

The procedures included within this manual apply to MSDH operations.

Subgrant

Policies and Procedures



MISSISSIPPI STATE DEPARTMENT OF HEALTH

Mississippi State Department of Health Subgrant Policies and Procedures Manual 002		Owner: Policy Evaluation
Issue Date: April 30, 2021		Topic: Introduction
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SUBGRANT POLICIES AND PROCEDURES

PURPOSE

The following policies and procedures are intended to provide guidance to the Mississippi State Department of Health (“MSDH”) and its subgrantees for the development, execution, monitoring and reporting of subgrants. The purpose of the policies and procedures in this manual are to ensure that funds are used for the purposes for which they are awarded and to safeguard public monies to the greatest extent possible.

The policies set forth in this manual are adapted from The Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly called "Uniform Guidance"), and do not include all requirements imposed on MSDH or its subgrantees by prime funders.

Where applicable, procedures to fulfill policy requirements have been provided. If procedures are not provided, users of the manual should use these policies, as well as guidance from prime funders, to guide decision making.

The manual is divided into pre-award and post-award requirements. Pre-Award requirements in Sections 1 through 4 address the subgrant development phase and primarily focus on the selection of subgrantees and preparation of the subgrant agreement. Post-Award requirements in Sections 5 through 12 address activities that take place after the subgrant agreement is executed including, but not limited to, modifying the agreement, monitoring the subgrantee’s performance, payments to the subgrantee, and closing out the subgrant. Additional Policies for Specific Funding Types beginning in Section 13 provide additional requirements in state or federal law for specific funding types, such as state funding from line-item appropriations.

SCOPE

The policies in this manual apply to all subgrants where MSDH is the pass-through entity, regardless of the source of the prime award funding (e.g. state, federal, private), and including lower-tier subgrant agreements issued by MSDH subgrantees.

Exceptions to the policy must be approved by the Director of Policy Evaluation and the Chief Administrative Officer.

DEFINITIONS

- **Contract** – Legal instrument used to obtain property, goods, or services to carry out a project or program under an award and creates a procurement relationship with the contractor.
- **First-Tier Subgrantee** – The non-federal entity provided an award (i.e., subgrant) directly from the Prime Awardee (i.e., MSDH) for the purposes of participating in the sponsored project.
- **Grant** – The transfer of money or property to accomplish a public purpose of support or stimulation.
- **Lower-Tier Subgrantee** – The non-federal entity provided an award (i.e., subgrant) directly

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from an MSDH subgrantee for the purposes of participating in the sponsored project.

- **Modification** – A legal instrument that alters or amends an active subgrant agreement.
- **Pass-Through Entity** – A non-federal entity that provides a subgrant to a subgrantee to carry out part of a prime award.
- **Prime Award** – The initial award received by MSDH (e.g., Federal award, private award, state funds)
- **Subgrant** – An award provided by a pass-through entity to a subgrantee, through a legal instrument (i.e., subgrant agreement), to carry out part of the prime award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subgrant is an assistance agreement, similar to grants and cooperative agreements, intended for the subgrantee to carry out a public good.
 - **Cost Reimbursed Subgrant** – A type of subgrant agreement under which the subgrantee invoices MSDH for actual costs incurred under the subgrant to be reimbursed.
 - **Fixed Amount Subgrant** – A type of subgrant agreement under which the pass-through entity provides a specific level of support without regard to actual costs incurred by the subgrantee. Accountability is based primarily on performance and results.
- **Uniform Guidance** – The Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly called "Uniform Guidance") is an authoritative set of rules and requirements for Federal awards that synthesizes and supersedes guidance from earlier OMB circulars.

FORMS INCLUDED IN PROCEDURES

- *Contractor/Subgrantee Determination Worksheet* (Form 593)
- *Subgrant Agreement* (Form 607C) (including face sheet and attachments)
- *Fixed Amount Subgrant Agreement* (Form 670F) (including face sheet and attachments)
- *Subgrant Agreement Modification* (Form 96) (including face sheet and attachments)
- *Subgrantee Audit Information Form* (Form 120)
- *Subgrant Closeout Inventory Schedule* (Form 1232)
- *Subgrantee Conflict of Interest Form* (Form 1244)

OTHER POLICIES APPLICABLE TO MSDH SUBGRANTS

The subgrant process is also governed by the following MSDH policies.

- *General Agency Manual*, including but not limited to the following sections:
 - Section 5, “Policy, Grant, and Contract Evaluation Process and Procedures”
 - Section 11, “IT Security Policy”
 - Section 14, “Health Equity Policies and Procedures”
- *Privacy Policy and Procedures Manual*
- *Guidance for Subgrantees*

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PRE-AWARD POLICIES AND PROCEDURES

SECTION 1 SUBGRANTEE SELECTION

1.1 Subgrantee or Contractor Determination

Policy:

As a pass-through entity, MSDH must make a case-by-case determination whether the disbursement of funds constitutes a subgrantee or contractor relationship in accordance with OMB’s *Uniform Guidance* at 2 CFR 200.331 “Subrecipient and Contractor Determinations.”

According to *Uniform Guidance*, a subgrant is used for the purpose of carrying out a portion of the prime award/program and creates an assistance relationship. Characteristics that would support the classification of a non-federal entity as a subgrantee are when the entity:

- Determines who is eligible to receive what assistance.
- Has its performance measured in relation to whether the objectives of the program are met.
- Has responsibility for programmatic decision making.
- Is responsible for adherence to applicable program requirements specified in the prime award.
- In accordance with its agreement, uses the funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

Characteristics indicative of a procurement relationship with a contractor are when the non-federal entity:

- Provides goods and services within normal business operations.
- Provides similar goods or services to many different purchasers.
- Normally operates in a competitive environment.
- Provides goods or services that are ancillary to the operation of the program.
- Is not subject to compliance requirements of the program as a result of the agreement, though similar requirements may apply for other reasons.

Not all characteristics need to be present to determine whether the entity should be classified as a subgrantee or contractor. *Uniform Guidance* states that judgement should be used in each case. The distinction is based on the principal purpose or intended use of the funds, and the legal relationship.

Procedures:

The MSDH department administering the subgrant will complete the *Subgrantee/Contractor Determination Worksheet* (Form 593) prior to developing the agreement to determine the appropriate type of relationship with the non-federal entity.

If the entity is classified as a subgrantee, the department will include the *Subgrantee/Contractor Determination Worksheet* in the subgrant document file routed for approval.

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Policy Evaluation will not allow subgrant agreements to continue routing for approval if, during the review, it is determined that a subgrantee relationship does not exist. The department should consult with the Office of Policy Evaluation if there are uncertainties in the determination.

1.2 Subgrantee Selection Documentation

Policy:

MSDH must select subgrantees based on the entity's ability to perform the work successfully. The selection process should include an assessment of the subgrantee's past performance and technical capability, as well as an analysis of the proposed cost of the work to be done.

Procedures:

The MSDH department administering the subgrant should review its prime award agreement, or contact the prime awarding agency if necessary, to determine if a subgrant is permitted.

Prior to the execution of a subgrant agreement, the department will:

- Assess previous experience with the proposed subgrantee, if applicable, to determine if additional terms should be included in the subgrant agreement.
- Assess the proposed subgrantee's proposal about how it will complete the project and determine whether the entity can properly manage the project and whether costs are reasonable and allowable under the program statute.

The assessments described above should be documented by the department and maintained internally in accordance with retention policies of subgrant agreements.

1.3 Debarment and Suspension

Policy:

Funds must not be passed through to organizations that are suspended, debarred, or otherwise deemed ineligible to participate in the funded program.

Procedures:

The MSDH department administering the subgrant will check the subgrantee's status in SAM.gov to determine if there are any active exclusions that would preclude MSDH from entering into the agreement. The department will upload a screenshot of the records search in SAM.gov to the document file routed for approval.

1.4 Conflicts of Interest Evaluation

Policy:

Funds must also not be passed through to organizations with a conflict of interest that would render the subgrantee unable to perform impartially and without bias.

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Procedures:

The potential subgrantee will complete the *Conflicts of Interest Form* (Form 1244) and submit it to the MSDH department administering the subgrant.

The MSDH department administering the subgrant will include the form in the document file routed for approval.

The MSDH Legal Counsel will review the form during the approval process to determine if any conflicts of interest exist.

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SECTION 2 SUBGRANT AGREEMENTS

Note: Section 2 details standard components of subgrant agreements. For specific requirements of each subgrant agreement type, see **Section 3 Cost Reimbursed Subgrants** and **Section 4 Fixed Amount Subgrants**, as well as form instructions for the corresponding subgrant agreement templates.

2.1 Types of Subgrant Agreements

Policy:

The primary funding instrument for MSDH subgrants is a cost reimbursed subgrant agreement.

Fixed amount subgrant agreements are allowed but require prior approval of the Chief Administrative Officer and the Director of Policy Evaluation.

Subgrant agreements allowing for advance payment of funds are not allowed.

Procedures:

The MSDH department administering the subgrant will determine the type of funding instrument utilized based on MSDH policy. If the department plans to utilize a fixed amount subgrant agreement, they should contact the Director of Policy Evaluation and Chief Administrative Officer before a request for proposal is solicited and before the subgrant agreement is routed for approval.

MSDH uses standard templates for subgrant agreements – *Subgrant Agreement* (Form 607C) and *Fixed Amount Subgrant Agreement* (Form 607F). Alterations to the subgrant agreement templates are not allowed. Changes to the standard terms of the subgrant agreement will be listed as additional terms.

2.2 Subgrant Agreement Approvals

Policy:

Prior to execution, all MSDH subgrant agreements must be routed through the approval process established by the Office of Policy Evaluation in accordance with MSDH document management policies.

Procedures:

The MSDH department administering the subgrant is responsible for submitting the subgrant agreement for approval and will refer to Section 5 of the *General Agency Manual* for instructions on the routing of subgrant agreements.

The MSDH department administering the subgrant will route the agreement for approval with the corresponding face sheet, all required labeled attachments, and other documentation needed for the review process. The subgrant agreement and attachments should not be routed for approval as scanned documents.

The Office of Policy Evaluation is responsible for assembling the subgrant agreement to submit for signatures. The files routed for approval should be labeled and organized in such a way that the Office of Policy Evaluation can easily determine which documents are part of the subgrant agreement that will be

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signed. Departments should not combine components of the agreement with documents that are for internal use only (e.g., the face sheet should not be in the same PDF file with the subgrant agreement).

Departments may also refer to form instructions for subgrant agreement templates and contact the Office of Policy Evaluation for additional information on the routing of subgrant agreements.

2.3 Required Components of All Subgrant Agreements

Policy:

In accordance with *Uniform Guidance*, it is the responsibility of MSDH to advise subgrantees of requirements imposed on them by laws, regulations, policies, and provisions of the prime award, as well as any additional requirements imposed. The terms and conditions of the subgrantee relationship must be thoroughly documented in the subgrant agreement.

Each subgrantee must assure that it will comply with the laws, regulations, policies, and requirements imposed by the sponsoring/prime agency and MSDH. The subgrantee is responsible for being familiar with the standard assurances policy for the granting program and funding source under which a subgrant is issued and adhering to it throughout the life of the subgrant.

The following components must be included in all subgrantee agreements:

1. Standard Terms
2. Identification of the Subgrant (Section 2.4)
3. Additional Terms and Special Conditions, as applicable (Section 2.4)
4. Scope of Work (Section 3.1, Section 4.2)
5. Budget or Payment Schedule (Section 3.2, Section 4.3)

Procedures:

MSDH uses a standard agreement template for cost reimbursed subgrants at *Subgrant Agreement* (Form 607C) and fixed amount subgrants at *Fixed Amount Subgrant Agreement* (Form 607F), which can be updated to include additional terms and conditions as needed. Alterations to the subgrant agreement templates are not allowed. Changes to the standard terms of the subgrant agreement will be attached as additional terms.

2.4 Identification of the Subgrant

Policy:

MSDH must ensure that every subgrant is clearly identified to the subgrantee and should include the following information at the time of the subgrant agreement:

1. Subgrantee name, which matches the name associated with its unique entity identifier (e.g., DUNS number)
2. Subgrant period of performance, including a start and end date
3. Amount of funds committed in the subgrant agreement

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4. Name of program/subgrant

For subgrants funded by federal awards, the following information must also be clearly identified, as required in *Uniform Guidance* at 2 CFR 200.332 “Requirements for Pass-Through Entities”:

1. Federal award identification number
2. Federal award date, which is the date the federal award is signed by the authorized official of the federal awarding agency
3. CFDA number and name
4. Identification of whether the award is research and development
5. Name of original awarding agency (prime award)
6. Total amount of prime award
7. Subgrantee unique entity identifier (e.g., DUNS number)

When information is not available, MSDH must provide the best information available to describe the award.

Procedures:

The subgrant agreement templates (Form 607C and Form 607F) are designed to meet the requirements of the policy in Section 2.4. The MSDH department administering the subgrant will enter information required for all subgrant agreements in the body of the subgrant agreement.

For federal grants, the MSDH department administering the subgrant will complete the attachment “Additional Information Required for Federal Awards” in a labeled attachment to the subgrant agreement. The attachment template is provided by the Office of Policy Evaluation.

2.5 Additional Terms and Special Conditions

Policy:

As required by *Uniform Guidance* in 2 CFR 200.332 “Requirements for Pass-Through Entities” MSDH must include in the subgrant agreement all requirements imposed on the subgrantee to ensure the subgrant is executed in accordance with the terms and conditions of the prime award, including terms and conditions concerning the closeout of the subgrant.

Procedures:

The MSDH department administering the subgrant will attach to the subgrant agreement all necessary requirements/special conditions imposed on the subgrantee to ensure the subgrant is executed in accordance with the terms and conditions of the prime award, including terms and conditions concerning the closeout of the subgrant.

Changes to the standard terms of the subgrant agreement will be attached as additional terms.

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SECTION 3 COST REIMBURSED SUBGRANTS

3.1 Scope of Work for Cost Reimbursed Subgrants

Policy:

The cost reimbursed subgrant agreement must include a scope of work, which describes the services or benefits the subgrantee will provide. All activities described in the subgrantee’s scope of work must conform with the program requirements and objectives, including any performance measures attached to the award. The scope of work must also identify deliverables, such as required financial or performance reports, MSDH imposes on the subgrantee in order for MSDH to meet its own responsibility to the prime awarding agency.

The scope of work must clearly distinguish the responsibilities of the subgrantee from any responsibilities of MSDH.

A subgrantee’s proposal may not be used as the scope of work attached to the subgrant agreement.

Procedure:

The MSDH department administering the subgrant will attach the scope of work to the subgrant agreement as “Attachment A: Scope of Work.”

Subgrant approvers will review various components of the scope of work to determine its appropriateness. Departments are encouraged to consult with approvers when developing subgrant agreements if a significant amount of the scope of work is relevant to the approver’s business area. Foreexample, if subgrantees will have access to MSDH data and protected health information (PHI), the Director of Data Governance and the MSDH Privacy Officer should be consulted during subgrant agreement development. The Office of Policy Evaluation can assist departments in determining who should be consulted during the development phase.

3.2 Budget and Justification for Cost Reimbursed Subgrants

Policy:

The subgrant agreement must include the subgrantee’s budget for performing the subgrant activities and must be prepared and presented in such a way that MSDH can ensure funds are being spent in accordance with program requirements and applicable state and federal regulations.

The budget for cost reimbursed subgrants must be broken down into direct costs and indirect costs.

The budget can be presented on an objective basis or in total for the subgrant period.

The department can enforce additional budget requirements beyond this policy to ensure MSDH is able to meet its responsibility to the prime funder (e.g., requiring specific line item break down).

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Direct Costs

Unless specified otherwise by the prime funding agency, the direct costs must include the typical grant budget categories as outlined below, with sufficient line item detail in each category to clearly illustrate the project funding.

1. Personnel

The Personnel budget category includes costs of compensation for officers and employees of a subgrantee and is based on the percentage of time dedicated to the subgrant. The Personnel budget category must be strictly adhered to unless a formal modification of the subgrant agreement is approved (See Section 5). The Personnel budget category must contain the following information:

- a. A line item or listing of each position authorized and the salary amount to be paid to each full-time employee and/or the hourly rate authorized, and number of hours authorized for each part-time employee charged to the subgrant.
- b. An indication of whether salaries are to be paid from the grant fund or in-kind match.

2. Fringe Benefits

The Fringe Benefits budget category consists of the subgrantee's share of applicable fringe benefits, such as 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 types and percentages of fringe benefits claimed must be documented in the budget.

3. Travel

The Travel budget category includes costs for transportation, lodging, and related costs to employees, officers, and volunteers who are in travel status on official business. Mileage and per diem rates should not be greater than the rates approved by the Mississippi Department of Finance and Administration on the date travel was performed.

4. Commodities

The Commodities budget category includes costs of materials and supplies consumed by the program. Items required on the inventory of fixed assets must not be included in the Commodities budget category.

5. Contractual

The Contractual budget category includes costs of services rendered by persons other than employees of the subgrantee under contractual agreements.

6. Equipment

The Equipment budget category includes costs for the purchase of equipment, machinery, furniture and fixtures, and any items which are required to be reported on the fixed asset inventory regardless of cost.

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7. Subsidies, Loans, and Grants

The Subsidies, Loans, and Grants budget category includes costs associated with direct assistance to clients and/or lower-tier sub-recipients.

8. Other

Other budget category includes other direct costs that do not fit into the above classifications.

Indirect Costs

The indirect cost rate must be specified in the budget. MSDH allows a de minimis, or flat rate, of 10 percent for indirect costs if the subrecipient does not have a federally negotiated indirect cost rate. The negotiated indirect cost rate cannot be used if it is prohibited by the prime funder.

Procedures:

The MSDH department administering the subgrant will attach the budget to the subgrant agreement as “Attachment B: Budget.”

The department must also provide the budget justification in either the subgrant packet submitted for approval or within the subgrant agreement. The justification is a narrative relating funding needs to the operation of individual programs or activities. Departments have the option of whether or not to include the justification in the legal document; however, it must be included in the file routed for approval. Sufficient detail within each line item should be used to clearly explain the funding needs of the operation.

If the subgrantee is using an indirect cost rate greater than the 10 percent de minimis rate, a copy of the approved federal indirect cost rate must be included in the subgrant packet routed for approval.

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SECTION 4 FIXED AMOUNT SUBGRANTS

4.1 Requirements to Utilize Fixed Amount Subgrant

Policy:

Fixed amount subgrants must meet the following requirements as regulated by *Uniform Guidance* at 2 CFR 200.201 “Use of Grant Agreements (including Fixed Amount Awards), Cooperative Agreements, and Contracts,” and 2 CFR 200.333 “Fixed Amount Subawards.”

1. The department planning to issue a fixed amount subgrant must first have prior approval from the prime funder to enter into a fixed amount subgrant agreement.
2. Fixed amount subgrants must not exceed the Simplified Acquisition Threshold of \$250,000.
3. MSDH will only use fixed amount subgrants if the projected scope is specific and if adequate cost, historical, or unit pricing data is available to establish the fixed amount of the subgrant.
4. Changes in project leader, project partners, and scope of work must receive prior written approval from MSDH.
5. The subgrantee must certify in writing to MSDH at the end of the subgrant that the project or activity was completed, or the level of effort was expended. If the required level of activity or effort was not carried out, the amount of the award must be adjusted. (Section 7.2)
6. A fixed amount subgrant must not be used in programs which require mandatory cost sharing or match.

Procedures:

If the department plans to utilize a fixed amount subgrant agreement, they should contact the Director of Policy Evaluation and Chief Administrative Officer before a request for proposal is solicited and before the subgrant agreement is routed for approval.

The department administering the subgrant will use the template *Fixed Cost Subgrant Agreement* (Form 607F). When routing a fixed amount subgrant for approval, the subgrant packet must contain the following information, in addition to the standard requirements in this manual:

1. Written approval from the prime funder for the use of a fixed amount subgrant
2. A template of the completion certification document that will be required to be submitted by the subgrantee at the end of the subgrant period before final payment is made. The template must be an attachment to the subgrant agreement.

It is the responsibility of the department administering the subgrant to ensure it is meeting the requirements of *Uniform Guidance* when issuing fixed amount awards and to document compliance.

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4.2 Scope of Work for Fixed Amount Subgrants

Policy:

As stated in Section 4.1, MSDH will only use fixed amount subawards if the projected scope is specific and if adequate cost, historical, or unit pricing data is available to establish the fixed amount of the subgrant.

The fixed amount subgrant agreement must include a scope of work, which describes the services or benefits the subgrantee will provide. All activities described in the subgrantee’s scope of work must conform with the program requirements and objectives, including any performance measures attached to the award.

Payment(s) in a fixed amount subgrant are based on meeting specific requirements; therefore, the scope of work must clearly identify the goals that will result in payment(s). Goals may include milestones, indicators, outcomes, outputs, public impacts, or a timeline for accomplishments. Goals must be objectively verifiable regarding completion.

The scope of work must clearly distinguish the responsibilities of the subgrantee from any responsibilities of MSDH.

Procedures:

The MSDH department administering the subgrant will attach the scope of work to the subgrant agreement as “Attachment A: Scope of Work.”

Subgrant approvers will review various components of the scope of work to determine its appropriateness. Departments are encouraged to consult with approvers when developing subgrant agreements if a significant amount of the scope of work is relevant to the approver’s business area. For example, if subgrantees will have access to MSDH data and protected health information (PHI), the Director of Data Governance and the MSDH Privacy Officer should be consulted during subgrant agreement development. The Office of Policy Evaluation can assist departments in determining who should be consulted during the development phase.

4.3 Payment Schedule for Fixed Amount Subgrants

Policy:

As stated in Section 4.1, MSDH will only use fixed amount subawards if the projected scope is specific and if adequate cost, historical, or unit pricing data is available to establish the fixed amount of the subgrant.

As outlined in *Uniform* Guidance at 2 CFR 200.201 “Use of Grant Agreements (including Fixed Amount Awards), Cooperative Agreements, and Contracts,” payments under a fixed amount subaward will be made in one of the following ways:

- in several partial payments, with a “milestone” or event triggering the payment all agreed upon in advance and defined in the subgrant agreement;

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- on a unit price basis at a defined price, agreed upon in advance and defined in the award agreement; or
- in one lump payment at the completion of the subaward pending successful performance and results.

The total cost of the award must be reasonable and with no increment above actual cost. Planned payments must be explicitly tied to objectively verifiable goals within the scope of work.

The payment schedule must include the following components:

1. A description of the product, task, deliverable, or goal to be accomplished,
2. A description of how the subgrantee will document the completion of the product, task, deliverable, or goal,
3. The amount MSDH will pay the subgrantee for the accomplishment of the product, task, deliverable, or goal.

Procedures:

The MSDH department administering the subgrant will attach the budget to the subgrant agreement as “Attachment B: Payment Schedule.”

It is recommended that the MSDH department request from the proposed subgrantee a budget and budget narrative to establish the payment schedule. The department is responsible for internally documenting justification for costs in the payment schedule and make the information available to reviewers, auditors, and regulators as requested.

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POST-AWARD POLICIES AND PROCEDURES

SECTION 5 SUBGRANT MODIFICATIONS

5.1 General Policies for Subgrant Modifications

Policy:

Changes that require a modification include, but are not limited to:

- Change in scope of work, including, but not limited to, objectives and deliverables
- Adding a new budget category
- Increase or decrease in the amount of the overall budget
- Change in the period of performance, including no-cost extensions that do not alter the subgrant amount or scope of work
- Change in any standard or additional terms or special conditions
- Reallocation of funds between budget categories that exceeds 10% of the approved total budget, or \$250,000 (Simplified Acquisition Threshold), whichever is less.
- Reallocation of funds in any amount into the Equipment budget category
- Reallocation of funds in any amount into or out of the Salaries, Fringe Benefits, or Indirect Costs budget categories

MSDH must document justification for modifications to subgrant agreements.

Modifications to the amount of a fixed amount subgrant cannot occur unless there is a corresponding increase in the tasks/deliverables in the scope of work.

Modifications cannot be made to subaward agreements that have expired.

Procedures:

MSDH uses a standard template *Subgrant Agreement Modification* (Form 96). The *Subgrant Agreement Modification* must be routed for approval with the corresponding face sheet and all required attachments.

The department administering the subgrant should provide subgrant reviewers with enough information that they can easily evaluate the changes being made to the subgrant agreement. A copy of the current subgrant agreement must be routed with the modification.

5.2 Subgrant Modification Approvals

Policy:

Prior to execution, all MSDH subgrant modifications must be routed through the approval process established by the Office of Policy Evaluation in accordance with MSDH document management policies.

Subgrant modifications are subject to denial if the modification is submitted to the Office of Policy Evaluation within 30 calendar days of the end of the subgrant.

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Procedures:

The MSDH department administering the subgrant is responsible for submitting the subgrant agreement for approval. The department should plan accordingly to ensure the modification is submitted with ample time to be reviewed and executed before the original agreement expires. **Subgrant modifications are subject to denial if the modification is submitted to the Office of Policy Evaluation within 30 calendar days of the end of the subgrant.**

The Office of Policy Evaluation is responsible for assembling the subgrant agreement modification to submit for signatures. The files routed for approval should be labeled and organized in such a way that the Office of Policy Evaluation can easily determine which documents are part of the subgrant agreement that will be signed. Departments should not combine components of the agreement with documents that are for internal use only (e.g., the face sheet should not be in the same PDF file with the subgrant agreement modification).

Departments may also refer to form instructions for subgrant agreement templates and contact the Office of Policy Evaluation for additional information on the routing of subgrant agreement modifications.

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SECTION 6 SUBGRANTEE RISK ASSESSMENT AND MONITORING

6.1 Risk Assessment

Policy:

As required by *Uniform Guidance* at 2 CFR 200.332 “Requirements for Pass-Through Entities,” MSDH must evaluate each subgrantee’s risk of noncompliance to determine the extent of monitoring (Section 6.2).

MSDH must establish and document risk assessment procedures to fulfill the requirements of *Uniform Guidance*. The results of each subgrantee risk assessment must also be documented.

Procedures:

After a subgrant agreement is executed, the MSDH department administering the subgrant will evaluate the risk of noncompliance for the subgrantee and document the assessment and results. The risk assessment may include factors such as:

1. The complexity of the award
2. The dollar amount of the award
3. The subgrantee’s prior experience with the same or similar awards
4. The results of previous audits, including whether the subgrantee received a Single Audit
5. Whether the subgrantee has new personnel or new or substantially changed systems
6. The extent and results of Federal awarding agency monitoring

The risk assessment should score subgrantees on a low-medium-high scale. Weighted scoring may be used to add a measure of objectivity.

The Office of Policy Evaluation will provide a sample risk assessment matrix and assist in the develop of risk assessment tools as requested.

6.2 Monitoring

Policy:

As required by *Uniform Guidance* at 2 CFR 200.332 “Requirements for Pass-Through Entities,” MSDH must monitor the subgrantee to ensure the subgrant is used for authorized purposes, achieves performance goals, and is in compliance with applicable funding terms and conditions, Federal and state regulations, and MSDH policies and procedures.

Failure to adequately monitor the compliance of subgrantees could result in reputation damage to MSDH and jeopardize current and future funding.

MSDH must establish and document monitoring procedures to fulfill the requirements of *Uniform Guidance*. Monitoring activities are determined by the requirements of *Uniform Guidance*, requirements of the prime award, and the results of the subgrantee risk assessment. High-risk subgrantees require additional monitoring, beyond the required monitoring activities listed in the *Required Monitoring*

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Activities section below. The monitoring plan and results of all monitoring activities must be documented and communicated to the subgrantee.

Required Monitoring Activities

Subgrant monitoring activities must include the following components, regardless of the risk level assigned to the subgrantee as a result of the risk assessment.

1. Reviewing required programmatic/performance reports and financial reports
2. Following-up to ensure that the subgrantee takes timely and appropriate action on all deficiencies pertaining to the subgrant, which are detected through on-site reviews, monitoring of reports, and other means.
3. Verifying the subgrantee is audited as required by *Uniform Guidance* when the subgrantee's Federal expenditures exceed \$750,000 (See Section 6.4)
4. Issuing a management decision for Single Audit findings pertaining to the Federal award provided to the subgrantee by MSDH.

Additional Monitoring Activities

Depending on MSDH's assessment of risk posed by the subgrantee and requirements of the prime award, subgrant monitoring activities may also include:

1. Providing sub-grantees with training and technical assistance on program-related matters. Training and technical assistance may include webinars, conferences, information portals, and formal training programs.
2. Performing on-site reviews of the subgrantee's program operations
3. Arranging for agreed-upon-procedure engagements.

High-risk subgrantees will require additional monitoring, beyond the required monitoring activities listed in items 1 through 4 of *Required Monitoring Activities*.

Procedures:

Monitoring Plan

MSDH must establish and document monitoring procedures to fulfill the requirements of *Uniform Guidance*. The monitoring plan and results of all monitoring activities must be documented and communicated to the subgrantee.

The Office of Policy Evaluation will provide sample monitoring tools and can assist in the develop of monitoring tools and plans, as requested.

Monitoring plans are subject to internal review by the Office of Policy Evaluation and the Office of Internal Audit.

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Monitoring Activities Performed

Monitoring activities performed by the MSDH department administering the subgrant:

1. Reviewing required programmatic/performance reports and financial reports
2. Following-up to ensure that the subgrantee takes timely and appropriate action on all deficiencies pertaining to the subgrant, which are detected through on-site reviews, monitoring of reports, and other means. The Program/Department should also have a process in place to handle the identification of deficiencies during the course of monitoring.

Monitoring activities performed by the Office of Policy Evaluation, in coordination with the Program/Department:

1. Verifying the subgrantee is audited as required by *Uniform Guidance* when the subgrantee's Federal expenditures exceed \$750,000.
2. Issuing a management decision for Single Audit findings pertaining to the Federal award provided to the subgrantee by MSDH.

6.3 Single Audits

Policy:

MSDH subgrantees are subject to Single Audit requirements of *Uniform Guidance* based on the total amount of federal financial assistance expended during the subgrantee fiscal year from all federal grants from all sources, not just MSDH. Those requirements are as follows for fiscal years beginning on or after December 26, 2014:

1. If a subgrantee spends less than \$750,000, it shall be exempt from federal audit requirements, but must make records available for review by appropriate officials of the MSDH or the federal grantor agency, or their duly authorized representatives.
2. If a subgrantee spends \$750,000 or more under only one federal program, it may elect to have a program-specific audit, or a series of program audits, performed on each subgrant awarded by the MSDH in accordance with Government Auditing Standards, or an organization-wide audit performed in accordance with 2 CFR 200, Subpart F "Audit Requirements."
3. If a subgrantee spends \$750,000 or more under more than one federal program, it shall have an organization-wide audit performed in accordance with 2 CFR 200, Subpart F "Audit Requirements." A subgrantee that is a commercial organization which is specifically required by program regulations or by the terms and conditions of the subgrant agreement to have an audit, may elect to have a program-specific audit of all MSDH subgrants performed in accordance with Government Auditing Standards.

Procedures:

The Office of Policy Evaluation will facilitate the collection the *MSDH Subgrantee Audit Information Form* (Form 120) from all subgrantees.

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Single Audits obtained through this process will be reviewed by the Office of Policy Evaluation.

If there are no findings, the Office of Policy Evaluation will notify the Office of Internal Audit and all departments who have a subgrant agreement with the entity.

If there are findings, the Office of Policy Evaluation will coordinate a meeting with the Office of Internal Audit and all departments who have a subgrant agreement with the entity, in order to discuss the findings and initiate the corrective action process.

All forms and audit reports collected by the Office of Policy Evaluation will be made available to MSDH departments and the Office of Internal Audit.

6.4 Subgrantee Corrective Action Procedures

Policy:

MSDH must communicate findings of non-compliance that originate from monitoring activities. Findings represent operation deficiencies or errors, material program weaknesses, or unacceptable program liabilities that may result in questioned program costs or collectively characterize a significant risk to program integrity.

Whenever a finding of non-compliance is issued, the subgrantee is required to formally respond with proposed and/or completed corrective actions, within at least 60 days from the issuance of MSDH's report.

Procedures:

The MSDH department administering the subgrant and the Office of Policy Evaluation will establish formal processes to communicate the results of monitoring activities for which it is responsible (Section 6.2).

The subgrantee's corrective action plan should include a detailed plan of how the subgrantee will correct each individual finding to prevent it, or similar findings, from occurring in the future, or the subgrantee must submit a justification for the subgrantee's disagreement with the finding(s).

For each finding where the subrecipient has proposed planned activities, resubmission of the corrective action plan prior to the end date may be required, indicating that planned activities have been completed, along with certification that the subrecipient is now compliant.

6.5 Imposition of Additional Terms

Policy:

MSDH must determine if the results of the risk assessment or monitoring procedures require additional or specific terms and conditions be set forth in the agreement, addressing specifically any elevated risk identified by the MSDH. These may include the following requirements:

- Additional progress reports on a more frequent basis to ensure the project is on track
- Site visits by MSDH
- More frequent or more detailed financial reports

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The terms in the subgrant agreement or modification must provide enough detail to clearly communicate MSDH's expectations and requirements to the subgrantee.

Procedures:

If MSDH determines that additional terms and conditions are required during the period of performance, the subgrant agreement may be modified to include the additional terms (Section 5).

The MSDH department administering the subgrant should also consider the need to add additional terms and conditions to any new agreements with the subgrant based on the subgrantee's history of performance as documented in risk assessments and monitoring reports.

6.6 Early Termination for Failure to Perform

Policy:

If the subgrantee fails to comply with the subgrants terms, including an additional terms and conditions imposed as a result of monitoring or risk assessment, or does not fulfill its Corrective Action Plan, MSDH may impose sanctions upon the subgrantee including, but not limited to, withholding of payment, suspending or terminating the subaward, or other remedies legally available.

Procedures:

If the MSDH department administering the subgrant determines the subgrant agreement will be terminated, the department will notify the Office of Policy Evaluation and MSDH Legal Counsel.

The department should retain documentation supporting the lack of performance by the subgrantee and communications with and efforts to correct the situation.

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Issue Date: April 30, 2021		Topic: Subgrant Payments
Revision #: 1	Revision Date: July 1, 2021	Section: 7.0
Review Date: N/A		Page: 1 of 1

SECTION 7 SUBGRANT PAYMENTS

7.1 Payments on Cost Reimbursed Subgrants

Policy:

Payments on cost reimbursed subgrants are reimbursed to the subgrantee based on actual costs incurred. Reimbursement requests must be compared with the grant budget prior to approval for payment.

Subgrantees are required to submit documentation supporting all expenditures being reimbursed and all in-kind matches claimed. A lack of proper supporting documentation could result in reimbursement claims being delayed or returned to the subgrantee unpaid.

Procedures:

The department administering the subgrant must establish procedures for the review and internal verification of reimbursement requests.

7.2 Payments on Fixed Amount Subgrants

Policy:

All payments under Fixed Amount Subgrants must be verifiable.

For payments schedules involving milestones, the payment must correspond to a milestone specified in the fixed amount subgrant agreement. Vouchers must list the milestone(s) (tasks, deliverables, or objectives) for which payment is being requested. Completion of the milestone must be verified and documented before payment can be made.

Before final payment is made, regardless of payment schedule structure, the subgrantee must submit a completion certificate to MSDH, certifying in writing that the project or activity was completed, or the level of effort was expended. If the required level of activity or effort was not carried out, the amount of the award must be adjusted.

Procedures:

The department administering the subgrant must establish procedures for the review and internal verification of fixed amount subgrant payments, including verification that the project was complete through the completion certificate requirement. Verification of payments must be documented sufficiently for programmatic audit purposes.

Mississippi State Department of Health Subgrant Policies and Procedures Manual 002		Owner: Policy Evaluation
Issue Date: April 30, 2021		Topic: Subgrant Closeout
Revision #: 1	Revision Date: July 1, 2021	Section: 8.0
Review Date: N/A		Page: 1 of 1

SECTION 8 SUBGRANT CLOSEOUT

8.1 Administrative and Financial Closeout

Policy:

MSDH is responsible for closing out a subgrant when it determines that all applicable administrative actions and all required work have been completed and the subgrant has reached its end date. Closeout procedures must conform to regulations of the prime award.

MSDH is responsible for communicating the closeout requirements to the subgrantee. The subgrantee must submit final invoices and all financial, performance, and other required reports no later than 45 calendar days after the end date of the period of performance,

Procedures:

The MSDH department administering the subgrant will develop closeout package materials to fulfill the requirements of the prime award and communicate closeout requirements to the subgrantee.

8.2 Inventory Closeout

Policy:

During the closeout process, the subgrantee must disclose to MSDH equipment purchased with the pass-through subgrant funding. MSDH will determine if ownership will vest with the subgrantee.

Determination is based on the following considerations:

1. The subgrantee will continue to use the equipment as long as needed, even if the purpose of the program for which it was purchased is no longer supported by the grant award.
2. Once it is no longer needed, the equipment will be used to support any other programs at the subgrant organization supported by any other federal awarding agency.
3. If the equipment is no longer needed and does not support any other programs (as stated in bullet 2 above), then the subgrantee will follow its regular disposition policy/procedure.
4. The subgrantee will transfer the equipment to MSDH. (Notification of the Office of Property Management is required).

Procedures:

The closeout materials must include the *MSDH Subgrantee Inventory Closeout Schedule* (Form 1232), which the subgrantee is required to complete. If equipment purchased with subgrant funds is transferred to MSDH, the Office of Property Management must be notified.

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SECTION 9 LOWER TIER SUBGRANTS

9.1 Prior Approval

Policy:

Subgrantees must not enter into lower-tier subgrant agreements or transfer any funds to a lower-tier subgrantee without prior approval from MSDH. If authorized, any lower-tier subgrant agreement will require the lower-tier subgrantee to comply with all provisions of the *MSDH Subgrant Agreement* and the *MSDH Subgrant Policies and Procedures*.

Procedures:

If the subgrantee would like to enter into a lower-tier subgrant agreement, a request must be submitted to MSDH prior to executing the agreement and approved before any funds are transferred. The MSDH department administering the subgrant will review the request for approval. The subgrantee must provide an explanation as to why a lower-tier subgrant is warranted.

9.2 Lower-Tier Subgrantee Compliance

Policy:

Lower-tier subgrantees will be required to comply with the regulations, assurances, and any other applicable requirements of all other Federal and State laws, Executive Orders, regulations, and policies governing the program(s) for which monies are provided and with the terms and conditions of the original subgrant agreement, including but not limited to all documentation/information required by MSDH for federal reporting purposes.

Mississippi State Department of Health Subgrant Policies and Procedures Manual 002		Owner: Policy Evaluation
Issue Date: April 30, 2021		Topic: Subgrantee Procurement
Revision #: 1	Revision Date: July 1, 2021	Section: 10.0
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SECTION 10 SUBGRANTEE PROCUREMENT

10.1 Subgrantee Procurement

Policy:

Procurement policies and procedures of MSDH subgrantees must reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in *Uniform Guidance*.

When procuring property and services, a state entity must follow state purchasing laws located in Section 31-7-13 of the Mississippi Code of 1972, Annotated.

All other non-federal entities, must follow the procurement standards set forth in 2 CFR 200.318 “General Procurement Standards” through 2 CFR 200.327 “Contract Provisions.”

All procurement transactions shall be conducted in a manner that provides maximum open and free competition consistent with *Uniform Guidance*. Procurement procedures shall not restrict or eliminate competition. Examples of what is considered to be restrictive of competition include, but are not limited to:

1. Placing unreasonable requirements on firms and service providers in order for them to qualify to do business
2. Non-competitive practices between firms and services providers
3. Organizational conflicts of interest
4. Requiring unnecessary experience and excessive bonding requirements

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Issue Date: April 30, 2021		Topic: Subgrantee Conflicts of Interest
Revision #: 1	Revision Date: July 1, 2021	Section: 11.0
Review Date: N/A		Page: 1 of 1

SECTION 11 SUBGRANTEE CONFLICTS OF INTEREST

11.1 Conflict of Interest Disclosure

Policy:

Subgrantees must disclose potential conflicts of interest to MSDH Legal Counsel within 30 calendar days of discovery of the potential conflict of interest and in accordance with the terms and conditions of the award.

Mississippi State Department of Health Subgrant Policies and Procedures Manual 002		Owner: Policy Evaluation
Issue Date: April 30, 2021		Topic: Subgrantee Debarment and Suspension
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Review Date: N/A		Page: 1 of 1

SECTION 12 SUBGRANTEE DEBARMENT AND SUSPENSION

12.1 Debarment and Suspension During the Subgrant Period

Policy:

As stated in Section 1.3, funds must not be passed through to organizations that are suspended, debarred, or otherwise deemed ineligible to participate in the funded program.

When during the subgrant period of performance, it appears that a subgrantee’s conduct, as determined by MSDH, creates a reasonable belief that a particular act or omission has occurred, MSDH shall implement discretionary actions known as debarment and suspension, possibly leading to termination. A subgrantee and/or lower-tier subgrantees who are debarred or suspended shall be excluded from agency financial assistance and benefits.

12.2 Coverage

Policy:

This policy shall apply to all 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 (e.g., any non-procurement transactions between MSDH and the subgrantee) and 2) Lower-Tier Covered Transactions (e.g., transactions between the subgrantee and another non-federal entity, other than a procurement contract for goods or services).

Mississippi State Department of Health Subgrant Policies and Procedures Manual 002		Owner: Policy Evaluation
Issue Date: April 30, 2021		Topic: Additional Policies for Specific Funding Types
Revision #: 1	Revision Date: October 1, 2022	Section: 13.0
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ADDITIONAL POLICES FOR SPECIFIC FUNDING TYPES

SECTION 13 PASS-THROUGH STATE FUNDING FROM LINE-ITEM APPROPRIATION

Purpose

The following policies and procedures are intended to provide guidance to the Mississippi State Department of Health to meet the reporting requirements of the *Line-Item Appropriation Transparency Act* (the Act).

Scope

The policy applies to the pass-through funding of state money from MSDH to recipient entities as indicated by line-item appropriations.

This policy and the Act do not apply when the pass-through funding is issued:

1. Under a competitive award process;
2. In accordance with a formula enacted in statute; and
3. In accordance with a state program under parameters in statute or rules that guides the distribution of pass-through funding.

Definitions

1. Pass-through funding – a line-item appropriation by the Legislature to MSDH that is itemized on a separate line in the budget and intended to be passed through MSDH to a local government entity, private organizations (e.g., non-profit organizations), or persons in the form of a loan or grant. Pass-through funding may be general funds, dedicated credits, or any combination of state funding sources, and may be ongoing or one-time.
2. Recipient entity – the organization receiving the pass-through funding of state money from MSDH.
3. State money – funds in the State General Fund and all state-support special funds which are in the Budget Contingency Fund, the Education Enhancement Fund, the Tobacco Control Program Fund, and any other special fund that is determined by the Joint Legislative Budget committee to be state-supported special funding. It does not include contributions or donations received.

Policy

MSDH must enter into a written agreement with a recipient entity receiving pass-through funding of state money from MSDH through a line-item appropriation. The written agreement must include the following requirements:

1. Within 30 days after the end of each quarter, the recipient entity must provide a written description and an itemized report detailing the expenditure of state money or the intended expenditure of any state money that has not been spent. Disbursements will only be made after the written agreement is signed and will be contingent upon the recipient entity complying with the quarterly reporting requirements.

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Review Date: September 5, 2022		Page: 2 of 2

2. The recipient entity must provide a final itemized report when all state money received through the agreement is expended.

By the fiscal year end, MSDH will provide the Department of Finance and Administration’s Office of Budget and Fund Management (DFA) a copy of the written descriptions and reports of itemized expenditures.

Procedures

The MSDH department administering pass-through funding of state money will consult with the Office of Policy Evaluation to determine the applicability of the Act. If the requirements are applicable to the department’s funding, the Office of Policy Evaluation will assist in the development of additional terms and conditions of the agreement in order to meet the requirements of the Act.

The MSDH department administering pass-through funding will use *the Line-Item Appropriation Transparency Act Expenditure Report* (Form 1274) to collect the required quarterly information and submit it to the Office of Policy Evaluation for review and approval.

The Office of Policy Evaluation will submit the required reports to DFA annually.

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APPENDIX A: TEMPLATES

The templates on the following pages are for example purposes only and may need to be modified to better fit program requirements. Modifications must adhere to the requirements of this policy. The Office of Policy Evaluation can assist in the development of subawards and the modifications of the templates.

The templates should not be directly used from this manual, as titles include the word “Example.”

- Scope of Work Template Example
- Budget Template Example
- Payment Schedule Template Example
- Risk Assessment Example
- MSDH Subgrant Completion Certificate Example

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SCOPE OF WORK TEMPLATE EXAMPLE

The Subgrantee is responsible for performing the following activities and providing the following deliverables:

Objective #1:

Activity/Task 1.1:

Activity/Task 1.2:

Activity/Task 1.3:

Deliverables/Timeline:

Objective #2:

Activity/Task 2.1:

Activity/Task 2.2:

Activity/Task 2.3:

Deliverables/Timeline:

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BUDGET TEMPLATE EXAMPLE

The budget can be presented by budget year or per objective.

Category	Amount	Match, if Required	Total
Personnel			
Position			
Fringe			
Type of benefit			
Travel			
Sub-category			
Commodities			
Sub-category			
Contractual			
Sub-category			
Equipment			
Sub-category			
Subsidies, Loans, and Grants			
Sub-category			
SUBTOTAL Direct Costs			
Indirect Costs (at ___%)			
TOTAL			

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PAYMENT SCHEDULE TEMPLATE EXAMPLE

Objective #1

Milestone	Description of Milestone	Required Deliverable	Completion Date	Amount
1				
2				
3				
4				

Objective #2

Milestone	Description of Milestone	Required Deliverable	Completion Date	Amount
1				
2				
3				
4				

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RISK ASSESSMENT EXAMPLE

The template can be modified for risk factors that would be more applicable to a particular program.

Subgrantee: _____ **Risk Assessment Date:** _____

Subgrant: _____

Risk Factor	Risk Score	Weight	Score	Justification
New Subgrantee	Yes (2) No (0)	3		
Maturity of Organization	Start-up (<2 years) (2) Established (2-9 years) (1) Mature (10+ years) (0)	3		
Award Amount	>\$100,000 (2) \$20,000-\$100,000 (1) <\$20,000 (0)	3		
Percentage of Prime Award	50%+ (2) 10%-49% (1) <10% (0)	3		
Financial Reports	2+ Untimely submissions (2) 1 Untimely submission (1) No untimely submissions (0)	2		
Programmatic Reports	2+ Untimely submissions (2) 1 Untimely submission (1) No untimely submissions (0)	2		
Single Audit in Prior Year	No Single Audit (2) Single Audit (0)	2		
Single Audit Opinion	Adverse, Disclaimer, Going Concern (2) Qualified (1) Unqualified (0)	2		
Equipment in Budget	Yes (2) No (0)	1		
Received On-Site Review	No monitoring visit (2) Monitoring visit 2 or more years ago (1) Monitoring visit less than 2 years ago (0)	2		
Changes to Subgrantees' Personnel	Changes at executive level (2) Changes in mid-level management (1) No significant changes (0)	1		
TOTAL SCORE				
RISK LEVEL <input type="checkbox"/> High (48-54) <input type="checkbox"/> Medium (24-48) <input type="checkbox"/> Low (<24)				

