional payments.

### **Current Needs/Cash Advance**

Depending upon requirements of a federal award and other applicable federal cost principles, MDCPS may provide reimbursement to Subgrantees on a Current Needs/Cash Advance basis. Payments on Current Needs/Cash Advance basis may be permitted by MDCPS provided that the Subgrantee maintains and/or demonstrates the capacity through established written procedures and financial management systems to meet the requirements of applicable federal cost principles.

Under the Current Needs/Cash Advance, the subgrantee shall project its cash needs for the month and submit a Cash Advance Claim Support Form. The Subgrantee shall submit subsequent Current Needs/Cash Advance payment requests projecting the immediate cash needs of the Subgrantee to provide MDCPS subgrant-related program activities over a reasonable duration. Current Needs/Cash Advance claims shall be accompanied by the following required supporting documentation: the Supplemental Form and any other MDCPS-required programmatic data supporting funds expended under an approved MDCPS subgrant agreement.

Current Needs/Cash Advance monthly expenditure reporting shall be submitted monthly and be accompanied by the following required supporting documentation: Subgrantee's General Ledger, Monthly Subgrantee Expenditure Report, and any other MDCPS required data supporting funds expended under an approved MDCPS subgrant agreement. All subgrant payment requests shall comply with the most current version of the MDCPS Subgrant Manual. To process Subgrantee claim forms for payment, Subgrantee must submit a complete and accurate claim form along with the above required supporting documentation or any other supporting documentation required by MDCPS.

Claim forms are required at least thirty (30) days prior to the date that funds will be needed to allow processing time for MDCPS, as well as DFA. The Cash Advance Claim Support Form may be adjusted pending the availability of funds.

The Claim Support Form and Monthly Subgrantee Expenditure Report shall be submitted to the appropriate MDCPS submission method (i.e. electronic mail, Smartsheet, and/or Portal) address by the tenth (10th) calendar day of the following month. Supporting documentation shall be submitted with each claim form and Monthly Expenditure Report as required by MDCPS. To the extent available, subgrantees must use funds from program income, rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional payments.

Reference 2 C.F.R. § 200.305

### **Match**

1. Match shall be available and expended in accordance with the approved subgrant agreement. If a sufficient match is not verified, the subgrantee shall return the appropriate amount of Federal dollars to the State.
2. Match expended and reported shall be verifiable from support documentation on file in the subgrantee's office.

### **Procurement Standards General**

Subgrant activities may be contracted through a third party. Subgrantees shall follow the same policies and procedures used for procuring services, commodities, and equipment paid for by nonfederal funds. The Subgrantees are responsible for ensuring that each vendor agreement contains the required State and Federal contract provisions, as well as, the requirements outlined in the most current version of the MDCPS Subgrant Manual.

### **Compliance with State and Federal Regulations**

Subgrantees shall establish and follow their own procurement procedures reflecting applicable State, local, and tribal laws, and regulations provided that those procurements procedures conform to applicable Federal procurement requirements as set forth in 45 C.F.R. Part 75, Part 92, and 2 C.F.R. §§ 200.318 through 200.327. These requirements apply to the purchase of contractual services, commodities, and equipment.

State agencies or entities as an MDCPS Subgrantee shall have documented procurement procedures and policies in place at the start of an MDCPS subgrant agreement that aligns and reflect compliance with State procurement requirements as outlined in Miss. Code Ann. § 31-7-13.

All other MDCPS Subgrantees classified as “non-federal entities” shall have documented procurement procedures and policies in place at the start of an MDCPS subgrant agreement that aligns and reflect compliance with federal procurement requirements as outlined in 2 C.F.R. §§ 200.318 through §200.327.

Subgrantees shall administer their procurement operations in a manner promoting open and fair competition in the selection of Subgrantee vendors/lower-tier sub-recipients that align Federal procurement procurements contained in 45 C.F.R. Parts 75 and 92, and 2 C.F.R. Part 200.

### **Code of Conduct**

There shall be no conflict of interest, real or apparent, in the award or administration of a contract supported by subgrant funds. The subgrantee shall maintain a written code or standards of conduct, which shall govern the performance of their officers, employees, or agents engaged in the award and administration of contracts supported by federal funds for the performance of an MDCPS-administered subgrant agreement. (Refer to 45 C.F.R. Parts 73 and 92, 2 C.F.R. § 200.318, or other applicable Federal law for further specific guidance.) Contractors/Vendors involved with drafting specifications, requirements, statements of work, request for proposal (RFP), or any other solicitation shall be excluded from bidding or submitting a proposal to compete for the award for such procurement.

### **Open and Free Competition**

All subgrantee procurement transactions shall be conducted in a manner that provides maximum open and free competition consistent with 45 C.F.R. Parts 75, 92, 2 C.F.R. Part 200, and other applicable Federal and State laws. Procurement procedures shall not restrict or eliminate competition. Interagency agreements are excluded from this



provision; however, subgrantees must obtain a fair market value assessment for products/services utilized through an interagency agreement. Procurement procedures must also affirmatively encourage the use of minority businesses, women's business enterprises, and labor surplus area firms. (Refer to 2 C.F.R. § 200.321 for additional guidance.)

#### **Subgrantee Files**

Each subgrantee shall maintain adequate files and documentation to support any purchases made and to detail the procurement process for each purchase. Purchases made by formal bid process or otherwise may be subject to a public records request as provided in Mississippi Code Sections 25-61-1 et seq.

#### **Debarment**

To protect the public trust imposed upon MDCPS and its involvement with subgrantees, it is the policy of the agency to conduct business only with responsible persons/subgrantees. Therefore, MDCPS shall verify the suspension/debarment status of any potential subgrantee, prior to contracting with the subgrantee and shall maintain written documentation of the verification. In addition, the MDCPS subgrantee shall verify the suspension/debarment status of his/her lower-tier sub-recipient(s) prior to contracting with the lower-tier sub-recipient and shall maintain written documentation of the verification. When it appears that a subgrantee's conduct, as determined by MDCPS or appropriate Federal and/or State partners, creates a reasonable belief that a particular act or omission has occurred, MDCPS shall implement discretionary actions known as debarment and suspension, possibly leading to termination. A subgrantee and/or a lower-tier sub-recipient who is debarred or suspended shall be excluded from Agency's financial and nonfinancial assistance and benefits. These are serious actions that shall be used only in the public interest and for the Agency and State of Mississippi's protection and not for purposes of punishment.

Reference 2 C.F.R. § 200.214

#### **Debarment Coverage**

This policy shall apply to all persons/subgrantees who are currently participating in transactions under state non-procurement programs. For purposes of these regulations, transactions shall be referred to as covered transactions which may be subdivided into (1) primary covered transactions, (i.e., any non-procurement transactions between MDCPS and the subgrantee, regardless of type,) or (2) lower-tier covered transactions, (i.e., transactions between subgrantee and another other than a procurement contract for goods or services), regardless of type, under a primary covered transaction.

#### **Effect of Debarment/Suspension**

Except to the extent prohibited by law, subgrantees that are debarred or suspended shall be excluded from primary covered transactions and lower-tier covered transactions for the period of their debarment or suspension. Reference 13 C.F.R. § 400.109

## Chapter 5: Property Management

### **Overview**

Uniform standards on inventory management shall ensure the effective use and control of subgrantee property and equipment under the jurisdiction of MDCPS. Property inventory management is applicable to all non-expendable equipment and property having a useful life of one (1) year or more. All such property and equipment shall be tagged and placed on the inventory. There are other specific items also listed in this chapter that are required to be placed on MDCPS's inventory regardless of price. It will be the responsibility of the Director of Property to ensure proper reporting of all equipment and property and that such information is accurately recorded and maintained at the MDCPS Division of Property.

If equipment or property is authorized under an MDCPS subgrant, the property or equipment shall be purchased within ninety (90) days from the beginning date of the subgrant, or within thirty (30) days of the effective date of the modification which authorizes the purchase of property or equipment. If it becomes necessary to purchase other property or equipment to accomplish the purpose of the subgrant after the ninety (90) day beginning date of the Subgrant/Agreement, then this purchase will require a modification to the relevant section of the agreement. No equipment or property shall be purchased during the last ninety (90) days of the subgrant without written justification stating the need for the equipment. These time limits are also applicable to property or equipment purchased with nonfederal funds or donated by third parties that are used to match funds under an MDCPS subgrant.

This chapter serves as a minimum guide in the development of the MDCPS inventory management system as it relates to subgrants and is meant to provide guidelines for the following:

1. Purchase approval
2. Purchase of used equipment
3. Inventory Control List (MDCPS-PROP-SE02)
4. Property identification
5. Physical Inventory
6. Property that has been lost, stolen, or damaged property disposal or transfer
7. Subgrantee or program closeout

Subgrant property management implementation shall be the responsibility of the subgrantee, which shall be verified by the MDCPS Division of Property in conjunction with the Program Funding Divisions. The Division of Property and the Program Funding Division shall notify the Finance and Procurement to address any property related issues. Property that has been stolen shall be reported by the sub-grantee/contractor to the Division of Property and the Program Funding Division within twenty-four (24) hours of discovery.

Failure to abide by the property requirements outlined within this chapter or any applicable Federal or State property requirements shall be grounds for MDCPS to implement any of the following measures:

1. Suspend payment on any properly submitted claims for the active Subgrant Agreement;
2. Suspend or terminate the active Subgrant Agreement;
3. Deny any modification for the active Subgrant Agreement; and
4. Deny any award of a future Subgrant Agreement with MDCPS.

#### **Policy**

Subgrantees may refer to 2 C.F.R. §§ 200.310 through 200.327, or applicable Federal law regulating property management for further guidance on property management standards. All property and assets purchased through MDCPS subgrants shall be placed on inventory in accordance with the applicable Federal guidelines, the statutes of the State of Mississippi, and the rules set forth in the State Property Officers Manual. The State Property Officers Manual is available online through the Mississippi Office of the State Auditor's website.

**Purchase Approval:** All equipment purchased with subgrant monies shall be specifically authorized through the Cost Summary Support Sheet and the Budget Narrative of the subgrant agreement. Any deviation shall require a formal modification (long form) of the subgrant. The equipment needs of the subgrantee shall be assessed by the Director of the Division of Property in conjunction with the Deputy Director of Program Staff who will analyze all prior subgrants/contracts and the equipment needs expressed in the Scope of Services and the Terms and Conditions of the current sub-grant. All means of acquiring the proposed equipment, e.g., leasing, shall be reviewed before authorization is given by MDCPS. Duplication of property or equipment purchases is prohibited by statute. A capital lease or lease purchase agreement is prohibited by statute.

The assessment criteria to be used for purchase approval shall include, but is not limited to, the following:

1. How significant is the need cited to the successful operation and completion of the project?
2. What is the total expense involved to satisfy this need? Include all associated costs that are required for the equipment or property.

3. Are there hidden associated costs, i.e., maintenance, rent, shipping, freight, etc.? Complicated items should have a full cost analysis prior to approval for purchase.
4. Who will benefit from the purchase of these items? Short-term contracts should not include the purchase of equipment.
5. How long will the need exist?
6. What will be the consequences of foregoing such a purchase?
7. Should we rent, lease, or purchase the items under consideration?
8. Assess the availability of needed items from surplus of used property from other active/inactive sub-grantees, or from DFA Office of Surplus Property.

Note: All property or equipment purchased, in whole or in part, with funds provided by MDCPS, shall be held in trust by the subgrantee as trustee for MDCPS, and shall not be encumbered without the written or signed approval of MDCPS. The subgrantee shall record liens, or other appropriate notices of record, that property or equipment has been acquired, or where applicable, improved with funds provided by MDCPS. Only Federal or State property may be upgraded with MDCPS funds. The use and disposition of such property or equipment are prescribed by the MDCPS Subgrant Manual.

Reference 2 C.F.R. § 200.316

#### **Purchase of Used Property and/or Equipment**

Subgrantees who wish to purchase used property and/or equipment must submit a written request and justification to the appropriate MDCPS Program Funding Division for approval, before proceeding with procurement. This is in addition to the established purchase requirements set out in the Procurement chapter of this manual.

#### **Use of Property and/or Equipment under MDCPS Subgrants**

The subgrantee shall use the property and/or equipment in the project or program for which it was acquired if needed, whether the project or program continues to be supported by Federal funds, and shall not encumber the property without approval of the MDCPS. When no longer needed for the original project or program, the subgrantee shall contact the MDCPS Division of Property, and request written authorization for the subgrantee to use the equipment in connection with the subgrantees' other federally sponsored activities, as required under federal regulations.

#### **Statement of General Policy – Property Inventory Rules**

Any equipment/property purchased through an MDCPS Subgrant shall be itemized by the Subgrantee on an inventory control list, regardless of price.

In conformity with State Property regulations, equipment or property listed below in items 1–12 shall be included on inventory regardless of the price as required by the Office of the State Auditor. All other items not listed with a useful life of one year or more are required to be tagged by the MDCPS Division of Property.

NOTE: Any equipment or property item(s) purchased that containing a processor (e.g., but not limited to laptop, cell phone, iPad, etc.), regardless of the purchase price, shall be included on the Inventory List and shall have an agency “Property of MDCPS” sticker applied.

If authorized under an MDCPS subgrant, items 1–12 listed below shall be listed on the Budget Narrative under the budget category of Capital Outlay-Equipment regardless of the price.

1. Weapons
2. Camera and Camera Equipment
3. Two-way Radio Equipment
4. Televisions
5. Lawn Maintenance Equipment
6. Cellular Telephones
7. Computers/Computer Equipment, including Printers
8. Chain Saws
9. Air Compressors
10. Welding Machines
11. Generators
12. Motorized Vehicles

#### **Inventory Control List**

All non-expendable equipment or property purchased with (or used to match) federal and/or state funds shall be listed on an Inventory Control List (MDCPS-PROP-SE02). The Inventory Control List must be submitted to the Director of Property for any new and/or additional equipment purchased once the equipment or property has been received and paid for by the subgrantee. Both the subgrantee and the Director of Property shall maintain a complete and up-to-date list of subgrantee equipment or property. The Subgrantee shall keep such a list in a place where there is easy and immediate access in case of audits. The Director of Property shall maintain its complete up-to-date list in the MDCPS Division of Property. The MDCPS Subgrant Master Inventory shall also be maintained in the MDCPS Division of Property by the Director of Property. It shall be the responsibility of the MDCPS Division of Property to provide a copy of the Inventory Control List for each subgrant that authorizes property or equipment.

Information for the Inventory Control List shall include:

1. Subgrantee's Name, Address, and Telephone Number;
2. Agreement Number, Grant Identifier Number, Subgrant beginning and ending dates and/or modification, if applicable;
3. Total Equipment amount budgeted;
4. Item description, manufacturer's name, etc.;
5. Manufacturer's Serial Number;
6. Manufacturer's Model Number;
7. Vendor Name;
8. Purchase Date or Invoice Data;
9. Check Number and/or Voucher Number;
10. Cost plus tax, freight, or shipping charges (if applicable);
11. Location of equipment or property address;
12. MDCPS Inventory Number assigned by the MDCPS Property Division; and
13. Ultimate disposition date, including date of disposal and sales price of the method used to determine fair market value where a sub-grantee compensates the federal agency, MDCPS funding source for its share.

All changes in status, such as, but not limited to, location and program use, require that the subgrantee update the Inventory Control List, and notify the appropriate Program Funding Division in writing within a 10-working day period.

#### **Property Identification**

All subgrantee equipment and/or property purchased with Federal and/or State funds or provided as a match for Federal and/or State funds shall have permanent identification numbers assigned by the MDCPS Property Division Subgrantee Equipment Inventory Tagging Form MDCPS-PROP-SE01). Permanent identification shall be made by using metal tags, vinyl tags, etching, or other appropriate means of identification. The equipment or property purchased through subgrants/agreements awarded by MDCPS shall be tagged and accounted for by the MDCPS Property Division and/or, in some instances, by the Division of Monitoring.

#### **Physical Inventory**

A periodic physical inventory shall be performed by all subgrantees at least twice yearly, using the MDCPS Inventory Control List (MDCPS-PROP-SE02), and submitted to the appropriate Program Funding Division and the Director of Property. The physical inventory shall consist of an actual accounting of all subgrantee/lower-tier sub-recipient equipment or property on the Subgrantee location listing and/or Inventory Control List, acquired with (or used to match) Federal and/or

State monies under an MDCPS subgrant. Property records pertaining to the purchase of equipment and/or property shall be inspected for correctness before items are identified and tagged for inventory control.

Location and use of equipment and/or property shall be verified by the authorized and designated Director of Property.

Subgrantees must contact the Director of Property to report any property and/or equipment that is not being utilized or managed under the terms of the subgrants. Any such property and/or equipment not being utilized or managed under the terms of the subgrants shall be recovered and/or redistributed with approval by the Director of Property.

Should a subgrant be terminated or not renewed, any equipment and/or property purchased under the subgrant with public funds or MDCPS funds shall neither be transferred to another location nor remain at the present location under a new subgrant with a different subgrantee, without the prior written approval from MDCPS. The MDCPS Inventory Transfer Form (MDCPS - PROP-114B) shall be completed and submitted to the MDCPS Property Division to the Attention of the Director of Property .

#### **Lost, Stolen, or Damaged Equipment or Property**

A subgrantee shall submit in writing to the MDCPS Division of Property, within twenty-four (24) hours of discovery, a detailed explanation of any stolen, misused, or unaccounted for equipment and/or property. The MDCPS Division of Property will then contact the MDCPS Director of Administrative Services and report the incident utilizing the MDCPS Division of Property reporting system to identify the lost, stolen, or damaged subgrant equipment and/or property. The MDCPS Division of Property may initiate an investigation to determine the cause and culpability of the matter as necessary. In case of theft, robbery, or mysterious disappearance, the local police or sheriff's department should be notified. If so notified, the name of the local police or sheriff's department official and the date of the loss shall be included in the agency report. If such was not reported to the local police or sheriff's department at the time of the discovery, a complete explanation of such failure shall be provided. A copy of the police or sheriff's department report shall be forwarded with a letter of explanation to the MDCPS Director of Property, and the Director of Administrative Services. Additionally, if equipment loss occurs at the home of an employee of the subgrantee, the employee shall provide a written statement from his/her insurance carrier indicating whether or not the stolen or lost item was paid for under his/her homeowner's or car insurance policy. The Director of Property shall review the information and a recommendation of action to be taken, if appropriate.

#### **Liability Coverage**

The subgrantee is required to maintain enough insurance coverage for real property and equipment acquired or improved with Federal funds that is at least equivalent to insurance maintained on non-Federally funded real property or equipment. The subgrantee is not responsible for insuring Federally owned property or equipment unless required by the terms and conditions of the Federal award. (Refer to 2 C.F.R. § 200.310 for guidance).

MDCPS has the authority to recover the value of any missing property. If the property is determined to be missing, an MDCPS investigation may be initiated to determine the cause and culpability. If an investigation leads to negligence or misconduct with regard to the missing property, demand may be made against the head of the subgrantee agency, the agency's property officer, and/or the appropriate supervisor/director or employee.

### **Property Disposal or Transfer**

Subgrantees shall notify, in writing, the MDCPS Director of Property requesting authorization for disposal or transfer when an item is either no longer needed or useful to the implementation and objective of the program. The Division of Property will conduct an on-site visit if necessary, regarding the request. The MDCPS Commissioner is ultimately responsible for the approval and/or denial of the disposal request.

The subgrantee must include the following information in the notification which can be obtained from the Inventory Control List.

1. Inventory Number assigned by Inventory Funding Source
2. Description
3. Purchased Price
4. Dollar Value
5. Agreement Number
6. Grant Identifier Number
7. Sub-grant Beginning and Ending Dates
8. Reason for Disposal

Upon completion of an on-site visit, the Director of Property shall decide the proper means of disposal in accordance with applicable Federal and state regulations. (Refer to 2 C.F.R. §§ 200.311 through 200.315 and State Property Officer's Manual).

## **Chapter 6: Record Retention and Access**

### **Overview**

Appropriate retention of records is vital to maintaining accountability for the proper use of funds. MDCPS subgrantees are required to retain all records pertinent to the subgrant, to allow access to such records including copying and/or removal thereof, and to allow timely and reasonable access to subgrantee personnel for the purpose of interview and discussion related to such documents. Whenever practical, subgrantees of the MDCPS should collect, transmit, and store Federal award-related information in open and machine-readable formats rather than in closed formats or on paper.

### **Record Retention**



MDCPS shall always provide or accept paper versions of Federal award-related information to subgrantees upon request. If paper copies of Federal award-related information are submitted, MDCPS shall not require more than an original and two (2) copies. Financial records, supporting documents, statistical records, personnel records, and all other records pertinent to the subgrant shall be retained for a period of three (3) years from the date of submission of the final expenditure report, or for subgrants that are renewed quarterly or annually from the date of the submission of the quarterly or annual financial report as reported.

The only exceptions are as follows:

1. If any litigation, claim, financial management review, or audit is started before the expiration of the three (3) year period, the records shall be retained until all such litigation, claims, reviews (including monitoring findings), or audit findings involving the records have been resolved and final action is taken.
2. When the subgrantee is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or MDCPS to extend the retention period.
3. Records for real property and equipment acquired in whole or in part with Federal or State funds or with funds used to match Federal funds shall be retained for three (3) years after the final disposition of such property.
4. When records are transferred to or maintained by the Federal awarding agency or MDCPS, the three (3) year retention requirement is not applicable to the subgrantee.
5. Records for program income transactions after the period of performance.
6. Indirect cost rate proposals and cost allocation plans. This only applies to the following types of documents and their supporting records: indirect cost rate computations, proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable.

#### **Record Disposal Request**

Prior to the destruction of any records, the subgrantee shall obtain written approval from the Office of Legal Counsel, by completing the Request to Dispose of Records (MDCPS-DOM-001). If the subgrantee fails to complete the form, it is a serious matter that may subject the subgrantee to the risk of sanctions.

MDCPS Program Funding Division Directors are responsible for ensuring that records of subgrantees, whose operations are ceasing or have already done so, are properly safeguarded. If it is determined that the safety of the records should be enhanced, MDCPS is authorized to request the transfer of records or remove records immediately from the subgrantee's premises.

#### **Federal Awarding Agency Record Request**

Records must be transferred from MDCPS to the Federal awarding agency upon their request when it is determined that the records possess long-term retention value. The Federal awarding agency may decide for MDCPS to retain any records that are continuously needed for joint use to avoid duplicate record keeping.

## Access to Records

MDCPS, the Federal awarding agency, the State Auditor, the Comptroller General of the United States, or any of its duly authorized representatives, shall have the right to timely and unrestricted access to any of the subgrantee's records that are pertinent to the subgrant. This right also includes timely and reasonable access to the subgrantee's personnel for the purpose of interviews and discussions related to these documents. The rights of access in this section are not limited to the required retention period but last if the records are retained.

These records include, but are not limited to, the items listed below:

1. Financial reports supporting expenditures of the subgrant;
2. Internal and external audit reports and program evaluations;
3. Executed copy of the subgrant agreement and any modifications;
4. Approved budget, budget narrative, and any modifications;
5. Contracts, leases, employment agreements, and purchase invoices;
6. Cost allocation plans and/or indirect cost rate proposals, and related support documents,
7. All invoices, billings, receiving reports, and Claim Support Forms;
8. General ledger, general journal, cash receipts journal, cash disbursements journal, payroll earnings register, and all subsidiary records;
9. All personnel records of all individuals paid in whole or in part with subgrant funds including employment applications, personnel files, time and attendance reports, wage authorizations, tax withholding forms, authorization for any deductions, time and effort records, leave records, and all other relevant data;
10. Inventory records for all property and equipment purchased in whole or in part with subgrant funds or which the subgrantee has been compensated for the use of the property and equipment through depreciation or use allowance charges, indicating acquisition date, cost of the property and equipment, identification number, location and use of the property and equipment, and evidence that procurement requirements have been met;
11. Bank statements and reconciliations, all canceled or voided checks and deposit records;
12. Documentation of proper insurance/bonding coverage; and/or
13. Programmatic records of all types, as pertinent to the programs involved.

Subgrantee agrees that MDCPS, the federal grantor agency, the Comptroller General of the United States, and/or any of their duly authorized representatives shall have access to all books, documents, papers, electronic media, or records of the Subgrantee or of the Subgrantee's Contractors/Subcontractors which are pertinent to the program for the purpose of making audits, examinations, excerpts and transcripts of such records. Further, Subgrantee agrees to provide access to the records within a reasonable time, and

in any case no later than fourteen (14) days from the date of the request. Subgrantee agrees that failure to provide access to records when requested by MDCPS or its designee shall result in Subgrantee being subject to MDCPS seeking relief from a court of record in the county in which Subgrantee conducts business. Subgrantee agrees to indemnify MDCPS for all costs, including attorney's fees and related costs which MDCPS incurs in pursuing such court action. At the sole discretion of MDCPS, if the Subgrantee is operating under a current Subgrant, MDCPS may elect to suspend payments on that Subgrant until such time as the Subgrantee fulfills the request for documents.

Note: No Federal awarding agency may place restrictions on the subgrant that may limit public access to the records of the subgrant except for personally identifiable information or when the Federal awarding agency can demonstrate such will be a violation of the Freedom of Information Act or if the Federal awarding agency has controlled unclassified information pursuant to Executive Order 13556. Reference 2 C.F.R. §§ 200.334 through 200.338

## **Chapter 7: Monitoring**

### **Overview**

The Division of Monitoring is tasked with ensuring that all subgrants of the Mississippi Department of Child Protection Services (MDCPS) are administered in compliance with laws and regulations applicable to Federal financial assistance programs, and agency policies and in accordance with the terms of the subgrant agreement and this subgrant manual in its entirety. Monitoring is a review process used in determining a subgrantee's compliance with the requirements of MDCPS and/or Federal programs, adhering to applicable laws and regulations, and measuring progress toward stated results and outcomes. The Division of Monitoring along with the Program Funding Divisions is responsible for oversight of the development of appropriate monitoring instruments specifically designed to ensure compliance with program requirements, cost principles, and federal regulations. MDCPS monitoring reviews are performed in accordance with 2 C.F.R. Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and have the following objectives:

1. Ensure accountability and compliance with applicable Federal and State laws applicable to Federal financial assistance programs;
2. Ensure funds awarded to subgrantees are used for authorized purposes;
3. Ensure compliance with the terms of the subgrant agreement;
4. Identify technical assistance and training needs;
5. Ensure follow-up on issues and implementation of corrective actions;
6. Provide guidance to subgrantees in establishing and maintaining sound business accounting procedures; and
7. Safeguard federal funds against fraud, waste, and abuse.

In general, the Subgrant monitoring procedures will consist of the following:

1. Notification of a monitoring review via a schedule letter;
2. Entrance Conference;
3. Examination of fiscal and programmatic requirements;
4. Exit Conference;
5. Initial Findings Letter;
6. Corrective Action Response and/or follow up;
7. Final Decision Letter; and
8. Administrative Hearings as required.

Monitoring of fiscal and programmatic requirements includes but is not limited to:

1. Reviewing expenditures to ensure funds are expended in line with the approved budget narrative;
2. Reviewing claims submitted by the Subgrantee;
3. Reviewing documentation supporting expenses reported under MDCPS subgrants;
4. Reviewing the subgrantee's single audit and/or program-specific audit results and evaluating audit findings and the subgrantee's corrective action plan; and
5. Performing desk and/or on-site reviews of the fiscal and programmatic records and observing subgrantee operations.

#### **Risk Assessment**

As required by 2 C.F.R. § 200.332 (Requirements for Pass-Through Entities), the extent of monitoring imposed on each subgrantee shall be determined by the risk of non-compliance. A subgrantee's level of risk is assessed by the Division of Monitoring, the applicable Program Funding Division, and the Division of Procurement Services. The following factors are taken into consideration when assessing risk level of subgrantees:

1. Subgrantee's prior experience with the same or similar sub-awards;
2. Subgrantee's suspension and debarment compliance;
3. Amount of award;
4. Results of previous audits, which include whether the subgrantee receives a Single Audit in accordance with 2 C.F.R. Part 200 Subpart F (Audit Requirements) and the extent to which the same or similar sub-award has been audited as a major program;
5. Prior experience of the subgrantee operating subgrants supported by Federal funds;
6. Results of the previous desk and/or on-site fiscal monitoring and programmatic reviews;
7. Significant and/or substantial instances of fraud;

8. Statement of work and deliverables of the subgrantee;
9. Subgrantee's compliance with property requirements;
10. Whether the subgrantee has new personnel or the subgrantee has recently changed systems;
11. Subgrantee's potential for conflict of interest; and
12. Subgrantee's accounting and procurement systems.

All subgrantees who are identified as high risk will receive a technical assistance visit from the Division of Monitoring the applicable Program Funding Division, and/or the Division of Procurement Services. The visit will be conducted within the first three (3) months of the subgrant period. All new subgrantees will receive a technical assistance visit from the Division of Monitoring, the applicable Program Funding Division, and/or the Division of Procurement Services upon request.

Reference 2 C.F.R. § 200.332

### **Monitoring Reviews for Program and Fiscal Compliance**

The Division of Monitoring will conduct on-site and/or desk reviews of all MDCPS subgrants annually for programmatic and fiscal compliance. The reviews may be performed on any subgrant at any time and may be repeated as often as deemed necessary by MDCPS. Subgrantees will receive a Schedule Letter as notification of the impending monitoring review fourteen (14) calendar days prior to the monitoring review. The Schedule Letter requests information and documentation from the Subgrantee required to complete the monitoring review. MDCPS reserves the right to conduct unannounced reviews at its discretion.

Each review will conclude with an exit conference in which the monitor(s) will discuss with the subgrantee signatory official (or designee) and other appropriate staff the preliminary results of the review and whether any documentation remains outstanding.

The Division of Monitoring will issue an Initial Findings Letter within thirty (30) calendar days after the exit conference. The monitoring report will provide a description of each finding of noncompliance, identified questioned costs, and any required corrective action(s) to be taken by the subgrantee.

### **Corrective Action Procedures**

The Initial Findings Letter is provided to the subgrantee via email. The Division of Monitoring uses the current contact information included in the subgrant agreement. It is the responsibility of the subgrantee to notify the Division of Monitoring if the correspondence should be submitted to a different individual within the subgrantee organization. Copies of all correspondence submitted to the subgrantee are also provided to the applicable MDCPS Program Funding Division.

The subgrantee is required to provide a written response to the Division of Monitoring within thirty (30) calendar days of receipt of the Initial Findings Letter unless otherwise indicated. Any extensions to provide documentation must be requested in writing and submitted before the final due date. The corrective action plan must be specific and include:

1. A statement of whether the subgrantee agrees with the finding or not.

2. A detailed plan of how the subgrantee will correct each individual finding to prevent this or similar finding in the future or justification for the subgrantee's disagreement with the finding(s).
3. Any subgrantee documents, forms, policy changes, reports, accounting tools, time sheets, data collection forms, etc. that ensure the subgrantee has corrected the finding(s)
4. If the subgrantee disagrees with a finding(s) identified in the report, detailed documentation must also be submitted to refute the questioned finding(s) and/or costs.
5. If the subgrantee agrees with the findings, the subgrantee must repay funds identified as questioned costs to MDCPS.
6. The corrective action plan must be signed by the Authorized Official or designee. (The designee is the person granted permission to sign the Authorized Official's signature.)

The Division of Monitoring will issue a Final Decision Letter based on the corrective action response received from the subgrantee. If findings and/or questioned costs remain unresolved in the Final Decision Letter, and the subgrantee disagrees with the final findings, the subgrantee can appeal the findings. The subgrantee must request an Administrative Appeal within thirty (30) calendar days of receipt of the Notice of Final Determination. Please refer to the MDCPS Administrative Appeals Policy for more information. The manual can be found at:

<https://mdcpsms.sharepoint.com/policy/MDCPS%20POLICY/Administrative%20Appeals.pdf?CT=1689776682791&OR=OWA-NT&CID=a4cdf8db-6069-7bc4-53a6-3d74d47386ff&WSL=1>

#### **Overview of Single Audit Requirements**

Subgrantees must have a single audit conducted, in accordance with 2 C.F.R. § 200.514, by an independent auditor if the Subgrantee expends \$750,000 or more in federal awards during the non-Federal entity's fiscal year. Total federal grant awards not only include those received from the MDCPS but also those received from any other source.

As part of its sub-recipient monitoring functions, the Division of Monitoring reviews the single audit reports for federal grant sub-recipients that receive federal grants from MDCPS. This monitoring is done to ensure that federal grants are used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of federal awards, as required by 2 C.F.R. § 200.331. The subgrantee must submit the audit report to MDCPS thirty (30) calendar days after receipt of the auditor's reports or nine (9) months from the end of the audit period, whichever occurs first.

In compliance with 2 C.F.R. § 200.512, subgrantees must electronically submit a data collection form and the reporting package directly to the Federal Audit Clearinghouse designated by OMB.

A subgrantee that expends Federal financial assistance during the subgrant's fiscal year of:

1. Less than \$750,000.00 shall be exempt from Federal audit requirements unless the subgrantee meets a requirement in 2 C.F.R. § 200.503. However, the subgrantee must make records available for review by the appropriate officials and cannot constrain in any manner a Federal or State agency from carrying out or arranging audits;
2. \$750,000.00 or more under only one (1) Federal program and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the subgrant, may elect to have a program-specific audit in accordance with 2 C.F.R. § 200.507; or
3. \$750,000.00 or more under more than one (1) Federal program shall have an organization-wide audit performed in accordance with 2 C.F.R. § 200.501(c).

#### **Program-Specific Audit**

If the subgrantee meets the applicable standard for a program-specific audit, it must follow Generally Accepted Government Auditing Standards (GAGAS) and the program-specific audit guide. A listing of current program-specific audit guides can be found in the compliance supplement provided on the Office of Management and Budget website. If a current program-specific audit guide is not available, the subgrantee and auditor must have basically the same responsibilities for the Federal program as they would have for an audit of a major program in a single audit.

Reference 2 C.F.R. § 200.507

#### **Responsibilities of a Subgrantee**

The subgrantee must:

1. Maintain and make records available for review or audit by appropriate officials of the Federal awarding agency, pass-through entity, General Accounting Office (GAO), the State Auditor and/or the subgrantee's independent auditor, upon request;
2. Procure or otherwise arrange for the audit required by 2 C.F.R. § 200.508 in accordance with 2 C.F.R. § 200.509 ("Auditor Selection") and ensure it is properly performed and submitted when due in accordance with 2 C.F.R. § 200.512 ("Report Submission");
3. Prepare financial statements that reflect its financial position, results of operations, and, where appropriate, cash flows for the fiscal awards for the period covered by the subgrantee's financial statements, which shall be prepared in accordance with 2 C.F.R. § 200.510 ("Financial Statements");
4. Ensure that audits are conducted and reported in accordance with GAGAS and 2 C.F.R. §§ 200.514 through 200.520, as applicable. Additionally, all copies of the auditor's reports, and any management letters issued by the auditors, must be submitted to the Division of Monitoring within thirty (30) calendar days after receipt of the auditor's report(s) or nine months after the end of the audit period, whichever occurs first;

5. Promptly follow up and take corrective action on all audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with § 2 C.F.R. 200.511 (“Audit Findings Follow-up”);
6. Provide the Division of Monitoring with access to all personnel, accounts, books, records, supporting documentation, and other information as needed for the monitor to perform the audit as required
7. Assure MDCPS subgrants are properly identified and audited as part of an organization-wide audit. MDCPS may request a subgrantee that is required to have an organization-wide audit to have a particular program audited as a major program. Such requests shall be made at least 180 days prior to the end of the fiscal year to be audited. The subgrantee, after consultation with its auditor, shall inform MDCPS whether the program would otherwise be audited as a major program using a risk-based approach and, if not, the estimated incremental costs. MDCPS shall then promptly confirm to the subgrantee whether it wants the program audited as a major program.
8. Prepare a separate schedule of indirect costs. If indirect costs are claimed under any MDCPS subgrant (which shall at a minimum include a listing of actual indirect costs incurred during the subgrantee’s fiscal year by line item), a description and amount of the base used to allocate indirect costs to all of the subgrantee’s programs, and the calculation of an actual indirect cost rate based on the audited amounts must be submitted to MDCPS;
9. Complete the MDCPS Subgrantee Audit Information Form (MDCPS-DOM-002) and submit the form to the Division of Monitoring. The form must be completed within ninety (90) days of the end of the subgrantee’s fiscal year;
10. Submit a copy of the data collection form and the reporting package, which are specified under 2 C.F.R. § 200.512, directly to the Federal Audit Clearinghouse (FAC) The data collection form and reporting package must be submitted electronically through the FAC web address at <https://facweb.census.gov/uploadpdf.aspx>.

#### **Management Decision**

MDCPS is responsible for issuing a management decision within six (6) months of receipt of the audit report. The management decision must clearly state whether the audit finding is sustained, the reason for the decision and the expected subgrantee action to repay disallowed cost, make financial adjustments or take other action. If the subgrantee has not completed corrective action, a timetable for follow-up should be given. The subgrantee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

Reference 2 C.F.R. §§ 200.521 and 200.332

#### **Limited Scope of Audits of Specific Compliance Areas**

MDCPS may engage an independent Certified Public Accountant to perform a Limited Scope Audit of specified MDCPS subgrants. The need for this type of review shall be determined on an individual basis and shall be documented by MDCPS.



The results of this review shall be communicated to the subgrantee and to the applicable MDCPS Program Funding Division in a written notice.

### **Non-Compliance**

In cases of continued inability or unwillingness to have an audit conducted, MDCPS and/or the federal agency will take appropriate action. Please refer to Chapter 9 of this manual for more information regarding subgrantee noncompliance.

### **Discovery of Possible Fraud, Mismanagement, or Program Abuse**

If an allegation or suspicion of fraud, waste mismanagement, and/or program abuse is discovered while conducting a monitoring review, the subgrantee will be referred to the Office of Inspector General (OIG) for further investigation.

Subgrantees shall report any suspected fraud, waste, and/or abuse to the Office of Inspector General. The Office of Inspector General accepts tips and complaints regarding potential fraud, waste, and/or abuse in the following ways:

- Phone – (601) 359-4316 or 1-844-494-8375
- Email – [fraudtips@mdcps.ms.gov](mailto:fraudtips@mdcps.ms.gov)
- MDCPS Fraud Tip or Complaint Form located at

<https://app.smartsheet.com/b/form/ce58502dcd96493d9903b22bf7ea59b4>

## Chapter 8: Closeout Procedures

### **Overview**

The closeout of a subgrant is the process by which MDCPS determines that all applicable administrative actions and all required work of the subgrant have been completed. Subgrantees are responsible for ensuring that orderly and timely work of the subgrant has been completed. Subgrantees are responsible for ensuring an orderly and timely programmatic phase out of subgrants and the financial settlement of subgrantee and vendor claims. The subgrantee closeout procedures describe the instructions to be followed to officially close subgrants awarded by MDCPS. Subgrantees should also refer to 45 C.F.R. Part 75 and/or Part 92, as applicable.

### **Due Date and Content of Closeout Packet**

The Subgrantee closeout packet bearing original or electronic authorized signatures of the Subgrantee organization is due and shall be received by MDCPS Subgrants Claims Unit no later than forty-five (45) calendar days from the ending date of a subgrant OR no later than forty-five (45) calendar days from the expenditure of all subgrant funds (if expenditure occurs prior to subgrant agreement end date). The Subgrantee shall retain a copy of the closeout packet submitted to MDCPS.

Note: Closeout packages that are not received in a timely manner may result in the following: (1) delay in processing any outstanding or future subgrantee claims; (2) adversely affect upon MDCPS approval for future subgrant funding; and/or (3) MDCPS Administrative Closeout of the subgrant.

After timely receipt and review of the subgrant closeout packet, MDCPS may request further documentation and/or revisions to the subgrant closeout packet.

### **Content of Closeout Packet**

The Subgrantee Closeout Packet shall include, but not be limited to, the following information which shall be accurately completed by the Subgrantee:

- 1) Subgrantee Closeout Checklist;
- 2) Certification of Subgrant Compliance;
- 3) Outstanding Claimant Form;
- 4) Final Claim;
- 5) Final Expenditure Report;
- 6) Inventory Control List (for equipment/property);
- 7) Request to Retain Equipment/Property (as applicable);
- 8) Refund Payment to MDCPS (as applicable).

### **Closeout Refund Payment to MDCPS**

Indicate the amount of any unused funds plus any outstanding claimants' amounts for each agreement and category. The amounts listed as "unused funds" shall be refunded by check with the closeout package. Refund checks are to be made payable to Treasurer, State of Mississippi. The subgrant number(s) shall be included on the check or check stub.

Refund checks are due as an attachment to the Closeout package and shall be received no later than forty-five (45) days after the end of the performance period. Any Refunds checks not included as part of the closeout package, should be mailed to the following address: Mississippi Department of Child Protection Services Attention: Finance and Procurement Department, 750 N State Street, Jackson, MS 39202.

### **Administrative Closeout**

If a subgrantee fails to close out a program year sixty (60) days after the grant ends or fails to properly adhere to established closeout policies and regulations, MDCPS may complete an administrative closeout packet using fiscal information from the official subgrant file maintained by MDCPS. A copy of the administrative closeout will be provided to the subgrantee to be maintained as a part of their official subgrant file.

### **Equipment Property Closeout**

A subgrantee that desires to retain and continue using equipment or property after the expiration date of the subgrant period shall submit a written request to the MDCPS Division of Property. It is the established policy of MDCPS to give consideration to the written request, to allow federally and/or state purchased equipment or property to remain on the premises of the organization, if

the subgrantee continues to operate at the same site, as long as, the organization continues to serve the implementation and objective of the federal program under which the subgrant agreement originated, and the subgrantee is in good standing at the time of closeout.

Subgrantee written request to retain and continue using subgrant equipment or property may be submitted to MDCPS before the end date of the subgrant agreement. The written request to retain and continue using subgrant equipment and/or property shall include a copy of the Subgrantee Inventory Control List for each item of equipment and/or property under the subgrant. The written request should identify the equipment/property items requested to be retained and adequately explain the continued use and purpose for retention.

If the Subgrantee's request to retain property and/or equipment is approved by MDCPS, it shall be the responsibility of the MDCPS Division of Property to monitor the utilization of all items on a yearly basis. The final deadline for equipment and/or property retention request is the same due date for the closeout packet.

Upon termination and/or expiration of a subgrant and as part of the Subgrant Closeout Process, should the subgrantee determine that the property purchased under the subgrant is no longer needed, or the request to retain is denied, the subgrantee shall coordinate delivery of any property purchased under the subgrant with the MDCPS Division of Property. The subgrantee shall deliver the property to MDCPS no later than forty-five (45) days from the subgrant end date.

## **Chapter 9: Noncompliance**

### **Overview**

If a subgrantee fails to comply with Federal Statutes, regulations, or terms and conditions of the Federal award, the Federal awarding agency, or MDCPS policy, additional conditions may be imposed.

### **Specific Conditions**

MDCPS may impose additional specific award conditions and/or withhold payment to a subgrantee as needed, under the following circumstances:

1. Based on the criteria set forth in 2 C.F.R. § 200.206 Federal awarding agency review of risk posed by applicants;
2. When an applicant or recipient has a history of failure to comply with the general or specific terms and conditions of a Federal award;
3. When an applicant or recipient fails to meet expected performance goals as described in 2 C.F.R. § 200.301 and/or requirements contained in a Federal award; or
4. When an applicant or recipient is not otherwise responsible.

These additional Federal award conditions may include items such as the following:

1. Requiring payments as reimbursements rather than advance payments;

2. Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;
3. Requiring additional, more detailed financial reports;
4. Requiring additional project monitoring;
5. Requiring the non-Federal entity to obtain technical or management assistance; and/or
6. Establishing additional prior approvals.

Reference 2 C.F.R. §§ 200.339 through 200.343

MDCPS must notify the subgrantee as to:

1. The nature of the additional requirements;
2. The reason why the additional requirements are being imposed;
3. The nature of the action needed to remove the additional requirement, if applicable;
4. The time allowed for completing the actions if applicable, and
5. The method for requesting reconsideration of the additional requirements imposed.

If noncompliance fails to be remedied by implementing additional specific conditions listed above, then the Federal awarding agency or MDCPS may take one (1) or more of the following actions:

1. Temporarily withhold cash payments pending correction of the deficiency by the subgrant or more severe enforcement action by the Federal awarding agency or MDCPS.
2. Disallow (that is deny both the use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
3. Wholly or partly suspend or terminate the Federal award.
4. Initiate suspension or debarment proceedings as authorized under 2 C.F.R. § 180 and Federal awarding agency regulations.
5. Withhold further Federal awards for the project or Program.
6. Take other actions that may be legally available.

#### **Termination**

A subgrant may be terminated in whole or in part as follows:

1. By the Federal awarding agency or by MDCPS if the subgrant entity fails to comply with the terms and conditions of the Federal award;
2. By the Federal awarding agency or by MDCPS for good cause;

3. By the Federal awarding agency or MDCPS with the consent of the subgrant, in which case the two (2) parties must agree upon the termination conditions including the effective date and in the case of partial termination the portion to be terminated; or
4. By the subgrantee upon sending to the Federal awarding agency or MDCPS written notification setting forth the reasons for such termination. Note that the Federal awarding agency or MDCPS determines in the case of partial termination that the reduced or modified portion of the award will not accomplish the purposes for which the original award was made, the Federal awarding agency or MDCPS may terminate the award in its' entirety.

When an award is terminated or partially terminated the subgrantee will remain responsible for compliance with the requirements for closeout and post-closeout adjustments and continuing responsibilities. Refer to the Closeout Procedures chapter of this manual. The Federal awarding agency or MDCPS must provide written notification to the subgrantee of termination.

The following instances constitute good cause for terminating a subgrant:

1. Conviction, plea agreement of guilt and/or civil judgment for: Commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public or private agreement or transaction; b. Violation of Federal and/or State antitrust statutes, including those proscribing price fixing between competitors, allocation of customers between competitors, and bid rigging; c. Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, or obstruction of justice; or d. Commission of any other offense indicating a lack of business integrity or business Honesty that seriously and directly affects the present responsibility of a person/subgrantee.
2. Violation of the terms of a public agreement or transaction so serious as to affect the integrity of a MDCPS program, such as: a. A willful failure to perform in accordance with the terms of one or more public agreements or transactions. b. A history of failure to perform or of unsatisfactory performance of one or more public agreements or transactions.
3. A non-procurement debarment by any Federal agency taken before October 1, 1988, the effective date of these regulations, or a procurement debarment by any Federal agency taken pursuant to 45 C.F.R. § 75.213; or
4. Knowingly doing business with a debarred, suspended, ineligible, or voluntarily excluded person, in connection with a covered transaction, except as permitted by the agency. Note this is not an exhaustive list.

Reference 2 C.F.R. § 200.340

#### **Costs during Termination or Suspension**

Costs to the subgrantee resulting from obligations incurred by the subgrantee during a suspension or after termination of the award are not allowable unless the Federal awarding agency or MDCPS expressly authorizes them in the notice of suspension

or termination or subsequently in writing. The costs made during suspension or after termination are allowable if it meets the requirements below:

1. The costs result from obligations that were properly incurred by the subgrantee before the effective date of suspension or termination and subgrantee is not in anticipation of it; and
2. The costs would be allowable of the Federal award was not suspended or expired normally at the end of the period of performance in which the termination takes effect.

Reference 2 C.F.R. § 200.343

### **Appeals**

Administrative review is afforded subgrantees appealing adverse actions, meaning demands for repayment.

An aggrieved party may file an appeal by submitting, in writing, A Request for Hearing to the MDCPS Office of Legal Counsel via email at [LegalDocuments@mdcps.ms.gov](mailto:LegalDocuments@mdcps.ms.gov) within 30 days of receipt of a Notice of Final Determination.

Please refer to the MDCPS Policies & Procedures: Administrative Appeals for more information.