Title 18: Human Services

Part 8: Division of Program Integrity

Part 8 Chapter 1: MDHS Subgrant/Contract Manual

Rule 1.1 Repeal of Prior Rules/Manuals: **Upon their 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.**

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INTRODUCTION Section 1

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

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

NOTE: Revisions to the ***Subgrantee Manual*** are subject to amendment as deemed necessary. Subgrantees should not accept any amendment to the content of the Subgrantee Manual without a written authorization from the MDHS Executive Director and/or designee.

The true measure of an organization's administrative effectiveness and efficiency is how it assures accountability of its resources. MDHS is driven by the desire to be a good steward of the programs and services funded by taxpayer monies for the citizens of Mississippi.

MISSION STATEMENT: To provide services for people in need by optimizing all available resources to sustain the family unit and to encourage traditional family values; thereby promoting self-sufficiency and personal responsibility for all Mississippians.

ALL MDHS SUBGRANTEES AND ANY LOWER-TIER SUBRECIPIENTS ARE REQUIRED TO COMPLY WITH THE DIRECTIVES SET OUT IN THIS MANUAL.

FOR THE PURPOSES OF THIS MANUAL THE TERMS "SUBGRANT" AND "CONTRACT" ARE TO BE USED INTERCHANGEABLY.

TERMINOLOGY Section 2

The terms and definitions included in this section are used by the Mississippi Department of Human Services (MDHS). The sources of these terms include 45 CFR Parts 74 and 92, documents issued by the State Auditor's Office, and several U.S. Office of Management and Budget circulars.

TERMS	DEFINITIONS
Accounting Procedures	Methods implemented to ensure that financial information is reflected in accounting records in a consistent, proper, and orderly manner.
Accounting System	All the 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.
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 45 days from the end of the subgrant period.
Accounts Receivable	Amounts due to the subgrantee from persons, firms, or corporations for goods and services.
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. Note: Obligations of subgrant funds must be liquidated no later than 45 days from the end of the subgrant period.
Accrued Expenditure	An expense incurred for goods or services received during a given period which has not been paid. Accrued expenses cannot be reported on the Final Subgrantee Reporting Worksheet.
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.
Allocation	The amount of funds provided to a subgrantee to incur obligations and expenditures over a certain period of time.

TERMINOLOGY **Section 2**

Appropriated Funds	A sum set aside by formal action for a particular purpose for specific use during a specified period of time.
Assets	The entire resources of the subgrantee fund, including any property, tangible or intangible, of monetary value.
Audit	The process by which a MDHS authorized auditor examines, reviews and assesses the financial records, with supporting documentation of subgrantees, to evaluate the overall financial statement presentation.
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.
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 which may be required by MDHS, shall be obtained from companies holding certificates of authority as acceptable sureties, according to 31 CFR Part 223. A list of these companies is published annually by the U.S. Department of the Treasury in its Circular 570.
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 his bid, execute such contractual documents as may be required within the time specified. This bond must be equivalent to 5% of the bid price.
Bond, Fidelity	A bond against any loss resulting from fraud or lack of integrity, honesty, or fidelity of one or more employees, officers, or other persons holding a position of trust with the subgrantee which must be payable to MDHS.
Bond, Payment	A bond executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for the subgrant.
Bond, Performance	A bond executed in connection with a subgrant to secure

	fulfillment of all the subgrantee's obligations under such subgrant.
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.
Budgetary Accounting	A method of accounting which allows for the comparison of actual revenues and expenditures to budgeted figures. In many cases, budgetary accounting applies to allocations and the expenditures authorized thereby.
Budget Narrative	A written justification adequately explaining the subgrantee's funding needs.
Budget Summary	A compilation of the detailed data contained in the Cost Summary Support Sheet. (Form MDHS-BS-1006)
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 allowable only with the prior written approval of the grantor division.
Cash	Currency, checks, money orders, and bank drafts on deposit in the account of the subgrantee agency.
Cash Balance	Currency, checks, money orders, and bank drafts on deposit in the account of the subgrantee agency less any checks written against these receipts.
Cash Basis Accounting	The basis of accounting under which revenues are recorded when received and expenditures are recorded when paid.
Cash Disbursement Journal	A journal kept to record in sequential order the expenditure of funds whether by check or other method of payment.
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.
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.
Cash Outlay	Total amount of cash spent by a subgrantee during a specific period of time either for expenditures, transfers between funds or refunds of unexpended cash to the grantor agency.
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).
Cash, Program Income	Cash held by the subgrantee that is directly generated by a supported activity or earned as a result of the subgrant.
Cash Receipt	Cash received by a subgrantee for which it acknowledges accountability.
Cash Receipts Journal	A journal kept to record in sequential order, the receipt of all funds.
Certification of Subgrant Compliance Form	A form by which the subgrantee releases the unexpended and/or unobligated balance of the subgrant/contract to MDHS. (See form MDHS-SGCC- 1012)
Closeout, Administrative	The process by which MDHS determines that subgrantee fails to adhere to established policies and regulations and performs the procedures to close out the subgrant.
Closeout Checklist	A checklist used by the subgrantee to ensure that all closeout documents are included as a part of the subgrantee closeout package. (See form MDHS-SGCC-1011)
Closeout Procedures	The process by which MDHS determines that all applicable administrative actions and all required work elements of the subgrant/contract have been completed.
Cognizant Agency	The Federal agency responsible for negotiating and approving indirect cost rates for subgrantees.
Commodities	Budget category that includes various supplies, goods, merchandise, furniture, and equipment of every kind, and other personal property purchased by a subgrantee or lower

	tier subrecipient having a unit cost of less than $1,000.00. All items costing less than $1,000.00 with a useful life of one year or more are not required to be placed on inventory, excluding specialty items. However, they are required to have an agency "Property of MDHS" sticker applied. (Specialty items listed in the Inventory Management section of this manual.)
Competitive Purchasing	(See the Procurement and Purchasing section of this manual.)
Contract, Fixed Price/ Performance Based	Contractual agreement whereby payments to the subgrantee are contingent on the subgrantee achieving specified elements of performance.
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 via the monthly Reporting Worksheet; a Request for Cash form is not required under the cost reimbursement method.
Cost Summary Support Sheet	A budget form used to describe the basis for determining the cost for the various activities on the Budget Summary. (See form MDHS-CSSS-1007)
Cumulative Costs	Total cost incurred for a specific grant from the beginning date through the current period.
Current Needs/Cash Advance	A method of funding subgrants under which the subgrantee projects its cash needs for a specific period of time and submits a request for these funds prior to the period the funds will be needed. The subgrantee requests payment for the Federal and/or State portion of expenses expected to be paid during the period of projected cash needs. A Request for Cash form is required under the current needs/cash advance method to initiate the payment process. A monthly Reporting Worksheet is also required to report costs incurred. The Request for Cash and Reporting Worksheet forms must be obtained from the funding division.
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.
Direct Costs	Cost immediately identifiable with specific subgrant activities which is recorded as a subgrant expenditure when incurred.
Encumbrances	Commodities and services which have been ordered but the goods have not been received or the service rendered for funds committed during current subgrant period.
Equipment/Reportable Property	Tangible property of a nonconsumable nature with a useful life of one year or more and an initial unit cost of $1,000.00 or more that is purchased by the subgrantee. (See the Inventory Management section of this manual for items that are classified as equipment, regardless of costs or if the unit cost is $250.00 or more.)
Expenditure	Exchange of an asset or incurrence of a liability for an asset, goods received, or services rendered when a voucher for goods and/or services is approved.
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.
Expense	Cost incurred whether cash or noncash, which are presumed to benefit operations of the current fiscal period.
Finding	A monetary and/or non-monetary conclusion reached as a result of a monitoring review, investigative audit, or investigation.
Fiscal Year	The twelve (12) month period that is the legal period for budgeting and accounting for most subgrantees.
Fixed Assets	Assets of a long-term character and nonconsumable in nature which are intended to be held or used for a period exceeding one year. These include land, buildings, improvements, machinery, furniture and other equipment with an initial cost of $1,000.00 or more and other items regardless of cost. (See

	the Inventory Management section of this manual for exceptions.)
Funding Division	MDHS Division or Office 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 MDHS.
Fixed Unit Price	Method of funding subgrants under which the subgrantee is paid a predetermined fixed price for services performed.
Funding Source	Source from which funds are derived.
General Journal	Journal in which all entries not recorded in special journals such as cash receipts and disbursements are entered.
General Ledger	A book or other device which contains the accounts necessary to reflect in summary or in detail the financial position and the results of operations of a subgrantee.
Generally Accepted Accounting Principles (GAAP)	The rules and practices necessary at a particular time that represent accepted accounting principles and practices.
Indirect Costs	Costs incurred for common or joint objectives, and therefore cannot be readily and specifically identified with a particular project or activity.
Indirect Cost Plan	The documentation prepared by an organization to substantiate its claim for reimbursement of indirect costs. The plan provides the basis for the review and negotiation leading to the establishment of an organization's indirect cost rate.
Indirect Cost Rate	Expressed as a percentage of the indirect costs to a direct cost base pending prior approval by the appropriate authority.
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.

Internal Control	The plan of organization and all of 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.
Inventory Control List	An up-to-date list of all equipment purchased by the subgrantee with subgrant funds, as required by the Inventory Management section of this manual.
Inventory Management Policy	Uniform standards adopted by all divisions and the Property Unit within the Mississippi Department of Human Services to ensure effective use and control of subgrantee property.
Invoice	The original bill from the vendor indicating the price, description of goods or services sold and terms of the sale and used as documentary evidence that the service has been performed or the material received. If not an original, the invoice must read "customer copy."
Journal	A book of original entry.
Ledger	A ledger consists of a number of accounts. Each account represents stored information about a particular kind of asset, liability, owner's equity (fund balance), revenue, or expense.
Lower-Tier Agreement	A legally binding document between a MDHS subgrantee and another entity to provide a service required under the MDHS subgrant, rather than the direct delivery of the service by the MDHS subgrantee. All lower-tier subrecipients must comply with the requirements specified in the MDHS Subgrant/Contract Manual.
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.
MDHS Subgrant/ Contract Manual	A handbook developed by the Mississippi Department of Human Services which implements the Agency's policies and procedures that are applicable to MDHS subgrantees and to any lower-tier subrecipients.

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.
Outstanding Claimants List	A list of all possible claimants to MDHS funds. (See the Closeout Procedures section of this manual, form MDHS-SGOCL-1013)
Outstanding Encumbrances	The portion of the total prospective expenditures filed (such as purchase orders or executory contracts) that still remain to be liquidated.
Outlays	The spending or disbursing of money.
Program Budget	A budget in which projected expenditures are assigned to specific activities.
Program Income	Gross income earned by the subgrantee that is directly generated by subgrant/contract-supported activities.
Projected Cash Needs	Cash needs for a given period. The period of projected cash needs is the period in which all cash requested will be expended.
Purchase Order	A document that authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.
Questioned Costs	Those funds that are expended by a subgrantee and are not in compliance with the terms and conditions of the subgrant/contract agreement or with other compliance requirements. There are four general criteria for questioning costs: (1) unallowable; (2) unsupported; (3) unapproved; and, (4) unreasonable.
Record Retention and Access Policy	Federal regulations that establish the requirements for record retention and access to records of subgrantees and any lower-tier subrecipients. (See the Record Retention and Access section of this manual.)
Reporting Worksheet	The form used to report monthly costs incurred under MDHS subgrants and to request funds on a cost reimbursement basis.

Request for Cash Form	The form used to request funds under the current needs/cash advance funding method.
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.
Single Audit Act Amendments	A federal act passed by Congress in October of 1984, as amended in 1996, establishing audit requirements according to OMB Circular A-133 for subrecipients which expend a total amount equal to or in excess of $500,000 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. (See the Audit section of this manual for details.)
Standard Assurances Policy	Assurance and certification by a subgrantee that it will comply with the regulations, policies, guidelines, and requirements imposed by the federal sponsoring agency and the grantor agency.
Statements, Financial	Presentations of financial data which 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.
Subgrant/Contract	Financial assistance or property made by a recipient to an eligible subrecipient, or by a subrecipient to a lower-tier subrecipient, to carry out a specific project or program.
Subgrant/Contract Agreement	Contractual arrangement that sets forth specific programs, activities, and guidelines for the use of subgrant funds which may include the following documents: MDHS Subgrantee/Contract Manual Acceptance Form, Certificate of Adequate Fidelity Bonding Form, Certifications Regarding Unresolved Audit or Monitoring Findings or Litigation, Certifications Regarding Lobbying, Debarment, Suspension and other Responsibility Matters, Drug-Free Workplace Requirements, Standard Assurances, Scope of Services, Subgrant/Contract Agreement Form, Indirect Cost Rate documents (if applicable), Budget Narrative, Cost

	Summary Support Sheet, Budget Summary, Subgrant/Contract Signature Sheet and Subgrant/Contract Modifications (if applicable).
Subgrant/Contract Modification	A legal document that alters or amends any subgrant or contract which has been approved by MDHS.
Subgrant/Contract Unit Cost/Performance Based	Subgrant/contract agreement whereby payments to the subgrantee are performance based (contingent on the subgrantee achieving specified elements of performance).
Subgrant/Contract Monitoring Policy	Sets forth monitoring guidelines for use by the grantor agency when monitoring subgrantees and lower-tier subrecipients. (See the Monitoring section of this manual.)
Subgrantee Travel Policy	Policy concerning in-state and out-of-state travel that defines uniform guidelines for the reimbursement of travel expenses of subgrantees. (See the Travel section of this manual.)
Subsidiary Account	Group of related accounts which support in detail the summary data recorded in a control account.
Subsidiary Ledger	A group of subsidiary accounts, the sum of the accounts should equal the balance of the related control account.
Trial Balance	A list of the debit and credit balances of the individual accounts in a general ledger kept by double entry accounting.
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.
Unexpended Balance	That portion of allocation received which has not been expended; the balance remaining after deducting the accumulated expenditures.

Value	The act of describing anything in terms of money, i.e., assessing its worth; (2) the measure of an item in terms of money. The term should not be used in this sense without qualification as to timing and basis of valuation -- that is, the value has been established at what point in time and upon what basis.
Vendor	The company or individual who has rendered a service or sold merchandise to a subgrantee or lower-tier subrecipient.

REGULATIONS **Section 3**

Subgrantees are to comply with the regulations, policies, guidelines and requirements imposed by the federal sponsoring agency and the Mississippi Department of Human Services. Subgrantees are to comply with State statutes and implementing regulations that are also applicable. Federal and State requirements include the specific program regulations applicable to each individual award as specified in the subgrant agreement.

Current regulations are available on the Internet at the following addresses:

OMB Circulars	www.whitehouse.gov/omb
Federal regulations	www.gpoaccess.gov/ecfr

Also applicable are the following Executive Orders, Federal Regulations, and Office of Management and Budget (OMB) Circulars, as implemented by the various Federal grantor agencies:

Cost Principles

• State, local or Indian tribal governments	OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments"
• Non-profit organizations	OMB Circular A-122, "Cost Principles for Nonprofit Organizations"
• Educational institutions (Colleges and Universities)	OMB Circular A-21, "Cost Principles for Educational Institutions"
• For-profit organizations	48 CFR Part 31, "Contract Cost Principles and Procedures"

Audit Requirements

• All subgrantees, except for-profit entities	The Single Audit Act Amendments of 1996 (P.L. 104-156) OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations" OMB Circular A-133, Appendix B, Compliance Supplement

Administrative Requirements

• State and local governments	OMB Circular A-102, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments"
• Non-profit organizations and Educational institutions	OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Institutions"

Other Federal Regulations Requiring Certification of Compliance

• All Subgrantees/Contractors	"Government-Wide Common Rule for Debarment and Suspension (Nonprocurement)" (As authorized by Executive Order 12549) Drug Free Work Place Act of 1988 (P.L. 100-690, Title V, Subtitle D) Restrictions on Lobbying - Common Rule (P.L. 101-121, Section 319)

For additional federal laws that must be followed, see the Standard Assurances and Certification section of this manual.

STANDARD ASSURANCES AND CERTIFICATIONS Section 4

OVERVIEW

Each Subgrantee and any lower-tier subrecipient must assure that it will comply with the regulations, policies, guidelines, and requirements imposed by the Federal grantor agency and MDHS. The MDHS Subgrantee must also ensure that any lower-tier subgrants it issues through funds received from MDHS will require the lower-tier subrecipient to comply with these same regulations. The assurances listed in this section may not be applicable to a particular project or program, and there may be additional assurances required by certain Federal awarding agencies.

In addition, each subgrantee must certify in writing that it will comply with the following regulations:

- Lobbying;
- Suspension and Debarment;
- Drug-Free Workplace;
- Unresolved Monitoring and Audit Findings; and
- Fidelity Bond Coverage.

STANDARD ASSURANCES

The Subgrantee assures that it:

1. 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. Shall give MDHS, the State Auditor's Office, the Federal grantor agency, and the Comptroller General, or any of their authorized representatives, access to and the right to examine and copy all records, books, papers, documents, or items related to the subgrant;

3. Shall establish and maintain both fiscal and program controls and accounting procedures in accordance with Generally Accepted Accounting Principles and Federal grantor agency and MDHS directives; and will keep and maintain such books and records for audit by MDHS, by the Federal grantor agency, by the State Auditor, or by their authorized representatives; and will maintain 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 reporting worksheet, or, if any litigation, claim, audit, or action has begun before the expiration of the three-year period, 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-year period, whichever is later;

4. Shall comply with the Single Audit Act Amendments of 1996;

5. Shall establish safeguards to prohibit employees from using their positions for a purpose that constitutes, or presents the appearance of, personal or organizational conflict of interest, or personal gain;

6. Shall comply with all Federal and State statutes relating to discrimination, including, but not limited to:

   Title VI of the Civil Rights Act of 1964, prohibiting discrimination on the basis of race, color, or national origin;

   Title VII of the Civil Rights Act of 1964, relating to non-discrimination in matters of recruitment, hiring, promotion, and other employment practices;

   Title VIII of the Civil Rights Act of 1968, as amended, relating to non-discrimination the sale, rental, or financing of housing;

   Title IX of the Education Amendments of 1972, as amended, prohibiting discrimination on the basis of gender in federally assisted education programs and activities;

   Age Discrimination Act of 1975, prohibiting discrimination on the basis of age;

   Section 504 of the Rehabilitation Act of 1973, prohibiting discrimination on the basis of handicaps;

   Subtitle A, Title II of the Americans with Disabilities Act (ADA) (1990);

   Omnibus Reconciliation Act of 1981, prohibiting discrimination on the basis of race, color, religion, sex, national origin, age, and handicap;

   Drug Abuse Office and Treatment Act of 1972, as amended, relating to non-discrimination on the basis of drug abuse;

   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; and

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 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 non-discrimination statute(s) which may apply to this subgrant or award.

7. Shall ensure that buildings and facilities owned, occupied, or financed by the United States government are accessible to and usable by physically handicapped persons in accordance with the Architectural Barriers Act of 1968;

8. Shall comply with the requirements of the provisions of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970, which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally assisted programs. These provisions apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases;

9. 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;

10. 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 subagreements;

11. Shall conform with Executive Order (EO) 11246, entitled "Equal Employment Opportunity," as amended by EO 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60) and will incorporate an equal opportunity clause in federally assisted construction contracts and subcontracts;

12. Shall comply with the minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act;

13. Shall comply with the Intergovernmental Personnel Act of 1970 relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration; and

14. Shall comply, if applicable, with Section 102(a) of the Flood Disaster Protection Act of 1973, which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is $10,000 or more;

15. Shall comply with the Lead-Based Paint Poisoning Prevention Act, which prohibits the use of lead-based paint in construction or rehabilitation of residence structures;

16. Shall assist the Federal grantor agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended; EO 11593; and the Archaeological and Historic Preservation Act of 1974;

17. 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 EO 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in flood plains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972; (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176 of the Clean Air Act of 1955, as amended; (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended; (h) protection of endangered species under the Endangered Species Act of 1973, as amended; (I) Section 6002 of the Resource Conservation and Recovery Act; and (j) the Coastal Barriers Resources Act;

18. 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;

19. Shall comply with Public Law (PL) 93-348 regarding the protection of human subjects involved in research, development and related activities supported by this subgrant;

20. Shall comply with the Laboratory Animal Act of 1966 pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this subgrant;

21. Shall comply with Federal regulations regarding criteria for cost sharing or matching contributions;

22. Shall assure all funds received shall be used only to supplement services and activities that promote the purposes for which the grant is awarded, and not supplant, unless specifically authorized by the program regulations and the appropriate MDHS Division;

23. Shall provide certification regarding lobbying to comply with Section 319, PL 101-121 (31 USC 1352);

24. Shall provide the required certification regarding their exclusion status and that of their principals prior to the award in accordance with EOs 12549 and 12689 Debarment and Suspension;

25. Shall provide certification to comply with the Drug-Free Workplace Act of 1988;

26. Shall comply with The Privacy Act of 1974 (5 USC §552a) related to gathering and disclosure of information and documentation maintained on individuals;

27. 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 Agreement, including but not limited to all documentation/information required by the MDHS funding divisions for federal reporting purposes.

28. Will comply with all requirements of the Federal Funding Accountability and Transparency Act (FFATA). This includes providing the grantor a DUNS number and other information such as executive compensation data when required so the grantor can meet the reporting requirements of FFATA.

REQUIRED CERTIFICATIONS

I. LOBBYING

As required by Section 1352, Title 31 of the U.S. Code, the Subgrantee certifies that:

- No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of any Federal grant, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal grant or cooperative agreement;

- If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, in connection with this Federal grant or cooperative agreement, the undersigned shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities," in accordance with its instructions;

- The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subgrants, contracts under grants and cooperative agreements, and subcontracts) and that all subrecipients shall certify and disclose accordingly.

II. SUSPENSION AND DEBARMENT AND OTHER RESPONSIBILITY MATTERS (DIRECT RECIPIENT)

As required by Executive Order 12549 and 12689, Suspension and Debarment--

- The Subgrantee certifies that it and its principals:

  (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, or voluntarily excluded from covered transactions by a Federal department or agency;

  (b) Have not within a three-year period preceding this subgrant been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

  (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and

  (d) Have not within a three-year period preceding this subgrant had one or more public transactions (Federal, State, or local) terminated for cause or default; and

- Where the Subgrantee is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this form.

III. DRUG-FREE WORKPLACE (SUBGRANTEES WHO ARE INDIVIDUALS)

As required by the Drug-Free Workplace Act of 1988–

- As a condition of the subgrant, I certify that I will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the subgrant; and

- If convicted of a criminal drug offence resulting from a violation occurring during the conduct of any subgrant activity, I will report the conviction, in writing, within 10 calendar days of the conviction to MDHS.

OR

III. DRUG-FREE WORKPLACE (SUBGRANTEES OTHER THAN INDIVIDUALS)

As required by the Drug-Free Workplace Act of 1988 --

- The Subgrantee certifies that it will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the subgrantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an on-going drug-free awareness program to inform employees about --

(1) The dangers of drug abuse in the workplace;

(2) The subgrantee's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the work place.

(c) Making it a requirement that each employee to be engaged in the performance of the subgrant be given a copy of the statement required by paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the subgrant, the employee will --

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying MDHS, in writing, within 10 calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title to MDHS. Notice shall include the identification number(s) of each affected grant;

III. DRUG FREE WORKPLACE (SUBGRANTEES OTHER THAN INDIVIDUALS) - Continued

(f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted --

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirement of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposed by Federal, State, or local health, law enforcement, or other appropriate agency.

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

B. The Subgrantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific subgrant. Check ___ if there are workplaces on file that are not identified here:

Place of Performance (Street address, city, county, state, zip code)

IV. UNRESOLVED MONITORING FINDINGS;
UNRESOLVED AUDIT FINDINGS;
AND LITIGATION OCCURRING WITHIN THE LAST THREE (3)YEARS

Identify any unresolved monitoring findings related to any programs that have been received by the Subgrantee during the last three (3) years and the status of each finding:

Identify any unresolved audit findings related to any programs received by the Subgrantee during the last three (3) years and the status of each finding:

Identify any litigation and/or administrative hearings that the Subgrantee, the Subgrantee's Senior Management, or Subgrantee's Directors have been involved in during the last three (3) years, including the outcome or disposition of the case:

REQUIRED CERTIFICATIONS (Continued)

V. CERTIFICATION OF ADEQUATE FIDELITY BONDING

Identify any and all types of bond coverage currently in force. Include the types of bond coverage; the officers or owners and employees covered; the period covered by the bond; and the limits of coverage assigned to each officer, owner, or employee and the total limit of the bond as applicable.

For Subgrantees/Contractors that have been unable to obtain fidelity bond coverage, describe in detail the efforts made to obtain fidelity bond coverage and the reason coverage has not been obtained.

As the authorized representative of the subgrantee, I hereby certify that the subgrantee will comply with the above certifications in items I, II, and III; the information provided items III, IV and V is true and complete to the best of my knowledge, and that the coverage and amounts specified shall be maintained throughout the effective period of the subgrant.

SUBGRANTEE NAME AND ANY OTHER NAMES UNDER WHICH THE SUBGRANTEE HAS DONE BUSINESS:

_____

_____

SUBGRANTEE ADDRESS AND ANY OTHER ADDRESSES THE SUBGRANTEE HAS USED:

_____

_____

TYPED NAME AND TITLE OF THE SUBGRANTEE'S AUTHORIZED REPRESENTATIVE:

_____

SIGNATURE OF SUBGRANTEE'S AUTHORIZED REPRESENTATIVE AND DATE:

_____

FINANCIAL MANAGEMENT **Section 5**

OVERVIEW

The applicable federal regulations require that subgrantees, and any lower-tier subrecipients, have in place, prior to the receipt of funds, a financial management system that will provide:

- Accurate, current, and complete disclosure of the financial status of each subgrant;
- Records which identify the source and application of funds for subgrant-supported activities, specifically information pertaining to subgrant awards, obligations, unobligated balances, assets, liabilities, outlays, and income;
- Effective control over and accountability for all subgrant funds, property, and other assets;
- Comparison of actual expenditures with reported costs and budgeted costs for each cost category and work activity;
- Procedures to ensure that all cash requested under MDHS subgrants will be expended within thirty (30) calendar days of receipt;
- Procedures to minimize the time between receipt and expenditure of subgrant funds;
- Procedures to ensure that all expenditures are obligated within the effective dates of the subgrant period;
- Procedures for determining that the cost is allowable and that it may be allocated to an activity;
- Procedures to prohibit the transfer of funds between federally funded programs and/or between subgrants or between activities within the same subgrant;
- Procedures to ensure that each expense paid from a subgrant was authorized in the budget of the subgrant charged with the expense;
- Accounting records (including a general ledger or comparable) that are supported by source documentation;
- Audits which analyze the fiscal integrity of the subgrantee (required for subgrantees that expend $500,000 or more of federal financial assistance); and

- 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. Separation serves record keeping requirements and also eliminates potential conflicts with the subgrantee's usual record keeping systems 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 entire subgrantee entity which 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 support documentation for each transaction. Examples of documentation are vendor invoices, bills of lading, purchase orders, payment vouchers, payrolls, bank statements and reconciliations, documentation to verify that only eligible clients were served; employee activity sheets to verify activities performed and the actual hours worked for each activity/subgrant; and, 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:

- Cash Receipts Journal
- Cash Disbursements Journal
- Payroll Journal
- General Journal
- General Ledger

Subgrantees shall develop their accounting system to meet the particular needs of the subgrant. If there are very few transactions, it may be more efficient to omit the cash receipts and cash disbursements journals and record all funds received and disbursed in the general journal. The amounts recorded daily to the individual accounts shall be totaled and posted to the general ledger at least monthly in order for the subgrantee to complete the monthly reporting worksheet. Recording procedures shall be designed to provide information accurately while at the same time serving as an effective control in preventing mistakes and safeguarding against unauthorized uses of funds.

INTERNAL CONTROLS

Subgrantees of MDHS shall have in place a financial management system which contains adequate internal controls for the administration of the subgrant program. This system of internal controls will be tested during an audit or management review of the subgrantee.

The following internal accounting control procedures are required of MDHS subgrantees:

- Record all cash receipts immediately;
- Compare deposit slips with receipts;
- Bond employees who handle cash;
- Deposit all checks or other cash receipts intact within two business days;
- Make all payments by pre-numbered checks;
- Reconcile bank accounts monthly by reconciling 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;
- Use serially numbered purchase orders and receiving reports;
- Issue checks to vendors only in payment of original invoices which have been approved and matched with purchase orders and receiving reports;
- Separate staff duties so that one person does not perform all accounting functions from the time funds are received until the funds are disbursed.
- Mark all documentation paid to prevent duplicate payments; and
- Retain a CPA firm for an audit, if required. (See the Audit section of this manual for exceptions.)

The following internal control procedures should be considered by relatively small subgrantees (having less than $100,000 in federal awards):

1. All checks shall be co-signed and all supporting documentation shall be closely reviewed and marked paid before or as each check is signed.

2. The principal officer of the subgrantee organization shall oversee all cash collections.

3. Closely examine all monthly reporting to MDHS, noting, in particular, any unusual month-to-month and budget-to-actual account variances.

4. Someone other than the person who prepares the checks shall reconcile the monthly bank statement. (This could be an assigned or rotating task.)

DOCUMENTATION REQUIREMENTS

The accounting system of each MDHS subgrantee shall provide the monitors/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:

CATEGORY	DOCUMENTATION
Grant Revenues	
Federal, State, and Other Receipts	Identification of the source of funds (i.e., signed subgrant agreement), request for cash or request for reimbursement (i.e., monthly reporting worksheet), cash receipts journal, validated deposit slips, withdrawals, and financial reports.
Program Income	Record of service, purpose, amount, and deposit slips.
Matching Cash Contributions	Record of source donor, dates, rates, amounts, and deposit slips.

CATEGORY	DOCUMENTATION
Matching Non-Cash Contributions	Record of donor, dates, rates, amounts, activities performed, certification of cost or market/appraised values, and documentation to verify that expenses reported as in-kind match were in proportion to the benefits received by the subgrant that was matched.
Grant Expenditures	
Salaries & Fringe Benefits	Personnel files which 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, and current approved salary/wage. Time sheets and activity reports which reflect the actual hours worked and duties performed. Time distribution/activity sheets are required when the employee's time is charged to more than one subgrant or activity.
Travel	An approved travel voucher showing that all travel expenses were incurred for the benefit of the subgrant; copies of supporting bills including hotel bills, conference registration fee receipts, and conference agendas. (See the Travel section of this manual for specific requirements.)
Telephone	Complete telephone bills and long distance telephone logs that indicate the person calling, the person called, the date and time of the call, the reason and purpose of the call, the number called, and the subgrant that benefitted from the telephone call.
Equipment	Original vendor invoices, receiving reports, purchase orders, competitive quotes or proof of newspaper advertisements for bids (if applicable), property records, and authorization to purchase equipment.

CATEGORY	**DOCUMENTATION**
Commodities (Supplies)	Original vendor invoices, receiving reports, purchase orders, competitive quotes or proof of newspaper advertisements for bids (if applicable), and documentation the expenses were incurred for the benefit of the subgrant.
Contractual Services	Original contracts for services charged to the subgrant, evidence of completion of contracts, billings for services, rental or lease agreements, competitive quotes or proof of newspaper advertisements for bids (if applicable), or documentation of fair market value.
Subsidies, Loans & Grants	(Payments to/for clients) Client attendance records, documentation of services provided, including dates, times, names, and client signatures, or documentation to verify units of service provided. (Lower-Tier Subrecipients) Copies of the lower-tier subrecipient agreement, including budget information and the scope of services required, financial and programmatic reports, documentation of payments made to the subrecipient, evidence of monitoring of lower-tier subrecipients, documentation of compliance with procurement procedures, and compliance with the MDHS Subgrantee Manual.
Other Direct Costs	Original vendor invoices, receiving reports, purchase orders, competitive quotes or proof of newspaper advertisements for bids (if applicable), and documentation the expenses were incurred for the benefit of the subgrant.
Indirect Costs	An agency-wide cost allocation plan or indirect cost rate agreement that has been reviewed and approved by the appropriate federal cognizant agency and the MDHS funding division, 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.

COST ALLOCATION/INDIRECT COSTS

Many MDHS subgrantees administer more than one subgrant at a time which results in costs that are shared among various subgrant programs and/or other funds such as local resources. In these cases the subgrantee shall document the basis for allocating a portion of the shared costs to the MDHS subgrant and the costs shall be distributed in reasonable proportion to the benefits received.

Each subgrantee shall develop an agency-wide cost allocation plan and/or indirect cost rate agreement which covers the subgrantee's entire operations. Costs included in the plan should be only those costs that are not easily identifiable with a particular subgrant and/or administrative costs 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.

If indirect costs are charged to an MDHS subgrant, a formal cost allocation plan or indirect cost rate agreement, that is effective on the beginning date of the subgrant, shall be prepared and submitted as a part of the subgrant agreement. 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 MDHS funding division that awarded 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 subrecipient, i.e., OMB Circular A-21 for Institutions of Higher Education, A-87 for State, Local and Indian Tribal Governments, A-122 for Nonprofit Organizations, and the Federal Acquisition Regulation (FAR) at Title 48 CFR Part 31 for Commercial Organizations.

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

The following is a listing of selected types of costs and suggested bases for distributing shared costs as direct costs to MDHS 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 Expenses	Number of telephones.
Fidelity Bond Expense	Employees subject to bond or penalty amounts
Motor Pool Costs	Number of miles driven and/or days used.
Printing and Reproduction	Direct hours, job basis, pages printed, etc.
Copy Machine Rental and Related Costs (Paper, Toner, Drum, etc.)	Number of copies made as documented by a copy log or access code
Postage	Amount of postage used by each subgrant/activity as documented by a postage log.
Payroll/Independent Contractors	Employees/Independent Contractors paid in whole or in part from MDHS 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 SUBRECIPIENTS

All expenditures that involve agreements between the subgrantee and a third party (performing a service related to the program) shall be fully disclosed in the cost summaries and budget narrative. If authorized, any lower-tier subrecipient agreement shall require the lower-tier subrecipient to comply with the provisions of the MDHS Subgrant/Contract Manual. Copies of rental agreements, service contracts, consultant agreements, etc. shall be available to validate the basis of the cost category. In addition, any procurement contract agreement received in response to solicitation shall be submitted to MDHS within 30 days after execution.

BUDGET PREPARATION

The 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 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 MDHS subgrants are:

- Budget Summary (MDHS-BS-1006): A compilation of the detailed data contained in the Cost Summary Support Sheet (MDHS-CSSS-1007).

- Cost Summary Support Sheet (MDHS-CSSS-1007): A listing of the various budget categories separated for each activity on the Budget Summary (MDHS-BS-1006).

- Budget Narrative: A written justification adequately explaining the subgrantee's funding needs. 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. (See the Sample Budget Narrative at the end of this section.)

Budget Activities

Each MDHS 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 Sheets as well as the Budget Narrative.

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 MDHS funding division to determine which activities are allowable under the subgrant and whether there are any limits on the amount of administrative costs that may be charged to the subgrant.

Budget Categories

Funds authorized under MDHS subgrants shall be separated into the following Budget Categories. Amounts budgeted shall also be identified by the source of funds, i.e., Federal, State, Local, and/or Program Income.

a. Salaries and Wages
b. Fringe Benefits
c. Travel
d. Contractual Services
e. Commodities
f. Capital Outlay – Equipment
g. Capital Outlay - Other
h. Subsidies, Loans and Grants
i. Indirect Costs

Salaries and Wages:

Payments made to officers and employees of a subgrantee as compensation for personal 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 the hourly rate authorized and number of hours authorized for each part-time employee charged to the subgrant. 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 authorized.

Fringe Benefits:

Payments made for the employer's portion of expenses for social security (F.I.C.A. and Medicare), employee health, life, and/or 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 of the subgrantee's activities in proportion to the relative amount of time or effort devoted to each activity. The fringe benefits budget category shall 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 that 30% of salaries, unless justification is submitted in the budget narrative, and approved by funding division. 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.

Travel:

Payments for transportation, lodging, subsistence and related costs to employees, officers, and volunteers who are in travel status on official business. Travel includes reimbursement for in-state travel, out-of-state costs for conferences, meetings, etc., and staff reimbursement for the use of

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 as long as the total amount of the subgrant award charged with the expense is not exceeded. Meal costs will be reimbursed based upon the actual cost of each meal, up to the maximum daily meal rate, and receipts will not be required for meals reimbursed through subgrants funded by MDHS. No travel shall be allowed for employees funded through other programs unless approved by MDHS. (See the Travel section of this manual for specific details.)

Contractual Services:

Payments for services rendered by persons other than by employees of the subgrantee under formal, written, contractual agreements. Examples include: postage, telephone/Internet/pager service, utilities, rent, repair or service agreements, service charges, computer software, or contract workers that are independent contractors. (See the Procurement and Purchasing section of this manual for details on acquiring contractual services.)

Commodities:

Payments for materials and supplies with an initial unit cost less than $1,000.00 (one thousand dollars) which are used to benefit the subgrant and which are not one of the items required to be reported on inventory regardless of the purchase price. Examples include: snacks for eligible clients, office supplies, training materials, fuel for vehicles, furniture and equipment costing less than $1,000.00 (one thousand dollars), etc. (See the Inventory Management section of this manual for specific exceptions.)

Capital Outlay - Equipment:

Payments for the purchase of equipment, machinery, furniture and fixtures with a unit cost of $1,000.00 (one thousand dollars) or more and any items which are required to be reported on inventory; **or**, payments for compensation for the use of equipment on hand through depreciation or use allowance charges computed in accordance with the cost principles applicable to the subgrantee. Examples include: computers, printers, office furniture, telephone systems, motor vehicles, etc. (Refer to the Inventory Management section of this manual for details.)

Capital Outlay - Other:

Payments for improvements to buildings that materially increase the 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.

Subsidies, Loans and Grants:

Payments made for assistance to clients and/or for lower-tier subgrants to governmental and non-governmental entities or individuals.

Indirect Costs:

Payments for the recovery of actual costs allocated to MDHS 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.

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. 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 ~~a~~ the long form subgrant modification. There shall be no flexibility allowed between activities. For example, if the total amount authorized in the Commodities budget category is $1,000.00 (one thousand dollars), the subgrantee may expend up to $1,100.00 (one thousand one hundred dollars) for Commodities as long funds are available from another budget category such as Travel or Contractual Services.

FIDELITY BOND REQUIREMENT

Employees or Board Members of subgrantees, with fiscal responsibility, shall have a fidelity/ dishonesty bond in the amount of 25% of the total subgrant amount. Fiscal responsibility includes:

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

PAYMENTS AND COST REPORTING

MDHS permits two methods of subgrantee contracting as determined by the funding division:

- Current Needs/Cash Advance

- Cost Reimbursement

Under the current needs/cash advance method, the subgrantee shall project its cash needs for expenditures to be made within a specified period of time and submit a “Request for Cash” form

(MDHS-BUD-1450). This form is required at least 20 days prior to the date that funds will be needed to allow processing time for MDHS Program and Budget divisions as well as the Department of Finance and Administration (DFA). The Request for Cash may be adjusted pending availability of funds. Also, under the current needs/cash advance method, the subgrantee is required to report its cost each month by submitting the "MDHS Reporting Worksheet" and supporting documentation as requested. The Reporting Worksheet shall be filed once each calendar month and shall be submitted to MDHS funding division by the tenth calendar day of the following month.

Subgrantees funded under the cost reimbursement method 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 "MDHS Reporting Worksheet" form. The Reporting Worksheet shall be used by subgrantees to report the "total cumulative cost to date." Its purpose is to provide a simple and concise report of the expenditures for each program or work activity.

Submission of a monthly Reporting Worksheet is required. Payments may be suspended pending receipt of accurate monthly Reporting Worksheets.

SPECIAL REQUIREMENTS

DIRECTLY FUNDED SOCIAL SERVICES BLOCK GRANT (SSBG) SUBGRANTS

I. GENERAL

1. A 25% match is required on all SSBG dollars. This match may be in the form of cash and/or in-kind. A waiver may be requested under certain conditions.

2. A maximum of two subgrant modifications may be requested by the subgrantee during the subgrant period. Subgrant modifications shall not be initiated by the subgrantee within the last 30 days of the subgrant period, without prior approval by the MDHS Executive Director or designee. Generally, requests to move more than $5,000.00 (five thousand dollars) from one Broad Service Category (Budget Activity) to another will not be approved.

3. Unexpended funds at the end of the subgrant period shall be returned to MDHS.

4. Contracts funded out of SSBG in support of other divisions shall adhere to guidelines set forth by the appropriate program division.

II. MATCH

1. The 25% match requirement is a state policy. This match may consist of cash and/or in-kind contributions specifically related to the applicable subgrant scope of services.

2. Match is calculated as a 75/25 shared cost for program operation. Total program cost includes programmatic and administrative costs.

DIRECTLY FUNDED SOCIAL SERVICES BLOCK GRANT (SSBG) SUBGRANTS (Continued)

3. Matching costs reported shall be verifiable from source documentation on file in the subgrantee's office.

4. Match requirements may be requested to be waived for the following reasons:

   a. The State Legislature failed to appropriate adequate match after being specifically requested to do so;

   b. In-kind possibilities for match are currently being used as match for other funding sources; and

   c. Subgrantee is unable to garner sufficient support from local resources.

5. Each request for waiver of match shall be accompanied by a full explanation for the request, listing specific activities taken to seek the needed match and appropriate documentation of such attempts. Discretion concerning the waiver rests with the MDHS Executive Director.

6. Match does not have to be calculated on an activity basis; however, the overall federal dollars shall be adequately matched.

7. Other federal funds shall not be used to match SSBG unless it is allowable by the regulations of the related federal program.

8. Documentation of all match shall be maintained. If sufficient match is not verified, the subgrantee shall return the appropriate amount of federal dollars to the State.

ALL OTHER MDHS SUBGRANTS

I. GENERAL

1. A maximum of two 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 MDHS Executive Director or designee. (See the Modification Form, located at the end of this section.)

2. 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, require a long-form modification of the subgrant. (See the Modification Form, located at the end of this section.)

3. Minor changes to the subgrant may be made by written agreement to the changes by the subgrantee and MDHS via an approved short-form modification. Consult with the MDHS funding division for specific guidance on amending the subgrant.

4. Modifications shall become effective on date specified on modification forms, or upon the signature of both parties, whichever is later; unless a waiver is approved by the MDHS Executive Director.

II. MATCH

1. Match shall be available and expended in accordance with the approved subgrant agreement. If 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.

MDHS BUDGET SUMMARY (Form MDHS-BS-1006)

General

The Budget Summary is a compilation of the specific budget activities authorized in the subgrant as indicated on each of the Cost Summary Support Sheets.

Instructions

1. *Applicant Agency*
   Enter the name of subgrantee.

2. *Subgrant Number*
   To be assigned by MDHS Division of Budgets and Accounting.

3. *Grant ID*
   To be provided by MDHS funding division.

4. *Beginning*
   Enter the start date for the subgrant period as shown on the Subgrant Signature Sheet and on the Cost Summary Support Sheets.

5. *Ending*
   Enter the date the subgrant period expires as shown on the Subgrant Signature Sheet and on the Cost Summary Support Sheets.

6. Submitted as Part of (Check One)

   a. *Funding Request* - if part of an application for funds.
   b. *Modification Request No.* - if a revision to a Budget Summary.
   c. *Enter Modification Effective Date*.

7. For MDHS use only.

8. Activity

   List separately each budget activity for which a separate Cost Summary Support Sheet has been prepared. Enter the Source of Funds for each budget activity. The amount entered on the Budget Summary must come from the TOTAL COSTS line on the bottom of the Cost Summary Support Sheet.

Mississippi
Form MDHS-BS-1006
Revised 07/01/2012

MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
BUDGET SUMMARY

Page ____ of ____ Pages

1.Applicant Agency

2. Subgrant Number **3. Grant ID** **4. Beginning Date** **5. Ending Date**

6. Submitted as part of: (check one)
A. Funding Request ( ) **B. Modification ( )** **Modification Effective Date:**

7.For MDHS Use Only	8.Budget Activity	Funding Sources					
		Federal	State	Local	Program	In-Kind	Total
	TOTAL						

MDHS COST SUMMARY SUPPORT SHEET (Form MDHS-CSSS-1007)

General

The Cost Summary Support Sheet is used to identify each of the budget categories and line items authorized under each of the budget activities on the Budget Summary and to provide a description of the item and the basis for valuation or cost.

Instructions

(1) *Applicant Agency*
Enter the name of the subgrantee.

(2) *Subgrant Number*
To be assigned by MDHS Division of Budgets and Accounting.

(3) *Grant ID*
To be provided by MDHS funding division.

(4) *Beginning*
Enter the start date for the subgrant period. If the Cost Summary Support Sheet is part of an application for funds, enter the proposed beginning date.

(5) *Ending*
Enter the date the subgrant period expires. If the Cost Summary Support Sheet is part of an application for funds, enter the proposed ending date.

(6) *Activity*
Enter the activity as listed in Item 8 of the Budget Summary.

(7) For MDHS use only.

(8) *Budget Category*
Enter each budget category exactly as authorized in the subgrant. The budget categories that may be used are:

a. Salaries	d. Contractual Services	g. Capital Outlay - Other
b. Fringe Benefits	e. Commodities	h. Subsidies/Loans/Grants
c. Travel	f. Capital Outlay-Equipment	i. Indirect Cost

(9) *Budget Amount*
In the appropriate column, enter the amount in each line item to be paid from federal funds and from all other funding sources (i.e., state/local/private funds, in-kind match, or program income)

Mississippi
Form MDHS-CSSS-1007
Revised 07/01/2012

MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
COST SUMMARY SUPPORT SHEET

Page ____ of ____ Pages

1.Applicant Agency							
2. Subgrant Number	**3. Grant ID**	**4. Beginning Date**	**5. Ending Date**				
6. Activity							
7.For MDHS Use Only	**8.Budget Category**	**9. Budget**					
		Federal	**State**	**Local**	**Program**	**In-Kind**	**Total**
	TOTAL						

MDHS REQUEST FOR CASH (Form MDHS-BUD-1450)

General

The Request for Cash form is used by subgrantees on the current needs/cash advance method to requisition operating funds (both administrative and program) that will be needed at a future date. The MDHS Request for Cash shall be received by the appropriate MDHS Funding Division 20 days prior to the date on which the funds are needed.

Current Needs Methods

1. *Subgrantee's Name/Address/Telephone Number*
   Enter the name as shown on the grant, mailing address and telephone number of the person submitting the Request for Cash.

2. *Last Cumulative Cost Reported for Month of*
   Enter the month for which the last cumulative cost report was submitted.

3. *Special Mailing or Deposit Instructions*
   This space can be used for special mailing instructions.

4. *Period of Projected Cash Needs*
   The period of projected cash needs is the period in which all the cash requested will be expended and should not exceed thirty (30) calendar days from the date of the cash request. The date of the final request for cash and projected cash needs shall not exceed the contract ending date.

5. *Subgrantee Number*
   Enter the complete subgrantee number as shown on the subgrant contract.

6. *Request Number*
   Enter the request number in the proper numerical sequence, i.e., the first request will be #1, the second will be #2 ... the tenth will be #10.

7. *Date Cash Needed*
   Enter the date that the funds requested will be needed.

8. *Amount Requested*
   Enter the amount from line 14.

9. *Total Cash Requested to Date*
   Total Cash Requested to Date consists of cash received from MDHS as of the date of the Request for Cash and all requests for cash submitted to MDHS for which a warrant (check) has not been received. Enter the cumulative amount received and any amounts in transit. Only funds awarded by MDHS shall be shown.

10. *Less Cash Outlays as of Date of Request*
This includes outlays of cash received from MDHS per the cash disbursement journal or checking account at the time the request for cash is prepared. No accruals shall be included in this line.

11. *Cash Balance*
Subtract line 10 from line 9, and enter amount on this line. This shall equal any federal funds in the bank account, plus any in transit funds. If negative cash balance occurs, identify source of funds used to cover total disbursements.

12. *Projected Cash Needs*
Projected Cash Needs consist of anticipated expenses that the subgrantee expects to pay within the period shown in Item (4) and the balance of cash needed for the current advance period. Accruals expected to be paid within the period shall be included in this line.

13. *Less (11) Cash Balance*
Enter amount from line 11.

14. *Total Cash Request*
Subtract line 13 from line 12 and enter amount on this line. This amount shall equal amount on line 8.

15. *Dated Signature of Authorized Official*
The authorized official who must sign the Request for Cash is the same official who signed the subgrantee agreement with MDHS or the approved authorized signatory official. In the case of a signatory designation, an authorization letter shall be required to be on file with MDHS.

16. Type name and title of the Authorized Official signing the Request for Cash.

17. *Enter Name of Preparer*
This should be the person most familiar with the data reported, in case questions arise.

18. *Date Prepared*
Self-explanatory

19. *Program Approval*
Signature of program representative authorizing payment of this Request for Cash

20. All copies, excluding the goldenrod copy, shall be mailed to the appropriate MDHS program division. Retain the goldenrod copy on file at the subgrantee's office.

MISSISSIPPI
Form MDHS-BUD-1450
Revised 7/1/2012

MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
REQUEST FOR CASH

(1) Subgrantee's Name/Address	(3) Special Mailing /Deposit Instructions	(5) Subgrantee Number		
		(6) Request No.	(7) Date Cash Needed	
		(8) Amount Requested		
		FOR MDHS USE ONLY		
		SP #	RPTG	ACTV
(2) Last Cumulative Cost Reported For Month of _____	(4) Period of Project Cash Needs From _____ To _____ (Not to Exceed Contract Expiration)	Vendor Number		
		Fund No.	APPROVAL 1 _____ 2 _____ 3 _____	

(9) Cash Requested To Date

TOTAL

Received _____

In Transit _____

TOTAL $ _____

(10) Less Cash Outlays as of date of Request _____

(11) Cash Balance _____

(12) Projected Cash Needs (see #4) _____

(13) Less (11) Cash Balance _____

(14) Total Cash Request $ _____

"I HEREBY CERTIFY THAT (a) The services covered by this request have not been received from the Federal Government or expended for such services under any other contract agreement or grant; (b) the amount(s) requested will be expended for allowable costs/expenditures under the terms of the contract agreement or grant; and (c) amounts requested herein do not exceed the total funds obligated by contact."

_____ _____ _____

Signature of Authorized Official Date Signed Prepared By

_____ _____

Typed Name and Title of Authorized Official Date Prepared

Approval _____ Title _____

REPORTING WORKSHEET INSTRUCTIONS

General

1. The Reporting Worksheet will be printed monthly and mailed to subgrantees for completion. The worksheet shall serve as a turnaround document to report monthly cost incurred and to request funds on a cost reimbursement basis. Only one worksheet per month may be processed. The subgrantees failure to utilize the form provided by MDHS may result in delayed and/or denied payment.

2. The following information will be preprinted:
   a. Period Ending Date
   b. Subgrantee's Name and Address
   c. Responsible MDHS Division
   d. Subgrant Contract Period
   e. Activity and Line Item Descriptions
   f. Amounts Budgeted
   g. Cumulative Cost Reported Through Last Report
   h. Last Report Cost Period.

3. The current period cost will be filled in by the subgrantee. This will be the total cost for all sources of funds for all budgeted line items. (The current period costs include any accruals that have not previously been reported.)

4. Cumulative costs to date will be filled in by the subgrantee. This will be the sum of the cumulative costs reported through the last report and the current period costs. The cumulative costs reported through the last report (preprinted on the current month's report) should be the same as the cumulative costs to date on the previous month's report. The costs reported shall be based upon costs recorded in the accounting records and accruals supported by documentation to verify that the costs are accurate and reasonable.

5. *Funding Source* - The amounts budgeted and prior cumulative by funding source for each activity will be preprinted. The subgrantee shall fill in the amounts and funding source data for each activity for the current period costs and cumulative costs to date.

6. *Subgrant Totals by Funding Source* - The total of all activities budgeted by funding source. The amount budgeted and cumulative costs reported through the last report will be preprinted. The current period cost and cumulative costs to date shall be filled in by the subgrantee.

REPORTING WORKSHEET INSTRUCTIONS, Continued

7. *Cash Payment* - The total MDHS cash paid out under the subgrant at the end of the report period. The cash payment shall be filled in by the subgrantee.

8. *Accrual Estimates* - This is any MDHS cost incurred and reported which had not been paid at the end of the report period. For Cost Reimbursement subgrants, the current period costs would be accrued. Accrual estimates shall be filled in by the subgrantee.

9. *In-kind/Other* - This is the cumulative local or in-kind (match) costs which have been INCURRED AND REPORTED. The in-kind/other costs shall be filled in by subgrantee.

10. *Cumulative Costs* - The cumulative costs should equal the total cumulative costs reported to date for the subgrant. The cumulative costs shall be filled in by subgrantee.

11. *Signature of Authorized Subgrant Official* - (Original Signature) This is the same official who signed the subgrant with MDHS or an approved signatory official. (An authorization letter shall be on file for signatory officials.) A stamped signature is not acceptable.

12. *Programs Review* - This section is completed by MDHS funding divisions as approval of worksheet costs reported.

13. Completed Reporting Worksheets are forwarded each calendar month to MDHS. The completed original Reporting Worksheet is due by the tenth calendar day of the following month. A copy shall be retained for the subgrantee's files. Payments may be suspended pending receipt of accurate monthly Reporting Worksheets.

14. Completed monthly reporting worksheets shall include supporting documentation for current period costs. Acceptable supporting documentation shall be determined by the funding division.

RUN DATE : 00/00/00 ** STATE OF MISSISSIPPI ** PAGE: 1

REPORT ID: SG01 SUB-GRANTEE REPORTING WORKSHEET
FOR PERIOD ENDING 00/00/00

DEPARTMENT: 651 HUMAN SERVICES FINAL: _____
ORGANIZATION: 2390 ECON ASST SUBGRANTEES COST PERIOD: 03 12

VENDOR NUM: V0001234567
CONTRACT NUM: 999XY91
CONTRACT PED: FROM 10 01 2011 TO 09 30 2012

VENDOR NAME: ANY SUBGRANTEE, INC.

ADDRESS: P.O. BOX 999
ANYTOWN MS 39999-099

LINE TYPE	CODE	DESCRIPTION	AMOUNT BUDGETED	CUMUL THRU LAST REPORT	CURRENT PERIOD COSTS	CUMULATIVE COST TO DATE
ACTIVITY = H501		ADMINISTRATION – SUBGRANTEES				
S	A2	SALARIES	3,498.50	17,943.50		
S	A3	FRINGE BENEFITS	1,000.00	3,617.04		
S	A4	TRAVEL	0.00	488.94		
S	A5	CONTRACTUAL SERVICES	0.00	1,913.07		
S	A6	COMMODITIES	0.00	1,872.43		
S	C4	INDIRECT COST	14,289.00	4,763.52		
		ACTIVITY TOTAL:	18,787.50	30,598.50		
R	WB10	FED TANF PREV/INTERV S/	18,787.50	30,598.50		
		TOTAL:	18,787.50	30,598.50		
ACTIVITY = H597		WORK ACTIVITY				
S	A2	SALARIES	46,703.50	0.00		
S	A3	FRINGE BENEFITS	11,272.00	0.00		
S	A4	TRAVEL	3,370.00	0.00		
S	A5	CONTRACTUAL SERVICES	40,667.00	0.00		
S	A6	COMMODITIES	4,450.00	0.00		
		ACTIVITY TOTAL:	106,462.50	0.00		
R	WB10	FED TANF PREV/INTERV S/	106,452.50	0.00		
		TOTAL:	106,452.50	0.00		
L		CONTRACT TOTAL:	125,250.00	30,598.50		
	WB10	100% FED TAN	125,250.00	30,598.50		
GRAND TOTALS:			125,250.00	30,598.50		

LAST REPORT COST PERIOD 03 12

_____ + _____ + _____ = _____
(CASH PAYMENT) (ACCRUAL ESTIMATES) (INKIND/OTHER) (CUMULATIVE COST)

FINAL AUDIT OF THIS PROJECT WILL INCLUDE VERIFICATION OF ABOVE CLAIMED COST FROM PROJECT DIRECTOR'S SOURCE RECORDS

_____ _____ _____
SIGNATURE OF AUTHORIZED OFFICIAL DATE PROGRAMS REVIEW

Budget Narrative

The Budget Narrative is used by subgrantees to provide a complete description of each item of cost under each budget category for each budget activity under the subgrant. The budget narrative shall include any relevant information necessary to describe the item of cost, or the source of funding the cost, or the method of allocating the cost to the subgrant and/or budget activity. Description of Item and Basis for Valuation or Cost: Enter a brief description of each line item and the basis for valuation of the item or cost. Each position authorized under salaries and wages, and each item under fringe benefits or equipment shall be specifically identified. For example:

I. Administration Budget Activity

Salaries	*Project Director* - This position handles the administrative functions involved in running the four locally operated day care centers. The ratio of children eligible under this subgrant to the total children served at each center is 25%, which will be used to allocate shared costs. Full-time position, 25% of time at $25,650 per year	$6,412.50
	Secretary/Bookkeeper – This position maintains all records for the day care centers. Full-time position, 25% of time at $13,960 per year	$3,490.00
	Total Administration Salaries	**$9,902.50**
Fringe Benefits	*FICA* - 7.65% of gross salaries	$757.54
	Workmen's Compensation - 3% of gross salaries	$297.08
	Health Insurance - $120 per mo. per employee for 12 mos. x 25%	$720.00
	Total Administration Fringe Benefits	**$1,774.62**
Travel	Project Director is anticipated to visit day care sites at least quarterly.	
	Mileage estimated at 600 miles x $0.51 per mile x 25%	$76.50
	In-Service Training (2 sessions at $240 each x 25%)	$120.00
	Total Administration Travel	**$196.50**
Commodities	*Office Supplies* - Paper, pens, calculator tape, etc. $200 x 25%	$50.00
	Office Furniture - Secretarial Desk at $300 and Chair at $100 x 25%	$100.00
	Total Administration Commodities	**$150.00**

I. Administration Budget Activity (continued)

Indirect Costs	The organization-wide indirect cost rate agreement distributes all general administrative costs and central office facilities cost based on the total amount of direct salaries and fringe benefits of full-time employees. The approved indirect cost rate is 7% x Admin. Salaries - $9,902.50 + Fringe Benefits $1,774.62	
	Total Indirect Costs	**$ 817.40**
	Total for the Administration Budget Activity	**$12,841.02**

II. Child Day Care Budget Activity

Salaries	*4 Day Care Supervisors* at $20,000 per year -$ 80,000 x 25%	$20,000.00
	12 Day Care Teachers at $17,000 per year - $204,000 x 25%	$51,000.00
	12 P-T Teachers Aides at $7.50/hr x 5 hrs per day x 260 x 25%	$29,250.00
	Total Salaries	**$100,250.00**
Fringe Benefits	*FICA* - 7.65% of gross salaries	$7,669.13
	Workmen's Compensation - 3% of gross salaries	$3,007.50
	Health Insurance - $120/ mo. x 12 mos. x 16 F-T employees x 25%	$5,760.00
	Total Fringe Benefits	**$16,436.63**
Travel	*Mileage* to attend in-service training at central office twice per year for each Day Care Supervisor 500 miles x 4 x $0.51 x 25%	$255.00
	In-Service Training for 16 full-time employees (2 sessions at $240 each x 25%)	$1,920.00
	Total Travel	**$2,175.00**
Contractual Services	*Software* - License agreements for the use of new software applications necessary to effectively operate each of the four child care centers, including:	
	Office management programs $200 x 4 x .25%	$200.00
	Curriculum and training programs $300 x 4 x .25%	$300.00
	Utilities for each of the four (4) child care centers, including:	
	Telephone service - 4 centers x $80 per month x 12 months x 25%	$960.00
	Electricity - 4 centers x $200 per month x 12 months x 25%	$2,400.00
	Water/Sewer - 4 centers x $50 per month x 12 months x 25%	$600.00
	Total Contractual Services	**$4,460.00**

II. Child Day Care Budget Activity (Continued)

Commodities	*Art Supplies* (4 centers @ $100 per year x 25%)	$100.00
	Paper Supplies - towels, tissues, diapers, etc. (4 centers @ $600 per year x 25%)	$600.00
	Replacement furniture: 64 chairs @ $25.00 each x 25%	$400.00
	16 small tables @ $50.00 each x 25%	$200.00
	Total Commodities	**$1,300.00**
Capital Outlay-Equipment	*Four (4) Commercial grade Refrigerators* (one at each location) at $2,000 each x 25%	$2,000.00
	One color printer at $300 x 25%	$75.00
	Total Capital Outlay - Equipment	**$2,075.00**
Capital Outlay - Other	Use Allowances for compensation for the use of the four child care center buildings based on the acquisition cost of the buildings and computed at an annual rate not exceeding two percent (2%) of the acquisition cost, as follows:	
	1. *Center A* at $52,000 acquisition cost x 2% use allowance x 25%	$260.00
	2. *Center B* at $60,000 acquisition cost x 2% use allowance x 25%	$300.00
	3. *Center C* at $64,000 acquisition cost x 2% use allowance x 25%	$320.00
	4. *Center D* at $110,000 acquisition cost x 2% use allowance x 25%	$550.00
	Total Capital Outlay - Other	**$1,430.00**
	Total for the Child Day Care Budget Activity	**$128,126.63**
	Grand Total for the Entire Subgrant	**$140,967.65**

INSTRUCTIONS FOR MDHS SUBGRANT SIGNATURE SHEET (Form SCSS 1002)

MDHS Division: (Type in the Name of the MDHS Division Providing the Funds)

Block 1 - Indicate the legal name of the organization, street address and mailing address, if different from the street address, and telephone number with area code of the applicant agency. Indicate the subgrantee's fiscal year-end-date and the organization type, i.e., not-for-profit, governmental unit, institution of higher education or commercial organization.

Indicate the names/titles of three officers who are responsible for the administration/operation of the subgrant, i.e. executive director or designee, director, board chairperson, board president, vice president, finance chairperson, and/or the fiscal officer. Also list the assigned contact person and telephone number.

Block 2 - Indicate the beginning date that the subgrant is to be effective.

Block 3 - Leave blank (Assigned by MDHS)

Block 4 - Indicate the (4.a.) Grant identifier by funding source and Federal fiscal year the funds were awarded as the program's title, (4.b.) Catalog of Federal Domestic Assistance (CFDA) number (Provided by MDHS)

Block 5 - Indicate the Beginning and Ending dates of the subgrant.

Block 6 - Indicate Current Needs/Cash Advance or Cost Reimbursement.

Block 7 - Indicate the total number of pages in the subgrant including the Subgrant Signature Sheet.

Block 8 - Enter the amount of funds provided under this subgrant in Block 4. Break out the type of funds as indicated by the lines - i.e., Federal, State, Other and Total. Breakout Administration, Services, and the Total of all dollars provided.

Block 9 - List each document to be included with the subgrant as required by MDHS.

Block 10 - List the source, purpose, subgrant number, period (dates) of subgrants, and amounts for all other funds requested, anticipated or carried over from prior years dedicated to this or similar programs including Federal, State, Local or Private funds. If additional space is needed to list all sources, attach another page as an addendum to this page.

Block 11 - Leave blank (for the signature of the MDHS Executive Director).

The signature form, located at the end of this section, shall be used and shall not be altered to avoid a delay in the receipt of subgrant funds.

Block 12 - After the MDHS administrative review process is complete, affix the signature of the applicant agency authorized official with the name and title of the authorized official typed where indicated below the signature.

MISSISSIPPI
Form MDHS-SCSS-1002
Revised 7/1/2012

STATE OF MISSISSIPPI
MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
SUBGRANT SIGNATURE SHEET
P.O. BOX 352
JACKSON, MISSISSIPPI 39205-0352

MDHS FUNDING DIVISION:

1. SUBGRANTEE'S NAME, ADDRESS & PHONE NUMBER

SUBGRANTEE'S FISCAL YEAR END DATE:

_____

NAME/TITLE OF OFFICERS: (SUBGRANT ENTITY)

a._____
b_____
c_____

CONTACT PERSON:_____

FAX:_____

EMAIL:_____

PHONE NUMBER:_____

2. EFFECTIVE DATE:

3. SUBGRANT NUMBER:

4a. GRANT IDENTIFIER (funding source and year):

b. CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)#

5. BEGINNING AND ENDING DATES:

6. SUBGRANT PAYMENT METHOD:

____ CURRENT NEEDS/CASH ADVANCE
____ COST REIMBURSEMENT
____ OTHER

7. PAGE 1 OF

8. THE FOLLOWING FUNDS ARE OBLIGATED:

FEDERAL	$ _____	ADMINISTRATION	$ _____
STATE	$ _____	SERVICES	$ _____
OTHER	$ _____	OTHER	$ _____
TOTAL	$ _____	TOTAL	$ _____

9. THE SUBGRANTEE AGREES TO ADMINISTER THIS SUBGRANT IN ACCORDANCE WITH ALL FEDERAL AND/OR STATE PROVISIONS THAT ARE APPLICABLE TO SAID SUBGRANT. THE FOLLOWING DOCUMENTS ARE INCORPORATED HEREIN:

a. SUBGRANT SIGNATURE SHEET
b. BUDGET SUMMARY
c. COST SUMMARY SUPPORT SHEET
d. BUDGET NARRATIVE
e. SUBGRANT AGREEMENT
   1) SCOPE OF SERVICES
   2) GENERAL TERMS AND PROVISIONS
   3) STANDARD ASSURANCES POLICY
   4) DEBARMENT POLICY
   5) DRUG FREE WORKPLACE POLICY
   6) SUBGRANT MANUAL ACCEPTANCE
f. VERIFICATION OF 25% FIDELITY BOND
g. COPY OF BOARD RESOLUTION (If applicable)
h. COST ALLOCATION & INDIRECT COST RATES

10. IDENTIFICATION OF OTHER FUNDING (List all other funds requested, anticipated or held over from prior years dedicated to this or similar programs including Federal, State, Local or Private funds. If additional space is needed, please attach typed pages).

SOURCE	PURPOSE	CONTRACT #	PERIOD (dates)	AMOUNT
				$
				$
				$
				$

11. APPROVED FOR MDHS:

BY _____ DATE
MDHS Executive Director/Designee

12. APPROVED FOR SUBGRANTEE:

BY _____ DATE

TITLE

INSTRUCTIONS FOR MDHS MODIFICATION SIGNATURE SHEET (Form MSS 1004)

Block 1 - Indicate the name, street address and/or mailing address (if different from street address) and telephone number of the applicant agency.

Block 2 - Indicate the beginning date that the modification is to be effective. Modifications shall become effective on date specified on modification forms or upon the signature of both parties, whichever is later; unless a waiver is approved by the MDHS Executive Director.

Block 3 - Indicate subgrant number as assigned by MDHS from current subgrant signature sheet.

Block 4 - Indicate modification number and enter funding source and year from current subgrantee signature sheet.

Block 5 - Indicate the beginning and ending dates of the subgrant.

Block 6 - Check method of payment as indicated on the current subgrant signature sheet.

Block 7 - Indicate the total number of pages in the modification including the Modification Signature Sheet.

Block 8 - Indicate the break out of funds by source in "From" columns from current Subgrant Signature Sheet. Indicate the break out of new obligated funds by source and use amounts in "To" columns.

Block 9 - List each activity/category in the subgrant that is being modified and the total net effect of the modification. State a brief reason for the modification and, if additional funds are requested, attach a copy of the original subgrant. If additional space is required, an attachment may be used. Attachment should be referenced in Block #9 as "See Exhibit No. ___, incorporated herein by reference". The same exhibit number shall be noted on the attached sheet.

Block 10 - Leave blank (for the signature of the MDHS Executive Director or designee).

The modification signature form, located at the end of this section, shall be used and shall not be altered to avoid a delay in the receipt of subgrant funds.

Block 11 - After the MDHS administrative review process is complete, affix the signature of the applicant agency authorized official with the name and title of the authorized official typed where indicated below the signature.

MISSISSIPPI
Form MDHS-MSS-1004
Revised: 7/1/2012

STATE OF MISSISSIPPI
MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
SUBGRANT MODIFICATION SIGNATURE SHEET

P.O. BOX 352
JACKSON, MISSISSIPPI 39205-0352

MDHS DIVISION:

1. SUBGRANTEE'S NAME, ADDRESS & PHONE NUMBER:

_____

_____

_____

CONTACT PERSON:_____

PHONE NUMBER: _____

FAX: _____

EMAIL:_____

2. EFFECTIVE DATE:

3. SUBGRANT NUMBER:

4. MODIFICATION NUMBER:

Funding Source and Year:

5. BEGINNING/ENDING DATES:

6. SUBGRANT PAYMENT METHOD:
_____CURRENT NEEDS/CASH ADVANCE
_____ COST REIMBURSEMENT
_____ OTHER

7. PAGE 1 OF

8. AS A RESULT OF THIS MODIFICATION, FUNDS OBLIGATED ARE CHANGED AS FOLLOWS:

	FROM :	TO:		FROM :	TO:
FEDERAL	$_____	$_____	ADMINISTRATION	$_____	$_____
STATE	$_____	$_____	SERVICES	$_____	$_____
OTHER	$_____	$_____	OTHER	$_____	$_____
TOTAL	$_____	$_____	TOTAL	$_____	$_____

9. THE ABOVE SUBGRANT IS HEREBY MODIFIED AS FOLLOWS:

FROM: **(Activity/Category)** **TO:** **(Activity/Category)** **DIFFERENCE (+/-)**
(By Funding Source)

REASON(S) FOR MODIFICATION [(If additional space is needed, please attach typed page (s)]:

****IF ADDITIONAL FUNDS ARE REQUESTED ATTACH A COPY OF THE ORIGINAL BUDGET**

10. APPROVED FOR MDHS:

BY _____ **DATE**
MDHS Executive Director /Designee

11. APPROVED FOR SUBGRANTEE:

BY _____ **DATE** _____

TITLE

Revised 7/1/2012

LONG FORM (or SHORT FORM – ex. extension only, typo and/or subgrant # change)

LONG FORM / SHORT FORM
(circle one)

MODIFICATION OF (SUBGRANT/CONTRACT)
BETWEEN
THE MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
AND
_____

This MODIFICATION is made part of the (*subgrant/contract*) entered into on (*date*) by and between the Mississippi Department of Human Services/(*Name of Division that provided the funding*) and (*subgrantee/contractor organization*) and designated as (*subgrant/contract*) No. (*number assigned to the original subgrant/contract by MDHS*), Modification # ____. In consideration of the agreement of the Parties hereto to modify the initial (*subgrant/contract*) between them, the Mississippi Department of Human Services/(*name of Division*) and (*subgrantee/contractor organization*) do hereby agree that effective on (*date*) said (*subgrant/contract*) is modified and amended as set out below:

I. Section # _____:
II. Section # _____:

All other terms, conditions, and provisions set out in the initial (*subgrant/contract*), and the Modification thereof, which are not in conflict with this Modification, shall remain in full force and in effect for the duration of the (*subgrant/contract*).

IN WITNESS WHEREOF, the parties have executed this (*subgrant/contract*) Modification Number ___, on the date appearing with their respective signatures below.

APPROVED FOR MDHS:	APPROVED FOR (*subgrantee/contractor organization*)
_____ _____ Signature Date	_____ _____ Signature Date
_____ Typed Name of Executive Director/Designee	_____ Typed Name and Title
_____ Witness	_____ Witness
_____ Witness	_____ Witness

PROCUREMENT AND PURCHASING **Section 6**

OVERVIEW

Compliance with Federal Regulations - Subgrantees shall use MDHS procurement procedures stated in this manual, which reflect applicable state and local laws and regulations, and conform to the standards set forth in 45 CFR Part 74 and Part 92, and Section 31-7-13 Mississippi Code of 1972, Annotated. These guidelines apply to purchases for contractual services, commodities, and equipment.

> **EXCEPTION:** A general exception is allowed for subgrantees that are Institutions of Higher Learning and for other state agencies. Institutions of Higher Learning and other state agencies are required to follow the procurement requirements applicable to those particular entities. However, those procurement requirements shall conform to the standards set forth in 45 CFR Part 74 and Part 92 or applicable federal law.

Subgrantee's Use of Lower-Tier Subrecipients - If the provisions of a subgrant agreement allow a lower-tier subrecipient to manage and administer subgrant-supported projects, the lower-tier subrecipient shall be bound by the lower-tier subrecipient agreement to adhere to the MDHS Subgrantee Manual, applicable state and federal law, and all guidelines established by the MDHS Funding Division.

- **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. (See 45 CFR Part 74 and Part 92 or applicable federal law for further specific guidance)

Open and Free Competition - All procurement transactions shall be conducted in a manner that provides maximum open and free competition consistent with 45 CFR Part 74 and Part 92 or applicable federal law. Procurement procedures shall not restrict or eliminate competition. Examples of what is considered to be restrictive of competition include, but are not limited to, the following:

- Placing unreasonable requirements on firms/service providers in order for them to qualify to do business;
- Noncompetitive practices between firms/service providers;
- Organizational conflicts of interest; and
- Requiring unnecessary experience and excessive bonding requirements.

Written Procurement Policies - The subgrantee shall have written procurement procedures and may adopt by reference procedural requirements of 45 CFR Part 74 and Part 92 or applicable federal law.

PROCUREMENT GUIDELINES

Subgrantees are advised to pay particular attention to 45 CFR Part 74 and Part 92 or applicable federal law regulating procurement. Stated therein are the governing regulations and implementing guidelines for all procurement activity undertaken with grant funds. Some of those items, with particular applicability to MDHS subgrants, are:

Procurement Standards

1. Subgrantees shall maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders.

2. Procedures shall allow for analysis of the most economical approach in purchasing, including lease versus purchase alternatives. Each proposed procurement shall be reviewed to avoid the purchase of unnecessary or duplicate items.

3. Subgrantees shall make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

4. Subgrantees shall maintain records sufficient to detail the significant history of procurement.

5. These standards do not relieve the subgrantee of any contractual responsibilities under its subgrants. The subgrantee is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of any procurement entered in support of a subgrant. These include, but are not limited to, source evaluation, protests, disputes and claims.

METHOD OF PROCUREMENT

All procurement transactions shall be made by one of the following methods;

1. PROCUREMENT BY SMALL PURCHASE PROCEDURES: For procurement of services, supplies, or other property with an aggregate cost of at least $5,000.00 (five thousand dollars) but not more than $50,000.00 (fifty thousand dollars), written price or rate quotations shall be obtained from at least two qualified sources. The aggregate sum of all items being purchased is considered one purchase.

2. PROCUREMENT BY SEALED BIDS: Formal advertising in a newspaper of general circulation once each week for two consecutive weeks for competitive sealed bids is required for all purchases that exceed $50,000.00 (fifty thousand dollars). Bids shall not be due less than seven working days following the date the last advertisement appears in the newspaper.

3. PROCUREMENT BY COMPETITIVE PROPOSALS: Formally publicizing a request for proposals which normally results in conducting competitive negotiation with more than one source submitting an offer. This method is generally used when conditions are not appropriate for the use of sealed bids. All evaluation factors and their relative importance will be identified. There shall be procedures for technical evaluations of the proposals and selection of an awardee. Awards shall be made to the proposal most advantageous to the program, with price and other factors considered.

4. SOLE SOURCE PROCUREMENT: Noncompetitive negotiation with a single source. In the purchase of noncompetitive items or services only available from one source, a certification of the conditions and circumstances requiring the purchase shall be filed by the subgrantee with the appropriate MDHS Funding Division Director. Upon receipt of such certification, the appropriate MDHS Funding Division Director shall forward the certification to the MDHS Executive Director for approval, and then the certification shall be forwarded to the Department of Finance and Administration which may authorize or deny the purchase.

5. EMERGENCY PROCUREMENT: The appropriate MDHS Funding Division Director may approve and the Executive Director may authorize, an emergency procurement under the conditions defined in state law, provided such emergency procurement shall be made with such competition as is practicable under the circumstances.

Note: Explicit federal and state regulations apply to each procurement method. Subgrantees may proceed with procurement activities only after careful study of the regulations reveals all requirements have been met.

Competitive Purchasing

1. Purchases Under $5,000.00

Purchases for less than five thousand dollars ($5,000.00) exclusive of freight or shipping charges, may be made without advertising or otherwise requesting competitive quotes; provided, however, that nothing contained in this paragraph shall be construed to prohibit any agency or governing authority from establishing procedures which require competitive quotes on purchases under five thousand dollars ($5,000.00).

2. Purchases between $5,000.00 and $50,000.00

Purchases which involve an expenditure of at least five thousand dollars ($5,000.00), but not more than fifty thousand dollars ($50,000.00) exclusive of freight and shipping charges, may be made from the lowest and best vendor without publishing or posting advertisements for bids, provided at least two competitive written quotes have been obtained.

The term "competitive written quotes" means a quote submitted on a quote form furnished by the subgrantee and signed by authorized personnel representing the vendor, or a quote submitted on a vendor's letterhead or quote form signed by authorized personnel representing the vendor. Quotes obtained from a magazine, newspaper or internet advertising, are not acceptable.

3. Purchases Over $50,000.00

Purchases which involve an expenditure of more than fifty thousand dollars ($50,000.00) exclusive of freight and shipping charges may be made from the lowest and best bidder after advertising for competitive sealed bids once each week for two consecutive weeks in a regular newspaper published in the county or municipality in which such agency or governing authority is located. The date, as published, for the bid opening shall not be less than seven working days after the published notice has been completed. The notice shall state the time and place at which bids shall be received; types of supplies, and/or equipment to be purchased, and the contact person. If plans or specifications are not published, notice should state where copies may be obtained. Specifications shall be written so as not to exclude any supplier.

4. Sole Source/Noncompetitive Purchases

Noncompetitive items are items available from one source only.

In connection with the purchase of noncompetitive items only available from one source, a certification of the conditions and circumstances requiring the purchase shall be filed by the subgrantee with the appropriate MDHS Funding Division Director. Upon receipt by the MDHS Funding Division, the certification will be forwarded to the MDHS Executive Director for approval of the request for sole-source procurement to be forwarded to the Department of Finance and Administration (DFA) for authorization. Only after receiving authorization from DFA is the purchase deemed a sole source procurement. All authorizations shall be received prior to any procurement transactions. The appropriate MDHS Funding Division Director and the MDHS Executive Director may approve, and the Department of Finance and Administration may authorize, a sole source procurement under the conditions defined in state law, provided that the sole source procurement shall be made according to the established purchasing rules and regulations and shall not be made so as to circumvent the competitive purchasing requirements.

5. Purchase of Used Equipment

Subgrantees who would like to purchase used equipment shall submit a written request and justification to the appropriate MDHS Funding Division Director for written approval before proceeding with the purchase. This is in addition to the established requirements set out in the Procurement and Purchasing section and the Inventory Management section of this manual.

6. Purchases Made Under State Contract

Agencies that may purchase under state contract may do so without prior approval or obtaining written quotes. All other purchases shall follow the guidelines outlined in the Purchasing Procedures.

7. Subgrantee Files

Each subgrantee shall maintain adequate files to support any purchases made. A copy of the quotes that were obtained (purchases between $5,000.00 and $50.000.00) or a copy of the legal notice (purchases over $50.000.00) shall also be on file to support the choice of lowest and/or best bid. The subgrantee shall provide adequate justification if the purchase is not awarded to lowest and/or best bidder.

Purchases made by formal bid process or otherwise shall be public record to the extent

provided in Section 25-61-1 et seq. Mississippi Code of 1972, Annotated.

Information pertaining to the results of any bid may be reviewed at the subgrantee's offices at any time during normal working hours subsequent to the time of the bid opening. This authority shall be granted only to any business or person who has submitted bids on the particular transaction. The subgrantee may restrict the availability of the bids during the evaluation process so as to improve the efficiency of the evaluation and award process. Businesses or persons not participating in the process shall not be permitted access to any applicable file until after an award is made. All information and documents applicable to the awarded contract shall be available to any business or person; provided, however, that records furnished by third parties which contain trade secrets or confidential commercial or financial information shall not be subject to inspection, examination, copying or reproduction until notice to said third parties has been given, but such records shall be released within a reasonable period of time unless the said third parties have obtained a court order protecting such records as confidential.

8. Emergency Procurement

Emergency procurement is limited to only those supplies, equipment or services required to meet the emergency. Circumstances that could meet the definition of an emergency are listed in section 31-7-1 (f) MS Code of 1972, Annotated. Prior to making an emergency procurement, a written justification of the circumstances attributing to the emergency shall be submitted to the appropriate MDHS Funding Division. Upon receipt by the MDHS Funding Division, the justification shall be forwarded to the MDHS Executive Director for authorization of the request for an emergency procurement. The MDHS Executive Director may determine that an emergency exists in regard to the purchase so that the delay, incident to giving opportunity for competitive bidding, would be detrimental to the interest of the state. Authorization shall be received prior to any procurement transactions, and purchases shall only be made for the purpose of meeting the needs of the emergency. The appropriate MDHS Funding Division Director may approve and the MDHS Executive Director may authorize, emergency purchases under the conditions defined in state law, provided that such emergency purchases are made according to the established purchasing rules and regulations and are not be made so as to circumvent the competitive purchasing requirements.

INVENTORY MANAGEMENT **Section 7**

OVERVIEW

Uniform standards on inventory management shall ensure the effective use and control of subgrantee property under the jurisdiction of the Mississippi Department of Human Services. Property inventory management is applicable to all non-expendable equipment and property having a useful life of one year or more, and having a unit acquisition cost of $1,000.00 or more shall be tagged and placed on inventory. Other specific items listed in this chapter are required to be placed on MDHS's inventory regardless of price. Items with a useful life of one year or more with a unit cost of less than $1,000.00 are not required to be placed on inventory. However, they are required to have an agency "Property of MDHS" sticker applied. It will be the responsibility of the MDHS Funding Division to ensure proper reporting of all equipment and property is forwarded to the MDHS Office of Property.

If equipment or property is authorized under an MDHS 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. No equipment or property shall be purchased during the last thirty (30) days of the subgrant. These time limits are also applicable to property or equipment purchased with non-federal funds or donated by third parties that is used to match funds under an MDHS subgrant.

The Subgrantee Inventory Management Policy provides guidelines for purchase approval; purchase of used equipment; Inventory Control List; property identification; physical inventory; property which has been lost, stolen or damaged; property disposal or transfer, and subgrantee or program closeout.

The policy serves as a minimum guide in the development of each MDHS Funding Division's inventory management system. Subgrant property management implementation shall be the responsibility of the appropriate MDHS Funding Division Director. Verification shall be the responsibility of the Division of Budgets and Accounting's Property Officer. Property which has been stolen shall be reported by the subgrantee/contractor to the appropriate MDHS Funding Division Director and to the Director of the MDHS Property Office within 24 hours of discovery.

Subgrantees may refer to the 45 CFR Parts 74 and 92 or applicable federal law regulating property management for further guidance on property management standards. All property and assets purchased through MDHS subgrants shall be placed on inventory in accordance with the statutes of the State of Mississippi.

INVENTORY MANAGEMENT **Section 7**

POLICY

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 of the subgrant. The equipment needs of the subgrantee shall be assessed by the MDHS Funding Division staff analyzing all prior subgrants/contracts and the equipment needs expressed in the Scope of Services and the Terms and Conditions of the current subgrant.

Duplication of property or equipment purchases is prohibited by statute. All means of acquiring the proposed equipment, e.g., leasing, shall be reviewed before authorization is given. A capital lease or lease-purchase agreement is prohibited by statute.

The assessment criteria to be used by the MDHS Funding Divisions shall include, but are 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? 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 availability of needed items from surplus of used property from other active/inactive subgrantees, or from DFA Office of Surplus Property.

Note: All property or equipment purchased, in whole or in part, with funds provided by MDHS, shall be held in trust by the subgrantee as trustee for MDHS, and shall not be encumbered without the written approval of MDHS. 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 MDHS. Only Federal or State property may be upgraded with MDHS funds. The use and disposition of such property or equipment are prescribed by the MDHS Subgrant/Contract Manual.

Purchase of Used Equipment

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

Use of Equipment under MDHS Subgrants

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

Statement of General Policy - Property Inventory Rules

Where applicable, equipment or property items 1, 3, 4, 5, 6, 8, 9, 10, 12, 13, 14, 15, 16, 17, and 18 listed below shall be included on inventory regardless of the price and items 2, 7, and 11 listed below shall be included on inventory if the price paid to acquire or the fair market value is greater than $250.00 per unit, as required by the State Property Officer within the Office of the State Auditor.

If authorized under an MDHS subgrant, items 1, 3, 4, 5, 6, 8, 9, 10, 12, 13, 14, 15, 16, and 18 listed below shall be listed on the Cost Summary Support Sheet and in the Budget Narrative under the budget category of Capital Outlay-Equipment regardless of the price. If the purchase price of items 2, 7, and 11 listed below is greater than $250.00, the items shall be included on inventory and listed on the Cost Summary Support Sheet and in the Budget Narrative under the budget category of Capital Outlay-Equipment.

1. Weapons
2. Camera and Camera Equipment (Greater than $250.00)
3. Tape Recorders
4. Two-way Radio Equipment
5. Typewriters
6. Appliances (refrigerators, freezers, air-conditioners, stoves, microwave ovens, etc.
7. Televisions, VCR, DVD (Greater than $250.00)
8. Lawn Maintenance Equipment
9. Sterling Silver
10. Cellular Telephones
11. Computers/Computer Equipment, including Printers
12. Chain Saws
13. Air Compressors
14. Welding Machines
15. Generators
16. Motorized Vehicles
17. Dictating Equipment
18. Antiques

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 (Form MDHS-PROP-SE-02). The Inventory Control List must be submitted to the appropriate MDHS Funding Division Director, for any new and/or additional equipment purchased, when the equipment has been received and paid for by the subgrantee. The subgrantee and each MDHS Funding Division shall maintain a complete and up-to-date list of subgrantee equipment or property. The MDHS Subgrant Master Inventory shall be maintained in the MDHS Office of Property. It shall be the responsibility of each MDHS Funding Division 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:

(A) Subgrantee's Name, Address, and Telephone Number;

(B) Contact Person and Telephone Number;

(C) Subgrant Number, Grant Identifier Number, Subgrant beginning and ending dates and/or modification, if applicable;

(D) Total Equipment Amount Budgeted;

(E) Item description, manufacturer's name, etc;

(F) Manufacturer's Serial Number;

(G) Manufacturer's Model Number;

(H) Vendor Name;

(I) Purchase Date or Invoice Date;

(J) Check Number and/or Voucher Number;

(K) Cost plus tax, freight or shipping charges (if applicable);

(L) Location of equipment or property address;

(M) MDHS Inventory Number Assigned by the MDHS Property Office; and,

(N) Ultimate disposition data, including date of disposal and sales price of the method used to determine fair market value where a subgrantee compensates the federal agency, MDHS 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 funding division in writing within a 10 working day period.

Mississippi Department of Human Services
Inventory Control List
Subgrant/Contract Property & Equipment

Mississippi
MDHS-PROP-SE02
Revised: 3/01/2005

MDHS Funding Division:

A. Subgrantee Name: _____
Street Address: _____
Telephone Number: (____)_____

B. Contact Person: _____
City, State, Zip Code: _____

C. Subgrant Number: _____
Grant ID: _____
Subgrant/Contract Period: From _____ To _____

D. Total Equipment Amount Budgeted:$ _____

E. Item Description	**F.** Serial #	**G.** Model #	**H.** Vendor Name	**I.** Invoice Date	**J.** Check # or Voucher #	**K.** Cost	**L.** Location	**M.** MDHS Subgrantee Inventory #	**N.** Final Disposition
1.									
2.									
3.									
4.									
5.									

(Subgrantee must complete items **A. - L.**) (MDHS will complete items **M** and **N**.)

Verified by: _____Title: _____ Date: _____

Property Identification

All subgrantee equipment or property purchased with federal and/or state funds, or provided as match for federal and/or state funds, shall have permanent identification numbers assigned by the MDHS Property Office (Equipment Inventory Tagging Form MDHS-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/contracts awarded by MDHS Funding Divisions shall be tagged and accounted for by the MDHS Property Office or, in some instances, by the Office of Monitoring.

Physical Inventory

A periodic physical inventory shall be performed by all subgrantees at least twice yearly, using the MDHS Inventory Control List and submitted to the appropriate funding division. The physical inventory shall consist of an actual accounting of all subgrantee/contractor 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 MDHS subgrant. Property records pertaining to the purchase of equipment or property shall be inspected for correctness before items are identified and tagged for inventory control. Location and use of equipment or property shall be verified by MDHS. Property or equipment, that is not being utilized or managed under the terms of the subgrants, shall be recovered and/or redistributed.

Should a subgrant be terminated or not renewed, any equipment purchased under the subgrant with public funds or MDHS' 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 of the MDHS Executive Director. The MDHS Inventory Transfer Form (MDHS-PROP-114B) shall be completed and submitted to the MDHS Property Office.

Lost, Stolen, or Damaged Equipment or Property

Any stolen, misused or unaccounted for equipment or property, shall be reported in writing to the Director of the MDHS Funding Division who shall contact the MDHS Property Office. The MDHS property office shall develop a reporting system to identify lost, stolen, or damaged subgrant equipment or property. A subgrantee shall submit, in writing, within 24 hours of discovery to the Director of the MDHS Funding Division, a detailed explanation of loss. In case of theft, robbery or disappearance, show the name of the local police or sheriff's department notified, and the date the loss was discovered. If such was not reported to a 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 the letter to the Director of the MDHS Funding Division. 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 item was paid for under his/her homeowner's or car insurance policy. The MDHS Funding Division shall review the information and forward the information to the MDHS Property Office with recommendation of action to be taken, if appropriate.

Liability

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

Damaged, Non-Serviceable Equipment or Property

The subgrantee shall submit a written request to the Director of the MDHS Funding Division requesting authorization to dispose of equipment or property, and an on-site inspection by the MDHS Property Office will be conducted, if applicable. The MDHS Funding Division Director will approve or deny the request in writing.

Property Disposal or Transfer

Subgrantees shall notify, in writing, the Director of the MDHS Funding Division when an item is either no longer needed or useful to the implementation and objective of the program. The subgrantee must include the following: (Note: Information can be obtained from the Inventory Control List.)

A. Inventory Number Assigned by Inventory Funding Source;

B. Description;

C. Purchased Price;

D. Dollar Value;

E. Subgrant Number/Contract Number;

F. Grant Identifier Number;

G. Subgrant Beginning and Ending Dates; and

H. Reason for Disposal.

Upon completion of an on-site visit by the MDHS Funding Division or Property Officer, where applicable, the Director of the Property Office shall decide the proper means of disposal. Should a subgrant be terminated or not renewed, any equipment purchased under the subgrant with public funds or MDHS' 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 of the MDHS Executive Director. The MDHS Inventory Transfer Form (MDHS PROP-114-B) shall be completed and submitted to the MDHS funding division by the subgrantee and forwarded to the MDHS Property Office whenever property is moved from one office/site to another. Appropriate "From" and "To" signatures shall be obtained.

Subgrantee or Program Closeout

A subgrantee that desires to continue using equipment or property after the expiration date of the subgrant period shall submit a written request to the Director of the MDHS Funding Division. It is the established policy of the funding division and the Mississippi Department of Human Services, to give consideration to written requests, 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 program, and the subgrantee is in good standing at the time of closeout. The request shall include a copy of the Subgrantee Inventory Control List for each item of equipment or property under the subgrant. The deadline for equipment or property retention request is the same as for the closeout package. The Director of the MDHS Funding Division shall forward the subgrantee's request to the Executive Director for approval/disapproval. The Director of the MDHS Funding Division shall then forward the approval or denial to the subgrantee. If the request is denied, or if the subgrantee fails to meet the closeout deadline, MDHS shall retrieve the equipment or property as soon as possible after the subgrant ends. If property or equipment is left with a subgrantee, it shall be the responsibility of the MDHS Funding Division to monitor the utilization of all items on a yearly basis, and report the findings to the MDHS Property Office.

Mississippi
MDHS-PROP-114B
Revised 7/1/12

INVENTORY – TRANSFER (SUBGRANTEE)
MS DEPARTMENT OF HUMAN SERVICES

SEND ALL COPIES TO: MS DEPARTMENT OF HUMAN SERVICES, PROPERTY UNIT

Transferred From: _____ Transferred To: _____
Name Name

_____ _____
Location Location

_____ _____
Program Program

Department Head: _____ Department Head: _____
Initials Initials

ITEM	FULL DESCRIPTION OF ITEM	SERIAL NO.	INV NO.	COST	CONDITION
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					

This is to certify that I have on this _____ day of _____, 20____, transferred the above property and will not be held responsible for the accountability of same.

_____
Signature

_____
Name Printed

This is to certify that I have on this _____ day of _____, 20____, received the above property and will be held responsible for the accountability of the same.

_____
Signature

_____
Name Printed

RECORDED BY: _____

Date Entered: _____
Date Distributed: _____

Instructions for PROCESSING AN OFFICIAL INVENTORY TRANSFER

A. Use MDHS Form 114-B, Revised July 1, 2012

B. Receiving Department will complete a MDHS Form 114-B

1. Complete heading entries for "Transferred From" and "Transferred To" include all information.

2. List <u>all equipment</u>, <u>all entries</u> and draw a diagonal line through all unused lines.

3. Forward to the "Transferred From" Department Head for review, approval, and initials.

4. Forward to the "Transferred to" Department Head for review, approval, and initials.

5. The person receiving the items and the person transferring the items and the person transferring the items will then coordinate and execute the transfer. Both will sign and date as indicated.

6. The form will be forwarded to the Property Unit for recording. Interim photocopies may be retained as temporary records.

7. The Property Unit will officially record the changes, sign and date the forms, and make distribution.

C. If common commercial carrier is used, the sender is responsible for necessary insurance and costs since they are accountable until transferred. The Receiving Department may support these costs if both parties agree.

D. The inventory Transfer Form 114-B, may be used for any type of property to include lease, lease/purchase, rented, or non-reportable inventory.

Mississippi
MDHS-PROP-SE01
Revised 7/1/2012

MDHS - SUBGRANTEE EQUIPMENT INVENTORY TAGGING FORM

Section I: Please complete the following information identifying the subgrantee organization and the subgrant under which the equipment was purchased (Note: a separate form must be completed for each subgrant and each location):

Subgrantee Name

MDHS Funding Division

Physical Address Where the Equipment is Located

Subgrant Number

City/Town State Zip Code

Program Title

Name of the Contact Person

Telephone Number (including area code)

Section II: Please complete the following information for each item of equipment purchased under this subgrant:

MDHS Subgrantee Inventory Tag Number	Description of Item (Including Manufacture or Brand Name and Model Number)	Serial Number	Cost of the Item Including Tax and Shipping Charges

Is this the final purchase of equipment for this location under this subgrant? _____ Yes _____ No

Section III. To be completed by MDHS personnel:

The MDHS inventory tag numbers identified above were affixed to the specific items of equipment. The physical existence of each item was confirmed and the description of each item and serial number were verified.

_____ _____ _____(Signature of MDHS Personnel) (Title or Position) (Date Inventory Completed)

Section IV. To be completed by an authorized subgrantee official:

The inventory as listed on this document is true and correct. Each item is being used in the program or project for which it was acquired; or, in other activities currently or previously supported by a Federal agency. The undersigned accepts accountability for this subgrantee equipment, and agrees to notify MDHS of any changes in the use, location, or condition of any of the items:

(Signature of Authorized Official)

(Date)

(Printed Name of Authorized Official)

(Title of Authorized Official)

TRAVEL **Section 8**

OVERVIEW

Section 25-3-41, Mississippi Code Annotated (1972), authorizes the Mississippi Department of Finance and Administration to set guidelines for travel reimbursement of state officials and employees. MDHS has adopted some of those guidelines as applicable to its subgrantees. 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 is available on the Internet at the following address:

www.dfa.state.ms.us

POLICY

The following policy concerning in-state and out-of-state travel has been established for subgrantees of MDHS.

TERMS	DEFINITIONS
Commuting	Commuting is defined as travel by an officer/employee between the official residence, and the official duty station or regular place of work.
Official Duty Station	An officer/employee's official duty station is the city, town, or other location where the primary office is located, or the city, town or location where the primary work is performed on a permanent basis. If the employee regularly works in two or more areas, the official duty station shall be where the primary place of work is located. The regular place of work shall be determined by the agency head or authorized designee based on total time ordinarily spent working in each area and the degree of business activity in each area. Employees shall be advised in writing of their official duty station. (State law prohibits claiming reimbursement for miles not actually traveled.)
Official Residence	An officer/employee's official residence is the city, town, or other location where an officer/employee maintains a residence which is used as a primary domicile by the officer/employee. Determination by the agency head or authorized designee regarding his/her residence is to be based on items such as voter

registration, ownership, or long-term rental of a personal residence, and the permanent address carried in the officer/employee's personnel file.

Travel Status Travel status employees are those employees who perform duties at locations other than their official duty stations. Travel status employees are expected to report to work at their normal time when the work assignment is within 30 miles one-way. (This will also apply to the return trip.) The employee, who works in two or more offices or regular places of work, may claim mileage reimbursement to travel from one office or regular place of work to another place of work, but not between the regular work site and home, regardless of the distance of the commute. NOTE: An officer/employee is not in travel status and shall not receive lodging or meal reimbursement while at the Official Duty Station. Reimbursement shall continue to be allowed for approved and documented expenses incurred during any authorized meeting, workshop or conference.

Regular Place of Work An officer/employee's regular place of work is any location at which he/she works or provides services on a regular basis.

Temporary Place of Work An employee's temporary place of work is any location at which the officer/employee performs services on short-term basis.

Overnight Travel When the one-way mileage from an employee's official duty station to the location of their work assignment exceeds 75 miles and the work assignment exceeds one day, the employee will normally be required to stay overnight. Exceptions may be approved on an individual basis by the Authorized Official of the subgrantee.

ALLOWABLE REIMBURSEMENT FOR TRAVEL, MEALS, LODGING AND OTHER NECESSARY EXPENSES

For out-of-state travel to be approved it shall be submitted to the appropriate MDHS Division Director through the budget narrative.

All reimbursements claimed for travel, meals, lodging and other necessary expenses shall be within the limitations of the established travel regulations, guidelines, and policies, as follows:

1. Travel in Privately-Owned Motor Vehicle

a. If an employee uses a privately-owned vehicle to travel in connection with the performance of official duties, he/she shall be reimbursed for such travel at the rate approved by the DFA for its employees at the time that travel was performed, as long as the total amount of the subgrant and activity charged with the expense is not exceeded.

b. When two or more employees travel in one privately-owned vehicle, only one travel expense at the authorized reimbursement rate per mile shall be allowed. A notation on the travel voucher shall be made of the employee's name who is a guest passenger.

c. If subsistence is claimed while traveling with another person in a privately-owned automobile, entries shall be made on the voucher indicating the name of the person in whose car the trip was made.

d. Reimbursement shall not exceed the commercial airline tourist rate when an employee chooses to travel via personal automobile in interstate travel instead of traveling by airplane. Subsistence claimed must begin and end at the time the traveler would have departed and returned, had the trip been made by airplane. Only the owner of the automobile shall be allowed to claim travel. If employees are required to travel as passengers, only subsistence shall be allowed.

e. Mileage shall be allowed for the distance actually and necessarily traveled in order to promptly discharge the duties required of an employee. The mileage between points, as shown on (Official Highway Map) a recognized mapping program, shall be considered as the official mileage guide between said points.

f. An employee shall be paid the standard rate per mile, plus automobile parking fees, for the round trip in a privately-owned automobile from the official station or place of business to an air terminal or from an air terminal to the official station. For parking fees in excess of $10.00, a receipt shall be attached with the travel expense voucher.

2. Travel by Public Carrier

a. When official travel is by means of a public carrier or other means not involving a privately-owned motor vehicle, an employee shall receive reimbursement of the actual fare costs and other necessary itemized expenses incurred in connection with such travel. The passenger coupon/ticket stub which notates the fare shall accompany the expense voucher.

b. Out-of-State travel by airlines shall be at the tourist rate, unless such space is unavailable. If travel is in first class airline accommodations, an employee shall certify on the itemized expense voucher that tourist accommodations were not available.

c. When the traveling employee makes changes in airline reservations during the trip which increases or decreases the airfare, a copy of the original ticket and credit or debit adjustments shall all be attached to the voucher, along with an explanation for the changes made on the voucher.

d. In-state air travel shall be kept to a minimum.

3. Meals, Lodging and Other Necessary Expenses

a. Meals

An employee shall be reimbursed for lodging and meals for overnight travel only, and for other necessary expenses as supported by receipts, incurred in the course of official travel, subject to the approval of the subgrantee authorized official. Meal reimbursements are for actual expenses not to exceed the daily meal maximums for the specific location of assignment which are currently set by DFA.

The federal register containing the current federal per diem rates may be obtained from the Mississippi Department of Finance and Administration website.

b. Lodging

1. Reimbursement for lodging shall be made when the circumstances prevent departure and return travel to the official duty station in one day. In no case shall an employee be reimbursed for lodging at their official duty station. Reimbursement for lodging expenses shall be made for the amount actually paid when supported by a receipt not to exceed DFA Policy Rules & Regulations State Travel. When an employee has a choice, extreme care and discreet judgment

shall be exercised in selection of lodging to ensure that the cost for lodging is within reason for the area. Reimbursement for lodging shall not exceed the single room rate. All expenses for lodging shall be billed to the employee or the subgrantee agency. The lodging receipt shall be marked paid and indicate a zero balance.

2. If a member of the employee's family or other non-subgrantee employee travels with the employee, the employee shall claim motel/hotel room rate at the single rate. The single rate shall be written across the face of the receipt.

3. If more than one employee shares a motel/hotel room, each employee shall report his/her pro-rata share of the costs on the travel reimbursement request. Separate invoices shall be obtained and are available if the employee so requests when registering at the motel/hotel.

c. Other

1. Charges for transportation, such as buses, limousines, taxi, etc., shall be allowed while traveling on official business. Taxi cab charges shall be allowed at the point of origin or from the subgrantee agency/office, whichever is closer to the air terminal.

2. Charges for rental cars shall be allowed only when there is a demonstrated cost savings over other modes of transportation, such as buses, subway, taxi, etc., and not strictly for the convenience of the employee.

3. Reasonable expenses incurred for tips to porters, baggage carriers, housekeeping personnel, waitresses or waiters, etc. are allowable. Necessary travel expenses do not include personal expense items such as alcoholic beverages, entertainment and trip insurance. Meal tips should be included in the actual meal expense unless the inclusion of tips would cause the meals to exceed the maximum daily limitations placed on meals. Meal tips shown separately shall not exceed percentage allowed by MDFA. Charges for registration fees are allowable as other authorized expenses if accompanied by a receipt. Meals shall not be claimed as separate items of expense on the travel voucher when included in the registration fee.

4. Phone calls, postage, and other expenses directly related to a trip shall be certified as valid business expenses and initialed at the bottom of the travel voucher by the employee.

TRAVEL VOUCHER

INSTRUCTIONS FOR COMPLETING THE *VOUCHER FOR REIMBURSEMENT OF EXPENSES INCIDENT TO OFFICIAL TRAVEL*

A. Social Security # - Enter the last four numbers of your social security number.

B. Name - Print your name.

C. Title - Print title.

D. Address - Enter your address of residence.

E. Enter the beginning date and ending date covered by the travel voucher.

BACK

F. Employee Name - Enter the employee's name.

G. SSN - Enter the last four numbers of the employee's social security number.

H. Date - Enter each date of travel.

I. Purpose of travel - Reason for travel.

J. Points of Travel - Enter the beginning, intermediate (area travel) and ending point of travel for each date.

K. Total Miles - Enter the total miles traveled from the beginning point to the ending point. (Explain the reason for any excessive miles.)

L. Actual Breakfast - Enter the actual amount paid for breakfast each date. (Receipt required for out of state travel)

M. Actual Lunch - Enter the actual amount paid for lunch each date. (Receipt required for out of state travel)

N. Actual Dinner -Enter the actual amount paid for dinner each date. (Receipt required for out of state travel)

O. Total Amount Allowed - Enter the sum of the amount allowed for breakfast, lunch, and dinner (Items L, M and N).

P. Hotel/Motel - Enter the amount paid for hotel/motel for allowable expenses each date (Receipt required). If direct billed to the subgrantee, enter "DB".

Q. Other Authorized Expenses - Item - In this column, enter the amount of any other allowable expenses.

R. Total - Enter the total of each column (K, L, M, N, O, P and Q).

FRONT SIDE

S. Transfer the totals from the back side of this form to the appropriate line(s).

T. Subtotal - Enter the total of all amounts under S.

U. Travel Advance - Enter the amount advanced to employee.

V. Net Reimbursement (Refund) - Enter the difference in Lines T and U.

W. Signature of Payee - Employee must sign in this space.

X. Date - Enter the date signed in this space.

Y. Verified by - The verifier must sign in this space.

Z. Title - Enter the title of the verifier in this space.

AA. Approved for payment - The subgrantee staff authorized to approve travel payments shall approve by signing in this space.

BB. Title - Enter the title of the subgrantee staff authorized to approve travel payments in this space.

VOUCHER FOR REIMBURSEMENT OF EXPENSES INCIDENT TO OFFICIAL TRAVEL

Mississippi Department of Human Services
Revised for Subgrant Purposes -7/1/2012

NAME:

TITLE:_____

ADDRESS:

_____ _____

SOCIAL SECURITY NUMBER: _____
(Last four digits)

For mileage of privately-owned automobile used by me for transportation and reimbursement for subsistence and other authorized expenses
paid by me in the discharge of official duty from _____ to _____.
The itemized statement follows. Date) (Date)

IN-STATE			OUT-OF-STATE		
	AMOUNT			AMOUNT	
MEALS (Receipts Required)			MEALS (Receipts Required)		
LODGING			LODGING		
Travel - AUTO -PRIVATE			Travel - AUTO -PRIVATE		
Travel - AUTO-RENTAL			Travel - AUTO-RENTAL		
Travel - PUBLIC CARRIER			Travel - PUBLIC CARRIER		
OTHER:			OTHER:		
			SUB-TOTAL OUT-OF-STATE		
TOTAL IN-STATE			LESS TRAVEL ADVANCE		
TOTAL OUT-OF-STATE			← TOTAL OUT-OF-STATE		
NET REIMBURSEMENT (Refund)					

Subject to any difference by verification, I certify that the above amount claimed by me for travel expenses for the period indicated is true and accurate in all respects, and that payment for any part has not been received in the event of overpayment, I agree that any future salary/travel disbursements may be debited to correct the overpayment.

SIGNATURE OF PAYEE: _____ DATE: _____

VERIFIED BY: _____ TITLE: _____

APPROVED FOR PAYMENT BY: _____ TITLE: _____

PENALTY FOR FRAUDULENT CLAIM - fine of not more than $250; civilly liable for full amount received illegally; removal from office or position held (Section 25-1-81 and 25-1-91, Miss. Code Ann. - 1972)

VOUCHER FOR REIMBURSEMENT OF EXPENSES INCIDENT TO OFFICIAL TRAVEL – Page 2

Revised Date: 7/1/2012

BREAKDOWN OF SUBSISTENCE AND TRAVEL EXPENSES: IN-STATE

Date	Purpose	Points of Travel	Total Miles	Actual Breakfast	Actual Lunch	Actual Dinner	Total Meal Amount Allowed	Hotel/ Motel	Other Authorized Expenses	
									Item	Amount
TOTAL										

**

BREAKDOWN OF SUBSISTENCE AND TRAVEL EXPENSES: OUT-OF-STATE

TOTAL										

**

****Multiply Total Miles column by the authorized reimbursement rate and carry the amount to the front page.**

NOTE: (1) Receipts for amounts paid for lodging and other expenses must accompany this voucher.
(2) All activity pertaining to a certain date should be shown on the line or lines associated with that date completely across the form.
(3) A continuation sheet may be used if necessary.

MONITORING **Section 9**

INTRODUCTION

The Mississippi Department of Human Services (MDHS) is required to monitor the activities of its subgrantees by following the Single Audit Act Amendments of 1996, the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and the OMB Circular A-133 Compliance Supplement. MDHS shall monitor each project, program, subgrant, function, or activity supported by a Federal award to assure compliance with applicable Federal regulations and that performance goals are achieved.

POLICY

MDHS has established uniform monitoring policies designed to ensure that all subgrants under the jurisdiction of MDHS are administered in compliance with Federal requirements and with the terms of the subgrant agreements. Monitoring subgrants, for compliance with the applicable Federal regulations, State laws, Agency policies, and the terms of the subgrant agreements, is the responsibility of the MDHS Division of Program Integrity.

Subgrant monitoring procedures may include several of the various options available. These options include: reviewing reports submitted by the subgrantee; reviewing documentation supporting expenses reported under MDHS subgrants; reviewing the subgrantee's single audit or program-specific audit results and evaluating audit findings and the subgrantee's corrective action plan; performing on-site reviews of fiscal and programmatic records and observing subgrantee operations; and/or, arranging for limited scope audits of specific compliance areas.

Planning Considerations

When determining the extent of monitoring procedures to perform, MDHS will consider factors such as the amount of the subgrant, the percentage of a Federal program's total funds awarded to subgrantees, and the complexity of the compliance requirements. To determine the appropriateness of monitoring procedures, MDHS will consider the cost-effectiveness of monitoring procedures compared to the relative size and complexity of the Federal awards administered by the subgrantee. The following factors will also be considered when determining the monitoring procedures to be performed to ensure compliance with the Federal regulations, State laws, Agency policies and procedures, and the terms of the subgrant agreement:

1. The amount of the subgrant in relation to the total amount of the program;
2. Prior experience of the subgrantee operating subgrants supported by Federal funds;
3. Results of the MDHS follow-up on prior year single audit findings;
4. Results of the review of documents submitted by the subgrantee;
5. Results of the desk review of supporting documentation for expenditures;
6. Results of previous on-site fiscal and programmatic reviews; and/or,
7. Specific requests by the MDHS Executive Director or Funding Division Director.

Monitoring Procedures

1. **Review of Reports Submitted by Subgrantees**

   Subgrants may be monitored by reviewing reports submitted by the subgrantee for compliance with the subgrant agreement and program instructions. For example, the monthly reporting worksheets may be reviewed for accuracy and completeness or the quarterly programmatic report may be reviewed to ensure that each element of the Scope of Services is being met.

2. **Review of Supporting Documentation for Expenditures**

   Subgrants may be monitored by performing a desk review of supporting documentation for expenditures reported under the subgrant. This review consists of contacting the subgrantee and requesting documents to support certain amounts included on the subgrantee's reporting worksheets. These documents will be examined by the monitors to determine compliance with the subgrant agreement and with State and Federal regulations. The results of the desk review will be communicated in a written report to the subgrantee and to the MDHS Funding Division.

   Desk reviews may be conducted at any time by staff of the MDHS, Division of Program Integrity. The desk review procedure may be used in lieu of or in conjunction with an on-site fiscal review or as a follow-up to an on-site fiscal review to ensure that corrective actions have been implemented.

   Fiscal monitoring through a desk review will include, at a minimum, a review of all documents to support all expenses reported for one month of the subgrant period. Documents shall be reviewed to support costs reported on the reporting worksheet submitted for the month in which the highest dollar amount of expenses was reported as of the date that the schedule letter was prepared to begin the desk review and request support documents.

   When fiscal monitoring is initiated through a desk review and sufficient documents are not provided by the subgrantee/contractor to support costs reported on the reporting worksheet, the desk review shall cease and fiscal monitoring shall be completed through an on-site review.

   Fiscal monitoring shall not be performed through a desk review on the first subgrant awarded to a subgrantee. In addition, monitoring through a desk review shall be alternated with on-site reviews so that on-site fiscal monitoring is performed at least every other year.

   Monitoring for programmatic compliance cannot be performed through a desk review.

3. **Review of the Subgrantee's Single Audit Report for Compliance, Evaluation of Audit Findings, and Follow-up on Corrective Actions**

   Subgrantees that expend $500,000.00 or more of Federal financial assistance during the subgrantee's fiscal year shall have an audit performed by an independent Certified Public Accountant in accordance with the Single Audit Act and OMB Circular A-133. As a part of MDHS' monitoring of each of its subgrants, these independent auditor's reports shall be obtained from the subgrantees and reviewed for compliance with Federal regulations.

   Any audit findings identified in the independent auditor's reports, as well as the subgrantees proposed corrective action plans, shall be evaluated by the MDHS Funding Divisions. If the subgrantee's corrective action plan is acceptable, a management decision will be issued by the MDHS Funding Division to resolve the audit findings. The MDHS Division of Program Integrity will follow-up on the subgrantee's corrective action plan during the next on-site fiscal review that is conducted.

4. **On-Site Reviews for Program Compliance**

   On-site reviews for program compliance are required to be conducted at least once during the subgrant period for every MDHS subgrant. On-site reviews for program compliance may be performed on any subgrant at any time and may be repeated as often as deemed necessary by MDHS. These reviews for program compliance will be conducted by the MDHS Division of Program Integrity.

   The on-site programmatic reviews are formal in nature and are normally preceded by written notification to the subgrantee and to the appropriate MDHS Funding Division Directors. However, unannounced on-site programmatic reviews may also be conducted. On-site entrance and exit conferences will be conducted with subgrantee officials and a written report will be issued communicating the results of the review to the subgrantee and to the MDHS Funding Divisions. The Agency shall follow-up on the subgrantee's corrective action plan for any programmatic monitoring findings.

5. **On-Site Reviews for Fiscal Compliance**

   On-site reviews for fiscal compliance will be conducted by the Division of Program Integrity, as provided under this section. These visits may also be conducted at the request of the MDHS Executive Director or the MDHS Funding Division Director.

   These reviews are formal in nature and are normally preceded by written notification to the subgrantee. The appropriate Funding Division Directors shall also receive written notification of on-site fiscal reviews. However, unannounced on-site fiscal reviews may also be conducted. On-site entrance conferences will be conducted with subgrantee officials. Exit conferences will be conducted and a written report will be issued

communicating the results of the review to the subgrantee and to the MDHS Funding Divisions. MDHS shall follow-up on the subgrantee's corrective action plan for any fiscal monitoring findings.

6. **Limited Scope Audits of Specific Compliance Areas**

   The Agency may engage an independent Certified Public Accountant to perform a Limited Scope Audit of certain MDHS subgrants. The need for this type of review shall be determined on an individual basis and shall be documented by the Division of Program Integrity. The results of this review shall be communicated to the subgrantee and to the MDHS Funding Divisions in a written report.

Corrective Action Process

The Initial Report of Findings and Recommendations that is forwarded to the subgrantee and to the MDHS funding division shall require a written response from the subgrantee within fifteen (15) working days. Upon receipt of the response from the subgrantee, the Director of the Office of Monitoring and other appropriate staff shall assess each response for adequacy. If all responses are adequate, a letter will be issued to the subgrantee clearing all findings. If any responses do not adequately address the findings, the subgrantee will be notified in writing by the issuance of a Status Report acceptable to MDHS requiring a second response from the subgrantee within ten (10) working days.

If the subgrantee fails to satisfactorily resolve all of the monitoring findings, the Office of Monitoring will issue a Final Notice Letter to the subgrantee demanding that the subgrantee refund the amount of questioned costs and advising the subgrantee of the procedures to follow if they wish to request an administrative hearing with the MDHS Executive Director.

If the subgrantee does not respond to the Final Notice Letter, the subgrantee will be referred to the State of Mississippi Office of the Attorney General to recover the unresolved questioned costs, and the Agency may begin procedures for debarment and suspension against the subgrantee organization and the subgrantee authorized official.

Discovery of Possible Fraud, Mismanagement, or Program Abuse

In the event indications of possible fraud, mismanagement, or program abuse are discovered during the course of monitoring subgrants, the Director of the Office of Monitoring shall notify the Director of the Division of Program Integrity, who shall notify the MDHS Executive Director. The MDHS Executive Director and appropriate personnel will decide the course of action to be taken, including the degree of disclosure to subgrantee personnel and to the MDHS Funding Divisions. The format for reporting such incidents will be determined by the Director of the Office of Monitoring and/or the Director of the Division of Program Integrity, after consultation with the MDHS Executive Director.

AUDIT **Section 10**

INTRODUCTION

The Division of Program Integrity (DPI) is responsible for oversight of the subgrantee audit process and for monitoring program and fiscal activities involving subgrants. DPI collaborates with MDHS Funding Divisions to ensure resolution of audit findings by the MDHS Funding Divisions and to monitor the success of corrective actions taken.

The provisions of this section do not limit the authority of Federal agencies or their Inspectors General or other Federal officials, the Mississippi Department of Human Services, or the Office of the State Auditor, or their duly authorized representatives, to make or contract for audits, evaluations, or reviews. Subgrantees shall not constrain the above-named agencies, in any manner, from carrying out audits, evaluations, or reviews.

GENERAL

All MDHS subgrantees are required to complete the MDHS Subgrantee Audit Information Form (MDHS-DPI-002). This form must be submitted to the Division of Program Integrity - Office of Monitoring no later than ninety (90) calendar days after the end of the subgrantee's fiscal year. This form is necessary to certify the sources and amounts of all Federal awards received and expended by the subgrantee.

The MDHS Subgrantee Audit Policy has been prepared using as references the Single Audit Act Amendments of 1996 (Public Law 104-156) as implemented by the Office of Management and Budget (OMB) through OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations". Subgrantees that are commercial organizations (i.e., for-profit) shall not be subject to the audit requirements contained in OMB Circular A-133 unless specifically required by program regulations or by the terms and conditions of the subgrant agreement. Subgrantees which expend Federal financial assistance during the subrecipient's fiscal year of:

1. Less than $500,000.00 shall be exempt from Federal audit requirements, but must make records available for review by the appropriate officials. In addition, these subgrantees shall complete the MDHS Subgrantee Audit Information form and submit the form to the Division of Program Integrity - Office of Monitoring no later than ninety (90) calendar days after the end of the subgrantee's fiscal year;

2. $500,000.00 or more under only one Federal program may elect to have a program-specific audit, or a series of program audits, performed on each subgrant awarded by MDHS in accordance with Government Auditing Standards, or an organization-wide audit performed in accordance with OMB Circular A-133; or

3. $500,000.00 or more under more than one Federal program shall have an organization-wide audit performed in accordance with OMB Circular A-133. 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 MDHS subgrants performed in accordance with Government Auditing Standards.

RESPONSIBILITIES OF SUBGRANTEES

The subgrantee shall:

1. Maintain and make records available for review or audit by appropriate officials of the Federal agency, pass-through entity, General Accounting Office (GAO), and/or the subgrantee's independent auditor;

2. Prepare financial statements that reflect its financial position, results of operations, and, where appropriate, cash flows for the fiscal year audited. The subgrantee shall also prepare a schedule of expenditures of Federal awards for the period covered by the subgrantee's financial statements, which shall be prepared in accordance with paragraph .310 of OMB Circular A-133;

3. Follow procurement standards prescribed by OMB Circular A-110 and the procurement section of this subgrantee manual in arranging for an independent audit to be performed by a Certified Public Accountant (CPA), in accordance with GAAS, GAGAS, and/or OMB Circular A-133, as applicable;

4. Ensure that audits are conducted and reported in accordance with Generally Accepted Auditing Standards (GAAS), Government Auditing Standards (GAS) and Circular A-133, as applicable, and that copies of the auditor's reports, and any management letters issued by the auditors, are submitted to the Division of Program Integrity - Office of Monitoring within nine (9) months after the end of the subgrantee's fiscal year;

5. Be held responsible for follow-up and corrective action on all audit findings; (As part of this responsibility, the subgrantee shall prepare a summary of prior audit findings and a corrective action plan for current year audit findings. The summary schedule of prior audit findings and the corrective action plan shall include the reference numbers the auditor assigns to audit findings and the fiscal year in which the finding initially occurred. At the completion of the audit, the subgrantee shall prepare a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan shall provide the name(s) of the contact person(s) responsible for

corrective action, the corrective actions planned or implemented, and the anticipated completion date.)

6. Assure MDHS subgrants are properly identified and audited as part of an organization-wide audit. (MDHS may request a subgrantee which 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 MDHS whether the program would otherwise be audited as a major program using a risk based approach and, if not, the estimated incremental costs. MDHS shall then promptly confirm to the subgrantee whether it wants the program audited as a major program.)

7. Ensure that adequate funding is available to cover the cost of audits made in accordance with this section, either from non-Federal non-matching sources or as part of the subgrant agreement or other arrangement approved in advance by the MDHS Funding Division. For any audit costs charged directly or indirectly to any MDHS subgrant, or otherwise paid by an MDHS Funding Division, the subgrantee shall submit a detailed invoice to the MDHS Funding Division that indicates the total audit cost, the audit cost allocated to each subgrant and the basis for allocating the audit cost to the subgrant; and

8. Prepare a separate schedule of indirect costs, if indirect costs are claimed under any MDHS subgrant, which shall at a minimum include a listing of actual indirect costs incurred during the subgrantee's fiscal year presented 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; and,

9. Complete the MDHS Subgrantee Audit Information Form (MDHS-DPI-002) and submit the form to the Division of Program Integrity - Office of Monitoring no later than ninety (90) calendar days from the end of the subgrantee's fiscal year; and,

10. Submit a copy of the data collection form and the reporting package, which are specified under Section 320 of OMB Circular A-133, directly to the Federal Audit Clearinghouse, Bureau of the Census, 1201 E. 10th Street, Jeffersonville, Indiana 47132.

Mississippi
MDHS-DPI-002
Revised 7/1/2012

MDHS SUBGRANT/CONTRACT AUDIT INFORMATION FORM

Section I: Please complete the following information identifying the subgrantee/contractor:

Subgrantee Name:_____ Organization Type:_____
(Government/ Non-Profit/ Commercial/ Higher Ed.)

Address:_____

Contact Person:_____ Telephone Number: (____)_____

Ending Date of Fiscal Year:_____ Basis of Accounting:_____
(Month/Day/Year) (Cash / Accrual / Modified Accrual / Other)

Section II: Please complete the following information for each award or subaward of federal financial assistance that was active during the subgrantee's fiscal year:

Pass-Through Grantor	Grant Identifier or Pass-Through Grantor's Number	Program Title	C.F.D.A. Number	Expenditures of Federal Financial Assistance Incurred

Section III. If an audit has already been performed or if an audit firm has been engaged to perform an audit, please complete the following items:

Name and address of the audit firm engaged to perform the audit:_____

Date audit was completed, or anticipated completion date for audits in progress:_____

Type of audit performed:_____
(A-133 Organization-Wide / GAS-Program Specific / GAAS-Financial Statement / No Audit Required)

Section IV. The information and amounts identified above are true and correct to the best of my knowledge:

_____ _____
(Signature of Authorized Official) (Date)

_____ _____
(Printed Name of Authorized Official) (Title of Authorized Official)

INSTRUCTIONS FOR COMPLETING THE SUBGRANTEE/CONTRACTOR AUDIT INFORMATION FORM

Section I - Information Identifying the Subgrantee/Contractor:

Indicate the name of the subgrantee/contractor organization and any other names the subgrantee/contractor organization has done business as during the latest fiscal year.

Indicate the type of organization (i.e., State or Local Governmental Unit, Not-For-Profit Organization, Commercial Organization, or Institution of Higher Education).

Indicate the mailing address of the subgrantee/contractor organization, and street address if different.

Indicate the name and title of the subgrantee contact person.

Indicate the area code and telephone number where the contact person can be reached by phone.

Indicate the ending date of the subgrantee's fiscal year (including the month, day and year) or the period covered by the audit if anything other than a twelve month period is used.

Indicate the basis of accounting used by the subgrantee (i.e., cash basis, full accrual basis, modified accrual basis, or if some other basis is used, specify the basis used).

Section II - Information Identifying the Sources and Amounts of all Federal Financial Assistance:

Indicate the name of the pass-through grantor (i.e., MDHS, MDA, DHHS, USDA, Commerce, etc.).

Indicate the grant identifier number or the pass-through grantor's number (i.e., 123A456).

Indicate the program title of each award of federal financial assistance (i.e., Social Services Block Grant, Child Care and Development Fund, Temporary Assistance for Needy Families, etc.).

Indicate the Catalog of Federal Domestic Assistance (C.F.D.A.) number for each award or subaward of federal financial assistance active during the subgrantee/contractor's fiscal year.

Indicate the total amount of expenditures of federal financial assistance under each award or subaward of federal financial assistance active during the subgrantee/contractor's fiscal year.

Section III - Information Identifying the Audit Firm and Type of Audit Performed:

Indicate the name and address of the audit firm engaged to perform the audit.

Indicate the date the audit was completed, or the anticipated completion date for audits in progress.

Indicate the type of audit performed or that no audit is required (i.e., Organization-wide audit conducted in accordance with OMB Circular A-133, a program specific audit conducted in accordance with Government Auditing Standards, or a financial statement audit conducted in accordance with Generally Accepted Auditing Standards).

Section IV - Certification of Information and Amounts:

Indicate that the information presented on the form is true and correct as evidenced by the signature of the Authorized Subgrantee/Contractor Official.

Indicate the date signed, the printed name and the title of the Authorized Subgrantee/Contractor Official.

SUBMIT THE COMPLETED AND SIGNED MDHS - SUBGRANTEE AUDIT INFORMATION FORM TO:

THE MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
ATTN. - DIRECTOR, OFFICE OF MONITORING
750 NORTH STATE STREET
JACKSON, MS 39202

CLOSEOUT PROCEDURES **Section 11**

INTRODUCTION

The closeout of a subgrant is the process by which the Mississippi Department of Human Services (MDHS) determines that all applicable administrative actions and all required work of the subgrant have 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 MDHS. Subgrantees should also refer to 45 CFR Part 74 and/or Part 92, as applicable.

POLICY

DUE DATE OF CLOSEOUT PACKAGE

The closeout package~~s~~ bearing original signatures is due and shall be received by the appropriate MDHS funding division 45 calendar days from the ending date of a subgrant or a specific date designated by the funding division, in writing. A copy of the closeout package should be retained by the subgrantee.

Note: Closeout packages that are not received in a timely manner may result in a delay processing Request for Cash and may adversely affect the funding of future subgrants.

Subgrantees may revise the closeout package, with a written detailed explanation, only once after the initial package is received by MDHS. This revision shall be submitted within 60 calendar days after the ending date of the subgrant or a specific date designated by the funding division, in writing. Supporting documentation, subject to the approval of the appropriate MDHS official, shall accompany any request for additional funds. Should the Federal grant period be closed, MDHS will be unable to make any additional funds available. However, amounts due MDHS resulting from additional refunds, rebates or credits occurring after this point will be processed. In this case, a revised final Reporting Worksheet shall also be submitted.

INSTRUCTIONS FOR COMPLETING THE CLOSEOUT PACKAGE

SUBGRANTEE'S CLOSEOUT CHECKLIST, FORM MDHS-SGCC-1011

Each item on the form shall be completed and the form shall be signed by an authorized subgrantee signatory official or duly authorized representative. An explanation shall accompany any item that is checked "Sending Separately" or "Unable to Furnish."

Deobligation Authorization. This section is for the use of MDHS only.

1. CERTIFICATION OF SUBGRANT COMPLIANCE, Form MDHS-SGCC-1012

A. RELEASE

The purpose of the Subgrantee's Release is to release the unexpended/unobligated balance of the subgrant to MDHS.

The amount entered as the "Total amount paid and payable by MDHS/Total Authorized Expenditures" shall reflect the total actual expenditures allowed (do not round off expenditures) under the subgrant. The amount shown shall agree with the amount of cumulative costs reported on the final reporting worksheet and MDHS cumulative costs stated in the certification of cash balance section.

Any liability, obligation, claim or demand not released by the subgrantee shall be listed on the Outstanding Claimants List, Form MDHS-SGOCL-1013.

B. ASSIGNMENT OF REFUNDS, REBATES AND CREDITS

Execution of the assignment requires immediate remittance to MDHS of any subsequent refunds or credits applicable to the subgrant. Examples are telephone and insurance refunds.

C. INVENTORY CERTIFICATION

The purpose of the inventory certification is to account for all items of materials and equipment purchased and/or furnished in accordance with the terms and conditions of the subgrant. Complete the certification as required.

If equipment was purchased, furnished, or acquired with subgrant funds, the Inventory Control List (Form MDHS-PROP-SE-02) must be completed. If no equipment was furnished or acquired, so indicate. (See the Inventory Management section of this manual.)

D. CERTIFICATION OF CASH BALANCE

The purpose of the Cash Balance Certification is to provide a statement accounting for the balance of funds on hand applicable to the subgrant. Complete the Cash Balance Certification as required.

NOTE: Only a zero (-0-) cash balance will be accepted. Use the appropriate (+ or -) in the calculation of the Certification of Cash Balance.

E. GENERAL STATEMENT OF COMPLIANCE

The statement of compliance is the subgrantee's attestation that all other terms and conditions of the subgrant have been met. Signatures and dates shall be original in blue ink on the closeout package. The signature of the authorized signatory official shall be witnessed by two individuals.

NOTE: Forms that are not properly completed will be returned.

2. FINAL REPORTING WORKSHEET

Prepare the final Reporting Worksheet in accordance with established MDHS procedures. The final worksheet shall contain no accruals, and shall be clearly marked FINAL in the appropriate space in the top right corner of the worksheet. Do not round off expenditures. If the final worksheet is submitted prior to the closeout package, attach a copy of the final worksheet when the closeout package is submitted.

3. COPY OF WORKERS' COMPENSATION AUDIT/HEALTH AND ACCIDENT INSURANCE

Most Workers' Compensation policies with commercial companies are based on estimated payroll figures. A payroll audit by the insuring company at the time of closeout may result in a substantial refund or additional premium of the policy. If a final billing has not been received, request an immediate final audit from the insurance company at least 30 days in advance of submission of the closeout package. If an audit cannot be performed immediately, indicate on the checklist, under explanation, that the insurance company has been notified and that an audit will be sent separately. When the audit is performed, either (1) forward the audit and the refund, made payable to Treasurer, State of Mississippi, to the appropriate MDHS Funding Division, or (2) send to the appropriate MDHS Funding Division a copy of the audit and request in writing that payment be made directly to the carrier. If Workers' Compensation was not provided, please submit a written statement explaining what type of coverage was used, i.e., health and accident insurance.

4. CANCELLATION/ADJUSTMENT FIDELITY BOND

Upon closeout of the Special Bank or Financial Account, contact the carrier to ensure that the bond applicable to the subgrant is to be canceled, or if the subgrant is covered by a rider to a bond, that the proper adjustment is made. If premium refunds are due, request that they be identified by subgrant number and returned to you. Any refunds received shall be included in the aggregate check covering funds transmitted with the closeout

package if they are received prior to submission of the package to MDHS. The money shall be identified by amount in the accompanying statement. In any event, any refund due to cancellation of bond shall be forwarded to MDHS immediately upon receipt by subgrantee.

5. OUTSTANDING CLAIMANTS LIST, FORM MDHS-SGOCL-1013

When unclaimed funds are returned to MDHS, a list of all possible claimants of these funds shall be prepared and attached to the Certification of Subgrant Compliance, Form MDHS-SGCC-1012, as a part of the Subgrantee's Release. To reserve these funds for payments, the list shall include the following pertinent data:

(1) Claimant's name, last known address, amount of money due, tax or identification number, social security number (if applicant is a training program enrollee) for each individual to whom checks for wages (or other outstanding checks) are due;

(2) For employee (enrollee) checks, indicate the pay period during which the money was earned including the number of hours, hourly rate of pay, and dates worked;

(3) Check number, date of issuance, and amount of each uncashed check; and,

(4) Name, address, and telephone number of any person who may be contacted in connection with any claim which may arise.

6. REFUND CHECK

Indicate the amount of any unused advanced funds plus any outstanding claimants' amounts. The amounts listed 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.

All applicable refunds shall be submitted along with the closeout package to the appropriate MDHS Funding Division or the closeout package will not be processed.

7. EQUIPMENT RETENTION REQUEST LETTER

To continue using MDHS-purchased equipment after the termination of the subgrant period and MDHS funding is discontinued to the subgrantee, a written request shall be submitted by the subgrantee. If equipment retention is not granted, the subgrantee shall

arrange for the return of the equipment to the MDHS Funding Division within sixty (60) days from the end of the subgrant.

8. OTHER DOCUMENTS (SPECIFY)

Include any additional documents or other information necessary to conform to the terms and/or conditions of the subgrant with the closeout package.

MISSISSIPPI
FORM MDHS-SGCC-1011
Revised 7/1/2012

MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
SUBGRANTEE CLOSEOUT CHECKLIST

Subgrantee Name _____ Subgrant No. _____

In compliance with the MDHS Subgantee Closeout Procedures and the terms and conditions of the subgrant, the following closeout documents are enclosed: (Check the appropriate boxes concerning each of the closeout documents. **Explain fully any item not submitted or any item to be sent separately. Use separate sheet, if necessary.)**

Type of Document	Enclosed	Not Applicable	Sending Separately	Unable To Furnish
1. Certification of Subgrant Compliance				
2. Final Reporting Worksheet				
3. Copy of Workers' Compensation or other Audit				
4. Copy of Cancellation Adjustment Fidelity Bond				
5. Outstanding Claimants List				
6. Refund Check				
7. Equipment Retention Request Letter				
8. Other (specify)				

Explanation/Comments _____

_____

_____ _____ _____
Signature of Authorized Subgrantee Official Title Date

For use of **MDHS** only. Not to be completed by subgrantee.
DEOBLIGATION AUTHORIZATION

	Federal	State	Other
Grant Award	$_____	$_____	$_____
Authorized Expenditures	$_____	$_____	$_____
Unexpended Balance	$_____	$_____	$_____

Comments_____

_____

This is to certify and authorize decreasing the obligation for Subgrant No._____by the amount of the unexpended balance as shown.

_____ _____ _____
Signature, MDHS Program Reviewer Title Date

_____ _____ _____
Signature, MDHS Authorized Official Title Date

MISSISSIPPI
FORM MDHS-SGCC-1012
Revised 7/1/2012

Mississippi Department of Human Services
CERTIFICATION OF SUBGRANT COMPLIANCE

Subgrantee Name_____ Subgrant No._____

A. RELEASE

Pursuant to the terms of said subgrant and in consideration of the sum of

$_____

(Total Amount Paid & Payable by MDHS - Total Authorized Expenditures)

which has been or is to be paid to the Subgrantee or to its assignees, if any, the Subgrantee, upon payment of the said sum does remise, release, and discharge MDHS, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands whatsoever under or arising from the said subgrant, except:

1. Specified claims in stated amount or in estimated amounts where the amounts are not susceptible to exact statement by the Subgrantee, as follows:
   $_____
   (If none, please state)

2. Claims, together with reasonable expenses incidental thereto, based upon the liabilities of the Subgrantee to third parties arising out of the performance of the said subgrant, which are not known to the Subgrantee on the date of execution of this release and of which the Subgrantee gives notice in writing to the MDHS Funding Division Director within the period specified in the said subgrant.

3. Claims, after closeout, for costs which result from the liabiity to pay Unemployment Insurance costs under a reimbursement system or to settle Workers' Compensation claims.

B. ASSIGNMENT OF REFUNDS, REBATES AND CREDITS

Pursuant to the terms of said subgrant and in consideration of the reimbursement of costs and payments of fees as provided in the said subgrant and any assignment thereunder, the Subgrantee does hereby:

1. Assign, transfer, set over and release to MDHS all rights, titles, and interests to all refunds, rebates, credits or other amounts (including any interest thereon) arising or which may hereafter accrue thereunder.

2. Agree to take whatever action may be necessary to effect prompt collection of all such refunds, rebates, credits or other amounts (including interest thereon due or which may become due) and to forward promptly to MDHS any proceeds so collected. The reasonable costs of any such collection action shall constitute allowable costs when approved by the MDHS Funding Division Director as stated in the said subgrant and may be applied to reduce any amounts otherwise payable to MDHS under the terms hereof.

3. Agree to cooperate fully with MDHS on any claim and/or suit in connection with such refunds, rebates, credits or other amounts due (including any interest theron); to execute any protest, pleading, application, power of attorney or other papers in connection therewith; and to permit MDHS, the State Attorney General's Office or the Federal Grantor Agency to represent it at any hearing, trial or other proceeding arising out of such claim and/or suit.

C. INVENTORY CERTIFICATION (Select as Applicable)

The Subgrantee further certifies that all terms and conditions of said subgrant have been met. IN WITNESS THEREOF, this Certification of Subgrant Compliance has been executed this _____day of _____ 20_____.

_____

WITNESSED BY: NAME OF SUBGRANTEE

1. _____ _____

BY SIGNATORY OFFICIAL

2. _____ _____

TITLE

D. **CERTIFICATION OF CASH BALANCE**

The Subgrantee hereby certifies that the cash balance applicable to Subgrant No. _____ as of the date of the execution of this document is:

1. Total MDHS funds requested and received:	1)	$_____
2. Less final MDHS cumulative cost reported:	2)	$_____
3. Equals (=) unexpected balance:	3)	$_____
4. (a) Plus (+) balance = unexpended funds (Refund due to MDHS)*	*4 a)	$_____
(b) Minus (-) balance = funds due subgrantee (Subgrantee submits Request for Cash)	4 b)	$_____
5. Balance must equal Zero	5)	$_____-0-_____

*Refund check must include:

(a) Unexpended funds amount	4 a)	$_____
(b) Outstanding claimants amount (as applicable)		$_____
(c) Total amount refunded (check no. _____)		$_____

E. GENERAL STATEMENT OF COMPLIANCE

The Subgrantee further certifies that all terms and conditions of said subgrant have been met. IN WITNESS THEREOF, this Certification of Subgrant Compliance has been executed this _____day of _____ 20_____.

_____
NAME OF SUBGRANTEE

WITNESSED BY:

1. _____ _____
BY SIGNATORY OFFICIAL

2. _____ _____

MISSISSIPPI
FORM MDHS-SGOCL-1013
Revised 7/1/2012

Mississippi Department of Human Services
OUTSTANDING CLAIMANT LIST

Subgrantee _____ Subgrant Number _____

Claimants' Name Address Telephone Number E-Mail Address	Check #	Amount	Date	Pay Period Hours & Rate	Other Contact Name Address Telephone Number E-Mail Address
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					

RECORD RETENTION AND ACCESS Section 12

INTRODUCTION

Appropriate retention of subgrant records is vital to maintaining accountability for proper use of subgrant funds. Subgrantees of the Mississippi Department of Human Services (MDHS) 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.

POLICY

Financial records, supporting documents, statistical records, personnel records, and all other records pertinent to the subgrant shall be retained for a period of three years from the date of submission of the final reporting worksheet. The only exceptions are as follows:

1. If any litigation, claim, financial management review, or audit is started before the expiration of the 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 taken, whichever is later.

2. 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 years after final disposition of such property.

3. When records are transferred to or maintained by the Federal sponsoring agency or MDHS, the 3-year retention requirement is not applicable to the subgrantee.

Prior to the destruction of any records, the subgrantee shall obtain written approval, from the Director, MDHS Division of Program Integrity, by completing the Request to Dispose of Records form (MDHS-DPI-001). Improper destruction of records is a serious matter which subjects the subgrantee to the risk of sanctions, including debarment or suspension.

MDHS 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, MDHS representatives shall be authorized to request transfer of records or remove records immediately from the subgrantee's premises.

The Mississippi Department of Human Services, the Federal grantor 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 books, documents, papers, or other records that are pertinent to the subgrant, in order to make audits, examinations, excerpts, transcripts, and copies of such documents. This right also includes timely and reasonable access to the subgrantee's personnel for the purpose of interviews and discussions related to these documents. Access rights described here shall last as long as the records are required to be 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 supporting documentation;

7. All invoices, billings, receiving reports, requests for cash, and reporting worksheets;

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, bank statement reconciliations, all canceled or voided checks, and deposit records;

12. Documentation of proper insurance/bonding coverage; and

13. Programmatic records of all types, as pertinent to particular programs involved.

MDHS - DIVISION OF PROGRAM INTEGRITY
REQUEST TO DISPOSE OF RECORDS

Mississippi
Form MDHS-DPI-001
Revised 07-01-2012

1. Subrecipient Name:_____

2. Address:_____

3. Contact Person:_____ 4. Phone No.: (_____)_____

5. Subgrant Number:_____ 6. Effective Dates:_____ to _____

7. Program Title(s):_____

8. Catalog of Federal Domestic Assistance (C.F.D.A.) Number(s):_____

9. Financial records, supporting documentation, statistical records and all other records pertinent to the subgrant shall be retained for a period of three (3) years from the date of the final reporting worksheet. Has the three (3) year record retention period passed?_____

10. Was any litigation, claim, financial management review, monitoring review, or audit started before the end of the three (3) year?_____ If so, have all litigation, claims or audit findings involving the records been resolved and has final action been taken?_____

11. Was any real property or equipment purchased under this subgrant?_____ If so, have all records related to the real property or equipment been retained for at least three (3) years after the date of disposition or replacement or transfer of the real property or equipment? _____

12. Any indirect cost rate computations or proposals, cost allocation plans, or any similar accounting computations of the rate at which a particular group of costs is chargeable (such as composite fringe benefit rates) must be retained for three (3) years from either the date the proposal, plan or other computation is submitted to the federal government for negotiation of the rate, or the record retention period begins at the end of the fiscal year (or other accounting period) covered by the proposal, plan or other computation. If any indirect cost rate computations or proposals, cost allocation plans, or any similar accounting computations were used by the subgrantee, has the three (3) year record retention period passed?_____

13. The information presented above is true and correct to the best of my knowledge:

_____
Signature of Authorized Subgrantee Official Date Signature of President of the Governing Board Date

_____
Name and Title of the Authorized Subgrantee Official Name of the President of the Governing Board

TO BE COMPLETED BY THE MDHS - DIVISION OF PROGRAM INTEGRITY

Based on information presented above and certified correct as evidenced by the signatures of the Authorized Subgrantee Official and the President of the subgrantee's Governing Board, the MDHS - Division of Program Integrity hereby authorizes the subgrantee to dispose of any financial records, supporting documentation, statistical records and all other records pertinent to the subgrant, except for the following:

_____

_____

_____
Signature Division of Program Integrity Official Date Name and Title of Division of Program Integrity Official

ADMINISTRATIVE HEARINGS **Section 13**

INTRODUCTION

Basic to the administrative process is the right to a fair and adequate hearing in contested cases involving disputes in such matters as subgrants and contracts and other appropriate issues as determined on a case-by-case basis and approved by the Executive Director of the Mississippi Department of Human Services (MDHS). The Mississippi Administrative Procedures Law generally defines a contested case as a proceeding in which the legal rights, duties, or privileges of a party are required by rules, regulations, or statutes to be determined by an agency following opportunity for a hearing, other than disciplinary proceedings and agency actions involving only employees of an agency. Three conditions must be met before a hearing can be held under the jurisdiction of this procedure in a contested case:

1. It must be a matter that can be reviewed as a contested case, or under a federal or state statute, regulation or policy.

2. There must be a final decision signed by the MDHS Executive Director or the appropriate Division Director that specifies the petitioner has 30 days in which to request a contested case hearing.

3. A written request for a review of a contested case must be received in the MDHS Executive Director's Office within 30 days of the subgrantee's receipt of the Executive Director's final decision.

The MDHS Subgrantee Administrative Hearing Procedures policy serves as a guide in requesting a review of a contested case. Subgrantees should also refer to the Mississippi Administrative Procedures Law, Section 25-43-1.101 thru 3.114, Mississippi Code of 1972, as amended and obtain from the MDHS funding division a copy of the MDHS Administrative Policy 18 (AP-18), "New Procedure for Hearing Contested Cases."

POLICY

Notice of an Adverse Act - Written notice to a subgrantee of an adverse final decision, marked registered or certified mail, must include a closing statement that the subgrantee agency may submit a written request to the MDHS Executive Director for a review of the final decision within 30 days of its receipt of the notice letter. A subgrantee requesting a review of the final decision should indicate the issue in dispute, state its position, explain the reason(s) the subgrantee believes the decision is in error, request a copy of MDHS AP-18, enclose a copy of all correspondence relevant to this decision, and attach a copy of the Department's notice of an adverse decision.

Petition for Review - The subgrantee's written request for a review must be submitted to the MDHS Executive Director within 30 days of subgrantee's receipt of the adverse final decision. The request may be in the form of a petition or a letter and should specify the name, address, and telephone number of the petitioner's representative. If the subgrantee fails to cite specific reason(s) it believes the final decision is in error, the Administrative Law Judge may order it to file a written statement or show good cause that the reason(s) cannot be stated.

Representative for Petitioner - Any petitioner may appear in person; or be represented by an officer, board member, or bona fide employee in its stead, upon presentation of written authority; or be represented at the subgrantee's own expense by a licensed attorney authorized to practice law in the State of Mississippi.

Respondent's Legal Representative - As respondent, MDHS shall be represented by a Special Assistant Attorney General who normally provides counsel to the MDHS Executive Director or the affected programmatic division.

Written Notice of Hearings - The written notice of the hearing will include a statement of the date, time, and location in Jackson, Mississippi, where the hearing is to be held.

Preparation of Case File and Written Arguments - The subgrantee should provide a thorough and detailed statement of the facts giving rise to the dispute and develop legal arguments on the issues raised by the facts. Whenever possible, the subgrantee should stipulate, where appropriate, material facts and provide copies of documents that have not been submitted previously. The Administrative Law Judge can dismiss an appeal or proceed to Recommended Decision if a party fails to comply with an order, deadline, or other requirement. Only the Administrative Law Judge may grant an extension of time, based upon a written request submitted prior to the established deadline.

The petitioning subgrantee, within 30 days after requesting a review of adverse action, should submit an original and one working copy to the Administrative Law Judge, with a copy to the respondent, of the following: 1) a chronological case file containing numbered, tabbed, and indexed documents supporting the subgrantee's position, and 2) a written statement of the subgrantee's arguments (petitioner's brief) concerning why the respondent's adverse action is considered in error.

The respondent, within 30 days after receiving the petitioner's submission, shall present the following to the Administrative Law Judge, with a copy to the petitioner: 1) a tabbed and indexed supplement to the case file that does not duplicate documents submitted by the petitioner, and 2) a written statement (respondent's brief) responding to the petitioner's brief. Within 15 days after receiving the respondent's submission, the petitioner may submit a short reply.

Authority and Responsibility of the Administrative Law Judge - The Administrative Law Judge has delegated powers specified in MDHS AP-18, including, but not limited to, the following: to issue orders; to administer oaths; to call, hear and examine witnesses; to take steps necessary for the conduct of an orderly hearing; to rule on requests and motions; to dismiss cases for failure to meet deadlines and other requirements; to close, suspend, or remand a case for further action; to waive or modify procedures with notice to parties; to compile the record of the proceedings and make a Recommended Decision or a Recommended Reconsideration Decision; and to take any other action necessary to resolve disputes in accordance with the objectives of these procedures. The Administrative Law Judge shall enjoy absolute immunity from all liability and shall have decisional independence throughout this process and under these administrative proceedings.

Filing of Documents - All documents relating to any pending docketed proceeding must be filed with the Office of the Administrative Law Judge. The documents are considered filed only when received. Parties must put the assigned docket numbers on all submissions and should use standard, not legal, size paper.

Informal Disposition - Informal disposition may be made of any case by written stipulation, agreed settlement, consent order, or default.

Prehearing Procedure - On the motion of the petitioner, the respondent, or the Administrative Law Judge, the parties may be directed to appear for a prehearing conference for the purpose of formulating issues and such other matters that may aid in the simplification of the proceedings and the disposition of the matters in controversy. The Administrative Law Judge may direct that other certain information be submitted, as specified in MDHS AP-18.

Conduct of Hearings - Subject to the Administrative Law Judge's rulings and orders, opportunity must be given to all parties to respond and present evidence and argument on all issues involved and to call witnesses. A recording of each hearing should be made. If a party fails to appear, it may forfeit all rights and be assessed the court reporter fee. The Administrative Law Judge may grant a postponement or continue the hearing for just cause based upon a written, advance request. The parties may conduct cross-examinations. Any motion relating to a pending proceeding, unless made during a hearing, must be in writing and specify the desired relief and the specific reasons and the basis for this relief. Hearings will be ordinarily open to the general public and as informal as reasonably possible. The Administrative Law Judge may request the parties to submit written statements of witnesses prior to the hearing so that the hearing will primarily be concerned with cross-examination and rebuttal. All participants and observers must show proper dignity, courtesy, and respect for the Administrative Law Judge and each other.

Order of Hearing Proceeding - The Administrative Law Judge may confer with the parties prior to the hearing to explain the order of the proceeding, admissibility of evidence, to discuss the number of witnesses and other matters. The Administrative Law Judge calls the meeting to order; introduces himself/herself and gives a brief statement of the nature of the proceeding; if applicable, calls upon petitioner's counsel and respondent's counsel to introduce themselves; states what documents the record contains; may administer oaths or affirmations or may ask court reporter to do so; asks the parties whether they wish to have all witnesses excluded from the hearing room except during their testimony; entertains preliminary motions, stipulations, or agreed orders; calls for opening statements by each party; questions witnesses at will, and adjourns the meeting after all evidence has been heard. During testimony, the petitioner and then the respondent questions witnesses, cross examines the other's witnesses, and redirects. The petitioner and respondent are allowed to call appropriate rebuttal and rejoinder witnesses within the established proceeding format.

Recommended and Final Decisions - Following hearing adjournment, the Administrative Law Judge will forward both the record and Recommended Decision to the MDHS Executive Director for adoption, modification, or reversal. The Final Decision of the MDHS Executive Director will be forwarded to the attorneys of record or to the petitioning party, if not represented by an attorney of record. The MDHS Executive Director's Office will maintain an appropriate record of that mailing. A party or attorney of record, notified by mailing of a Final Decision, is presumed to have been notified on the date such notice is mailed.

STATE OF MISSISSIPPI
DEPARTMENT OF HUMAN SERVICES

*** * * * * * ***

PROCEDURE FOR HEARING CONTESTED CASES

Section 1. SCOPE

Administrative Procedures under the Mississippi Administrative Procedures law, Section 25-43-1 et seq. of the Mississippi Code, include both rule making and contested cases by a state agency such as the Mississippi Department of Human Services (Department). Therefore, this procedure for hearing contested cases is promulgated and adopted as a rule (policy) of the Department pursuant to Sections 25-43-1 et seq. and 43-1-2(4) of the Mississippi Code, and therefore has the force and affect of law.

Basic to the administrative process is the right to a fair and adequate hearing in contested cases. Subject to any superseding federal or state statutes or regulations, as required by Section 25-43-15 and 43-1-17 of the Mississippi Code, this procedure for hearing contested cases of the Department applies to disputes in such matters as contracts between Contractors and the Department, subgrants made by the Department, Request for Proposals (RFP), and Administrative Bid matters, review of contested cases as required by Federal statutes or regulations and not to be heard under the Department's Fair Hearing Procedure, and other appropriate matters as determined on a case-by-case basis and approved by the Executive Director of the Department.

The Mississippi Administrative Procedures Law in Section 25-43-3(b) specifically excludes from the definition of contested case "disciplinary proceedings or agency action involving only employees of any agency." Likewise, the Mississippi Administrative Procedures Law in Section 25-43-3(c) excludes disputes relating to licensing regarding "any order, permit or license issued, granted, revoked, suspended, annulled or withdrawn by any state agency…." In addition the Fair Hearings Procedure set forth in the Department's Policy Manuals, Volume IV, Section M, page 8000 et seq. solely applies to "an applicant or recipient of services, an applicant or approved foster home parent and a prospective or approved adoptive parent" and specifically gives an applicant or recipient a right to appeal and have a fair hearing in the following:

(1) Decisions regarding eligibility for social services;

(2) Decisions relating to the payment of a fee for specified services;

(3) Denial or opportunity to make application or reapplication for services;

(4) Undue delay in reaching a decision on eligibility;

(5) Refusal to consider a request for, or undue delay in, making a change in payment of fees; and

(6) Suspension or discontinuance of service in whole or in part.

In addition, an actual dispute not addressed in the above, and not specifically excluded by law, may in fact be reviewed as a contested case under this procedure upon the agreement of the parties (both the Petitioner and the Respondent) and approval as such by the Department's Executive Director and the Chief Administrative Law Judge.

Section 2. AVAILABILITY AND CONDITIONS

Three conditions must be met before a hearing can be held under the jurisdiction of this procedure in a contested case:

- First, it must be a matter which can be reviewed as a "contested case" as authorized in Section 1 "Scope" above, or under a Federal or State statute, regulation or policy, and not a matter which is under the jurisdiction of the Department's Fair Hearing Procedure.

- Second, there must be a "final decision." The Petitioner must have received a written decision from the head of an office, a division, component, unit, or official of the Department. This constitutes the determination which frames the dispute. The "final decision" should be easy to identify, as it should contain an ending paragraph specifying the right to have same heard as a contested case under this procedure and contain a thirty (30) day deadline provision to request same. (See Section 4 below.) Should this language be omitted, such may indicate that the decision is not final. However, when a Contractor, Subgrantee, or Person is in doubt about whether a written decision is final and they are dissatisfied with the decision they should file a notice requesting a contested hearing under these procedures.

- Third, the request for review of a contested case under these procedures must be filed within thirty (30) days. The thirty (30) days runs from the date the Person receives the decision, not from the date the decision was mailed or dated. The clock stops running when the notice requesting a contested hearing is postmarked or hand-delivered to the Department's Executive Director's Office. Administrative mistakes or inefficiency will not be accepted as good reason for waiver of this thirty (30) day requirement. The petition for review under this procedure need not be lengthy or detailed. (See Section 5, "Petition for a Review" below.)

Section 3. DEFINITIONS AND TERMINOLOGY CLARIFICATIONS

(1) **Contested Case** – The Mississippi Administrative Procedures Law generally defines "contested case" as a proceeding in which the legal rights, duties, or privileges of a party are required by rule, regulation, and statute to be determined by an agency following opportunity for a hearing, other than disciplinary proceedings and agency actions involving only employees of an agency. (See Mississippi Code Annotated, Section 25-43-3 et seq. and definitions in Section 1, "Scope" of this procedure for hearing contested cases.)

(2) **Department** – The Department is the Mississippi Department of Human Services, an administrative agency of the State of Mississippi, created by Section 43-1-2(1) of the Mississippi Code, and "whose offices shall be located in Jackson, Mississippi."

(3) **Executive Director** – The Mississippi Code in Section 43-1-2(2) provides that "the chief administrative officer of the department shall be the Executive Director of Human Services." Section 43-1-2(4) of the Mississippi Code specifically authorizes and delegates to the Executive Director, in addition to other responsibilities, authority, and powers granted by law, the following:

(a) To formulate the policy of the department regarding human services within the jurisdiction of the department;

(b) To adopt, modify, repeal and promulgates, after due notice and hearing, and where not otherwise prohibited by federal or state law, to make exceptions to and grant exemptions and variances from, and to enforce rules and regulations implementing or effectuating the powers and duties of the department under any and all statutes within the department's jurisdiction, all of which shall be binding upon the county departments of human services;

(c) To apply for, receive and expend any federal or state funds or contributions, gifts, devises, bequests or funds from any other source;

(d) To enter into and execute contracts, grants and cooperative agreements with any federal or state agency or subdivision thereof, or any public or private institution located inside or outside the State of Mississippi, or any person, corporation or association in connection with carrying out the programs of the department; and

(e) To discharge such other duties, responsibilities and powers as are necessary to implement the programs of the department.

(4) **Person** – A person is an individual, partnership, corporation, association, governmental subdivision or agency, or a public or private organization of any character.

(5) **Grantor** – The Federal or State Government or other entity by which a grant or appropriation is made.

(6) **Grantee** – One to whom a grant is made, e.g., receiving a sum of money to accomplish a particular goal or purpose. Every grantee has the burden of identifying, documenting, and justifying all its claimed costs and expenditures.

(7) **Subgrant** – A subgrant is a payment or payments made to another person or other entity from a grant or appropriation received by the Department from a Federal or State Grant or appropriation, e.g., subgranted for the purpose of assisting the Department in executing all or a portion of the terms and obligations of the Grant or appropriation, and includes the duty to repay all or a portion of same, or to withhold same from a future subgrants or contracts, if any, when same is not expended in accordance with the subgrant agreement or the purpose outlined in the original Grant or approbation.

(8) **Subgrantee** – A person, to whom a subgrant is made and includes what is to be performed, furnished, procured, or otherwise provided under the terms of a subgrant.

(9) **Contract** – A contract is any written document (or series of documents) that obligates the Department to pay money or other valuable consideration to a person in exchange for goods or services from that person or that obligates the Department to provide goods or services in exchange for certain valuable consideration. Every Contractor has the burden of identifying, documenting, and justifying its claimed costs and expenditures.

(10) **Contractor** – A Contractor is any person with whom the Department has a written contract and who has agreed to provide certain services, procurement, performance, or otherwise furnish what is required under a contract.

(11) **Party** – Generally the only parties eligible to the proceedings under this procedure for hearing contested cases are the Petitioner and the Respondent. However, if the Administrative Law Judge determines, after consultation with the parties, that a third Person is a valid party in interest, the Administrative Law Judge may allow the third Person to present the case on review for the Petitioner or to appear with a party in the review. The Administrative Law Judge may also allow other participation in which he deems that the intervener has a clearly identifiable and substantial interest in the outcome of the dispute, or in which such

participation would sharpen issues or be otherwise helpful in resolution of the disputes. Thus, the term "party" relates to those appearing in this procedure for hearing contested cases and may also include one admitted as a party, or one properly seeking and entitled as of right to be admitted as a party, and a person or agency admitted as a party for limited purposes.

(12) Request for Proposals (RFP), Administrative Bid Protest, and Procurement Action Following Protest – A request for Proposal (RFP) is an invitation to prospective bidders to submit sealed bids to the Department in accordance with the terms of the request. Administrative Bid Protest applies to a prospective Bidder, Offeror, or Contractor that may be aggrieved by the solicitation of a contract, or to an actual Bidder, Offeror, or Contractor that may aggrieved by the award of a contract, or by a protest thereof. The term "Protest" denotes a complaint relating to the solicitation or reward of a procurement contract. A written protest under this procedure for hearing contested cases should include the number and name of the Request for Proposals (RFP),

a statement of reasons for the protests, and supporting exhibits, evidence, or documents, if available or the expected date when same shall be available, to substantiate the reasons for the protest, and same should be forwarded as soon as possible, and must be received by the Executive Director's Office no later than thirty (30) days after the award decision is announced. Normally a procurement will not be halted after a contract has been awarded merely because a protest has been filed. However, in the event a protest is upheld, a contract which has been executed may be terminated in accordance with the provision of said contract.

(13) **License** – The Mississippi Administrative Procedures Law in Section 25-43-3 defines license as follows: " 'License' includes the whole or part of any agency permit, certificate, approval, registration, charter or similar form of permission required by law, but does not … include any order, permit or license issued, granted, revoked, suspended, annulled or withdrawn by any state agency in compliance with statutory procedures or in compliance with published or in compliance with published rules and regulations adopted by such agency under statutory authority."

(14) **Chief Administrative Law Judge and Administrative Law Judges** – The Chief Administrative Law Judge is a Special Assistant Attorney General, having at least seven years' experience in filing proposed and final rules (policy) under the Mississippi Administrative Procedures law for the Department and defending the Department in contested hearings before the Departmental Appeals Board of the United States Department of Health and Human Services, and is herein delegated authority by the Executive Director to hear contested cases under this procedure and make Recommended Decisions in said contested cases to the Executive

Director for consideration for possible adoption as the Final Decision of the Department. Should the case load warrant, other qualified Special Assistant Attorney Generals in the Human Services Section of the Mississippi Attorney General's Office may be delegated authority to hear contested cases under this procedure and make Recommended Decision in said contested cases on a case-by-case basis as approved by the Executive Director of the Department and Chief Administrative Law Judge. Both the Chief Administrative Law Judge and other qualified Administrative Law Judges, which in the future may be selected on a case-by-case basis, are hereby granted independent responsibility to provide these judicial functions under this procedure and shall enjoy absolute immunity from all liability.

(15) **Petitioner** – The Petitioner in a contested case proceeding is the "moving" party, i.e., the party who has initiated the proceedings. The burden of proof is generally assigned to the party who seeks to change the present state of affairs with regard to any issue. The Petitioner usually bears the ultimate burden of proof and will therefore present their proof first at the hearing. However, each party has a burden of going forward with evidence and argument in response to that presented by the other party. A party with knowledge of facts pertinent to the case, and peculiarly within that party's knowledge or control, has a burden of supplying that information. The Administrative Law Judge makes all decisions regarding which party has the burden of proof on any issue. In such cases, the Administrative Law Judge determines the order of proceedings, taking into account the interest of fairness and simplicity.

(16) **Respondent** – The respondent is the head of an office, a division, component, unit or official of the Department and is the party who is responding through counsel to the action for review brought by the Petitioner.

(17) **Pleadings** – Pleadings are written statements of the facts of law which constitute a party's position in a contested case and which, when coupled with the other party's pleadings, will help define the issues being decided in the case. Pleadings may be in legal form such as a "Petition for Review" or "Answer." However, when legal form is not practical, letter or other papers may serve as pleadings in a contested case to define the parties' positions and the issues in the case.

(18) **Ex parte communication** - An ex parte communication is an improper oral or written communication to the Administrative Law Judge not on the public record, reasonable prior notice not having been given to all parties. This does not include requests for status reports on pending matters or proceedings under this procedure for hearing contested cases. Also, this prohibition does not apply to discussions concerning strictly procedural matters, such as requests for extensions of time. However, no party or other person directly or indirectly involved in the

proceedings shall submit to the Administrative Law Judge any evidence, argument, analysis, inquiry, or advice, whether written or oral, regarding any matter at issue in the proceedings, unless such submission is being made part of the record or made in the presence of all parties.

(19) **Time** – "Days" are calendar days, unless otherwise specified. The following procedure is to be used to compute any period of time governing hearing procedures and which is allowed or prescribed by this procedure or by order of the Administrative Law Judge: the period begins on the day after the act or event in questions and concluded on the last day of that computed period, unless the last day is a Saturday, Sunday, or legal holiday, in which case the period runs until the end of the next day that is not a Saturday, Sunday, or legal holiday.

The Administrative Law Judge may at any time (a) with or without motion or notice, order the period enlarged if the request is made before the expiration of the period originally prescribed or as extended by previous order, or (b) upon motion mad after the expiration of the specified period, permit the act to be extended, where the failure to act was the result of excusable neglect. However, nothing in this section shall be construed to allow ex parte communications with the Administrative Law Judge regarding other issues pending in the case.

(20) **Continuances** – Continuances may be granted by the Administrative Law Judge upon good cause shown in any stage of the proceedings. The need for a continuance shall be brought to the attention of the Administrative Law Judge as soon as practical.

(21) **Default and Uncontested Proceedings** – The failure of a party to attend or participate in a prehearing conference, hearing or other stage of these proceedings after due notice thereof is cause for holding such party in default. Failure to comply with any lawful order of the Administrative Law Judge, necessary to maintain the orderly conduct of the proceedings, may be deemed a failure to participate and thereby be cause for holding of default. The Administrative Law Judge shall serve upon all parties, written notice of entry of default for failure to appear. The defaulting party, no later than ten (10) days after service of such notice of default, may file a motion for reconsideration requesting that the default be set aside for good cause shown, and stating the grounds for requesting relief.

(22) **Place of Hearing and Knowledgeable Participants** – Hearings are to be held in a neutral place solely in Jackson, Mississippi and the parties should present witnesses or participants with first-hand knowledge of the matters at issue. The parties are expected to make knowledgeable participants and employees available where necessary and to cooperate with the other party to obtain other participants. The Administrative Law Judge will make rulings on objections made by a party

with regard to its obligation to present identified individuals as participants or witnesses. A party's witnesses or other participants should, in general, know the record and be prepared to explain how it supports that party's contentions.

(23) **Representation by Self or Counsel** – Petitioners may represent themselves or, in the case of a corporation, may participate through duly authorized officer, director, or appropriate employee. Likewise, a Petitioner to these proceeding may be advised and represented, at the Petitioner's own expense, by an attorney licensed and authorized to practice law in Mississippi. A party may not be represented by a non-attorney, except in any situation where Federal law so requires or State law specifically so permits. After appearance of counsel has been made, all pleadings, motions, and other documents shall be served upon such counsel. Counsel wishing to withdraw shall give notice to the Administrative Law Judge and the other parties.

(24) **Motions** – parties to these proceedings are encouraged to resolve matters on an informal basis; however, if efforts of informal resolution fail, any party may request relief in the form of a motion by serving a copy on all parties and filing an original copy and one working copy with the Office of the Administrative Law Judge. Any such motion shall set forth a request for all relief sought, and shall set forth grounds which entitle the moving party to relief. A party may request oral argument by conference telephone call on a motion. However, a brief memorandum of law submitted with the motion is preferable to oral argument. Each opposing party may file a written response to a motion, provided the response is filed within ten (10) days of the date the motion was filed.

(25) **Supporting Documents** – Affidavits, depositions, admissions, answers to interrogatories and stipulations may be employed to supplement other documentary evidence in the record.

(26) **Motion to Strike** – A party may move to strike from the pleading or record an insufficient allegation or redundant, immaterial, impertinent or scandalous matter.

(27) **Disruptive Persons** – The Administrative law Judge has the following powers with respect to disruptive persons:

(a) Censure or reprimand;

(b) Admonishment;

(c) Holding the disruptive party in default;

(d) Recess or continuance of the hearing;

(e) Spectators who disturb the orderly process of the hearing may be admonished or excluded from the hearing room. Any person whose conduct tends to threaten or harass any party, representative, attorney, witness, Department personnel, or the Administrative Law Judge himself may be removed from the hearing room.

(28) **Integrity of the Process** – It is automatically presumed that all Persons and their representatives participating in these proceedings for hearing contested cases shall follow the process and procedure, as set forth herein, be orderly, timely, integrable, ethical, honest, decent, and be respective of others in all aspects of these proceedings. For example, an integrable, ethical, and honest person is generally defined a s a person who is truthful, sincere, forthright, straightforward, frank, candid; one who does not lie, deceive, act deviously, or unscrupulous; one who does not adopt an "ends-justifies-the-means" philosophy at the expense of principle; one who is willing to do what is right and ethical and admit their wrong and, where appropriate, change their positions; one who accepts responsibility for decisions and consequences of their actions or inactions; one who provides the Administrative Law Judge with all relevant information he needs to make an informed decision; and one who safeguards and advances the integrity of this procedure for hearing contested cases to avoid even the appearance of impropriety; and one who takes whatever actions are necessary to correct or prevent inappropriate testimony or conduct of others. This definition is not intended to create concerns, but rather to alleviate concerns on the part of all the parties and their representatives in these proceedings. It is expected that none of the above shall ever be a concern in any proceeding under these procedures. However, it should be noted that false dishonest statements or submissions may be the basis for criminal prosecution or other appropriate action.

Section 4. NOTICE OF ADVERSE ACT

Mississippi Code Annotated, Section 43-1-2(5), delegates authority to the Executive Director of the Department to create "any units necessary to implement the duties assigned the department and consistent with specific requirements of law, including but not limited to:

(a) Office of Family and Children's Services;

(b) Office of Aging and Adult Services;

(c) Office of Economic Assistance;

(d) Office of Community Services;

(e) Office of Support Services;

Section 43-1-2(6) of the Mississippi Code further provides inter alia as follows:

> "The Executive Director of Human Services shall appoint heads of offices, and any necessary supervisors, assistants and employees who shall serve at the pleasure of the executive director. The executive director shall have the authority to organize offices as deemed appropriate to carry out the responsibility of the department."

For example, heads of offices, divisions, components, or units, or other appropriate official of the Department in discharging their delegated responsibility from time-to-time will give written notice of an adverse final decision under a subgrant, a contract, a Request for Proposal (RFP) or other matter governed by these procedures and should in same conclude the notice with language as the following:

* * *

> If you disagree with this decision you may request in writing a review of same under the Mississippi Department of Human Services' Procedure for Hearing Contested Cases, a copy of which is enclosed. Your written request for review of this decision should be sent or hand delivered within (30) days of your receipt of this letter to the following:
>
> Executive Director
> Mississippi Department of Human Services
> 421 West Pascagoula Street
> Jackson, Mississippi 39203
>
> The use of registered or certified mail should be used to establish the mailing date. Your letter requesting a review should indicate the issue in dispute and include a statement of your position and the reason that you believe this decision is wrong. A copy of this letter should be attached to your written request for review of this decision.
>
> A copy of all correspondence relevant to this decision should be forwarded to this office.

* * *

Notices advising Contractors or Subgrantees of contract or subgrant of cancellations must specify the whether the contract or grant will remain in force pending completion of the review of the contested case process.

In addition, the heads of offices, division, components, or units, or other appropriate official of the Department should give a Contractor, Subgrantee, or Person a copy of these Procedures for hearing Contested Cases should they inform them of their dissatisfaction with a final written adverse action. However, any request from any person to review same is first subject to review under the provision outlined above in Sections 1 and 2 of this procedure before any request for review will be docked by the Administrative Law Judge.

Section 5. PETITION FOR REVIEW

A Contractor, Subgrantee, or Person dissatisfied with a final written decision (see Section 4 above) must file a written petition for review so that the Executive Director's office receives same within 30 days after the Contractor, Subgrantor, or person receives official final written notice of adverse action from a head of an office, division, component, or unit, or other appropriate official of the Department. As noted in Section 4 above, this request for review must be either hand-delivered or mailed within thirty (30) days to the Executive Director, Mississippi Department of Human Services, 421 West Pascagoula Street, Jackson, Mississippi 39203. This request may be in the form of a petition or a letter and should specify the name, address, and telephone number of the petitioner's representative. It must also include a copy of the Department's adverse action, a statement of the issue in dispute, and state reasons that the Contractor, Subgrantee, or Person considers they are not subject to the adverse action and why the adverse action is considered in error or is wrong.

If a request does not state specific reasons, the Administrative Law Judge, on his own motion or a motion from the Respondent's legal representative, may order the Contractor, Subgrantee, or Person to file a written statement of the specific reasons in this regard or show good cause that the reasons cannot be stated.

Upon receipt of the Contractor's, Subgrantee's, or Person's written request for review, the matter will be referred by the Executive Director's office to the Administrative Law Judge for the docketing and handling under these proceedings. A recommended decision will be subsequently returned to the Executive Director and the Executive Director may adopt same as the Final Decision of the Department, modify, or reverse same.

Section 6. REPRESENTATION FOR PETITIONER

Any Petitioner may appear in person, or be represented by a bona fide employee, or be represented, at the petitioner's own expense, by an attorney at law duly authorized to practice law (Unauthorized practice of law is not allowed under these proceedings) in the State of Mississippi. If the Petitioner is a corporation, an association, or a government entity, appearance may be by an officer, board member, or a bona fide employee of this Petitioner upon presentation of written authority. Attention is specifically called to what is allowed regarding

any ex parte communication as defined in Section 2(18) above during the course of the proceedings to ensure the independent decision-making responsibility herein granted the Administrative law Judge.

Section 7. RESPONDENT'S LEGAL REPRESENTATIVE

The Respondent shall be represented by the Special Assistant Attorney General(s) who normally provides counsel to the head of the office, division, component, unit, or other appropriate official of the Department who is issued the final decision for review under this procedure in hearing contested cases. However, one Special Assistant Attorney General should be designated as lead counsel and should sign all pleadings and have the ultimate responsibility and authority over the manner and substance of the presentation of Respondent's case. Attention is specifically called to what is allowed to ensure the independent decision-making responsibility herein granted the Administrative Law Judge.

Section 8. HEARINGS AND RECOMMENDED DECISION ON THE RECORD

If the Petitioner believes a hearing is not appropriate, e.g., because material facts are not in dispute, the Petitioner should specifically request a recommended decision on the record and briefing at the earliest time possible. However, the Respondent may request a hearing or the Administrative Law Judge may schedule a hearing on his own motion if he believes there are complex issues or material facts in dispute, the resolution of which would be significantly aided by a hearing, or if decision-making otherwise would be enhanced by oral presentations and arguments in an adversary, evidentiary hearing. The Administrative law Judge will also provide a hearing if otherwise required by law or regulations. The written notice of the hearing will include statement of the time and location in Jackson, Mississippi where the hearing is to be held.

Section 9. PREPARATION OF CASE FILE AND WRITTEN ARGUMENTS

Each party should provide a thorough statement of the facts giving rise to the dispute and develop legal arguments on the issues raised by the facts. Whenever possible, the parties should stipulate material facts where appropriate. The parties should not include duplicated material such as copies of documents which the Administrative Law Judge has issued (such as acknowledgement letters and ruling on motions) or documents already provided to the Administrative Law Judge by either the Petitioner or the Respondent.

If a party fails to comply with an order, deadline, or other requirement of the Administrative Law Judge he can dismiss an appeal or proceed to Recommended Decision based on the existing record or take other appropriate action. Ordinarily, failure to develop the record on a matter

material to the Administrative Law Judge's Recommended Decision will have a evidentiary impact, in that he may preclude further submissions by the noncomplying party or draw an adverse inference from the failure to produce.

The **Petitioner**, within thirty (30) days after requesting a review of adverse action, should submit a original and one working copy to the Administrative law Judge (with a copy to the Respondent) of the following:

(1) A case file containing the documents supporting Petitioner's position, pages numbered, exhibits tabbed, and organized chronologically and accompanied by an indexed list identifying each document. The Petitioner should include only those documents which are relevant to the issues in the case.

(2) A written statement of the Petitioner's arguments concerning why the Respondent's adverse action is considered in error (Petitioner's brief).

The **Respondent** within thirty (30) days after receiving the Petitioner's submission shall submit the following to the Administrative Law Judge (with a copy to the Petitioner):

(1) A supplement to the case file containing any additional documents supporting the Respondent's position, also organized, tabbed, and indexed. The Respondent should avoid submitting duplicates of documents submitted by the Petitioner.

(2) A written statement (Respondent's brief) responding to the Petitioner's brief.

The Petitioner, within fifteen (15) days after receiving the Respondent's submission, may submit a short reply. The Petitioner should avoid repeating arguments previously set forth.

Occasionally, the Administrative Law Judge will request supplementary information or briefing from one or both parties when he believes further development in an area is needed to produce a better recommended decision.

Only the Administrative Law Judge may grant an extension of time to make a required submission. If an extension of time is needed to make a filing, the other party should be first consulted whether they have any objection before they contact the Administrative Law Judge. The other party's agreement or disagreement does not mean that an extension will automatically be granted or denied, but this is a necessary first step. The request must be made before the time deadline has passed and must state the specific reason why an extension is needed. If the request is made in writing the party making the request must make sure that the request reaches the Administrative Law Judge Office before the deadline.

Section 10. AUTHORITY AND RESPONSIBILITIES OF THE ADMINISTRATIVE LAW JUDGE

In addition to delegated powers specified elsewhere in these procedures, the Administrative Law Judge hereby is authorized and further empowered to issue orders (including "show cause" orders); to administer oaths and affirmations and to hear and examine witnesses; to take all steps necessary for the conduct of an orderly hearing; to rule on requests and motions, including motions to dismiss; to grant extensions of time for good reason; to dismiss cases for failure to meet deadlines and other requirements; to close or suspend cases which are not ready for review; to order or assist the parties to submit relevant material, information, and evidence and to rule upon offers of proof and objections; to remand a case for further action by the Respondent; to waive or modify these procedures in a specific case in the interest of justice with notice to the parties; to compile the record of proceedings and make a Recommended Decision (See Section 17 below); to make a Recommended Reconsideration Decision (See Section 18 below); and to take any other action necessary to resolve disputes in accordance with the objectives of these procedures. The Administrative Law Judge shall enjoy absolute immunity from all liability and shall have decisional independence throughout this process and under these administrative proceedings.

Section 11. FILING OF DOCUMENTS

All documents relating to any pending docketed proceeding must be filed with the Office of the Administrative Law Judge. The documents are considered "filed" only when received and the date on same stamped.

Parties must put the assigned docket number on all submissions and should use regular-size paper (not legal size). All submissions after the notice of appeal should be made in an original for the official record and one working copy, the latter not included as part of the official record, to the Administrative Law Judge. Markings and notes made on the working copies are strictly confidential to the Administrative Law Judge and these working copies are not subject to inspection by the parties or their representatives. Copies of all submissions after the notice of appeal must also be sent simultaneously to the other party. Each submission should contain a statement that a copy of the submission has been sent to the other party, identifying when, and to whom, the copy was sent. Unless a submission is hand-delivered or express-mailed to the Administrative Law Judge, registered or certified mail is necessary.

Section 12. INFORMAL DISPOSITION

Informal disposition may be made of any case by written stipulation, agreed settlement, consent order, or default.

Section 13. PREHEARING PROCEDURE

(1) Prehearing Conference

On the motion of the Petitioner or the Respondent or on his own motion, the Administrative Law Judge may direct the parties and their attorneys or representatives to appear before him at a specified time and place for a conference prior to the actual hearing for the purpose of formulating issues and considering:

(a) the possibility of making admissions of certain averments of facts or stipulations to avoid the unnecessary introduction of proof;

(b) the simplification of issues;

(c) the procedure at the hearing;

(d) the limitation, when possible, of the number of witnesses; and

(e) such other matters as may aid in the simplification of the proceedings and the disposition of the matters in controversy, including settlement of such issues as are in dispute.

The Administrative Law Judge may direct that one or more of the following be transmitted by each party to all other parties or their representatives, and to the Administrative Law Judge, by the date established by the Administrative Law Judge:

(a) a list of witnesses the party desires to testify and a brief narrative summary of their expected testimony;

(b) a written statement of the disputed issues for consideration at the hearing;

(c) a copy of any written statements to be offered at the hearing;

(d) a copy of other written testimony or documentary evidence the party intends to use at the hearing.

(2) Discovery and Production of Documents and materials for Inspection, Copying, or Photographing

Upon the timely motion of any party and notice to the other party, the Administrative law Judge may order any party to produce and permit the inspection and copying or photographing by or on behalf of the moving party any of the following that are in his possession, custody, or control: any designated relevant documents, papers, books, accounts, letters, photographs, objects, or tangible things, not privileged, which contain, or are reasonably calculated to lead to the discovery of, evidence material to any relevant matter involved in the action.

The order must specify the time, place, and manner of making the inspection and taking the copies and photographs, and may prescribe such terms and conditions as are just and fair under the circumstances.

The identity and location of any potential party or witness may be obtained from any communication or other paper in a party's possession, custody, or control; any party may be required to produce and permit reports, including factual observations and opinions of an expert to be called as a witness, to be inspected and copied. The rights granted in this item may not extend to other written statements of witnesses or other written communications passing between agents or representatives or the employees of any party and his agents, representatives, or other employees, where made subsequent to the occurrence or transaction upon which this matter is based or of a privileged attorney-client communication.

Any person, whether or not a party, is entitled to obtain, upon request, a copy of any statement he has previously made concerning this case or its subject matter, which is in any party's possession, custody, or control. If the request is refused, the person may move for an order according him this item. For the purpose of this item, a statement previously made is:

(a) a written statement signed or otherwise adopted or approved by the person making it, or

(b) a stenographic, mechanical, electrical, or other recording or a transcription of the same statement, which is a substantially verbatim recital of an oral statement by the person making it and contemporaneously recorded.

(3) Nonparty Discovery

The Administrative Law Judge may order a person, organizational entity, governmental agency, or corporation not a party to the hearing to produce discoverable information. He may make this order only after a motion specifically stating the request and necessity for it is filed. All parties and those who are not parties must have the opportunity to object in writing to the motion. At his own discretion, the Administrative Law Judge may hold a hearing on the motion.

(4) Admission of Facts and of Genuineness of Documentation

Any time after the Administrative Law Judge has acknowledged in writing a Petitioner's request for review, a party may deliver, or have delivered to any other party, a written request for admission of facts and genuineness of documents.

(5) Interrogatories to Parties

Any time after the Administrative Law Judge has acknowledged a Petitioner's request for review, any party may serve interrogatories upon any other party. The number of questions is limited to no more than twenty-five (25) unless an additional number is approved by the Administrative Law Judge.

(6) Telephone Conference Calls

A party may request a telephone conference at any time; often, however, the Administrative Law Judge decides that a telephone conference is necessary and contacts the parties by telephone or letter to set a time. Once the Petitioner and Respondent's representative are on the line, the Administrative Law Judge will identify the case by Petitioner and docket number, state the purpose for holding the call, and possibly requests the parties' representatives to identify themselves. Frequently the telephone conference will be tape recorded after informing the parties of the taping (to which they may object). If a party objects, the conference will generally not be recorded, and an acceptable method of including the contents or results of the conference into the record will be discussed with the parties. The Administrative Law Judge will usually send a statement of the results of the call or indicate what transpired in or as a result of the call, giving the parties a brief opportunity to note in writing any major error. For example, a telephone conference may be utilized for the following:

(a) as the first step in the review process, to discuss, such matters as appropriate procedures and the substantive issues presented in the case;

(b) to discuss procedures, motions, or other requests for rulings, or to discuss or clarify the substantive issues;

(c) to discuss requests for discovery;

(d) to discuss a request for a hearing or conference;

(e) to reach agreement on whether there are disputed material facts; or

(f) to facilitate the parties' settlement discussions, etc.

Section 14. INTERVENTION

All petitions to intervene in a pending contested case shall state any and all facts and legal theories under which a prospective Intervenor claims an interest relating to the case and that the disposition of the case may as a practical matter impair or impede their ability to protect that interest; whether this prospective Intervenor claim, and the main case, have a question of law or fact in common; whether the prospective Intervenor interests are adequately represented; and whether admittance of a new party will render the contested hearing unmanageable or will interfere with the interests of justice and the orderly conduct of the proceedings. In deciding a petition to intervene, the Administrative Law Judge may impose conditions upon the Intervenor's participation in the proceedings.

Section 15. CONDUCT OF HEARINGS

(1) The Administrative Law Judge is in charge of proceedings. The Administrative Law Judge has the authority to administer oaths, examine witnesses, issue subpoenas and commissions, and rule on admissibility of evidence and amendments to pleadings. He also may establish reasonable time limits for conducting individual hearings, request additional information, and issue intermediate orders. The Administrative Law Judge has the authority to issue any orders necessary to enforce his rulings. These include, but are not limited to,

(a) exclusion of evidence or witnesses;

(b) exclusion of oral argument;

(c) summary orders or default judgment on any issues;

(d) postponement or dismissal of the hearing with or without prejudice.

(2) Subject to the Administrative Law Judge's rulings and orders, opportunity must be given to all parties to respond and present evidence and argument on all issues involved.

(3) The Petitioner and the Respondent will have an opportunity to call any witnesses desired, but within limits set by Administrative Law Judge.

(4) If the party or his representative is notified of the hearing and neither is present at the hearing, all matters stated in evidence introduced at the hearing may be considered as uncontroverted by the party failing to appear.

(5) The Administrative Law Judge may grant a postponement or continue the hearing for just cause. A motion for continuance of the hearing must be in writing and must be filed with the Administrative Law Judge at least seven days before the date set for the hearing. The party

making the motion must state that such is not for the purpose of delay and must also include the specific grounds for the action and refer to all prior motions for continuance filed in the same proceeding. A copy of the motion must be served on the other party under a certificate of service. Failure to comply with the provisions of this item, except for good cause shown, may be construed as lack of diligence by the party making the motion; and, at the discretion of the Administrative Law Judge, is grounds for refusing the motion. Once an action has proceeded to a hearing, according to the notice issued concerning the hearing, no postponement or continuance may be granted without the consent of all involved.

(6) A recording of each hearing should be made. If requested by the Administrative Law Judge, the recording may be transcribed and a transcription given to the parties. Any costs associated with recording and transcribing the hearing may be assessed to one or more parties. If a party desires an official court reporter, they should so notify the Administrative Law Judge and that party must pay all costs associated with the same or share the costs as agreed with the other party. If a party fails to appear at a hearing and a default decision is entered against that party, the Administrative Law Judge may assess court reporter costs, if any, against the defaulting party.

(7) The parties to the hearing may conduct cross-examinations required for a full and true disclosure of the facts.

(8) Before or during the hearing, the Administrative Law Judge may call or request any party to call a witness or witnesses that the judge believes necessary to make a final decision. Upon notifying all parties, the Administrative Law Judge may communicate with department employees who have not participated in the hearing for the purpose of using the special skills or knowledge of the agency and its staff in evaluating the evidence. The Administrative Law Judge may allow all parties to be present during such communication and, at his sole discretion, may allow parties to question the employee. The employee's communication is not part of the hearing and need not be recorded.

(9) Any motion relating to a pending proceeding, unless made during a hearing, must be in writing and specify the desired relief and the specific reasons and basis for this relief. If based upon matters which do not appear of record, it must be supported by affidavit. Motions must be filed with the Administrative Law Judge and copies sent to all parties under certificate of service. Failure to comply with the provisions of this item, except for good cause shown, is grounds for the Administrative Law Judge to refuse the motion.

(10) Hearings will be ordinarily open to the general public and as informal as reasonably possible, keeping in mind the need to establish an orderly record. The Administrative Law Judge will admit evidence unless it is determined to be clearly impertinent, immaterial or unduly repetitious, so the parties should avoid frequent objections to questions and documents. Since the parties have ample opportunity to develop a complete case file, a party may introduce an exhibit at the hearing only after explaining to the satisfaction of the Administrative Law Judge

why the exhibit was not submitted earlier (for example, because the information was not available).

(11) The Administrative Law Judge may request the parties to submit written statements of witnesses prior to the hearing so that the hearing will primarily be concerned with cross-examination and rebuttal.

(12) At all hearings, each party, witness, attorney, representative, or other person must show proper dignity, courtesy, and respect for the Administrative Law Judge and others participating in or observing the hearing. The Administrative Law Judge is authorized to act as he considers necessary and appropriate to maintain proper decorum and conduct. Actions may include, but are not limited to, recessing the hearing to be reconvened at another time or location in Jackson, Mississippi or excluding from the hearing any party, witness, attorney, representative, or other person for a period and under the conditions that the Administrative Law Judge considers fair and just.

Section 16. ORDER OF HEARING PROCEEDING

A general outline as to the conduct of a contested case proceeding is offered here for the benefit of the parties. However, a departure from same in order to expedite or insure the fairness of a proceeding would not be a violation of this section:

(1) Administrative Law Judge may confer with the parties prior to the hearing to explain the order of proceedings, admissibility of evidence, to discuss the number of witnesses and other matters.

(2) Hearing is called to order by the Administrative Law Judge.

(3) Administrative Law Judge introduces himself and gives a brief statement of the nature of the proceedings, including a statement of the Administrative Law Judge's role in making legal rulings.

(4) Administrative Law Judge calls upon Petitioner to ask if the Petitioner is represented by counsel and if so, counsel is asked to introduce himself for the record. The Administrative Law Judge then requests Respondent's counsel and any other officials who may be present at the hearing to introduce themselves.

(5) The Administrative Law Judge states what documents the record contains.

(6) Either the Administrative Law Judge or court reporter may administer the oath or affirmation to witnesses.

(7) The parties are asked whether they wish to have all witnesses excluded from the hearing room except during their testimony. If so, all witnesses are instructed not to discuss the case during the pendency of the proceeding. Notwithstanding the exclusion of the witnesses, parties will be permitted to stay in the hearing room, and the Petitioner and the Respondent may have one appropriate person, who may also be a witness, act as their party's representative.

(8) Any preliminary motions, stipulations, or agreed orders are entertained.

(9) Opening statements are allowed by both the Petitioner and the Respondent.

(10) Petitioner calls witnesses, and questioning proceeds as follows:

(a) Petitioner questions.

(b) Respondent cross-examines.

(c) Petitioner redirects.

(d) Respondent re-cross-examines.

(e) Administrative Law Judge questions.

(f) Further questions by Petitioners and Respondent with questions proceeding as long as is necessary to provide all pertinent testimony.

(11) Respondent calls witnesses and questioning proceeds as follows:

(a) Respondent questions.

(b) Petitioner cross-examines.

(c) Respondent redirects.

(d) Petitioner moving party re-cross-examines.

(e) Administrative Law Judge questions.

(f) Further questions by Respondent and Petitioner, the questioning proceeding as long as is necessary to provide all pertinent testimony.

(12) Petitioner and Respondent allowed to call appropriate rebuttal and rejoinder witnesses with examination proceeding as outlined above.

(13) After all evidence has been heard, the Administrative Law Judge will adjourn the hearing.

Section 17. RECOMMENDED AND FINAL DECISIONS

Following the adjournment of the hearing, both the Record and Recommended Decision of the Administrative Law Judge will be forwarded only to the Executive Director of the Department for review and consideration. The Executive Director may adopt the Recommended Decision, modify the Recommended Decision, or reverse the Recommended Decision as the Final Decision of the Department. The Executive Director's Office will subsequently forward the Final Decision of the Department, along with a copy of the Recommended Decision of the Administrative Law Judge, to the attorneys of record or, if a Petitioner is not represented by an attorney of record, the Final Decision will be forwarded to that party. The Executive Director's Office will maintain an appropriate record of that mailing of a Final Decision is presumed to have been notified on the date such notice is mailed.

Section 18. RECONSIDERATION

The Administrative Law Judge may further make a Recommended Reconsideration Decision in writing and forward same to the Executive Director of the Department for consideration, in cases in which a party, within twenty (20) days after receiving the Final Decision and accompanying Recommended Decision of the Administrative Law Judge, alleges in a petition to the Administrative Law Judge, with a copy to the Executive Director of the Department, a clear error of fact or law. The Administrative law Judge may ask the opposing party to respond to the request. The Executive Director of the Department may adopt the Recommended Decision, modify the Recommended Reconsideration Decision, or reverse the Recommended Administrative Decision as the Final Reconsideration Decision of the Department. Parties should view petitions for reconsideration as an exceptional process, not merely as another progressive step in the proceedings.

DEBARMENT AND SUSPENSION **Section 14**

POLICY

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

Coverage

This policy shall apply to all persons/subgrantees who are currently participating in transactions under state nonprocurement 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 nonprocurement transaction between MDHS 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 Action

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.

DEBARMENT

The MDHS Executive Director, or its designee, after consultation with the appropriate Division Director, may debar a subgrantee for any of the causes noted below. However, the existence of a cause for debarment does not necessarily require that the subgrantees acts or omissions and any mitigating factors shall be considered in making a debarment decision. Debarment means, for purposes of this agency, an action taken by the agency in accordance with these regulations to exclude a subgrantee from participating in a covered transaction.

Causes for Debarment

Debarment may be imposed for:

a. Conviction, plea agreement of guilt or civil judgment for:

   1. Commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public or private agreement or transaction;

   2. Violation of Federal or State antitrust statutes, including those proscribing price fixing between competitors, allocation of customers between competitors, and bid rigging;

   3. 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

   4. 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.

b. Violation of the terms of a public agreement or transaction so serious as to affect the integrity of an agency program, such as:

   1. A willful failure to perform in accordance with the terms of one or more public agreements or transactions;

   2. A history of failure to perform or of unsatisfactory performance of one or more public agreements or transactions; or

   3. A willful violation of a statutory or regulatory provision or requirement applicable to a public agreement or transaction.

c. Any of the following causes:

   1. A nonprocurement 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 CFR Part 76; and

   2. Knowingly doing business with a debarred, suspended, ineligible, or voluntarily excluded person, in connection with a covered transaction, except as permitted by the agency.

Procedures

MDHS shall process debarment actions as informally as practicable, consistent with the principles of fundamental fairness.

Information concerning the existence of a cause for debarment from any source shall be promptly reported, investigated, and referred, when appropriate, to the debarring official for consideration. After consideration, the debarring official, MDHS Executive Director, or its designee, may issue a notice of proposed debarment.

Notice of Proposed Debarment

A debarment proceeding shall be initiated by notice to the respondent advising:

a. The debarment is being considered;

b. The reasons for the proposed debarment in terms sufficient to put the respondent on notice of the conduct or transaction(s) upon which it is based;

c. The reasons covered in "Causes for Debarment" above;

d. The provisions regarding investigations, notice of proposed debarment, an opportunity to contest proposed debarment and a final decision; and

e. The potential effect of a debarment.

Opportunity to Contest Proposed Debarment

a. Submission in Opposition

   Within 30 days after receipt of the notice of proposed debarment, the respondent may submit to the MDHS Executive Director, in person, in writing, or through a representative, information and argument in opposition to the proposed debarment.

b. Additional Proceedings As to Disputed Material Facts

   1. In actions not based upon a conviction or civil judgment, if the debarring official finds that the respondent's submission in opposition raises a genuine dispute over facts material to the proposed debarment, respondent(s) shall be afforded an opportunity to appear with a representative, submit documentary evidence, present witnesses, and confront any witness the agency presents.

2. A transcribed record of any additional proceedings shall be made available at cost to the respondent, upon request, unless the respondent and the agency, by mutual agreement, waive the requirement for a transcript.

Debarring Official's Decision

a. No Additional Proceedings Necessary

In actions based upon a conviction or civil judgment, or in which there is no genuine dispute over material facts, the debarring official shall make a decision on the basis of all the information in the administrative record, including any submission made by the respondent. The decision shall be made within 45 days after receipt of any information and argument submitted by the respondent, unless the debarring official extends this period for good cause.

b. Additional Proceedings Necessary

1. In actions in which additional proceedings are necessary to determine disputed material facts, written findings of fact shall be prepared. The debarring official shall base the decision on the facts as found, together with any information and argument submitted by the respondent and any other information in the administrative record.

2. The debarring official may refer disputed material facts to another official for findings of fact. The debarring official may reject any such findings, in whole or in part, only after specifically determining them to be arbitrary and capricious or clearly erroneous.

3. The debarring official's decision shall be made after the conclusion of the proceedings with respect to disputed facts.

c. Standard of Proof

1. In any debarment action, the cause for debarment must be established by a preponderance of the evidence. Where the proposed debarment is based upon a conviction or civil judgment, the standard shall be deemed to have been met.

2. The burden of proof is on the agency proposing debarment.

d. Notice of Debarring Official's Decision

1. If the debarring official decides to impose debarment, the respondent shall be given

i. Referring to the notice of proposed debarment;

ii. Specifying the reasons for debarment;

iii. Stating the period of debarment, including effective dates; and

iv. Advising that the debarment is effective for covered transactions throughout the agency.

2. If the debarring official decides not to impose debarment, the respondent shall be given prompt notice of that decision. A decision not to impose debarment shall be without prejudice to a subsequent imposition of debarment by any other agency.

Settlement and Voluntary Exclusion

When in the best interest of the agency, MDHS may, at any time, settle a suspension action.

Period of Debarment

a. Debarment shall be for a period commensurate with the seriousness of the cause(s). If a suspension precedes a debarment, the suspension period shall be considered in determining the debarment period.

b. The debarring official may extend an existing debarment for an additional period, if that official determines that an extension is necessary to protect the public interest.

SUSPENSION

Suspension is a serious action to be imposed only when there exists adequate evidence, as set out below, and immediate action is necessary to protect the public interest. For purposes of this agency, suspension is an action taken by the agency in accordance with the following regulations that immediately excludes a subgrantee from participating in covered transactions for a temporary period, pending investigation and such legal action, debarment, or other proceedings as may ensue.

Causes for Suspension

Suspension may be imposed upon adequate evidence to suspect the commission of a debarment offense as listed in “Causes for Debarment” section above. Indictment shall constitute adequate evidence for purposes of suspension actions.

Procedures

Investigation and referral - Information concerning the existence of a cause for suspension from any source shall be promptly reported, investigated, and referred, when appropriate, to the suspending official for consideration. After consideration, the suspending official may issue a notice of suspension.

Notice of Suspension

When a respondent is suspended, notice shall be immediately given:

a. That suspension has been imposed;

b. That the suspension is based on an indictment, conviction, or other adequate evidence that the respondent has committed irregularities seriously reflecting on the propriety of further State Government dealings with the respondent;

c. Describing any such irregularities in terms sufficient to put the respondent on notice without disclosing the State Government's evidence;

d. Of the cause(s) relied upon above for imposing suspension;

e. That the suspension is for a temporary period pending the completion of an investigation or ensuing legal action, debarment, or other proceedings;

f. Of the notice of suspension, the opportunity to contest suspension, and the suspending official's decision; and

g. Of the effect of the suspension.

Opportunity to Contest Suspension

a. Submission in Opposition

   Within 30 days after receipt of the notice of suspension, the respondent may submit to the MDHS Executive Director, in person, in writing, or through a representative, information and argument in opposition to the suspension.

b. Additional Proceedings as to Disputed Material Facts

1. If the suspending official finds that the respondent's submission in opposition raises a genuine dispute over facts material to the suspension, respondent(s) shall be afforded an opportunity to appear with a representative, submit documentary evidence, present witnesses and confront any witness the agency presents, unless the action is based on an indictment, conviction or civil judgment as described in the "Causes for Debarment" section above.

2. A transcribed record of any additional proceedings shall be prepared and available at cost to the respondent, upon request, unless the respondent and the agency, by mutual agreement, waive the requirement of a transcript.

Suspending Official's Decision

The suspending official may modify or terminate the suspension or may leave it in force. A decision to modify or terminate the suspension shall be without prejudice, to the subsequent imposition of debarment. The decision shall be rendered in accordance with the following provisions:

a. No Additional Proceedings Necessary

In actions based on an indictment, conviction, or civil judgment in which additional proceedings to determine disputed material facts; or in which additional proceedings to determine disputed material facts have been denied on the basis of law enforcement advice, the suspending official shall make a decision on the basis of all information in the administrative record, including any submission made by the respondent. The decision shall be made within 45 days after receipt of any information and argument submitted by the respondent, unless the suspending official extends this period for good cause.

b. Additional Proceedings Necessary

In actions in which additional proceedings are necessary to determine disputed material facts, written findings of fact shall be prepared. The suspending official shall base the decision on the facts as found, together with any information and argument submitted by the respondent and any other information in the administrative record. The suspending official may refer matters involving disputed material facts to another official for findings of fact. The suspending official may reject any such findings, in whole or in part, only after specifically determining them to be arbitrary or capricious, or clearly erroneous.

c. Notice of Suspending Official's Decision

Prompt written notice of the suspending official's decision shall be sent to the respondent.

Period of Suspension

Suspension shall be for a temporary period pending the completion of an investigation or ensuing legal action, debarment, or other proceedings, unless terminated sooner by the suspending official.

If legal or administrative proceedings are not initiated within 12 months after the date of suspension notice, the suspension shall be terminated, unless the Executive Director receives a request from the applicable MDHS funding Division Director and determines that this time should be extended.

Source: Miss Code Ann. § 43-1-2 (Rev. 2009)

Title 18: Human Services

Part 8: Division of Program Integrity

Part 8 Chapter 1: MDHS Subgrant/Contract Manual

Rule 1.1 Repeal of Prior Rules/Manuals: **Upon their 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.**

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INTRODUCTION Section 1

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

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

NOTE: Revisions to the ***Subgrantee Manual*** are subject to amendment as deemed necessary. Subgrantees should not accept any amendment to the content of the Subgrantee Manual without a written authorization from the MDHS Executive Director and/or designee.

The true measure of an organization's administrative effectiveness and efficiency is how it assures accountability of its resources. MDHS is driven by the desire to be a good steward of the programs and services funded by taxpayer monies for the citizens of Mississippi.

MISSION STATEMENT: To provide services for people in need by optimizing all available resources to sustain the family unit and to encourage traditional family values; thereby promoting self-sufficiency and personal responsibility for all Mississippians.

ALL MDHS SUBGRANTEES AND ANY LOWER-TIER SUBRECIPIENTS ARE REQUIRED TO COMPLY WITH THE DIRECTIVES SET OUT IN THIS MANUAL.

FOR THE PURPOSES OF THIS MANUAL THE TERMS "SUBGRANT" AND "CONTRACT" ARE TO BE USED INTERCHANGEABLY.

TERMINOLOGY Section 2

The terms and definitions included in this section are used by the Mississippi Department of Human Services (MDHS). The sources of these terms include 45 CFR Parts 74 and 92, documents issued by the State Auditor's Office, and several U.S. Office of Management and Budget circulars.

TERMS	DEFINITIONS
Accounting Procedures	Methods implemented to ensure that financial information is reflected in accounting records in a consistent, proper, and orderly manner.
Accounting System	All the 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.
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 45 days from the end of the subgrant period.
Accounts Receivable	Amounts due to the subgrantee from persons, firms, or corporations for goods and services.
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. Note: Obligations of subgrant funds must be liquidated no later than 45 days from the end of the subgrant period.
Accrued Expenditure	An expense incurred for goods or services received during a given period which has not been paid. Accrued expenses cannot be reported on the Final Subgrantee Reporting Worksheet.
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.
Allocation	The amount of funds provided to a subgrantee to incur obligations and expenditures over a certain period of time.

TERMINOLOGY **Section 2**

Appropriated Funds	A sum set aside by formal action for a particular purpose for specific use during a specified period of time.
Assets	The entire resources of the subgrantee fund, including any property, tangible or intangible, of monetary value.
Audit	The process by which a MDHS authorized auditor examines, reviews and assesses the financial records, with supporting documentation of subgrantees, to evaluate the overall financial statement presentation.
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.
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 which may be required by MDHS, shall be obtained from companies holding certificates of authority as acceptable sureties, according to 31 CFR Part 223. A list of these companies is published annually by the U.S. Department of the Treasury in its Circular 570.
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 his bid, execute such contractual documents as may be required within the time specified. This bond must be equivalent to 5% of the bid price.
Bond, Fidelity	A bond against any loss resulting from fraud or lack of integrity, honesty, or fidelity of one or more employees, officers, or other persons holding a position of trust with the subgrantee which must be payable to MDHS.
Bond, Payment	A bond executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for the subgrant.

TERMINOLOGY **Section 2**

Bond, Performance	A bond executed in connection with a subgrant to secure fulfillment of all the subgrantee's obligations under such subgrant.
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.
Budgetary Accounting	A method of accounting which allows for the comparison of actual revenues and expenditures to budgeted figures. In many cases, budgetary accounting applies to allocations and the expenditures authorized thereby.
Budget Narrative	A written justification adequately explaining the subgrantee's funding needs.
Budget Summary	A compilation of the detailed data contained in the Cost Summary Support Sheet. (Form MDHS-BS-1006)
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 allowable only with the prior written approval of the grantor division.
Cash	Currency, checks, money orders, and bank drafts on deposit in the account of the subgrantee agency.
Cash Balance	Currency, checks, money orders, and bank drafts on deposit in the account of the subgrantee agency less any checks written against these receipts.
Cash Basis Accounting	The basis of accounting under which revenues are recorded when received and expenditures are recorded when paid.
Cash Disbursement Journal	A journal kept to record in sequential order the expenditure of funds whether by check or other method of payment.
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.

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.
Cash Outlay	Total amount of cash spent by a subgrantee during a specific period of time either for expenditures, transfers between funds or refunds of unexpended cash to the grantor agency.
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).
Cash, Program Income	Cash held by the subgrantee that is directly generated by a supported activity or earned as a result of the subgrant.
Cash Receipt	Cash received by a subgrantee for which it acknowledges accountability.
Cash Receipts Journal	A journal kept to record in sequential order, the receipt of all funds.
Certification of Subgrant Compliance Form	A form by which the subgrantee releases the unexpended and/or unobligated balance of the subgrant/contract to MDHS. (See form MDHS-SGCC- 1012)
Closeout, Administrative	The process by which MDHS determines that subgrantee fails to adhere to established policies and regulations and performs the procedures to close out the subgrant.
Closeout Checklist	A checklist used by the subgrantee to ensure that all closeout documents are included as a part of the subgrantee closeout package. (See form MDHS-SGCC-1011)
Closeout Procedures	The process by which MDHS determines that all applicable administrative actions and all required work elements of the subgrant/contract have been completed.
Cognizant Agency	The Federal agency responsible for negotiating and approving indirect cost rates for subgrantees.

Commodities	Budget category that includes various supplies, goods, merchandise, furniture, and equipment of every kind, and other personal property purchased by a subgrantee or lower tier subrecipient having a unit cost of less than $1,000.00. All items costing less than $1,000.00 with a useful life of one year or more are not required to be placed on inventory, excluding specialty items. However, they are required to have an agency "Property of MDHS" sticker applied. (Specialty items listed in the Inventory Management section of this manual.)
Competitive Purchasing	(See the Procurement and Purchasing section of this manual.)
Contract, Fixed Price/ Performance Based	Contractual agreement whereby payments to the subgrantee are contingent on the subgrantee achieving specified elements of performance.
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 via the monthly Reporting Worksheet; a Request for Cash form is not required under the cost reimbursement method.
Cost Summary Support Sheet	A budget form used to describe the basis for determining the cost for the various activities on the Budget Summary. (See form MDHS-CSSS-1007)
Cumulative Costs	Total cost incurred for a specific grant from the beginning date through the current period.

Current Needs/Cash Advance	A method of funding subgrants under which the subgrantee projects its cash needs for a specific period of time and submits a request for these funds prior to the period the funds will be needed. The subgrantee requests payment for the Federal and/or State portion of expenses expected to be paid during the period of projected cash needs. A Request for Cash form is required under the current needs/cash advance method to initiate the payment process. A monthly Reporting Worksheet is also required to report costs incurred. The Request for Cash and Reporting Worksheet forms must be obtained from the funding division.
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.
Direct Costs	Cost immediately identifiable with specific subgrant activities which is recorded as a subgrant expenditure when incurred.
Encumbrances	Commodities and services which have been ordered but the goods have not been received or the service rendered for funds committed during current subgrant period.
Equipment/Reportable Property	Tangible property of a nonconsumable nature with a useful life of one year or more and an initial unit cost of $1,000.00 or more that is purchased by the subgrantee. (See the Inventory Management section of this manual for items that are classified as equipment, regardless of costs or if the unit cost is $250.00 or more.)
Expenditure	Exchange of an asset or incurrence of a liability for an asset, goods received, or services rendered when a voucher for goods and/or services is approved.
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.

Expense	Cost incurred whether cash or noncash, which are presumed to benefit operations of the current fiscal period.
Finding	A monetary and/or non-monetary conclusion reached as a result of a monitoring review, investigative audit, or investigation.
Fiscal Year	The twelve (12) month period that is the legal period for budgeting and accounting for most subgrantees.
Fixed Assets	Assets of a long-term character and nonconsumable in nature which are intended to be held or used for a period exceeding one year. These include land, buildings, improvements, machinery, furniture and other equipment with an initial cost of $1,000.00 or more and other items regardless of cost. (See the Inventory Management section of this manual for exceptions.)
Funding Division	MDHS Division or Office 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 MDHS.
Fixed Unit Price	Method of funding subgrants under which the subgrantee is paid a predetermined fixed price for services performed.
Funding Source	Source from which funds are derived.
General Journal	Journal in which all entries not recorded in special journals such as cash receipts and disbursements are entered.
General Ledger	A book or other device which contains the accounts necessary to reflect in summary or in detail the financial position and the results of operations of a subgrantee.
Generally Accepted Accounting Principles (GAAP)	The rules and practices necessary at a particular time that represent accepted accounting principles and practices.
Indirect Costs	Costs incurred for common or joint objectives, and therefore cannot be readily and specifically identified with a particular project or activity.

Indirect Cost Plan	The documentation prepared by an organization to substantiate its claim for reimbursement of indirect costs. The plan provides the basis for the review and negotiation leading to the establishment of an organization's indirect cost rate.
Indirect Cost Rate	Expressed as a percentage of the indirect costs to a direct cost base pending prior approval by the appropriate authority.
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.
Internal Control	The plan of organization and all of 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.
Inventory Control List	An up-to-date list of all equipment purchased by the subgrantee with subgrant funds, as required by the Inventory Management section of this manual.
Inventory Management Policy	Uniform standards adopted by all divisions and the Property Unit within the Mississippi Department of Human Services to ensure effective use and control of subgrantee property.
Invoice	The original bill from the vendor indicating the price, description of goods or services sold and terms of the sale and used as documentary evidence that the service has been performed or the material received. If not an original, the invoice must read "customer copy."
Journal	A book of original entry.
Ledger	A ledger consists of a number of accounts. Each account represents stored information about a particular kind of asset, liability, owner's equity (fund balance), revenue, or expense.

Lower-Tier Agreement	A legally binding document between a MDHS subgrantee and another entity to provide a service required under the MDHS subgrant, rather than the direct delivery of the service by the MDHS subgrantee. All lower-tier subrecipients must comply with the requirements specified in the MDHS Subgrant/Contract Manual.
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.
MDHS Subgrant/ Contract Manual	A handbook developed by the Mississippi Department of Human Services which implements the Agency's policies and procedures that are applicable to MDHS subgrantees and to any lower-tier subrecipients.
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.
Outstanding Claimants List	A list of all possible claimants to MDHS funds. (See the Closeout Procedures section of this manual, form MDHS-SGOCL-1013)
Outstanding Encumbrances	The portion of the total prospective expenditures filed (such as purchase orders or executory contracts) that still remain to be liquidated.
Outlays	The spending or disbursing of money.
Program Budget	A budget in which projected expenditures are assigned to specific activities.
Program Income	Gross income earned by the subgrantee that is directly generated by subgrant/contract-supported activities.
Projected Cash Needs	Cash needs for a given period. The period of projected cash needs is the period in which all cash requested will be expended.

Purchase Order	A document that authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.
Questioned Costs	Those funds that are expended by a subgrantee and are not in compliance with the terms and conditions of the subgrant/contract agreement or with other compliance requirements. There are four general criteria for questioning costs: (1) unallowable; (2) unsupported; (3) unapproved; and, (4) unreasonable.
Record Retention and Access Policy	Federal regulations that establish the requirements for record retention and access to records of subgrantees and any lower-tier subrecipients. (See the Record Retention and Access section of this manual.)
Reporting Worksheet	The form used to report monthly costs incurred under MDHS subgrants and to request funds on a cost reimbursement basis.
Request for Cash Form	The form used to request funds under the current needs/cash advance funding method.
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.
Single Audit Act Amendments	A federal act passed by Congress in October of 1984, as amended in 1996, establishing audit requirements according to OMB Circular A-133 for subrecipients which expend a total amount equal to or in excess of $500,000 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. (See the Audit section of this manual for details.)
Standard Assurances Policy	Assurance and certification by a subgrantee that it will comply with the regulations, policies, guidelines, and requirements imposed by the federal sponsoring agency and the grantor agency.

Statements, Financial	Presentations of financial data which 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.
Subgrant/Contract	Financial assistance or property made by a recipient to an eligible subrecipient, or by a subrecipient to a lower-tier subrecipient, to carry out a specific project or program.
Subgrant/Contract Agreement	Contractual arrangement that sets forth specific programs, activities, and guidelines for the use of subgrant funds which may include the following documents: MDHS Subgrantee/Contract Manual Acceptance Form, Certificate of Adequate Fidelity Bonding Form, Certifications Regarding Unresolved Audit or Monitoring Findings or Litigation, Certifications Regarding Lobbying, Debarment, Suspension and other Responsibility Matters, Drug-Free Workplace Requirements, Standard Assurances, Scope of Services, Subgrant/Contract Agreement Form, Indirect Cost Rate documents (if applicable), Budget Narrative, Cost Summary Support Sheet, Budget Summary, Subgrant/Contract Signature Sheet and Subgrant/Contract Modifications (if applicable).
Subgrant/Contract Modification	A legal document that alters or amends any subgrant or contract which has been approved by MDHS.
Subgrant/Contract Unit Cost/Performance Based	Subgrant/contract agreement whereby payments to the subgrantee are performance based (contingent on the subgrantee achieving specified elements of performance).
Subgrant/Contract Monitoring Policy	Sets forth monitoring guidelines for use by the grantor agency when monitoring subgrantees and lower-tier subrecipients. (See the Monitoring section of this manual.)
Subgrantee Travel Policy	Policy concerning in-state and out-of-state travel that defines uniform guidelines for the reimbursement of travel expenses of subgrantees. (See the Travel section of this manual.)
Subsidiary Account	Group of related accounts which support in detail the summary data recorded in a control account.

Subsidiary Ledger	A group of subsidiary accounts, the sum of the accounts should equal the balance of the related control account.
Trial Balance	A list of the debit and credit balances of the individual accounts in a general ledger kept by double entry accounting.
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.
Unexpended Balance	That portion of allocation received which has not been expended; the balance remaining after deducting the accumulated expenditures.
Value	The act of describing anything in terms of money, i.e., assessing its worth; (2) the measure of an item in terms of money. The term should not be used in this sense without qualification as to timing and basis of valuation -- that is, the value has been established at what point in time and upon what basis.
Vendor	The company or individual who has rendered a service or sold merchandise to a subgrantee or lower-tier subrecipient.

REGULATIONS **Section 3**

Subgrantees are to comply with the regulations, policies, guidelines and requirements imposed by the federal sponsoring agency and the Mississippi Department of Human Services. Subgrantees are to comply with State statutes and implementing regulations that are also applicable. Federal and State requirements include the specific program regulations applicable to each individual award as specified in the subgrant agreement.

Current regulations are available on the Internet at the following addresses:

OMB Circulars	www.whitehouse.gov/omb
Federal regulations	www.gpoaccess.gov/ecfr

Also applicable are the following Executive Orders, Federal Regulations, and Office of Management and Budget (OMB) Circulars, as implemented by the various Federal grantor agencies:

Cost Principles

• State, local or Indian tribal governments	OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments"
• Non-profit organizations	OMB Circular A-122, "Cost Principles for Nonprofit Organizations"
• Educational institutions (Colleges and Universities)	OMB Circular A-21, "Cost Principles for Educational Institutions"
• For-profit organizations	48 CFR Part 31, "Contract Cost Principles and Procedures"

Audit Requirements

• All subgrantees, except for-profit entities	The Single Audit Act Amendments of 1996 (P.L. 104-156) OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations" OMB Circular A-133, Appendix B, Compliance Supplement

Administrative Requirements

• State and local governments	OMB Circular A-102, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments"
• Non-profit organizations and Educational institutions	OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Institutions"

Other Federal Regulations Requiring Certification of Compliance

• All Subgrantees/Contractors	"Government-Wide Common Rule for Debarment and Suspension (Nonprocurement)" (As authorized by Executive Order 12549) Drug Free Work Place Act of 1988 (P.L. 100-690, Title V, Subtitle D) Restrictions on Lobbying - Common Rule (P.L. 101-121, Section 319)

For additional federal laws that must be followed, see the Standard Assurances and Certification section of this manual.

STANDARD ASSURANCES AND CERTIFICATIONS Section 4

OVERVIEW

Each Subgrantee and any lower-tier subrecipient must assure that it will comply with the regulations, policies, guidelines, and requirements imposed by the Federal grantor agency and MDHS. The MDHS Subgrantee must also ensure that any lower-tier subgrants it issues through funds received from MDHS will require the lower-tier subrecipient to comply with these same regulations. The assurances listed in this section may not be applicable to a particular project or program, and there may be additional assurances required by certain Federal awarding agencies.

In addition, each subgrantee must certify in writing that it will comply with the following regulations:

- Lobbying;
- Suspension and Debarment;
- Drug-Free Workplace;
- Unresolved Monitoring and Audit Findings; and
- Fidelity Bond Coverage.

STANDARD ASSURANCES

The Subgrantee assures that it:

1. 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. Shall give MDHS, the State Auditor's Office, the Federal grantor agency, and the Comptroller General, or any of their authorized representatives, access to and the right to examine and copy all records, books, papers, documents, or items related to the subgrant;

3. Shall establish and maintain both fiscal and program controls and accounting procedures in accordance with Generally Accepted Accounting Principles and Federal grantor agency and MDHS directives; and will keep and maintain such books and records for audit by MDHS, by the Federal grantor agency, by the State Auditor, or by their authorized representatives; and will maintain 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 reporting worksheet, or, if any litigation, claim, audit, or action has begun before the expiration of the three-year period, 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-year period, whichever is later;

4. Shall comply with the Single Audit Act Amendments of 1996;

5. Shall establish safeguards to prohibit employees from using their positions for a purpose that constitutes, or presents the appearance of, personal or organizational conflict of interest, or personal gain;

6. Shall comply with all Federal and State statutes relating to discrimination, including, but not limited to:

   Title VI of the Civil Rights Act of 1964, prohibiting discrimination on the basis of race, color, or national origin;

   Title VII of the Civil Rights Act of 1964, relating to non-discrimination in matters of recruitment, hiring, promotion, and other employment practices;

   Title VIII of the Civil Rights Act of 1968, as amended, relating to non-discrimination the sale, rental, or financing of housing;

   Title IX of the Education Amendments of 1972, as amended, prohibiting discrimination on the basis of gender in federally assisted education programs and activities;

   Age Discrimination Act of 1975, prohibiting discrimination on the basis of age;

   Section 504 of the Rehabilitation Act of 1973, prohibiting discrimination on the basis of handicaps;

   Subtitle A, Title II of the Americans with Disabilities Act (ADA) (1990);

   Omnibus Reconciliation Act of 1981, prohibiting discrimination on the basis of race, color, religion, sex, national origin, age, and handicap;

   Drug Abuse Office and Treatment Act of 1972, as amended, relating to non-discrimination on the basis of drug abuse;

   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; and

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 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 non-discrimination statute(s) which may apply to this subgrant or award.

7. Shall ensure that buildings and facilities owned, occupied, or financed by the United States government are accessible to and usable by physically handicapped persons in accordance with the Architectural Barriers Act of 1968;

8. Shall comply with the requirements of the provisions of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970, which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally assisted programs. These provisions apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases;

9. 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;

10. 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 subagreements;

11. Shall conform with Executive Order (EO) 11246, entitled "Equal Employment Opportunity," as amended by EO 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60) and will incorporate an equal opportunity clause in federally assisted construction contracts and subcontracts;

12. Shall comply with the minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act;

13. Shall comply with the Intergovernmental Personnel Act of 1970 relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration; and

14. Shall comply, if applicable, with Section 102(a) of the Flood Disaster Protection Act of 1973, which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is $10,000 or more;

15. Shall comply with the Lead-Based Paint Poisoning Prevention Act, which prohibits the use of lead-based paint in construction or rehabilitation of residence structures;

16. Shall assist the Federal grantor agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended; EO 11593; and the Archaeological and Historic Preservation Act of 1974;

17. 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 EO 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in flood plains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972; (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176 of the Clean Air Act of 1955, as amended; (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended; (h) protection of endangered species under the Endangered Species Act of 1973, as amended; (I) Section 6002 of the Resource Conservation and Recovery Act; and (j) the Coastal Barriers Resources Act;

18. 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;

19. Shall comply with Public Law (PL) 93-348 regarding the protection of human subjects involved in research, development and related activities supported by this subgrant;

20. Shall comply with the Laboratory Animal Act of 1966 pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this subgrant;

21. Shall comply with Federal regulations regarding criteria for cost sharing or matching contributions;

22. Shall assure all funds received shall be used only to supplement services and activities that promote the purposes for which the grant is awarded, and not supplant, unless specifically authorized by the program regulations and the appropriate MDHS Division;

23. Shall provide certification regarding lobbying to comply with Section 319, PL 101-121 (31 USC 1352);

24. Shall provide the required certification regarding their exclusion status and that of their principals prior to the award in accordance with EOs 12549 and 12689 Debarment and Suspension;

25. Shall provide certification to comply with the Drug-Free Workplace Act of 1988;

26. Shall comply with The Privacy Act of 1974 (5 USC §552a) related to gathering and disclosure of information and documentation maintained on individuals;

27. 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 Agreement, including but not limited to all documentation/information required by the MDHS funding divisions for federal reporting purposes.

28. Will comply with all requirements of the Federal Funding Accountability and Transparency Act (FFATA). This includes providing the grantor a DUNS number and other information such as executive compensation data when required so the grantor can meet the reporting requirements of FFATA.

REQUIRED CERTIFICATIONS

I. LOBBYING

As required by Section 1352, Title 31 of the U.S. Code, the Subgrantee certifies that:

- No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of any Federal grant, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal grant or cooperative agreement;

- If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, in connection with this Federal grant or cooperative agreement, the undersigned shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities," in accordance with its instructions;

- The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subgrants, contracts under grants and cooperative agreements, and subcontracts) and that all subrecipients shall certify and disclose accordingly.

II. SUSPENSION AND DEBARMENT AND OTHER RESPONSIBILITY MATTERS (DIRECT RECIPIENT)

As required by Executive Order 12549 and 12689, Suspension and Debarment--

- The Subgrantee certifies that it and its principals:

  (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, or voluntarily excluded from covered transactions by a Federal department or agency;

  (b) Have not within a three-year period preceding this subgrant been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

  (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and

  (d) Have not within a three-year period preceding this subgrant had one or more public transactions (Federal, State, or local) terminated for cause or default; and

- Where the Subgrantee is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this form.

III. DRUG-FREE WORKPLACE (SUBGRANTEES WHO ARE INDIVIDUALS)

As required by the Drug-Free Workplace Act of 1988–

- As a condition of the subgrant, I certify that I will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the subgrant; and

- If convicted of a criminal drug offence resulting from a violation occurring during the conduct of any subgrant activity, I will report the conviction, in writing, within 10 calendar days of the conviction to MDHS.

OR

III. DRUG-FREE WORKPLACE (SUBGRANTEES OTHER THAN INDIVIDUALS)

As required by the Drug-Free Workplace Act of 1988 --

- The Subgrantee certifies that it will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the subgrantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an on-going drug-free awareness program to inform employees about --

(1) The dangers of drug abuse in the workplace;

(2) The subgrantee's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the work place.

(c) Making it a requirement that each employee to be engaged in the performance of the subgrant be given a copy of the statement required by paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the subgrant, the employee will --

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying MDHS, in writing, within 10 calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title to MDHS. Notice shall include the identification number(s) of each affected grant;

III. DRUG FREE WORKPLACE (SUBGRANTEES OTHER THAN INDIVIDUALS) - Continued

(f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted --

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirement of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposed by Federal, State, or local health, law enforcement, or other appropriate agency.

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

B. The Subgrantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific subgrant. Check ___ if there are workplaces on file that are not identified here:

Place of Performance (Street address, city, county, state, zip code)

IV. UNRESOLVED MONITORING FINDINGS;
UNRESOLVED AUDIT FINDINGS;
AND LITIGATION OCCURRING WITHIN THE LAST THREE (3)YEARS

Identify any unresolved monitoring findings related to any programs that have been received by the Subgrantee during the last three (3) years and the status of each finding:

Identify any unresolved audit findings related to any programs received by the Subgrantee during the last three (3) years and the status of each finding:

Identify any litigation and/or administrative hearings that the Subgrantee, the Subgrantee's Senior Management, or Subgrantee's Directors have been involved in during the last three (3) years, including the outcome or disposition of the case:

STANDARD ASSURANCES AND CERTIFICATIONS Section 4

REQUIRED CERTIFICATIONS (Continued)

V. CERTIFICATION OF ADEQUATE FIDELITY BONDING

Identify any and all types of bond coverage currently in force. Include the types of bond coverage; the officers or owners and employees covered; the period covered by the bond; and the limits of coverage assigned to each officer, owner, or employee and the total limit of the bond as applicable.

For Subgrantees/Contractors that have been unable to obtain fidelity bond coverage, describe in detail the efforts made to obtain fidelity bond coverage and the reason coverage has not been obtained.

As the authorized representative of the subgrantee, I hereby certify that the subgrantee will comply with the above certifications in items I, II, and III; the information provided items III, IV and V is true and complete to the best of my knowledge, and that the coverage and amounts specified shall be maintained throughout the effective period of the subgrant.

SUBGRANTEE NAME AND ANY OTHER NAMES UNDER WHICH THE SUBGRANTEE HAS DONE BUSINESS:

_____

_____

SUBGRANTEE ADDRESS AND ANY OTHER ADDRESSES THE SUBGRANTEE HAS USED:

_____

_____

TYPED NAME AND TITLE OF THE SUBGRANTEE'S AUTHORIZED REPRESENTATIVE:

_____

SIGNATURE OF SUBGRANTEE'S AUTHORIZED REPRESENTATIVE AND DATE:

_____

FINANCIAL MANAGEMENT **Section 5**

OVERVIEW

The applicable federal regulations require that subgrantees, and any lower-tier subrecipients, have in place, prior to the receipt of funds, a financial management system that will provide:

- Accurate, current, and complete disclosure of the financial status of each subgrant;
- Records which identify the source and application of funds for subgrant-supported activities, specifically information pertaining to subgrant awards, obligations, unobligated balances, assets, liabilities, outlays, and income;
- Effective control over and accountability for all subgrant funds, property, and other assets;
- Comparison of actual expenditures with reported costs and budgeted costs for each cost category and work activity;
- Procedures to ensure that all cash requested under MDHS subgrants will be expended within thirty (30) calendar days of receipt;
- Procedures to minimize the time between receipt and expenditure of subgrant funds;
- Procedures to ensure that all expenditures are obligated within the effective dates of the subgrant period;
- Procedures for determining that the cost is allowable and that it may be allocated to an activity;
- Procedures to prohibit the transfer of funds between federally funded programs and/or between subgrants or between activities within the same subgrant;
- Procedures to ensure that each expense paid from a subgrant was authorized in the budget of the subgrant charged with the expense;
- Accounting records (including a general ledger or comparable) that are supported by source documentation;
- Audits which analyze the fiscal integrity of the subgrantee (required for subgrantees that expend $500,000 or more of federal financial assistance); and

- 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. Separation serves record keeping requirements and also eliminates potential conflicts with the subgrantee's usual record keeping systems 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 entire subgrantee entity which 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 support documentation for each transaction. Examples of documentation are vendor invoices, bills of lading, purchase orders, payment vouchers, payrolls, bank statements and reconciliations, documentation to verify that only eligible clients were served; employee activity sheets to verify activities performed and the actual hours worked for each activity/subgrant; and, 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:

- Cash Receipts Journal
- Cash Disbursements Journal
- Payroll Journal
- General Journal
- General Ledger

Subgrantees shall develop their accounting system to meet the particular needs of the subgrant. If there are very few transactions, it may be more efficient to omit the cash receipts and cash disbursements journals and record all funds received and disbursed in the general journal. The amounts recorded daily to the individual accounts shall be totaled and posted to the general ledger at least monthly in order for the subgrantee to complete the monthly reporting worksheet. Recording procedures shall be designed to provide information accurately while at the same time serving as an effective control in preventing mistakes and safeguarding against unauthorized uses of funds.

INTERNAL CONTROLS

Subgrantees of MDHS shall have in place a financial management system which contains adequate internal controls for the administration of the subgrant program. This system of internal controls will be tested during an audit or management review of the subgrantee.

The following internal accounting control procedures are required of MDHS subgrantees:

- Record all cash receipts immediately;
- Compare deposit slips with receipts;
- Bond employees who handle cash;
- Deposit all checks or other cash receipts intact within two business days;
- Make all payments by pre-numbered checks;
- Reconcile bank accounts monthly by reconciling 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;
- Use serially numbered purchase orders and receiving reports;
- Issue checks to vendors only in payment of original invoices which have been approved and matched with purchase orders and receiving reports;
- Separate staff duties so that one person does not perform all accounting functions from the time funds are received until the funds are disbursed.
- Mark all documentation paid to prevent duplicate payments; and
- Retain a CPA firm for an audit, if required. (See the Audit section of this manual for exceptions.)

The following internal control procedures should be considered by relatively small subgrantees (having less than $100,000 in federal awards):

1. All checks shall be co-signed and all supporting documentation shall be closely reviewed and marked paid before or as each check is signed.

2. The principal officer of the subgrantee organization shall oversee all cash collections.

3. Closely examine all monthly reporting to MDHS, noting, in particular, any unusual month-to-month and budget-to-actual account variances.

4. Someone other than the person who prepares the checks shall reconcile the monthly bank statement. (This could be an assigned or rotating task.)

DOCUMENTATION REQUIREMENTS

The accounting system of each MDHS subgrantee shall provide the monitors/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:

CATEGORY	DOCUMENTATION
Grant Revenues	
Federal, State, and Other Receipts	Identification of the source of funds (i.e., signed subgrant agreement), request for cash or request for reimbursement (i.e., monthly reporting worksheet), cash receipts journal, validated deposit slips, withdrawals, and financial reports.
Program Income	Record of service, purpose, amount, and deposit slips.
Matching Cash Contributions	Record of source donor, dates, rates, amounts, and deposit slips.

CATEGORY	**DOCUMENTATION**
Matching Non-Cash Contributions	Record of donor, dates, rates, amounts, activities performed, certification of cost or market/appraised values, and documentation to verify that expenses reported as in-kind match were in proportion to the benefits received by the subgrant that was matched.
Grant Expenditures	
Salaries & Fringe Benefits	Personnel files which 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, and current approved salary/wage. Time sheets and activity reports which reflect the actual hours worked and duties performed. Time distribution/activity sheets are required when the employee's time is charged to more than one subgrant or activity.
Travel	An approved travel voucher showing that all travel expenses were incurred for the benefit of the subgrant; copies of supporting bills including ~~out-of-state meal receipts,~~ hotel bills, conference registration fee receipts, and conference agendas. (See the Travel section of this manual for specific requirements.)
Telephone	Complete telephone bills and long distance telephone logs that indicate the person calling, the person called, the date and time of the call, the reason and purpose of the call, the number called, and the subgrant that benefitted from the telephone call.
Equipment	Original vendor invoices, receiving reports, purchase orders, competitive quotes or proof of newspaper advertisements for bids (if applicable), property records, and authorization to purchase equipment.

CATEGORY	**DOCUMENTATION**
Commodities (Supplies)	Original vendor invoices, receiving reports, purchase orders, competitive quotes or proof of newspaper advertisements for bids (if applicable), and documentation the expenses were incurred for the benefit of the subgrant.
Contractual Services	Original contracts for services charged to the subgrant, evidence of completion of contracts, billings for services, rental or lease agreements, competitive quotes or proof of newspaper advertisements for bids (if applicable), or documentation of fair market value.
Subsidies, Loans & Grants	(Payments to/for clients) Client attendance records, documentation of services provided, including dates, times, names, and client signatures, or documentation to verify units of service provided. (Lower-Tier Subrecipients) Copies of the lower-tier subrecipient agreement, including budget information and the scope of services required, financial and programmatic reports, documentation of payments made to the subrecipient, evidence of monitoring of lower-tier subrecipients, documentation of compliance with procurement procedures, and compliance with the MDHS Subgrantee Manual.
Other Direct Costs	Original vendor invoices, receiving reports, purchase orders, competitive quotes or proof of newspaper advertisements for bids (if applicable), and documentation the expenses were incurred for the benefit of the subgrant.

Indirect Costs	An agency-wide cost allocation plan or indirect cost rate agreement that has been reviewed and approved by the appropriate federal cognizant agency and the MDHS funding division, 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.

COST ALLOCATION/INDIRECT COSTS

Many MDHS subgrantees administer more than one subgrant at a time which results in costs that are shared among various subgrant programs and/or other funds such as local resources. In these cases the subgrantee shall document the basis for allocating a portion of the shared costs to the MDHS subgrant and the costs shall be distributed in reasonable proportion to the benefits received.

Each subgrantee shall develop an agency-wide cost allocation plan and/or indirect cost rate agreement which covers the subgrantee's entire operations. Costs included in the plan should be only those costs that are not easily identifiable with a particular subgrant and/or administrative costs 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.

If indirect costs are charged to an MDHS subgrant, a formal cost allocation plan or indirect cost rate agreement, that is effective on the beginning date of the subgrant, shall be prepared and submitted as a part of the subgrant agreement. 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 MDHS funding division that awarded 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 subrecipient, i.e., OMB Circular A-21 for Institutions of Higher Education, A-87 for State, Local and Indian Tribal Governments, A-122 for Nonprofit Organizations, and the Federal Acquisition Regulation (FAR) at Title 48 CFR Part 31 for Commercial Organizations.

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

The following is a listing of selected types of costs and suggested bases for distributing shared costs as direct costs to MDHS 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 Expenses	Number of telephones.
Fidelity Bond Expense	Employees subject to bond or penalty amounts
Motor Pool Costs	Number of miles driven and/or days used.
Printing and Reproduction	Direct hours, job basis, pages printed, etc.
Copy Machine Rental and Related Costs (Paper, Toner, Drum, etc.)	Number of copies made as documented by a copy log or access code
Postage	Amount of postage used by each subgrant/activity as documented by a postage log.
Payroll/Independent Contractors	Employees/Independent Contractors paid in whole or in part from MDHS 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 SUBRECIPIENTS

All expenditures that involve agreements between the subgrantee and a third party (performing a service related to the program) shall be fully disclosed in the cost summaries and budget narrative. If authorized, any lower-tier subrecipient agreement shall require the lower-tier subrecipient to comply with the provisions of the MDHS Subgrant/Contract Manual. Copies of rental agreements, service contracts, consultant agreements, etc. shall be available to validate the

basis of the cost category. In addition, any procurement contract agreement received in response to solicitation shall be submitted to MDHS within 30 days after execution.

BUDGET PREPARATION

The 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 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 MDHS subgrants are:

- Budget Summary (MDHS-BS-1006): A compilation of the detailed data contained in the Cost Summary Support Sheet (MDHS-CSSS-1007).

- Cost Summary Support Sheet (MDHS-CSSS-1007): A listing of the various budget categories separated for each activity on the Budget Summary (MDHS-BS-1006).

- Budget Narrative: A written justification adequately explaining the subgrantee's funding needs. 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. (See the Sample Budget Narrative at the end of this section.)

Budget Activities

Each MDHS 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 Sheets as well as the Budget Narrative.

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 MDHS funding division to determine which activities are allowable under the subgrant and whether there are any limits on the amount of administrative costs that may be charged to the subgrant.

Budget Categories

Funds authorized under MDHS subgrants shall be separated into the following Budget Categories. Amounts budgeted shall also be identified by the source of funds, i.e., Federal, State, Local, and/or Program Income.

a. Salaries and Wages
b. Fringe Benefits
c. Travel
d. Contractual Services
e. Commodities
f. Capital Outlay – Equipment
g. Capital Outlay - Other
h. Subsidies, Loans and Grants
i. Indirect Costs

Salaries and Wages:

Payments made to officers and employees of a subgrantee as compensation for personal 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 the hourly rate authorized and number of hours authorized for each part-time employee charged to the subgrant. 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 authorized.

Fringe Benefits:

Payments made for the employer's portion of expenses for social security (F.I.C.A. and Medicare), employee health, life, and/or 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 of the subgrantee's activities in proportion to the relative amount of time or effort devoted to each activity. The fringe benefits budget category shall 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 that 30% of salaries, unless justification is submitted in the budget narrative, and approved by funding division. 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.

Travel:

Payments for transportation, lodging, subsistence and related costs to employees, officers, and volunteers who are in travel status on official business. Travel includes reimbursement for in-state travel, out-of-state costs for conferences, meetings, etc., and staff reimbursement for the use of

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 as long as the total amount of the subgrant award charged with the expense is not exceeded. Meal costs will be reimbursed based upon the actual cost of each meal, up to the maximum daily meal rate, and receipts will not be required for meals reimbursed through subgrants funded by MDHS. No travel shall be allowed for employees funded through other programs unless approved by MDHS. (See the Travel section of this manual for specific details.)

Contractual Services:

Payments for services rendered by persons other than by employees of the subgrantee under formal, written, contractual agreements. Examples include: postage, telephone/Internet/pager service, utilities, rent, repair or service agreements, service charges, computer software, or contract workers that are independent contractors. (See the Procurement and Purchasing section of this manual for details on acquiring contractual services.)

Commodities:

Payments for materials and supplies with an initial unit cost less than $1,000.00 (one thousand dollars) which are used to benefit the subgrant and which are not one of the items required to be reported on inventory regardless of the purchase price. Examples include: snacks for eligible clients, office supplies, training materials, fuel for vehicles, furniture and equipment costing less than $1,000.00 (one thousand dollars), etc. (See the Inventory Management section of this manual for specific exceptions.)

Capital Outlay - Equipment:

Payments for the purchase of equipment, machinery, furniture and fixtures with a unit cost of $1,000.00 (one thousand dollars) or more and any items which are required to be reported on inventory; **or**, payments for compensation for the use of equipment on hand through depreciation or use allowance charges computed in accordance with the cost principles applicable to the subgrantee. Examples include: computers, printers, office furniture, telephone systems, motor vehicles, etc. (Refer to the Inventory Management section of this manual for details.)

Capital Outlay - Other:

Payments for improvements to buildings that materially increase the 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.

Subsidies, Loans and Grants:

Payments made for assistance to clients and/or for lower-tier subgrants to governmental and non-governmental entities or individuals.

Indirect Costs:

Payments for the recovery of actual costs allocated to MDHS 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.

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. 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 ~~a~~ the long form subgrant modification. There shall be no flexibility allowed between activities. For example, if the total amount authorized in the Commodities budget category is $1,000.00 (one thousand dollars), the subgrantee may expend up to $1,100.00 (one thousand one hundred dollars) for Commodities as long funds are available from another budget category such as Travel or Contractual Services.

FIDELITY BOND REQUIREMENT

Employees or Board Members of subgrantees, with fiscal responsibility, shall have a fidelity/ dishonesty bond in the amount of 25% of the total subgrant amount. Fiscal responsibility includes:

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

PAYMENTS AND COST REPORTING

MDHS permits two methods of subgrantee contracting as determined by the funding division:

- Current Needs/Cash Advance

- Cost Reimbursement

Under the current needs/cash advance method, the subgrantee shall project its cash needs for expenditures to be made within a specified period of time and submit a “Request for Cash” form

(MDHS-BUD-1450). This form is required at least 20 days prior to the date that funds will be needed to allow processing time for MDHS Program and Budget divisions as well as the Department of Finance and Administration (DFA). The Request for Cash may be adjusted pending availability of funds. Also, under the current needs/cash advance method, the subgrantee is required to report its cost each month by submitting the "MDHS Reporting Worksheet" and supporting documentation as requested. The Reporting Worksheet shall be filed once each calendar month and shall be submitted to MDHS funding division by the tenth calendar day of the following month.

Subgrantees funded under the cost reimbursement method 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 "MDHS Reporting Worksheet" form. The Reporting Worksheet shall be used by subgrantees to report the "total cumulative cost to date." Its purpose is to provide a simple and concise report of the expenditures for each program or work activity.

Submission of a monthly Reporting Worksheet is required. Payments may be suspended pending receipt of accurate monthly Reporting Worksheets.

SPECIAL REQUIREMENTS

DIRECTLY FUNDED SOCIAL SERVICES BLOCK GRANT (SSBG) SUBGRANTS

I. GENERAL

1. A 25% match is required on all SSBG dollars. This match may be in the form of cash and/or in-kind. A waiver may be requested under certain conditions.

2. A maximum of two subgrant modifications may be requested by the subgrantee during the subgrant period. Subgrant modifications shall not be initiated by the subgrantee within the last 30 days of the subgrant period, without prior approval by the MDHS Executive Director or designee. Generally, requests to move more than $5,000.00 (five thousand dollars) from one Broad Service Category (Budget Activity) to another will not be approved.

3. Unexpended funds at the end of the subgrant period shall be returned to MDHS.

4. Contracts funded out of SSBG in support of other divisions shall adhere to guidelines set forth by the appropriate program division.

II. MATCH

1. The 25% match requirement is a state policy. This match may consist of cash and/or in-kind contributions specifically related to the applicable subgrant scope of services.

DIRECTLY FUNDED SOCIAL SERVICES BLOCK GRANT (SSBG) SUBGRANTS (Continued)

2. Match is calculated as a 75/25 shared cost for program operation. Total program cost includes programmatic and administrative costs.

3. Matching costs reported shall be verifiable from source documentation on file in the subgrantee's office.

4. Match requirements may be requested to be waived for the following reasons:

    a. The State Legislature failed to appropriate adequate match after being specifically requested to do so;

    b. In-kind possibilities for match are currently being used as match for other funding sources; and

    c. Subgrantee is unable to garner sufficient support from local resources.

5. Each request for waiver of match shall be accompanied by a full explanation for the request, listing specific activities taken to seek the needed match and appropriate documentation of such attempts. Discretion concerning the waiver rests with the MDHS Executive Director.

6. Match does not have to be calculated on an activity basis; however, the overall federal dollars shall be adequately matched.

7. Other federal funds shall not be used to match SSBG unless it is allowable by the regulations of the related federal program.

8. Documentation of all match shall be maintained. If sufficient match is not verified, the subgrantee shall return the appropriate amount of federal dollars to the State.

ALL OTHER MDHS SUBGRANTS

I. GENERAL

1. A maximum of two 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 MDHS Executive Director or designee. (See the Modification Form, located at the end of this section.)

2. 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, require a long-form modification of the subgrant. (See the Modification Form, located at the end of this section.)

3. Minor changes to the subgrant may be made by written agreement to the changes by the subgrantee and MDHS via an approved short-form modification. Consult with the MDHS funding division for specific guidance on amending the subgrant.

4. Modifications shall become effective on date specified on modification forms, or upon the signature of both parties, whichever is later; unless a waiver is approved by the MDHS Executive Director.

II. MATCH

1. Match shall be available and expended in accordance with the approved subgrant agreement. If 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.

MDHS BUDGET SUMMARY (Form MDHS-BS-1006)

General

The Budget Summary is a compilation of the specific budget activities authorized in the subgrant as indicated on each of the Cost Summary Support Sheets.

Instructions

1. *Applicant Agency*
   Enter the name of subgrantee.

2. *Subgrant Number*
   To be assigned by MDHS Division of Budgets and Accounting.

3. *Grant ID*
   To be provided by MDHS funding division.

4. *Beginning*
   Enter the start date for the subgrant period as shown on the Subgrant Signature Sheet and on the Cost Summary Support Sheets.

5. *Ending*
   Enter the date the subgrant period expires as shown on the Subgrant Signature Sheet and on the Cost Summary Support Sheets.

6. Submitted as Part of (Check One)

   a. *Funding Request* - if part of an application for funds.
   b. *Modification Request No.* - if a revision to a Budget Summary.
   c. *Enter Modification Effective Date*.

7. For MDHS use only.

8. Activity

   List separately each budget activity for which a separate Cost Summary Support Sheet has been prepared. Enter the Source of Funds for each budget activity. The amount entered on the Budget Summary must come from the TOTAL COSTS line on the bottom of the Cost Summary Support Sheet.

Mississippi
Form MDHS-BS-1006
Revised 07/01/2012

MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
BUDGET SUMMARY

Page ____ of ____ Pages

1.Applicant Agency							
2. Subgrant Number	**3. Grant ID**	**4. Beginning Date**	**5. Ending Date**				
6. Submitted as part of: (check one) **A. Funding Request ( )** **B. Modification ( )** **Modification Effective Date:**							
7.For MDHS Use Only	**8.Budget Activity**	**Funding Sources**					
		Federal	**State**	**Local**	**Program**	**In-Kind**	**Total**
	TOTAL						

MDHS COST SUMMARY SUPPORT SHEET (Form MDHS-CSSS-1007)

General

The Cost Summary Support Sheet is used to identify each of the budget categories and line items authorized under each of the budget activities on the Budget Summary and to provide a description of the item and the basis for valuation or cost.

Instructions

(1) *Applicant Agency*
Enter the name of the subgrantee.

(2) *Subgrant Number*
To be assigned by MDHS Division of Budgets and Accounting.

(3) *Grant ID*
To be provided by MDHS funding division.

(4) *Beginning*
Enter the start date for the subgrant period. If the Cost Summary Support Sheet is part of an application for funds, enter the proposed beginning date.

(5) *Ending*
Enter the date the subgrant period expires. If the Cost Summary Support Sheet is part of an application for funds, enter the proposed ending date.

(6) *Activity*
Enter the activity as listed in Item 8 of the Budget Summary.

(7) For MDHS use only.

(8) *Budget Category*
Enter each budget category exactly as authorized in the subgrant. The budget categories that may be used are:

a. Salaries	d. Contractual Services	g. Capital Outlay - Other
b. Fringe Benefits	e. Commodities	h. Subsidies/Loans/Grants
c. Travel	f. Capital Outlay-Equipment	i. Indirect Cost

(9) *Budget Amount*
In the appropriate column, enter the amount in each line item to be paid from federal funds and from all other funding sources (i.e., state/local/private funds, in-kind match, or program income).

Mississippi
Form MDHS-CSSS-1007
Revised 07/01/2012

MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
COST SUMMARY SUPPORT SHEET

Page ____ of ____ Pages

1.Applicant Agency							
2. Subgrant Number	**3. Grant ID**	**4. Beginning Date**	**5. Ending Date**				
6. Activity							
7.For MDHS Use Only	**8.Budget Category**	**9. Budget**					
		Federal	**State**	**Local**	**Program**	**In-Kind**	**Total**
	TOTAL						

MDHS REQUEST FOR CASH (Form MDHS-BUD-1450)

General

The Request for Cash form is used by subgrantees on the current needs/cash advance method to requisition operating funds (both administrative and program) that will be needed at a future date. The MDHS Request for Cash shall be received by the appropriate MDHS Funding Division 20 days prior to the date on which the funds are needed.

Current Needs Methods

1. *Subgrantee's Name/Address/Telephone Number*
   Enter the name as shown on the grant, mailing address and telephone number of the person submitting the Request for Cash.

2. *Last Cumulative Cost Reported for Month of*
   Enter the month for which the last cumulative cost report was submitted.

3. *Special Mailing or Deposit Instructions*
   This space can be used for special mailing instructions.

4. *Period of Projected Cash Needs*
   The period of projected cash needs is the period in which all the cash requested will be expended and should not exceed thirty (30) calendar days from the date of the cash request. The date of the final request for cash and projected cash needs shall not exceed the contract ending date.

5. *Subgrantee Number*
   Enter the complete subgrantee number as shown on the subgrant contract.

6. *Request Number*
   Enter the request number in the proper numerical sequence, i.e., the first request will be #1, the second will be #2 ... the tenth will be #10.

7. *Date Cash Needed*
   Enter the date that the funds requested will be needed.

8. *Amount Requested*
   Enter the amount from line 14.

9. *Total Cash Requested to Date*
   Total Cash Requested to Date consists of cash received from MDHS as of the date of the Request for Cash and all requests for cash submitted to MDHS for which a warrant (check) has not been received. Enter the cumulative amount received and any amounts in transit. Only funds awarded by MDHS shall be shown.

10. *Less Cash Outlays as of Date of Request*
This includes outlays of cash received from MDHS per the cash disbursement journal or checking account at the time the request for cash is prepared. No accruals shall be included in this line.

11. *Cash Balance*
Subtract line 10 from line 9, and enter amount on this line. This shall equal any federal funds in the bank account, plus any in transit funds. If negative cash balance occurs, identify source of funds used to cover total disbursements.

12. *Projected Cash Needs*
Projected Cash Needs consist of anticipated expenses that the subgrantee expects to pay within the period shown in Item (4) and the balance of cash needed for the current advance period. Accruals expected to be paid within the period shall be included in this line.

13. *Less (11) Cash Balance*
Enter amount from line 11.

14. *Total Cash Request*
Subtract line 13 from line 12 and enter amount on this line. This amount shall equal amount on line 8.

15. *Dated Signature of Authorized Official*
The authorized official who must sign the Request for Cash is the same official who signed the subgrantee agreement with MDHS or the approved authorized signatory official. In the case of a signatory designation, an authorization letter shall be required to be on file with MDHS.

16. Type name and title of the Authorized Official signing the Request for Cash.

17. *Enter Name of Preparer*
This should be the person most familiar with the data reported, in case questions arise.

18. *Date Prepared*
Self-explanatory

19. *Program Approval*
Signature of program representative authorizing payment of this Request for Cash

20. All copies, excluding the goldenrod copy, shall be mailed to the appropriate MDHS program division. Retain the goldenrod copy on file at the subgrantee's office.

MISSISSIPPI
Form MDHS-BUD-1450
Revised 7/1/2012

MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
REQUEST FOR CASH

(3) Subgrantee's Name/Address	(3) Special Mailing /Deposit Instructions	(5) Subgrantee Number		
		(6) Request No.	(7) Date Cash Needed	
		(8) Amount Requested		
		FOR MDHS USE ONLY		
		SP #	RPTG	ACTV
(4) Last Cumulative Cost Reported For Month of _____	(4) Period of Project Cash Needs From _____ To _____ (Not to Exceed Contract Expiration)	Vendor Number		
		Fund No.	APPROVAL 1 _____ 2 _____ 3 _____	

(9) Cash Requested To Date

TOTAL

Received _____

In Transit _____

TOTAL $ _____

(10) Less Cash Outlays as of date of Request _____

(11) Cash Balance _____

(12) Projected Cash Needs (see #4) _____

(13) Less (11) Cash Balance _____

(14) Total Cash Request $ _____

"I HEREBY CERTIFY THAT (a) The services covered by this request have not been received from the Federal Government or expended for such services under any other contract agreement or grant; (b) the amount(s) requested will be expended for allowable costs/expenditures under the terms of the contract agreement or grant; and (c) amounts requested herein do not exceed the total funds obligated by contact."

_____ _____ _____
Signature of Authorized Official Date Signed Prepared By

_____ _____
Typed Name and Title of Authorized Official Date Prepared

Approval _____ Title _____

REPORTING WORKSHEET INSTRUCTIONS

General

1. The Reporting Worksheet will be printed monthly and mailed to subgrantees for completion. The worksheet shall serve as a turnaround document to report monthly cost incurred and to request funds on a cost reimbursement basis. Only one worksheet per month may be processed. The subgrantees failure to utilize the form provided by MDHS may result in delayed and/or denied payment.

2. The following information will be preprinted:
   a. Period Ending Date
   b. Subgrantee's Name and Address
   c. Responsible MDHS Division
   d. Subgrant Contract Period
   e. Activity and Line Item Descriptions
   f. Amounts Budgeted
   g. Cumulative Cost Reported Through Last Report
   h. Last Report Cost Period.

3. The current period cost will be filled in by the subgrantee. This will be the total cost for all sources of funds for all budgeted line items. (The current period costs include any accruals that have not previously been reported.)

4. Cumulative costs to date will be filled in by the subgrantee. This will be the sum of the cumulative costs reported through the last report and the current period costs. The cumulative costs reported through the last report (preprinted on the current month's report) should be the same as the cumulative costs to date on the previous month's report. The costs reported shall be based upon costs recorded in the accounting records and accruals supported by documentation to verify that the costs are accurate and reasonable.

5. *Funding Source* - The amounts budgeted and prior cumulative by funding source for each activity will be preprinted. The subgrantee shall fill in the amounts and funding source data for each activity for the current period costs and cumulative costs to date.

6. *Subgrant Totals by Funding Source* - The total of all activities budgeted by funding source. The amount budgeted and cumulative costs reported through the last report will be preprinted. The current period cost and cumulative costs to date shall be filled in by the subgrantee.

REPORTING WORKSHEET INSTRUCTIONS, Continued

12. *Cash Payment* - The total MDHS cash paid out under the subgrant at the end of the report period. The cash payment shall be filled in by the subgrantee.

8. *Accrual Estimates* - This is any MDHS cost incurred and reported which had not been paid at the end of the report period. For Cost Reimbursement subgrants, the current period costs would be accrued. Accrual estimates shall be filled in by the subgrantee.

9. *In-kind/Other* - This is the cumulative local or in-kind (match) costs which have been INCURRED AND REPORTED. The in-kind/other costs shall be filled in by subgrantee.

10. *Cumulative Costs* - The cumulative costs should equal the total cumulative costs reported to date for the subgrant. The cumulative costs shall be filled in by subgrantee.

11. *Signature of Authorized Subgrant Official* - (Original Signature) This is the same official who signed the subgrant with MDHS or an approved signatory official. (An authorization letter shall be on file for signatory officials.) A stamped signature is not acceptable.

12. *Programs Review* - This section is completed by MDHS funding divisions as approval of worksheet costs reported.

13. Completed Reporting Worksheets are forwarded each calendar month to MDHS. The completed original Reporting Worksheet is due by the tenth calendar day of the following month. A copy shall be retained for the subgrantee's files. Payments may be suspended pending receipt of accurate monthly Reporting Worksheets.

14. Completed monthly reporting worksheets shall include supporting documentation for current period costs. Acceptable supporting documentation shall be determined by the funding division.

RUN DATE : 00/00/00 ** STATE OF MISSISSIPPI ** PAGE: 1

REPORT ID: SG01 SUB-GRANTEE REPORTING WORKSHEET
FOR PERIOD ENDING 00/00/00

DEPARTMENT: 651 HUMAN SERVICES FINAL: _____
ORGANIZATION: 2390 ECON ASST SUBGRANTEES COST PERIOD: 03 12

VENDOR NUM: V0001234567
CONTRACT NUM: 999XY91
CONTRACT PED: FROM 10 01 2011 TO 09 30 2012

VENDOR NAME: ANY SUBGRANTEE, INC.

ADDRESS: P.O. BOX 999
ANYTOWN MS 39999-099

LINE TYPE	CODE	DESCRIPTION	AMOUNT BUDGETED	CUMUL THRU LAST REPORT	CURRENT PERIOD COSTS	CUMULATIVE COST TO DATE
ACTIVITY = H501		ADMINISTRATION – SUBGRANTEES				
S	A2	SALARIES	3,498.50	17,943.50		
S	A3	FRINGE BENEFITS	1,000.00	3,617.04		
S	A4	TRAVEL	0.00	488.94		
S	A5	CONTRACTUAL SERVICES	0.00	1,913.07		
S	A6	COMMODITIES	0.00	1,872.43		
S	C4	INDIRECT COST	14,289.00	4,763.52		
		ACTIVITY TOTAL:	18,787.50	30,598.50		
R	WB10	FED TANF PREV/INTERV S/	18,787.50	30,598.50		
		TOTAL:	18,787.50	30,598.50		
ACTIVITY = H597		WORK ACTIVITY				
S	A2	SALARIES	46,703.50	0.00		
S	A3	FRINGE BENEFITS	11,272.00	0.00		
S	A4	TRAVEL	3,370.00	0.00		
S	A5	CONTRACTUAL SERVICES	40,667.00	0.00		
S	A6	COMMODITIES	4,450.00	0.00		
		ACTIVITY TOTAL:	106,462.50	0.00		
R	WB10	FED TANF PREV/INTERV S/	106,452.50	0.00		
		TOTAL:	106,452.50	0.00		
L		CONTRACT TOTAL:	125,250.00	30,598.50		
	WB10	100% FED TAN	125,250.00	30,598.50		
GRAND TOTALS:			125,250.00	30,598.50		

LAST REPORT COST PERIOD 03 12

_____ + _____ + _____ = _____
(CASH PAYMENT) (ACCRUAL ESTIMATES) (INKIND/OTHER) (CUMULATIVE COST)

FINAL AUDIT OF THIS PROJECT WILL INCLUDE VERIFICATION OF ABOVE CLAIMED COST FROM PROJECT DIRECTOR'S SOURCE RECORDS

_____ _____ _____
SIGNATURE OF AUTHORIZED OFFICIAL DATE PROGRAMS REVIEW

Budget Narrative

The Budget Narrative is used by subgrantees to provide a complete description of each item of cost under each budget category for each budget activity under the subgrant. The budget narrative shall include any relevant information necessary to describe the item of cost, or the source of funding the cost, or the method of allocating the cost to the subgrant and/or budget activity. Description of Item and Basis for Valuation or Cost: Enter a brief description of each line item and the basis for valuation of the item or cost. Each position authorized under salaries and wages, and each item under fringe benefits or equipment shall be specifically identified. For example:

I. Administration Budget Activity

Salaries	*Project Director* - This position handles the administrative functions involved in running the four locally operated day care centers. The ratio of children eligible under this subgrant to the total children served at each center is 25%, which will be used to allocate shared costs. Full-time position, 25% of time at $25,650 per year	$6,412.50
	Secretary/Bookkeeper – This position maintains all records for the day care centers. Full-time position, 25% of time at $13,960 per year	$3,490.00
	Total Administration Salaries	**$9,902.50**
Fringe Benefits	*FICA* - 7.65% of gross salaries	$757.54
	Workmen's Compensation - 3% of gross salaries	$297.08
	Health Insurance - $120 per mo. per employee for 12 mos. x 25%	$720.00
	Total Administration Fringe Benefits	**$1,774.62**
Travel	Project Director is anticipated to visit day care sites at least quarterly.	
	Mileage estimated at 600 miles x $0.51 per mile x 25%	$76.50
	In-Service Training (2 sessions at $240 each x 25%)	$120.00
	Total Administration Travel	**$196.50**
Commodities	*Office Supplies* - Paper, pens, calculator tape, etc. $200 x 25%	$50.00
	Office Furniture - Secretarial Desk at $300 and Chair at $100 x 25%	$100.00

	Total Administration Commodities	**$150.00**

I. Administration Budget Activity (continued)

Indirect Costs	The organization-wide indirect cost rate agreement distributes all general administrative costs and central office facilities cost based on the total amount of direct salaries and fringe benefits of full-time employees. The approved indirect cost rate is 7% x Admin. Salaries - $9,902.50 + Fringe Benefits $1,774.62	
	Total Indirect Costs	**$ 817.40**
	Total for the Administration Budget Activity	**$12,841.02**

II. Child Day Care Budget Activity

Salaries	*4 Day Care Supervisors* at $20,000 per year -$ 80,000 x 25%	$20,000.00
	12 Day Care Teachers at $17,000 per year - $204,000 x 25%	$51,000.00
	12 P-T Teachers Aides at $7.50/hr x 5 hrs per day x 260 x 25%	$29,250.00
	Total Salaries	**$100,250.00**
Fringe Benefits	*FICA* - 7.65% of gross salaries	$7,669.13
	Workmen's Compensation - 3% of gross salaries	$3,007.50
	Health Insurance - $120/ mo. x 12 mos. x 16 F-T employees x 25%	$5,760.00
	Total Fringe Benefits	**$16,436.63**
Travel	*Mileage* to attend in-service training at central office twice per year for each Day Care Supervisor 500 miles x 4 x $0.51 x 25%	$255.00
	In-Service Training for 16 full-time employees (2 sessions at $240 each x 25%)	$1,920.00
	Total Travel	**$2,175.00**
Contractual Services	*Software* - License agreements for the use of new software applications necessary to effectively operate each of the four child care centers, including:	
	Office management programs $200 x 4 x .25%	$200.00
	Curriculum and training programs $300 x 4 x .25%	$300.00

	Utilities for each of the four (4) child care centers, including:	
	Telephone service - 4 centers x $80 per month x 12 months x 25%	$960.00
	Electricity - 4 centers x $200 per month x 12 months x 25%	$2,400.00
	Water/Sewer - 4 centers x $50 per month x 12 months x 25%	$600.00
	Total Contractual Services	**$4,460.00**

II. Child Day Care Budget Activity (Continued)

Commodities	*Art Supplies* (4 centers @ $100 per year x 25%)	$100.00
	Paper Supplies - towels, tissues, diapers, etc. (4 centers @ $600 per year x 25%)	$600.00
	Replacement furniture: 64 chairs @ $25.00 each x 25%	$400.00
	16 small tables @ $50.00 each x 25%	$200.00
	Total Commodities	**$1,300.00**
Capital Outlay-Equipment	*Four (4) Commercial grade Refrigerators* (one at each location) at $2,000 each x 25%	$2,000.00
	One color printer at $300 x 25%	$75.00
	Total Capital Outlay - Equipment	**$2,075.00**
Capital Outlay - Other	Use Allowances for compensation for the use of the four child care center buildings based on the acquisition cost of the buildings and computed at an annual rate not exceeding two percent (2%) of the acquisition cost, as follows:	
	1. *Center A* at $52,000 acquisition cost x 2% use allowance x 25%	$260.00
	2. *Center B* at $60,000 acquisition cost x 2% use allowance x 25%	$300.00
	3. *Center C* at $64,000 acquisition cost x 2% use allowance x 25%	$320.00
	4. *Center D* at $110,000 acquisition cost x 2% use allowance x 25%	$550.00
	Total Capital Outlay - Other	**$1,430.00**
	Total for the Child Day Care Budget Activity	**$128,126.63**
	Grand Total for the Entire Subgrant	**$140,967.65**

INSTRUCTIONS FOR MDHS SUBGRANT SIGNATURE SHEET (Form SCSS 1002)

MDHS Division: (Type in the Name of the MDHS Division Providing the Funds)

Block 1 - Indicate the legal name of the organization, street address and mailing address, if different from the street address, and telephone number with area code of the applicant agency. Indicate the subgrantee's fiscal year-end-date and the organization type, i.e., not-for-profit, governmental unit, institution of higher education or commercial organization.

Indicate the names/titles of three officers who are responsible for the administration/operation of the subgrant, i.e. executive director or designee, director, board chairperson, board president, vice president, finance chairperson, and/or the fiscal officer. Also list the assigned contact person and telephone number.

Block 2 - Indicate the beginning date that the subgrant is to be effective.

Block 3 - Leave blank (Assigned by MDHS)

Block 4 - Indicate the (4.a.) Grant identifier by funding source and Federal fiscal year the funds were awarded as the program's title, (4.b.) Catalog of Federal Domestic Assistance (CFDA) number (Provided by MDHS)

Block 5 - Indicate the Beginning and Ending dates of the subgrant.

Block 6 - Indicate Current Needs/Cash Advance or Cost Reimbursement.

Block 7 - Indicate the total number of pages in the subgrant including the Subgrant Signature Sheet.

Block 8 - Enter the amount of funds provided under this subgrant in Block 4. Break out the type of funds as indicated by the lines - i.e., Federal, State, Other and Total. Breakout Administration, Services, and the Total of all dollars provided.

Block 9 - List each document to be included with the subgrant as required by MDHS.

Block 10 - List the source, purpose, subgrant number, period (dates) of subgrants, and amounts for all other funds requested, anticipated or carried over from prior years dedicated to this or similar programs including Federal, State, Local or Private funds. If additional space is needed to list all sources, attach another page as an addendum to this page.

Block 11 - Leave blank (for the signature of the MDHS Executive Director).

The signature form, located at the end of this section, shall be used and shall not be altered to avoid a delay in the receipt of subgrant funds.

Block 12 - After the MDHS administrative review process is complete, affix the signature of the applicant agency authorized official with the name and title of the authorized official typed where indicated below the signature.

MISSISSIPPI
Form MDHS-SCSS-1002
Revised 7/1/2012

STATE OF MISSISSIPPI
MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
SUBGRANT SIGNATURE SHEET
P.O. BOX 352
JACKSON, MISSISSIPPI 39205-0352

MDHS FUNDING DIVISION:

1. SUBGRANTEE'S NAME, ADDRESS & PHONE NUMBER

SUBGRANTEE'S FISCAL YEAR END DATE:

_____

NAME/TITLE OF OFFICERS: (SUBGRANT ENTITY)

a._____
b_____
c_____

CONTACT PERSON:_____

FAX:_____

EMAIL:_____

PHONE NUMBER:_____

2. EFFECTIVE DATE:

3. SUBGRANT NUMBER:

4a. GRANT IDENTIFIER (funding source and year):

b. CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)#

5. BEGINNING AND ENDING DATES:

6. SUBGRANT PAYMENT METHOD:

____ CURRENT NEEDS/CASH ADVANCE
____ COST REIMBURSEMENT
____ OTHER

7. PAGE 1 OF

8. THE FOLLOWING FUNDS ARE OBLIGATED:

FEDERAL	$ _____	ADMINISTRATION	$ _____
STATE	$ _____	SERVICES	$ _____
OTHER	$ _____	OTHER	$ _____
TOTAL	$ _____	TOTAL	$ _____

9. THE SUBGRANTEE AGREES TO ADMINISTER THIS SUBGRANT IN ACCORDANCE WITH ALL FEDERAL AND/OR STATE PROVISIONS THAT ARE APPLICABLE TO SAID SUBGRANT. THE FOLLOWING DOCUMENTS ARE INCORPORATED HEREIN:

a. SUBGRANT SIGNATURE SHEET
b. BUDGET SUMMARY
c. COST SUMMARY SUPPORT SHEET
d. BUDGET NARRATIVE
e. SUBGRANT AGREEMENT
   1) SCOPE OF SERVICES
   2) GENERAL TERMS AND PROVISIONS
   3) STANDARD ASSURANCES POLICY
   4) DEBARMENT POLICY
   5) DRUG FREE WORKPLACE POLICY
   6) SUBGRANT MANUAL ACCEPTANCE
f. VERIFICATION OF 25% FIDELITY BOND
g. COPY OF BOARD RESOLUTION (If applicable)
h. COST ALLOCATION & INDIRECT COST RATES

10. IDENTIFICATION OF OTHER FUNDING (List all other funds requested, anticipated or held over from prior years dedicated to this or similar programs including Federal, State, Local or Private funds. If additional space is needed, please attach typed pages).

SOURCE	PURPOSE	CONTRACT #	PERIOD (dates)	AMOUNT
				$
				$
				$
				$

11. APPROVED FOR MDHS:

BY _____ DATE
MDHS Executive Director/Designee

12. APPROVED FOR SUBGRANTEE:

BY _____ DATE

TITLE

INSTRUCTIONS FOR MDHS MODIFICATION SIGNATURE SHEET (Form MSS 1004)

Block 1 - Indicate the name, street address and/or mailing address (if different from street address) and telephone number of the applicant agency.

Block 2 - Indicate the beginning date that the modification is to be effective. Modifications shall become effective on date specified on modification forms or upon the signature of both parties, whichever is later; unless a waiver is approved by the MDHS Executive Director.

Block 3 - Indicate subgrant number as assigned by MDHS from current subgrant signature sheet.

Block 4 - Indicate modification number and enter funding source and year from current subgrantee signature sheet.

Block 5 - Indicate the beginning and ending dates of the subgrant.

Block 6 - Check method of payment as indicated on the current subgrant signature sheet.

Block 7 - Indicate the total number of pages in the modification including the Modification Signature Sheet.

Block 8 - Indicate the break out of funds by source in "From" columns from current Subgrant Signature Sheet. Indicate the break out of new obligated funds by source and use amounts in "To" columns.

Block 9 - List each activity/category in the subgrant that is being modified and the total net effect of the modification. State a brief reason for the modification and, if additional funds are requested, attach a copy of the original subgrant. If additional space is required, an attachment may be used. Attachment should be referenced in Block #9 as "See Exhibit No. ___, incorporated herein by reference". The same exhibit number shall be noted on the attached sheet.

Block 10 - Leave blank (for the signature of the MDHS Executive Director or designee).

The modification signature form, located at the end of this section, shall be used and shall not be altered to avoid a delay in the receipt of subgrant funds.

Block 11 - After the MDHS administrative review process is complete, affix the signature of the applicant agency authorized official with the name and title of the authorized official typed where indicated below the signature.

MISSISSIPPI
Form MDHS-MSS-1004
Revised: 7/1/2012

STATE OF MISSISSIPPI
MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
SUBGRANT MODIFICATION SIGNATURE SHEET

P.O. BOX 352
JACKSON, MISSISSIPPI 39205-0352

MDHS DIVISION:

1. SUBGRANTEE'S NAME, ADDRESS & PHONE NUMBER:

_____

_____

_____

CONTACT PERSON:_____

PHONE NUMBER: _____

FAX: _____

EMAIL:_____

2. EFFECTIVE DATE:

3. SUBGRANT NUMBER:

4. MODIFICATION NUMBER:

Funding Source and Year:

5. BEGINNING/ENDING DATES:

6. SUBGRANT PAYMENT METHOD:
_____CURRENT NEEDS/CASH ADVANCE
_____ COST REIMBURSEMENT
_____ OTHER

7. PAGE 1 OF

8. AS A RESULT OF THIS MODIFICATION, FUNDS OBLIGATED ARE CHANGED AS FOLLOWS:

	FROM :	TO:		FROM :	TO:
FEDERAL	$_____	$_____	ADMINISTRATION	$_____	$_____
STATE	$_____	$_____	SERVICES	$_____	$_____
OTHER	$_____	$_____	OTHER	$_____	$_____
TOTAL	$_____	$_____	TOTAL	$_____	$_____

9. THE ABOVE SUBGRANT IS HEREBY MODIFIED AS FOLLOWS:

FROM: **(Activity/Category)** **TO:** **(Activity/Category)** **DIFFERENCE (+/-)**
(By Funding Source)

REASON(S) FOR MODIFICATION [(If additional space is needed, please attach typed page (s)]:

****IF ADDITIONAL FUNDS ARE REQUESTED ATTACH A COPY OF THE ORIGINAL BUDGET**

10. APPROVED FOR MDHS:

BY _____ **DATE**
MDHS Executive Director /Designee

11. APPROVED FOR SUBGRANTEE:

BY _____ **DATE** _____

TITLE

Revised 7/1/2012

LONG FORM (or SHORT FORM – ex. extension only, typo and/or subgrant # change)

LONG FORM / SHORT FORM
(circle one)

MODIFICATION OF (SUBGRANT/CONTRACT)
BETWEEN
THE MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
AND
_____

This MODIFICATION is made part of the (*subgrant/contract*) entered into on (*date*) by and between the Mississippi Department of Human Services/(*Name of Division that provided the funding*) and (*subgrantee/contractor organization*) and designated as (*subgrant/contract*) No. (*number assigned to the original subgrant/contract by MDHS*), Modification # ____. In consideration of the agreement of the Parties hereto to modify the initial (*subgrant/contract*) between them, the Mississippi Department of Human Services/(*name of Division*) and (*subgrantee/contractor organization*) do hereby agree that effective on (*date*) said (*subgrant/contract*) is modified and amended as set out below:

III. Section # _____:
IV. Section # _____:

All other terms, conditions, and provisions set out in the initial (*subgrant/contract*), and the Modification thereof, which are not in conflict with this Modification, shall remain in full force and in effect for the duration of the (*subgrant/contract*).

IN WITNESS WHEREOF, the parties have executed this (*subgrant/contract*) Modification Number ___, on the date appearing with their respective signatures below.

APPROVED FOR MDHS:	APPROVED FOR (*subgrantee/contractor organization*)
_____ _____ Signature Date	_____ _____ Signature Date
_____ Typed Name of Executive Director/Designee	_____ Typed Name and Title
_____ Witness	_____ Witness
_____ Witness	_____ Witness

PROCUREMENT AND PURCHASING **Section 6**

OVERVIEW

Compliance with Federal Regulations - Subgrantees shall use MDHS procurement procedures stated in this manual, which reflect applicable state and local laws and regulations, and conform to the standards set forth in 45 CFR Part 74 and Part 92, and Section 31-7-13 Mississippi Code of 1972, Annotated. These guidelines apply to purchases for contractual services, commodities, and equipment.

> **EXCEPTION:** A general exception is allowed for subgrantees that are Institutions of Higher Learning and for other state agencies. Institutions of Higher Learning and other state agencies are required to follow the procurement requirements applicable to those particular entities. However, those procurement requirements shall conform to the standards set forth in 45 CFR Part 74 and Part 92 or applicable federal law.

Subgrantee's Use of Lower-Tier Subrecipients - If the provisions of a subgrant agreement allow a lower-tier subrecipient to manage and administer subgrant-supported projects, the lower-tier subrecipient shall be bound by the lower-tier subrecipient agreement to adhere to the MDHS Subgrantee Manual, applicable state and federal law, and all guidelines established by the MDHS Funding Division.

- **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. (See 45 CFR Part 74 and Part 92 or applicable federal law for further specific guidance)

Open and Free Competition - All procurement transactions shall be conducted in a manner that provides maximum open and free competition consistent with 45 CFR Part 74 and Part 92 or applicable federal law. Procurement procedures shall not restrict or eliminate competition. Examples of what is considered to be restrictive of competition include, but are not limited to, the following:

- Placing unreasonable requirements on firms/service providers in order for them to qualify to do business;
- Noncompetitive practices between firms/service providers;
- Organizational conflicts of interest; and
- Requiring unnecessary experience and excessive bonding requirements.

Written Procurement Policies - The subgrantee shall have written procurement procedures and may adopt by reference procedural requirements of 45 CFR Part 74 and Part 92 or applicable federal law.

PROCUREMENT GUIDELINES

Subgrantees are advised to pay particular attention to 45 CFR Part 74 and Part 92 or applicable federal law regulating procurement. Stated therein are the governing regulations and implementing guidelines for all procurement activity undertaken with grant funds. Some of those items, with particular applicability to MDHS subgrants, are:

Procurement Standards

1. Subgrantees shall maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders.

2. Procedures shall allow for analysis of the most economical approach in purchasing, including lease versus purchase alternatives. Each proposed procurement shall be reviewed to avoid the purchase of unnecessary or duplicate items.

3. Subgrantees shall make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

4. Subgrantees shall maintain records sufficient to detail the significant history of procurement.

5. These standards do not relieve the subgrantee of any contractual responsibilities under its subgrants. The subgrantee is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of any procurement entered in support of a subgrant. These include, but are not limited to, source evaluation, protests, disputes and claims.

METHOD OF PROCUREMENT

All procurement transactions shall be made by one of the following methods;

1. PROCUREMENT BY SMALL PURCHASE PROCEDURES: For procurement of

services, supplies, or other property with an aggregate cost of at least ~~$2,500.00 (two thousand five hundred dollars)~~ $5,000.00 (five thousand dollars), but not more than $50,000.00 (fifty thousand dollars), written price or rate quotations shall be obtained from at least two qualified sources. The aggregate sum of all items being purchased is considered one purchase.

2. PROCUREMENT BY SEALED BIDS: Formal advertising in a newspaper of general circulation once each week for two consecutive weeks for competitive sealed bids is required for all purchases that exceed $50,000.00 (fifty thousand dollars). Bids shall not be due less than seven working days following the date the last advertisement appears in the newspaper.

3. PROCUREMENT BY COMPETITIVE PROPOSALS: Formally publicizing a request for proposals which normally results in conducting competitive negotiation with more than one source submitting an offer. This method is generally used when conditions are not appropriate for the use of sealed bids. All evaluation factors and their relative importance will be identified. There shall be procedures for technical evaluations of the proposals and selection of an awardee. Awards shall be made to the proposal most advantageous to the program, with price and other factors considered.

4. SOLE SOURCE PROCUREMENT: Noncompetitive negotiation with a single source. In the purchase of noncompetitive items or services only available from one source, a certification of the conditions and circumstances requiring the purchase shall be filed by the subgrantee with the appropriate MDHS Funding Division Director. Upon receipt of such certification, the appropriate MDHS Funding Division Director shall forward the certification to the MDHS Executive Director for approval, and then the certification shall be forwarded to the Department of Finance and Administration which may authorize or deny the purchase.

5. EMERGENCY PROCUREMENT: The appropriate MDHS Funding Division Director may approve and the Executive Director may authorize, an emergency procurement under the conditions defined in state law, provided such emergency procurement shall be made with such competition as is practicable under the circumstances.

Note: Explicit federal and state regulations apply to each procurement method. Subgrantees may proceed with procurement activities only after careful study of the regulations reveals all requirements have been met.

Competitive Purchasing

1. Purchases Under ~~$2,500.00~~ $5,000.00

Purchases for less than ~~two thousand five hundred dollars ($2,500.00)~~ five thousand dollars ($5,000.00) exclusive of freight or shipping charges, may be made without advertising or otherwise requesting competitive quotes; provided, however, that nothing contained in this paragraph shall be construed to prohibit any agency or governing authority from establishing procedures which require competitive quotes on purchases under ~~two thousand five hundred dollars ($2,500.00)~~ five thousand dollars ($5,000.00).

2. Purchases between ~~$2,500.00~~ $5,000.00 and $50,000.00

Purchases which involve an expenditure of at least ~~two thousand five hundred dollars ($2,500.00)~~ five thousand dollars ($5,000.00), but not more than fifty thousand dollars ($50,000.00) exclusive of freight and shipping charges, may be made from the lowest and best vendor without publishing or posting advertisements for bids, provided at least two competitive written quotes have been obtained.

The term "competitive written quotes" means a quote submitted on a quote form furnished by the subgrantee and signed by authorized personnel representing the vendor, or a quote submitted on a vendor's letterhead or quote form signed by authorized personnel representing the vendor. Quotes obtained from a magazine, newspaper or internet advertising, are not acceptable.

3. Purchases Over $50,000.00

Purchases which involve an expenditure of more than fifty thousand dollars ($50,000.00) exclusive of freight and shipping charges may be made from the lowest and best bidder after advertising for competitive sealed bids once each week for two consecutive weeks in a regular newspaper published in the county or municipality in which such agency or governing authority is located. The date, as published, for the bid opening shall not be less than seven working days after the published notice has been completed. The notice shall state the time and place at which bids shall be received; types of supplies, and/or equipment to be purchased, and the contact person. If plans or specifications are not published, notice should state where copies may be obtained. Specifications shall be written so as not to exclude any supplier.

4. Sole Source/Noncompetitive Purchases

Noncompetitive items are items available from one source only.

In connection with the purchase of noncompetitive items only available from one source, a certification of the conditions and circumstances requiring the purchase shall be filed by the subgrantee with the appropriate MDHS Funding Division Director. Upon receipt by the MDHS Funding Division, the certification will be forwarded to the MDHS Executive Director for approval of the request for sole-source procurement to be forwarded to the Department of Finance and Administration (DFA) for authorization. Only after receiving authorization from DFA is the purchase deemed a sole source procurement. All authorizations shall be received prior to any procurement transactions. The appropriate MDHS Funding Division Director and the MDHS Executive Director may approve, and the Department of Finance and Administration may authorize, a sole source procurement under the conditions defined in state law, provided that the sole source procurement shall be made according to the established purchasing rules and regulations and shall not be made so as to circumvent the competitive purchasing requirements.

5. Purchase of Used Equipment

Subgrantees who would like to purchase used equipment shall submit a written request and justification to the appropriate MDHS Funding Division Director for written approval before proceeding with the purchase. This is in addition to the established requirements set out in the Procurement and Purchasing section and the Inventory Management section of this manual.

6. Purchases Made Under State Contract

Agencies that may purchase under state contract may do so without prior approval or obtaining written quotes. All other purchases shall follow the guidelines outlined in the Purchasing Procedures.

7. Subgrantee Files

Each subgrantee shall maintain adequate files to support any purchases made. A copy of the quotes that were obtained (purchases between ~~$2,500.00~~ $5,000.00 and $50.000.00) or a copy of the legal notice (purchases over $50.000.00) shall also be on file to support the choice of lowest and/or best bid. The subgrantee shall provide adequate justification if the purchase is not awarded to lowest and/or best bidder.

Purchases made by formal bid process or otherwise shall be public record to the extent

provided in Section 25-61-1 et seq. Mississippi Code of 1972, Annotated.

Information pertaining to the results of any bid may be reviewed at the subgrantee's offices at any time during normal working hours subsequent to the time of the bid opening. This authority shall be granted only to any business or person who has submitted bids on the particular transaction. The subgrantee may restrict the availability of the bids during the evaluation process so as to improve the efficiency of the evaluation and award process. Businesses or persons not participating in the process shall not be permitted access to any applicable file until after an award is made. All information and documents applicable to the awarded contract shall be available to any business or person; provided, however, that records furnished by third parties which contain trade secrets or confidential commercial or financial information shall not be subject to inspection, examination, copying or reproduction until notice to said third parties has been given, but such records shall be released within a reasonable period of time unless the said third parties have obtained a court order protecting such records as confidential.

8. Emergency Procurement

Emergency procurement is limited to only those supplies, equipment or services required to meet the emergency. Circumstances that could meet the definition of an emergency are listed in section 31-7-1 (f) MS Code of 1972, Annotated. Prior to making an emergency procurement, a written justification of the circumstances attributing to the emergency shall be submitted to the appropriate MDHS Funding Division. Upon receipt by the MDHS Funding Division, the justification shall be forwarded to the MDHS Executive Director for authorization of the request for an emergency procurement. The MDHS Executive Director may determine that an emergency exists in regard to the purchase so that the delay, incident to giving opportunity for competitive bidding, would be detrimental to the interest of the state. Authorization shall be received prior to any procurement transactions, and purchases shall only be made for the purpose of meeting the needs of the emergency. The appropriate MDHS Funding Division Director may approve and the MDHS Executive Director may authorize, emergency purchases under the conditions defined in state law, provided that such emergency purchases are made according to the established purchasing rules and regulations and are not be made so as to circumvent the competitive purchasing requirements.

INVENTORY MANAGEMENT **Section 7**

OVERVIEW

Uniform standards on inventory management shall ensure the effective use and control of subgrantee property under the jurisdiction of the Mississippi Department of Human Services. Property inventory management is applicable to all non-expendable equipment and property having a useful life of one year or more, and having a unit acquisition cost of $1,000.00 or more shall be tagged and placed on inventory. Other specific items listed in this chapter are required to be placed on MDHS's inventory regardless of price. Items with a useful life of one year or more with a unit cost of less than $1,000.00 are not required to be placed on inventory. However, they are required to have an agency "Property of MDHS" sticker applied. It will be the responsibility of the MDHS Funding Division to ensure proper reporting of all equipment and property is forwarded to the MDHS Office of Property.

If equipment or property is authorized under an MDHS 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. No equipment or property shall be purchased during the last thirty (30) days of the subgrant. These time limits are also applicable to property or equipment purchased with non-federal funds or donated by third parties that is used to match funds under an MDHS subgrant.

The Subgrantee Inventory Management Policy provides guidelines for purchase approval; purchase of used equipment; Inventory Control List; property identification; physical inventory; property which has been lost, stolen or damaged; property disposal or transfer, and subgrantee or program closeout.

The policy serves as a minimum guide in the development of each MDHS Funding Division's inventory management system. Subgrant property management implementation shall be the responsibility of the appropriate MDHS Funding Division Director. Verification shall be the responsibility of the Division of Budgets and Accounting's Property Officer. Property which has been stolen shall be reported by the subgrantee/contractor to the appropriate MDHS Funding Division Director and to the Director of the MDHS Property Office within 24 hours of discovery.

Subgrantees may refer to the 45 CFR Parts 74 and 92 or applicable federal law regulating property management for further guidance on property management standards. All property and assets purchased through MDHS subgrants shall be placed on inventory in accordance with the statutes of the State of Mississippi.

INVENTORY MANAGEMENT **Section 7**

POLICY

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 of the subgrant. The equipment needs of the subgrantee shall be assessed by the MDHS Funding Division staff analyzing all prior subgrants/contracts and the equipment needs expressed in the Scope of Services and the Terms and Conditions of the current subgrant.

Duplication of property or equipment purchases is prohibited by statute. All means of acquiring the proposed equipment, e.g., leasing, shall be reviewed before authorization is given. A capital lease or lease-purchase agreement is prohibited by statute.

The assessment criteria to be used by the MDHS Funding Divisions shall include, but are 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? 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 availability of needed items from surplus of used property from other active/inactive subgrantees, or from DFA Office of Surplus Property.

Note: All property or equipment purchased, in whole or in part, with funds provided by MDHS, shall be held in trust by the subgrantee as trustee for MDHS, and shall not be encumbered without the written approval of MDHS. 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 MDHS. Only Federal or State property may be upgraded with MDHS funds. The use and disposition of such property or equipment are prescribed by the MDHS Subgrant/Contract Manual.

Purchase of Used Equipment

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

Use of Equipment under MDHS Subgrants

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

Statement of General Policy - Property Inventory Rules

Where applicable, equipment or property items 1, 3, 4, 5, 6, 8, 9, 10, 12, 13, 14, 15, 16, 17, and 18 listed below shall be included on inventory regardless of the price and items 2, 7, and 11 listed below shall be included on inventory if the price paid to acquire or the fair market value is greater than $250.00 per unit, as required by the State Property Officer within the Office of the State Auditor.

If authorized under an MDHS subgrant, items 1, 3, 4, 5, 6, 8, 9, 10, 12, 13, 14, 15, 16, and 18 listed below shall be listed on the Cost Summary Support Sheet and in the Budget Narrative under the budget category of Capital Outlay-Equipment regardless of the price. If the purchase price of items 2, 7, and 11 listed below is greater than $250.00, the items shall be included on inventory and listed on the Cost Summary Support Sheet and in the Budget Narrative under the budget category of Capital Outlay-Equipment.

1. Weapons
2. Camera and Camera Equipment (Greater than $250.00)
3. Tape Recorders
4. Two-way Radio Equipment
5. Typewriters
6. Appliances (refrigerators, freezers, air-conditioners, stoves, microwave ovens, etc.
7. Televisions, VCR, DVD (Greater than $250.00)
8. Lawn Maintenance Equipment
9. Sterling Silver
10. Cellular Telephones
11. Computers/Computer Equipment, including Printers
12. Chain Saws
13. Air Compressors
14. Welding Machines
15. Generators
16. Motorized Vehicles
17. Dictating Equipment
18. Antiques

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 (Form MDHS-PROP-SE-02). The Inventory Control List must be submitted to the appropriate MDHS Funding Division Director, for any new and/or additional equipment purchased, when the equipment has been received and paid for by the subgrantee. The subgrantee and each MDHS Funding Division shall maintain a complete and up-to-date list of subgrantee equipment or property. The MDHS Subgrant Master Inventory shall be maintained in the MDHS Office of Property. It shall be the responsibility of each MDHS Funding Division 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:

(A) Subgrantee's Name, Address, and Telephone Number;

(B) Contact Person and Telephone Number;

(C) Subgrant Number, Grant Identifier Number, Subgrant beginning and ending dates and/or modification, if applicable;

(D) Total Equipment Amount Budgeted;

(E) Item description, manufacturer's name, etc;

(F) Manufacturer's Serial Number;

(G) Manufacturer's Model Number;

(H) Vendor Name;

(I) Purchase Date or Invoice Date;

(J) Check Number and/or Voucher Number;

(K) Cost plus tax, freight or shipping charges (if applicable);

(L) Location of equipment or property address;

(M) MDHS Inventory Number Assigned by the MDHS Property Office; and,

(N) Ultimate disposition data, including date of disposal and sales price of the method used to determine fair market value where a subgrantee compensates the federal agency, MDHS 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 funding division in writing within a 10 working day period.

Mississippi Department of Human Services
Inventory Control List
Subgrant/Contract Property & Equipment

Mississippi
MDHS-PROP-SE02
Revised: 3/01/2005

MDHS Funding Division:

A. Subgrantee Name: _____
Street Address: _____
Telephone Number: (____)_____

B. Contact Person: _____
City, State, Zip Code: _____

C. Subgrant Number: _____
Grant ID: _____
Subgrant/Contract Period: From _____ To _____

D. Total Equipment Amount Budgeted:$ _____

E. Item Description	**F.** Serial #	**G.** Model #	**H.** Vendor Name	**I.** Invoice Date	**J.** Check # or Voucher #	**K.** Cost	**L.** Location	**M.** MDHS Subgrantee Inventory #	**N.** Final Disposition
1.									
2.									
3.									
4.									
5.									

(Subgrantee must complete items **A. - L.**) (MDHS will complete items **M** and **N**.)

Verified by: _____Title: _____ Date: _____

Property Identification

All subgrantee equipment or property purchased with federal and/or state funds, or provided as match for federal and/or state funds, shall have permanent identification numbers assigned by the MDHS Property Office (Equipment Inventory Tagging Form MDHS-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/contracts awarded by MDHS Funding Divisions shall be tagged and accounted for by the MDHS Property Office or, in some instances, by the Office of Monitoring.

Physical Inventory

A periodic physical inventory shall be performed by all subgrantees at least twice yearly, using the MDHS Inventory Control List and submitted to the appropriate funding division. The physical inventory shall consist of an actual accounting of all subgrantee/contractor 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 MDHS subgrant. Property records pertaining to the purchase of equipment or property shall be inspected for correctness before items are identified and tagged for inventory control. Location and use of equipment or property shall be verified by MDHS. Property or equipment, that is not being utilized or managed under the terms of the subgrants, shall be recovered and/or redistributed.

Should a subgrant be terminated or not renewed, any equipment purchased under the subgrant with public funds or MDHS' 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 of the MDHS Executive Director. The MDHS Inventory Transfer Form (MDHS-PROP-114B) shall be completed and submitted to the MDHS Property Office.

Lost, Stolen, or Damaged Equipment or Property

Any stolen, misused or unaccounted for equipment or property, shall be reported in writing to the Director of the MDHS Funding Division who shall contact the MDHS Property Office. The MDHS property office shall develop a reporting system to identify lost, stolen, or damaged subgrant equipment or property. A subgrantee shall submit, in writing, within 24 hours of discovery to the Director of the MDHS Funding Division, a detailed explanation of loss. In case of theft, robbery or disappearance, show the name of the local police or sheriff's department notified, and the date the loss was discovered. If such was not reported to a 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 the letter to the Director of the MDHS Funding Division. 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 item was paid for under his/her homeowner's or car insurance policy. The MDHS Funding Division shall review the information and forward the information to the MDHS Property Office with recommendation of action to be taken, if appropriate.

Liability

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

Damaged, Non-Serviceable Equipment or Property

The subgrantee shall submit a written request to the Director of the MDHS Funding Division requesting authorization to dispose of equipment or property, and an on-site inspection by the MDHS Property Office will be conducted, if applicable. The MDHS Funding Division Director will approve or deny the request in writing.

Property Disposal or Transfer

Subgrantees shall notify, in writing, the Director of the MDHS Funding Division when an item is either no longer needed or useful to the implementation and objective of the program. The subgrantee must include the following: (Note: Information can be obtained from the Inventory Control List.)

A. Inventory Number Assigned by Inventory Funding Source;

B. Description;

C. Purchased Price;

D. Dollar Value;

E. Subgrant Number/Contract Number;

F. Grant Identifier Number; ~~and~~

G. Subgrant Beginning and Ending Dates;

H. Reason for Disposal.

Upon completion of an on-site visit by the MDHS Funding Division or Property Officer, where applicable, the Director of the Property Office shall decide the proper means of disposal. Should a subgrant be terminated or not renewed, any equipment purchased under the subgrant with public funds or MDHS' 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 of the MDHS Executive Director. The MDHS Inventory Transfer Form (MDHS PROP-114-B) shall be completed and submitted to the MDHS funding division by the subgrantee and forwarded to the MDHS Property Office whenever property is moved from one office/site to another. Appropriate "From" and "To" signatures shall be obtained.

Subgrantee or Program Closeout

A subgrantee that desires to continue using equipment or property after the expiration date of the subgrant period shall submit a written request to the Director of the MDHS Funding Division. It is the established policy of the funding division and the Mississippi Department of Human Services, to give consideration to written requests, 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 program, and the subgrantee is in good standing at the time of closeout. The request shall include a copy of the Subgrantee Inventory Control List for each item of equipment or property under the subgrant. The deadline for equipment or property retention request is the same as for the closeout package. The Director of the MDHS Funding Division shall forward the subgrantee's request to the Executive Director for approval/disapproval. The Director of the MDHS Funding Division shall then forward the approval or denial to the subgrantee. If the request is denied, or if the subgrantee fails to meet the closeout deadline, MDHS shall retrieve the equipment or property as soon as possible after the subgrant ends. If property or equipment is left with a subgrantee, it shall be the responsibility of the MDHS Funding Division to monitor the utilization of all items on a yearly basis, and report the findings to the MDHS Property Office.

Mississippi
MDHS-PROP-114B
Revised 7/1/12

INVENTORY – TRANSFER (SUBGRANTEE)
MS DEPARTMENT OF HUMAN SERVICES

SEND ALL COPIES TO: MS DEPARTMENT OF HUMAN SERVICES, PROPERTY UNIT

Transferred From: _____ Transferred To: _____
Name Name

_____ _____
Location Location

_____ _____
Program Program

Department Head: _____ Department Head: _____
Initials Initials

ITEM	FULL DESCRIPTION OF ITEM	SERIAL NO.	INV NO.	COST	CONDITION
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					

This is to certify that I have on this _____ day of _____, 20____, transferred the above property and will not be held responsible for the accountability of same.

_____
Signature

_____
Name Printed

This is to certify that I have on this _____ day of _____, 20____, received the above property and will be held responsible for the accountability of the same.

_____
Signature

_____
Name Printed

RECORDED BY: _____ Date Entered: _____
Date Distributed: _____

Instructions for PROCESSING AN OFFICIAL INVENTORY TRANSFER

E. Use MDHS Form 114-B, Revised July 1, 2012

F. Receiving Department will complete a MDHS Form 114-B

13. Complete heading entries for "Transferred From" and "Transferred To" include all information.

14. List <u>all equipment</u>, <u>all entries</u> and draw a diagonal line through all unused lines.

15. Forward to the "Transferred From" Department Head for review, approval, and initials.

16. Forward to the "Transferred to" Department Head for review, approval, and initials.

17. The person receiving the items and the person transferring the items and the person transferring the items will then coordinate and execute the transfer. Both will sign and date as indicated.

18. The form will be forwarded to the Property Unit for recording. Interim photocopies may be retained as temporary records.

19. The Property Unit will officially record the changes, sign and date the forms, and make distribution.

G. If common commercial carrier is used, the sender is responsible for necessary insurance and costs since they are accountable until transferred. The Receiving Department may support these costs if both parties agree.

H. The inventory Transfer Form 114-B, may be used for any type of property to include lease, lease/purchase, rented, or non-reportable inventory.

Mississippi
MDHS-PROP-SE01
Revised 7/1/2012

MDHS - SUBGRANTEE EQUIPMENT INVENTORY TAGGING FORM

Section I: Please complete the following information identifying the subgrantee organization and the subgrant under which the equipment was purchased (Note: a separate form must be completed for each subgrant and each location):

Subgrantee Name

MDHS Funding Division

Physical Address Where the Equipment is Located

Subgrant Number

City/Town State Zip Code

Program Title

Name of the Contact Person

Telephone Number (including area code)

Section II: Please complete the following information for each item of equipment purchased under this subgrant:

MDHS Subgrantee Inventory Tag Number	Description of Item (Including Manufacture or Brand Name and Model Number)	Serial Number	Cost of the Item Including Tax and Shipping Charges

Is this the final purchase of equipment for this location under this subgrant? _____ Yes _____ No

Section III. To be completed by MDHS personnel:

The MDHS inventory tag numbers identified above were affixed to the specific items of equipment. The physical existence of each item was confirmed and the description of each item and serial number were verified.

_____ _____ _____(Signature of MDHS Personnel) (Title or Position) (Date Inventory Completed)

Section IV. To be completed by an authorized subgrantee official:

The inventory as listed on this document is true and correct. Each item is being used in the program or project for which it was acquired; or, in other activities currently or previously supported by a Federal agency. The undersigned accepts accountability for this subgrantee equipment, and agrees to notify MDHS of any changes in the use, location, or condition of any of the items:

(Signature of Authorized Official)

(Date)

(Printed Name of Authorized Official)

(Title of Authorized Official)

TRAVEL **Section 8**

OVERVIEW

Section 25-3-41, Mississippi Code Annotated (1972), authorizes the Mississippi Department of Finance and Administration to set guidelines for travel reimbursement of state officials and employees. MDHS has adopted some of those guidelines as applicable to its subgrantees. 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 is available on the Internet at the following address:

www.dfa.state.ms.us

POLICY

The following policy concerning in-state and out-of-state travel has been established for subgrantees of MDHS.

TERMS	DEFINITIONS
Commuting	Commuting is defined as travel by an officer/employee between the official residence, and the official duty station or regular place of work.
Official Duty Station	An officer/employee's official duty station is the city, town, or other location where the primary office is located, or the city, town or location where the primary work is performed on a permanent basis. If the employee regularly works in two or more areas, the official duty station shall be where the primary place of work is located. The regular place of work shall be determined by the agency head or authorized designee based on total time ordinarily spent working in each area and the degree of business activity in each area. Employees shall be advised in writing of their official duty station. (State law prohibits claiming reimbursement for miles not actually traveled.)
Official Residence	An officer/employee's official residence is the city, town, or other location where an officer/employee maintains a residence which is used as a primary domicile by the officer/employee. Determination by the agency head or authorized designee regarding his/her residence is to be based on items such as voter

registration, ownership, or long-term rental of a personal residence, and the permanent address carried in the officer/employee's personnel file.

Travel Status Travel status employees are those employees who perform duties at locations other than their official duty stations. Travel status employees are expected to report to work at their normal time when the work assignment is within 30 miles one-way. (This will also apply to the return trip.) The employee, who works in two or more offices or regular places of work, may claim mileage reimbursement to travel from one office or regular place of work to another place of work, but not between the regular work site and home, regardless of the distance of the commute. NOTE: An officer/employee is not in travel status and shall not receive lodging or meal reimbursement while at the Official Duty Station. Reimbursement shall continue to be allowed for approved and documented expenses incurred during any authorized meeting, workshop or conference.

Regular Place of Work An officer/employee's regular place of work is any location at which he/she works or provides services on a regular basis.

Temporary Place of Work An employee's temporary place of work is any location at which the officer/employee performs services on short-term basis.

Overnight Travel When the one-way mileage from an employee's official duty station to the location of their work assignment exceeds 75 miles and the work assignment exceeds one day, the employee will normally be required to stay overnight. Exceptions may be approved on an individual basis by the Authorized Official of the subgrantee.

ALLOWABLE REIMBURSEMENT FOR TRAVEL, MEALS, LODGING AND OTHER NECESSARY EXPENSES

For out-of-state travel to be approved it shall be submitted to the appropriate MDHS Division Director through the budget narrative.

All reimbursements claimed for travel, meals, lodging and other necessary expenses shall be within the limitations of the established travel regulations, guidelines, and policies, as follows:

1. Travel in Privately-Owned Motor Vehicle

a. If an employee uses a privately-owned vehicle to travel in connection with the performance of official duties, he/she shall be reimbursed for such travel at the rate approved by the DFA for its employees at the time that travel was performed, as long as the total amount of the subgrant and activity charged with the expense is not exceeded.

b. When two or more employees travel in one privately-owned vehicle, only one travel expense at the authorized reimbursement rate per mile shall be allowed. A notation on the travel voucher shall be made of the employee's name who is a guest passenger.

c. If subsistence is claimed while traveling with another person in a privately-owned automobile, entries shall be made on the voucher indicating the name of the person in whose car the trip was made.

d. Reimbursement shall not exceed the commercial airline tourist rate when an employee chooses to travel via personal automobile in interstate travel instead of traveling by airplane. Subsistence claimed must begin and end at the time the traveler would have departed and returned, had the trip been made by airplane. Only the owner of the automobile shall be allowed to claim travel. If employees are required to travel as passengers, only subsistence shall be allowed.

e. Mileage shall be allowed for the distance actually and necessarily traveled in order to promptly discharge the duties required of an employee. The mileage between points, as shown on (Official Highway Map) a recognized mapping program, shall be considered as the official mileage guide between said points.

f. An employee shall be paid the standard rate per mile, plus automobile parking fees, for the round trip in a privately-owned automobile from the official station or place of business to an air terminal or from an air terminal to the official station. For parking fees in excess of $10.00, a receipt shall be attached with the travel expense voucher.

2. Travel by Public Carrier

a. When official travel is by means of a public carrier or other means not involving a privately-owned motor vehicle, an employee shall receive reimbursement of the actual fare costs and other necessary itemized expenses incurred in connection with such travel. The passenger coupon/ticket stub which notates the fare shall accompany the expense voucher.

b. Out-of-State travel by airlines shall be at the tourist rate, unless such space is unavailable. If travel is in first class airline accommodations, an employee shall certify on the itemized expense voucher that tourist accommodations were not available.

c. When the traveling employee makes changes in airline reservations during the trip which increases or decreases the airfare, a copy of the original ticket and credit or debit adjustments shall all be attached to the voucher, along with an explanation for the changes made on the voucher.

d. In-state air travel shall be kept to a minimum.

3. Meals, Lodging and Other Necessary Expenses

a. Meals

An employee shall be reimbursed for lodging and meals for overnight travel only, and for other necessary expenses as supported by receipts, incurred in the course of official travel, subject to the approval of the subgrantee authorized official. Meal reimbursements are for actual expenses not to exceed the daily meal maximums for the specific location of assignment which are currently set by DFA.

The federal register containing the current federal per diem rates may be obtained from the Mississippi Department of Finance and Administration website.

b. Lodging

1. Reimbursement for lodging shall be made when the circumstances prevent departure and return travel to the official duty station in one day. In no case shall an employee be reimbursed for lodging at their official duty station. Reimbursement for lodging expenses shall be made for the amount actually paid when supported by a receipt not to exceed DFA Policy Rules & Regulations State Travel. When an employee has a choice, extreme care and discreet judgment

shall be exercised in selection of lodging to ensure that the cost for lodging is within reason for the area. Reimbursement for lodging shall not exceed the single room rate. All expenses for lodging shall be billed to the employee or the subgrantee agency. The lodging receipt shall be marked paid and indicate a zero balance.

2. If a member of the employee's family or other non-subgrantee employee travels with the employee, the employee shall claim motel/hotel room rate at the single rate. The single rate shall be written across the face of the receipt.

3. If more than one employee shares a motel/hotel room, each employee shall report his/her pro-rata share of the costs on the travel reimbursement request. Separate invoices shall be obtained and are available if the employee so requests when registering at the motel/hotel.

c. Other

1. Charges for transportation, such as buses, limousines, taxi, etc., shall be allowed while traveling on official business. Taxi cab charges shall be allowed at the point of origin or from the subgrantee agency/office, whichever is closer to the air terminal.

2. Charges for rental cars shall be allowed only when there is a demonstrated cost savings over other modes of transportation, such as buses, subway, taxi, etc., and not strictly for the convenience of the employee.

3. Reasonable expenses incurred for tips to porters, baggage carriers, housekeeping personnel, waitresses or waiters, etc. are allowable. Necessary travel expenses do not include personal expense items such as alcoholic beverages, entertainment and trip insurance. Meal tips should be included in the actual meal expense unless the inclusion of tips would cause the meals to exceed the maximum daily limitations placed on meals. Meal tips shown separately shall not exceed percentage allowed by MDFA. Charges for registration fees are allowable as other authorized expenses if accompanied by a receipt. Meals shall not be claimed as separate items of expense on the travel voucher when included in the registration fee.

4. Phone calls, postage, and other expenses directly related to a trip shall be certified as valid business expenses and initialed at the bottom of the travel voucher by the employee.

TRAVEL VOUCHER

INSTRUCTIONS FOR COMPLETING THE *VOUCHER FOR REIMBURSEMENT OF EXPENSES INCIDENT TO OFFICIAL TR*AVEL

A. Social Security # - Enter the last four numbers of your social security number.

B. Name - Print your name.

C. Title - Print title.

D. Address - Enter your address of residence.

E. Enter the beginning date and ending date covered by the travel voucher.

BACK

F. Employee Name - Enter the employee's name.

G. SSN - Enter the last four numbers of the employee's social security number.

H. Date - Enter each date of travel.

I. Purpose of travel - Reason for travel.

J. Points of Travel - Enter the beginning, intermediate (area travel) and ending point of travel for each date.

K. Total Miles - Enter the total miles traveled from the beginning point to the ending point. (Explain the reason for any excessive miles.)

L. Actual Breakfast - Enter the actual amount paid for breakfast each date. (Receipt required for out of state travel)

M. Actual Lunch - Enter the actual amount paid for lunch each date. (Receipt required for out of state travel)

N. Actual Dinner -Enter the actual amount paid for dinner each date. (Receipt required for out of state travel)

O. Total Amount Allowed - Enter the sum of the amount allowed for breakfast, lunch, and dinner (Items L, M and N).

P. Hotel/Motel - Enter the amount paid for hotel/motel for allowable expenses each date (Receipt required). If direct billed to the subgrantee, enter "DB".

Q. Other Authorized Expenses - Item - In this column, enter the amount of any other allowable expenses.

R. Total - Enter the total of each column (K, L, M, N, O, P and Q).

FRONT SIDE

S. Transfer the totals from the back side of this form to the appropriate line(s).

T. Subtotal - Enter the total of all amounts under S.

U. Travel Advance - Enter the amount advanced to employee.

V. Net Reimbursement (Refund) - Enter the difference in Lines T and U.

W. Signature of Payee - Employee must sign in this space.

X. Date - Enter the date signed in this space.

Y. Verified by - The verifier must sign in this space.

Z. Title - Enter the title of the verifier in this space.

AA. Approved for payment - The subgrantee staff authorized to approve travel payments shall approve by signing in this space.

BB. Title - Enter the title of the subgrantee staff authorized to approve travel payments in this space.

VOUCHER FOR REIMBURSEMENT OF EXPENSES INCIDENT TO OFFICIAL TRAVEL

Mississippi Department of Human Services
Revised for Subgrant Purposes -7/1/2012

NAME:_____ TITLE:_____

ADDRESS:_____ _____

SOCIAL SECURITY NUMBER_____
(Last four digits)

For mileage of privately-owned automobile used by me for transportation and reimbursement for subsistence and other authorized expenses paid by me in the discharge of official duty from _____ to _____
The itemized statement follows. (Date) (Date)

IN-STATE			OUT-OF-STATE		
	AMOUNT			AMOUNT	
MEALS (Receipts Required)			MEALS (Receipts Required)		
LODGING			LODGING		
Travel - AUTO -PRIVATE			Travel - AUTO -PRIVATE		
Travel - AUTO-RENTAL			Travel - AUTO-RENTAL		
Travel - PUBLIC CARRIER			Travel - PUBLIC CARRIER		
OTHER:			OTHER:		
			SUB-TOTAL OUT-OF-STATE		
TOTAL IN-STATE			LESS TRAVEL ADVANCE		
TOTAL OUT-OF-STATE			← TOTAL OUT-OF-STATE		
NET REIMBURSEMENT (Refund)					

Subject to any difference by verification, I certify that the above amount claimed by me for travel expenses for the period indicated is true and accurate in all respects, and that payment for any part has not been received in the event of overpayment, I agree that any future salary/travel disbursements may be debited to correct the overpayment.

SIGNATURE OF PAYEE: _____ DATE:

VERIFIED BY: _____ TITLE:

APPROVED FOR PAYMENT BY: _____ TITLE:

PENALTY FOR FRAUDULENT CLAIM - fine of not more than $250; civilly liable for full amount received illegally; removal from office or position held (Section 25-1-81 and 25-1-91, Miss. Code Ann. - 1972)

VOUCHER FOR REIMBURSEMENT OF EXPENSES INCIDENT TO OFFICIAL TRAVEL – Page 2

Revised Date: 7/1/2012

BREAKDOWN OF SUBSISTENCE AND TRAVEL EXPENSES: IN-STATE

Date	Purpose	Points of Travel	Total Miles	Actual Breakfast	Actual Lunch	Actual Dinner	Total Meal Amount Allowed	Hotel/ Motel	Other Authorized Expenses	
									Item	Amount
TOTAL										

**

BREAKDOWN OF SUBSISTENCE AND TRAVEL EXPENSES: OUT-OF-STATE

TOTAL										

**

****Multiply Total Miles column by the authorized reimbursement rate and carry the amount to the front page.**

NOTE: (1) Receipts for amounts paid for lodging and other expenses must accompany this voucher.
(2) All activity pertaining to a certain date should be shown on the line or lines associated with that date completely across the form.
(3) A continuation sheet may be used if necessary.

MONITORING **Section 9**

INTRODUCTION

The Mississippi Department of Human Services (MDHS) is required to monitor the activities of its subgrantees by following the Single Audit Act Amendments of 1996, the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and the OMB Circular A-133 Compliance Supplement. MDHS shall monitor each project, program, subgrant, function, or activity supported by a Federal award to assure compliance with applicable Federal regulations and that performance goals are achieved.

POLICY

MDHS has established uniform monitoring policies designed to ensure that all subgrants under the jurisdiction of MDHS are administered in compliance with Federal requirements and with the terms of the subgrant agreements. Monitoring subgrants, for compliance with the applicable Federal regulations, State laws, Agency policies, and the terms of the subgrant agreements, is the responsibility of the MDHS Division of Program Integrity.

Subgrant monitoring procedures may include several of the various options available. These options include: reviewing reports submitted by the subgrantee; reviewing documentation supporting expenses reported under MDHS subgrants; reviewing the subgrantee's single audit or program-specific audit results and evaluating audit findings and the subgrantee's corrective action plan; performing on-site reviews of fiscal and programmatic records and observing subgrantee operations; and/or, arranging for limited scope audits of specific compliance areas.

Planning Considerations

When determining the extent of monitoring procedures to perform, MDHS will consider factors such as the amount of the subgrant, the percentage of a Federal program's total funds awarded to subgrantees, and the complexity of the compliance requirements. To determine the appropriateness of monitoring procedures, MDHS will consider the cost-effectiveness of monitoring procedures compared to the relative size and complexity of the Federal awards administered by the subgrantee. The following factors will also be considered when determining the monitoring procedures to be performed to ensure compliance with the Federal regulations, State laws, Agency policies and procedures, and the terms of the subgrant agreement:

1. The amount of the subgrant in relation to the total amount of the program;
2. Prior experience of the subgrantee operating subgrants supported by Federal funds;
3. Results of the MDHS follow-up on prior year single audit findings;
4. Results of the review of documents submitted by the subgrantee;
5. Results of the desk review of supporting documentation for expenditures;
6. Results of previous on-site fiscal and programmatic reviews; and/or,
7. Specific requests by the MDHS Executive Director or Funding Division Director.

Monitoring Procedures

1. **Review of Reports Submitted by Subgrantees**

   Subgrants may be monitored by reviewing reports submitted by the subgrantee for compliance with the subgrant agreement and program instructions. For example, the monthly reporting worksheets may be reviewed for accuracy and completeness or the quarterly programmatic report may be reviewed to ensure that each element of the Scope of Services is being met.

2. **Review of Supporting Documentation for Expenditures**

   Subgrants may be monitored by performing a desk review of supporting documentation for expenditures reported under the subgrant. This review consists of contacting the subgrantee and requesting documents to support certain amounts included on the subgrantee's reporting worksheets. These documents will be examined by the monitors to determine compliance with the subgrant agreement and with State and Federal regulations. The results of the desk review will be communicated in a written report to the subgrantee and to the MDHS Funding Division.

   Desk reviews may be conducted at any time by staff of the MDHS, Division of Program Integrity. The desk review procedure may be used in lieu of or in conjunction with an on-site fiscal review or as a follow-up to an on-site fiscal review to ensure that corrective actions have been implemented.

   Fiscal monitoring through a desk review will include, at a minimum, a review of all documents to support all expenses reported for one month of the subgrant period. Documents shall be reviewed to support costs reported on the reporting worksheet submitted for the month in which the highest dollar amount of expenses was reported as of the date that the schedule letter was prepared to begin the desk review and request support documents.

   When fiscal monitoring is initiated through a desk review and sufficient documents are not provided by the subgrantee/contractor to support costs reported on the reporting worksheet, the desk review shall cease and fiscal monitoring shall be completed through an on-site review.

   Fiscal monitoring shall not be performed through a desk review on the first subgrant awarded to a subgrantee. In addition, monitoring through a desk review shall be alternated with on-site reviews so that on-site fiscal monitoring is performed at least every other year.

   Monitoring for programmatic compliance cannot be performed through a desk review.

3. **Review of the Subgrantee's Single Audit Report for Compliance, Evaluation of Audit Findings, and Follow-up on Corrective Actions**

   Subgrantees that expend $500,000.00 or more of Federal financial assistance during the subgrantee's fiscal year shall have an audit performed by an independent Certified Public Accountant in accordance with the Single Audit Act and OMB Circular A-133. As a part of MDHS' monitoring of each of its subgrants, these independent auditor's reports shall be obtained from the subgrantees and reviewed for compliance with Federal regulations.

   Any audit findings identified in the independent auditor's reports, as well as the subgrantees proposed corrective action plans, shall be evaluated by the MDHS Funding Divisions. If the subgrantee's corrective action plan is acceptable, a management decision will be issued by the MDHS Funding Division to resolve the audit findings. The MDHS Division of Program Integrity will follow-up on the subgrantee's corrective action plan during the next on-site fiscal review that is conducted.

4. **On-Site Reviews for Program Compliance**

   On-site reviews for program compliance are required to be conducted at least once during the subgrant period for every MDHS subgrant. On-site reviews for program compliance may be performed on any subgrant at any time and may be repeated as often as deemed necessary by MDHS. These reviews for program compliance will be conducted by the MDHS Division of Program Integrity.

   The on-site programmatic reviews are formal in nature and are normally preceded by written notification to the subgrantee and to the appropriate MDHS Funding Division Directors. However, unannounced on-site programmatic reviews may also be conducted. On-site entrance and exit conferences will be conducted with subgrantee officials and a written report will be issued communicating the results of the review to the subgrantee and to the MDHS Funding Divisions. The Agency shall follow-up on the subgrantee's corrective action plan for any programmatic monitoring findings.

5. **On-Site Reviews for Fiscal Compliance**

   On-site reviews for fiscal compliance will be conducted by the Division of Program Integrity, as provided under this section. These visits may also be conducted at the request of the MDHS Executive Director or the MDHS Funding Division Director.

   These reviews are formal in nature and are normally preceded by written notification to the subgrantee. The appropriate Funding Division Directors shall also receive written notification of on-site fiscal reviews. However, unannounced on-site fiscal reviews may also be conducted. On-site entrance conferences will be conducted with subgrantee officials. Exit conferences will be conducted and a written report will be issued

communicating the results of the review to the subgrantee and to the MDHS Funding Divisions. MDHS shall follow-up on the subgrantee's corrective action plan for any fiscal monitoring findings.

6. **Limited Scope Audits of Specific Compliance Areas**

   The Agency may engage an independent Certified Public Accountant to perform a Limited Scope Audit of certain MDHS subgrants. The need for this type of review shall be determined on an individual basis and shall be documented by the Division of Program Integrity. The results of this review shall be communicated to the subgrantee and to the MDHS Funding Divisions in a written report.

Corrective Action Process

The Initial Report of Findings and Recommendations that is forwarded to the subgrantee and to the MDHS funding division shall require a written response from the subgrantee within fifteen (15) working days. Upon receipt of the response from the subgrantee, the Director of the Office of Monitoring and other appropriate staff shall assess each response for adequacy. If all responses are adequate, a letter will be issued to the subgrantee clearing all findings. If any responses do not adequately address the findings, the subgrantee will be notified in writing by the issuance of a Status Report acceptable to MDHS requiring a second response from the subgrantee within ten (10) working days.

If the subgrantee fails to satisfactorily resolve all of the monitoring findings, the Office of Monitoring will issue a Final Notice Letter to the subgrantee demanding that the subgrantee refund the amount of questioned costs and advising the subgrantee of the procedures to follow if they wish to request an administrative hearing with the MDHS Executive Director.

If the subgrantee does not respond to the Final Notice Letter, the subgrantee will be referred to the State of Mississippi Office of the Attorney General to recover the unresolved questioned costs, and the Agency may begin procedures for debarment and suspension against the subgrantee organization and the subgrantee authorized official.

Discovery of Possible Fraud, Mismanagement, or Program Abuse

In the event indications of possible fraud, mismanagement, or program abuse are discovered during the course of monitoring subgrants, the Director of the Office of Monitoring shall notify the Director of the Division of Program Integrity, who shall notify the MDHS Executive Director. The MDHS Executive Director and appropriate personnel will decide the course of action to be taken, including the degree of disclosure to subgrantee personnel and to the MDHS Funding Divisions. The format for reporting such incidents will be determined by the Director of the Office of Monitoring and/or the Director of the Division of Program Integrity, after consultation with the MDHS Executive Director.

AUDIT **Section 10**

INTRODUCTION

The Division of Program Integrity (DPI) is responsible for oversight of the subgrantee audit process and for monitoring program and fiscal activities involving subgrants. DPI collaborates with MDHS Funding Divisions to ensure resolution of audit findings by the MDHS Funding Divisions and to monitor the success of corrective actions taken.

The provisions of this section do not limit the authority of Federal agencies or their Inspectors General or other Federal officials, the Mississippi Department of Human Services, or the Office of the State Auditor, or their duly authorized representatives, to make or contract for audits, evaluations, or reviews. Subgrantees shall not constrain the above-named agencies, in any manner, from carrying out audits, evaluations, or reviews.

GENERAL

All MDHS subgrantees are required to complete the MDHS Subgrantee Audit Information Form (MDHS-DPI-002). This form must be submitted to the Division of Program Integrity - Office of Monitoring no later than ninety (90) calendar days after the end of the subgrantee's fiscal year. This form is necessary to certify the sources and amounts of all Federal awards received and expended by the subgrantee.

The MDHS Subgrantee Audit Policy has been prepared using as references the Single Audit Act Amendments of 1996 (Public Law 104-156) as implemented by the Office of Management and Budget (OMB) through OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations". Subgrantees that are commercial organizations (i.e., for-profit) shall not be subject to the audit requirements contained in OMB Circular A-133 unless specifically required by program regulations or by the terms and conditions of the subgrant agreement. Subgrantees which expend Federal financial assistance during the subrecipient's fiscal year of:

1. Less than $500,000.00 shall be exempt from Federal audit requirements, but must make records available for review by the appropriate officials. In addition, these subgrantees shall complete the MDHS Subgrantee Audit Information form and submit the form to the Division of Program Integrity - Office of Monitoring no later than ninety (90) calendar days after the end of the subgrantee's fiscal year;

2. $500,000.00 or more under only one Federal program may elect to have a program-specific audit, or a series of program audits, performed on each subgrant awarded by MDHS in accordance with Government Auditing Standards, or an organization-wide audit performed in accordance with OMB Circular A-133; or

3. $500,000.00 or more under more than one Federal program shall have an organization-wide audit performed in accordance with OMB Circular A-133. 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 MDHS subgrants performed in accordance with Government Auditing Standards.

RESPONSIBILITIES OF SUBGRANTEES

The subgrantee shall:

1. Maintain and make records available for review or audit by appropriate officials of the Federal agency, pass-through entity, General Accounting Office (GAO), and/or the subgrantee's independent auditor;

2. Prepare financial statements that reflect its financial position, results of operations, and, where appropriate, cash flows for the fiscal year audited. The subgrantee shall also prepare a schedule of expenditures of Federal awards for the period covered by the subgrantee's financial statements, which shall be prepared in accordance with paragraph .310 of OMB Circular A-133;

3. Follow procurement standards prescribed by OMB Circular A-110 and the procurement section of this subgrantee manual in arranging for an independent audit to be performed by a Certified Public Accountant (CPA), in accordance with GAAS, GAGAS, and/or OMB Circular A-133, as applicable;

4. Ensure that audits are conducted and reported in accordance with Generally Accepted Auditing Standards (GAAS), Government Auditing Standards (GAS) and Circular A-133, as applicable, and that copies of the auditor's reports, and any management letters issued by the auditors, are submitted to the Division of Program Integrity - Office of Monitoring within nine (9) months after the end of the subgrantee's fiscal year;

5. Be held responsible for follow-up and corrective action on all audit findings; (As part of this responsibility, the subgrantee shall prepare a summary of prior audit findings and a corrective action plan for current year audit findings. The summary schedule of prior audit findings and the corrective action plan shall include the reference numbers the auditor assigns to audit findings and the fiscal year in which the finding initially occurred. At the completion of the audit, the subgrantee shall prepare a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan shall provide the name(s) of the contact person(s) responsible for corrective action, the corrective actions planned or implemented, and the anticipated completion date.)
6. Assure MDHS subgrants are properly identified and audited as part of an organization-wide audit. (MDHS may request a subgrantee which 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 MDHS whether the program would otherwise be audited as a major program using a risk based approach and, if not,

the estimated incremental costs. MDHS shall then promptly confirm to the subgrantee whether it wants the program audited as a major program.)

7. Ensure that adequate funding is available to cover the cost of audits made in accordance with this section, either from non-Federal non-matching sources or as part of the subgrant agreement or other arrangement approved in advance by the MDHS Funding Division. For any audit costs charged directly or indirectly to any MDHS subgrant, or otherwise paid by an MDHS Funding Division, the subgrantee shall submit a detailed invoice to the MDHS Funding Division that indicates the total audit cost, the audit cost allocated to each subgrant and the basis for allocating the audit cost to the subgrant; and

8. Prepare a separate schedule of indirect costs, if indirect costs are claimed under any MDHS subgrant, which shall at a minimum include a listing of actual indirect costs incurred during the subgrantee's fiscal year presented 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; and,

9. Complete the MDHS Subgrantee Audit Information Form (MDHS-DPI-002) and submit the form to the Division of Program Integrity - Office of Monitoring no later than ninety (90) calendar days from the end of the subgrantee's fiscal year; and,

10. Submit a copy of the data collection form and the reporting package, which are specified under Section 320 of OMB Circular A-133, directly to the Federal Audit Clearinghouse, Bureau of the Census, 1201 E. 10th Street, Jeffersonville, Indiana 47132.

Mississippi
MDHS-DPI-002
Revised 7/1/2012

MDHS SUBGRANT/CONTRACT AUDIT INFORMATION FORM

Section I: Please complete the following information identifying the subgrantee/contractor:

Subgrantee Name:_____ Organization Type:_____
(Government/ Non-Profit/ Commercial/ Higher Ed.)

Address:_____

Contact Person:_____ Telephone Number: (____)_____

Ending Date of Fiscal Year:_____ Basis of Accounting:_____
(Month/Day/Year) (Cash / Accrual / Modified Accrual / Other)

Section II: Please complete the following information for each award or subaward of federal financial assistance that was active during the subgrantee's fiscal year:

Pass-Through Grantor	Grant Identifier or Pass-Through Grantor's Number	Program Title	C.F.D.A. Number	Expenditures of Federal Financial Assistance Incurred

Section III. If an audit has already been performed or if an audit firm has been engaged to perform an audit, please complete the following items:

Name and address of the audit firm engaged to perform the audit:_____

Date audit was completed, or anticipated completion date for audits in progress:_____

Type of audit performed:_____
(A-133 Organization-Wide / GAS-Program Specific / GAAS-Financial Statement / No Audit Required)

Section IV. The information and amounts identified above are true and correct to the best of my knowledge:

_____ _____
(Signature of Authorized Official) (Date)

_____ _____
(Printed Name of Authorized Official) (Title of Authorized Official)

INSTRUCTIONS FOR COMPLETING THE SUBGRANTEE/CONTRACTOR AUDIT INFORMATION FORM

Section I - Information Identifying the Subgrantee/Contractor:

Indicate the name of the subgrantee/contractor organization and any other names the subgrantee/contractor organization has done business as during the latest fiscal year.

Indicate the type of organization (i.e., State or Local Governmental Unit, Not-For-Profit Organization, Commercial Organization, or Institution of Higher Education).

Indicate the mailing address of the subgrantee/contractor organization, and street address if different.

Indicate the name and title of the subgrantee contact person.

Indicate the area code and telephone number where the contact person can be reached by phone.

Indicate the ending date of the subgrantee's fiscal year (including the month, day and year) or the period covered by the audit if anything other than a twelve month period is used.

Indicate the basis of accounting used by the subgrantee (i.e., cash basis, full accrual basis, modified accrual basis, or if some other basis is used, specify the basis used).

Section II - Information Identifying the Sources and Amounts of all Federal Financial Assistance:

Indicate the name of the pass-through grantor (i.e., MDHS, MDA, DHHS, USDA, Commerce, etc.).

Indicate the grant identifier number or the pass-through grantor's number (i.e., 123A456).

Indicate the program title of each award of federal financial assistance (i.e., Social Services Block Grant, Child Care and Development Fund, Temporary Assistance for Needy Families, etc.).

Indicate the Catalog of Federal Domestic Assistance (C.F.D.A.) number for each award or subaward of federal financial assistance active during the subgrantee/contractor's fiscal year.

Indicate the total amount of expenditures of federal financial assistance under each award or subaward of federal financial assistance active during the subgrantee/contractor's fiscal year.

Section III - Information Identifying the Audit Firm and Type of Audit Performed:

Indicate the name and address of the audit firm engaged to perform the audit.

Indicate the date the audit was completed, or the anticipated completion date for audits in progress.

Indicate the type of audit performed or that no audit is required (i.e., Organization-wide audit conducted in accordance with OMB Circular A-133, a program specific audit conducted in accordance with Government Auditing Standards, or a financial statement audit conducted in accordance with Generally Accepted Auditing Standards).

Section IV - Certification of Information and Amounts:

Indicate that the information presented on the form is true and correct as evidenced by the signature of the Authorized Subgrantee/Contractor Official.

Indicate the date signed, the printed name and the title of the Authorized Subgrantee/Contractor Official.

SUBMIT THE COMPLETED AND SIGNED MDHS - SUBGRANTEE AUDIT INFORMATION FORM TO:

THE MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
ATTN. - DIRECTOR, OFFICE OF MONITORING
750 NORTH STATE STREET
JACKSON, MS 39202

CLOSEOUT PROCEDURES **Section 11**

INTRODUCTION

The closeout of a subgrant is the process by which the Mississippi Department of Human Services (MDHS) determines that all applicable administrative actions and all required work of the subgrant have 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 MDHS. Subgrantees should also refer to 45 CFR Part 74 and/or Part 92, as applicable.

POLICY

DUE DATE OF CLOSEOUT PACKAGE

The closeout package~~s~~ bearing original signatures is due and shall be received by the appropriate MDHS funding division 45 calendar days from the ending date of a subgrant or a specific date designated by the funding division, in writing. A copy of the closeout package should be retained by the subgrantee.

Note: Closeout packages that are not received in a timely manner may result in a delay processing Request for Cash and may adversely affect the funding of future subgrants.

Subgrantees may revise the closeout package, with a written detailed explanation, only once after the initial package is received by MDHS. This revision shall be submitted within 60 calendar days after the ending date of the subgrant or a specific date designated by the funding division, in writing. Supporting documentation, subject to the approval of the appropriate MDHS official, shall accompany any request for additional funds. Should the Federal grant period be closed, MDHS will be unable to make any additional funds available. However, amounts due MDHS resulting from additional refunds, rebates or credits occurring after this point will be processed. In this case, a revised final Reporting Worksheet shall also be submitted.

INSTRUCTIONS FOR COMPLETING THE CLOSEOUT PACKAGE

SUBGRANTEE'S CLOSEOUT CHECKLIST, FORM MDHS-SGCC-1011

Each item on the form shall be completed and the form shall be signed by an authorized subgrantee signatory official or duly authorized representative. An explanation shall accompany any item that is checked "Sending Separately" or "Unable to Furnish."

Deobligation Authorization. This section is for the use of MDHS only.

1. CERTIFICATION OF SUBGRANT COMPLIANCE, Form MDHS-SGCC-1012

A. RELEASE

The purpose of the Subgrantee's Release is to release the unexpended/unobligated balance of the subgrant to MDHS.

The amount entered as the "Total amount paid and payable by MDHS/Total Authorized Expenditures" shall reflect the total actual expenditures allowed (do not round off expenditures) under the subgrant. The amount shown shall agree with the amount of cumulative costs reported on the final reporting worksheet and MDHS cumulative costs stated in the certification of cash balance section.

Any liability, obligation, claim or demand not released by the subgrantee shall be listed on the Outstanding Claimants List, Form MDHS-SGOCL-1013.

B. ASSIGNMENT OF REFUNDS, REBATES AND CREDITS

Execution of the assignment requires immediate remittance to MDHS of any subsequent refunds or credits applicable to the subgrant. Examples are telephone and insurance refunds.

C. INVENTORY CERTIFICATION

The purpose of the inventory certification is to account for all items of materials and equipment purchased and/or furnished in accordance with the terms and conditions of the subgrant. Complete the certification as required.

If equipment was purchased, furnished, or acquired with subgrant funds, the Inventory Control List (Form MDHS-PROP-SE-02) must be completed. If no equipment was furnished or acquired, so indicate. (See the Inventory Management section of this manual.)

D. CERTIFICATION OF CASH BALANCE

The purpose of the Cash Balance Certification is to provide a statement accounting for the balance of funds on hand applicable to the subgrant. Complete the Cash Balance Certification as required.

NOTE: Only a zero (-0-) cash balance will be accepted. Use the appropriate (+ or -) in the calculation of the Certification of Cash Balance.

E. GENERAL STATEMENT OF COMPLIANCE

The statement of compliance is the subgrantee's attestation that all other terms and conditions of the subgrant have been met. Signatures and dates shall be original in blue ink on the closeout package. The signature of the authorized signatory official shall be witnessed by two individuals.

NOTE: Forms that are not properly completed will be returned.

2. FINAL REPORTING WORKSHEET

Prepare the final Reporting Worksheet in accordance with established MDHS procedures. The final worksheet shall contain no accruals, and shall be clearly marked FINAL in the appropriate space in the top right corner of the worksheet. Do not round off expenditures. If the final worksheet is submitted prior to the closeout package, attach a copy of the final worksheet when the closeout package is submitted.

3. COPY OF WORKERS' COMPENSATION AUDIT/HEALTH AND ACCIDENT INSURANCE

Most Workers' Compensation policies with commercial companies are based on estimated payroll figures. A payroll audit by the insuring company at the time of closeout may result in a substantial refund or additional premium of the policy. If a final billing has not been received, request an immediate final audit from the insurance company at least 30 days in advance of submission of the closeout package. If an audit cannot be performed immediately, indicate on the checklist, under explanation, that the insurance company has been notified and that an audit will be sent separately. When the audit is performed, either (1) forward the audit and the refund, made payable to Treasurer, State of Mississippi, to the appropriate MDHS Funding Division, or (2) send to the appropriate MDHS Funding Division a copy of the audit and request in writing that payment be made directly to the carrier. If Workers' Compensation was not provided, please submit a written statement explaining what type of coverage was used, i.e., health and accident insurance.

4. CANCELLATION/ADJUSTMENT FIDELITY BOND

Upon closeout of the Special Bank or Financial Account, contact the carrier to ensure that the bond applicable to the subgrant is to be canceled, or if the subgrant is covered by a rider to a bond, that the proper adjustment is made. If premium refunds are due, request that they be identified by subgrant number and returned to you. Any refunds received shall be included in the aggregate check covering funds transmitted with the closeout

package if they are received prior to submission of the package to MDHS. The money shall be identified by amount in the accompanying statement. In any event, any refund due to cancellation of bond shall be forwarded to MDHS immediately upon receipt by subgrantee.

5. OUTSTANDING CLAIMANTS LIST, FORM MDHS-SGOCL-1013

When unclaimed funds are returned to MDHS, a list of all possible claimants of these funds shall be prepared and attached to the Certification of Subgrant Compliance, Form MDHS-SGCC-1012, as a part of the Subgrantee's Release. To reserve these funds for payments, the list shall include the following pertinent data:

(1) Claimant's name, last known address, amount of money due, tax or identification number, social security number (if applicant is a training program enrollee) for each individual to whom checks for wages (or other outstanding checks) are due;

(2) For employee (enrollee) checks, indicate the pay period during which the money was earned including the number of hours, hourly rate of pay, and dates worked;

(3) Check number, date of issuance, and amount of each uncashed check; and,

(4) Name, address, and telephone number of any person who may be contacted in connection with any claim which may arise.

6. REFUND CHECK

Indicate the amount of any unused advanced funds plus any outstanding claimants' amounts. The amounts listed 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.

All applicable refunds shall be submitted along with the closeout package to the appropriate MDHS Funding Division or the closeout package will not be processed.

7. EQUIPMENT RETENTION REQUEST LETTER

To continue using MDHS-purchased equipment after the termination of the subgrant period and MDHS funding is discontinued to the subgrantee, a written request shall be submitted by the subgrantee. If equipment retention is not granted, the subgrantee shall

arrange for the return of the equipment to the MDHS Funding Division within sixty (60) days from the end of the subgrant.

8. OTHER DOCUMENTS (SPECIFY)

Include any additional documents or other information necessary to conform to the terms and/or conditions of the subgrant with the closeout package.

MISSISSIPPI
FORM MDHS-SGCC-1011
Revised 7/1/2012

MISSISSIPPI DEPARTMENT OF HUMAN SERVICES
SUBGRANTEE CLOSEOUT CHECKLIST

Subgrantee Name _____ Subgrant No. _____

In compliance with the MDHS Subgantee Closeout Procedures and the terms and conditions of the subgrant, the following closeout documents are enclosed: (Check the appropriate boxes concerning each of the closeout documents. **Explain fully any item not submitted or any item to be sent separately. Use separate sheet, if necessary.)**

Type of Document	Enclosed	Not	Sending	Unable To
1. Certification of Subgrant Compliance				
2. Final Reporting Worksheet				
3. Copy of Workers' Compensation or other Audit				
4. Copy of Cancellation Adjustment Fidelity Bond				
5. Outstanding Claimants List				
6. Refund Check				
7. Equipment Retention Request Letter				
8. Other (specify)				

Explanation/Comments _____

_____

_____ _____ _____
Signature of Authorized Subgrantee Official Title Date

For use of **MDHS** only. Not to be completed by subgrantee.
DEOBLIGATION AUTHORIZATION

	Federal	State	Other
Grant Award	$_____	$_____	$_____
Authorized Expenditures	$_____	$_____	$_____
Unexpended Balance	$_____	$_____	$_____

Comments_____

_____

This is to certify and authorize decreasing the obligation for Subgrant No._____by the amount of the unexpended balance as shown.

_____ _____ _____
Signature, MDHS Program Reviewer Title Date

_____ _____ _____
Signature, MDHS Authorized Official Title Date

MISSISSIPPI
FORM MDHS-SGCC-1012
Revised 7/1/2012

Mississippi Department of Human Services
CERTIFICATION OF SUBGRANT COMPLIANCE

Subgrantee Name_____ Subgrant No._____

A. RELEASE

Pursuant to the terms of said subgrant and in consideration of the sum of

$_____

(Total Amount Paid & Payable by MDHS - Total Authorized Expenditures)

which has been or is to be paid to the Subgrantee or to its assignees, if any, the Subgrantee, upon payment of the said sum does remise, release, and discharge MDHS, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands whatsoever under or arising from the said subgrant, except:

1. Specified claims in stated amount or in estimated amounts where the amounts are not susceptible to exact statement by the Subgrantee, as follows:
   $_____
   (If none, please state)

2. Claims, together with reasonable expenses incidental thereto, based upon the liabilities of the Subgrantee to third parties arising out of the performance of the said subgrant, which are not known to the Subgrantee on the date of execution of this release and of which the Subgrantee gives notice in writing to the MDHS Funding Division Director within the period specified in the said subgrant.

3. Claims, after closeout, for costs which result from the liabiity to pay Unemployment Insurance costs under a reimbursement system or to settle Workers' Compensation claims.

B. ASSIGNMENT OF REFUNDS, REBATES AND CREDITS

Pursuant to the terms of said subgrant and in consideration of the reimbursement of costs and payments of fees as provided in the said subgrant and any assignment thereunder, the Subgrantee does hereby:

1. Assign, transfer, set over and release to MDHS all rights, titles, and interests to all refunds, rebates, credits or other amounts (including any interest thereon) arising or which may hereafter accrue thereunder.

2. Agree to take whatever action may be necessary to effect prompt collection of all such refunds, rebates, credits or other amounts (including interest thereon due or which may become due) and to forward promptly to MDHS any proceeds so collected. The reasonable costs of any such collection action shall constitute allowable costs when approved by the MDHS Funding Division Director as stated in the said subgrant and may be applied to reduce any amounts otherwise payable to MDHS under the terms hereof.

3. Agree to cooperate fully with MDHS on any claim and/or suit in connection with such refunds, rebates, credits or other amounts due (including any interest theron); to execute any protest, pleading, application, power of attorney or other papers in connection therewith; and to permit MDHS, the State Attorney General's Office or the Federal Grantor Agency to represent it at any hearing, trial or other proceeding arising out of such claim and/or suit.

C. INVENTORY CERTIFICATION (Select as Applicable)

1. The Subgrantee hereby certifies that no property or equipment was furnished or acquired under the terms

The Subgrantee further certifies that all terms and conditions of said subgrant have been met. IN WITNESS THEREOF, this Certification of Subgrant Compliance has been executed this _____day of _____ 20_____.

_____

WITNESSED BY: NAME OF SUBGRANTEE

1. _____ _____

BY SIGNATORY OFFICIAL

2. _____ _____

TITLE

D. **CERTIFICATION OF CASH BALANCE**

The Subgrantee hereby certifies that the cash balance applicable to Subgrant No. _____
as of the date of the execution of this document is:

1. Total MDHS funds requested and received:	1)	$_____
2. Less final MDHS cumulative cost reported:	2)	$_____
3. Equals (=) unexpected balance:	3)	$_____
4. (a) Plus (+) balance = unexpended funds (Refund due to MDHS)*	*4 a)	$_____
(b) Minus (-) balance = funds due subgrantee (Subgrantee submits Request for Cash)	4 b)	$_____
5. Balance must equal Zero	5)	$_____-0-_____
*Refund check must include:		
(a) Unexpended funds amount	4 a)	$_____
(b) Outstanding claimants amount (as applicable)		$_____
(c) Total amount refunded (check no. _____)		$_____

E. GENERAL STATEMENT OF COMPLIANCE

The Subgrantee further certifies that all terms and conditions of said subgrant have been met. IN WITNESS THEREOF, this Certification of Subgrant Compliance has been executed this _____day of _____ 20_____.

_____
NAME OF SUBGRANTEE

WITNESSED BY:

1. _____

_____
BY SIGNATORY OFFICIAL

2. _____

_____
TITLE

MISSISSIPPI
FORM MDHS-SGOCL-1013
Revised 7/1/2012

Mississippi Department of Human Services
OUTSTANDING CLAIMANT LIST

Subgrantee _____ Subgrant Nu _____

Claimants' Name Address Telephone Number E-Mail Address	Check #	Amount	Date	Pay Period Hours & Rate	Other Contact Name Address Telephone Number E-Mail Address
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					

RECORD RETENTION AND ACCESS Section 12

INTRODUCTION

Appropriate retention of subgrant records is vital to maintaining accountability for proper use of subgrant funds. Subgrantees of the Mississippi Department of Human Services (MDHS) 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.

POLICY

Financial records, supporting documents, statistical records, personnel records, and all other records pertinent to the subgrant shall be retained for a period of three years from the date of submission of the final reporting worksheet. The only exceptions are as follows:

1. If any litigation, claim, financial management review, or audit is started before the expiration of the 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 taken, whichever is later.

2. 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 years after final disposition of such property.

3. When records are transferred to or maintained by the Federal sponsoring agency or MDHS, the 3-year retention requirement is not applicable to the subgrantee.

Prior to the destruction of any records, the subgrantee shall obtain written approval, from the Director, MDHS Division of Program Integrity, by completing the Request to Dispose of Records form (MDHS-DPI-001). Improper destruction of records is a serious matter which subjects the subgrantee to the risk of sanctions, including debarment or suspension.

MDHS 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, MDHS representatives shall be authorized to request transfer of records or remove records immediately from the subgrantee's premises.

The Mississippi Department of Human Services, the Federal grantor 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 books, documents, papers, or other records that are pertinent to the subgrant, in order to make audits, examinations, excerpts, transcripts, and copies of such documents. This right also includes timely and reasonable access to the subgrantee's personnel for the purpose of interviews and discussions related to these documents. Access rights described here shall last as long as the records are required to be 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 supporting documentation;

7. All invoices, billings, receiving reports, requests for cash, and reporting worksheets;

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, bank statement reconciliations, all canceled or voided checks, and deposit records;

12. Documentation of proper insurance/bonding coverage; and

13. Programmatic records of all types, as pertinent to particular programs involved.

MDHS - DIVISION OF PROGRAM INTEGRITY
REQUEST TO DISPOSE OF RECORDS

Mississippi
Form MDHS-DPI-001
Revised 07-01-2012

1. Subrecipient Name:_____

2. Address:_____

3. Contact Person:_____ 4. Phone No.: (_____)_____

5. Subgrant Number:_____ 6. Effective Dates:_____ to _____

7. Program Title(s):_____

8. Catalog of Federal Domestic Assistance (C.F.D.A.) Number(s):_____

9. Financial records, supporting documentation, statistical records and all other records pertinent to the subgrant shall be retained for a period of three (3) years from the date of the final reporting worksheet. Has the three (3) year record retention period passed?_____

10. Was any litigation, claim, financial management review, monitoring review, or audit started before the end of the three (3) year?_____ If so, have all litigation, claims or audit findings involving the records been resolved and has final action been taken?_____

11. Was any real property or equipment purchased under this subgrant?_____ If so, have all records related to the real property or equipment been retained for at least three (3) years after the date of disposition or replacement or transfer of the real property or equipment? _____

12. Any indirect cost rate computations or proposals, cost allocation plans, or any similar accounting computations of the rate at which a particular group of costs is chargeable (such as composite fringe benefit rates) must be retained for three (3) years from either the date the proposal, plan or other computation is submitted to the federal government for negotiation of the rate, or the record retention period begins at the end of the fiscal year (or other accounting period) covered by the proposal, plan or other computation. If any indirect cost rate computations or proposals, cost allocation plans, or any similar accounting computations were used by the subgrantee, has the three (3) year record retention period passed?_____

13. The information presented above is true and correct to the best of my knowledge:

_____
Signature of Authorized Subgrantee Official Date Signature of President of the Governing Board Date

_____
Name and Title of the Authorized Subgrantee Official Name of the President of the Governing Board

TO BE COMPLETED BY THE MDHS - DIVISION OF PROGRAM INTEGRITY

Based on information presented above and certified correct as evidenced by the signatures of the Authorized Subgrantee Official and the President of the subgrantee's Governing Board, the MDHS - Division of Program Integrity hereby authorizes the subgrantee to dispose of any financial records, supporting documentation, statistical records and all other records pertinent to the subgrant, except for the following:

_____

_____

_____
Signature Division of Program Integrity Official Date Name and Title of Division of Program Integrity Official

ADMINISTRATIVE HEARINGS **Section 13**

INTRODUCTION

Basic to the administrative process is the right to a fair and adequate hearing in contested cases involving disputes in such matters as subgrants and contracts and other appropriate issues as determined on a case-by-case basis and approved by the Executive Director of the Mississippi Department of Human Services (MDHS). The Mississippi Administrative Procedures Law generally defines a contested case as a proceeding in which the legal rights, duties, or privileges of a party are required by rules, regulations, or statutes to be determined by an agency following opportunity for a hearing, other than disciplinary proceedings and agency actions involving only employees of an agency. Three conditions must be met before a hearing can be held under the jurisdiction of this procedure in a contested case:

4. It must be a matter that can be reviewed as a contested case, or under a federal or state statute, regulation or policy.

5. There must be a final decision signed by the MDHS Executive Director or the appropriate Division Director that specifies the petitioner has 30 days in which to request a contested case hearing.

6. A written request for a review of a contested case must be received in the MDHS Executive Director's Office within 30 days of the subgrantee's receipt of the Executive Director's final decision.

The MDHS Subgrantee Administrative Hearing Procedures policy serves as a guide in requesting a review of a contested case. Subgrantees should also refer to the Mississippi Administrative Procedures Law, Section 25-43-1.101 thru 3.114, Mississippi Code of 1972, as amended and obtain from the MDHS funding division a copy of the MDHS Administrative Policy 18 (AP-18), "New Procedure for Hearing Contested Cases."

POLICY

Notice of an Adverse Act - Written notice to a subgrantee of an adverse final decision, marked registered or certified mail, must include a closing statement that the subgrantee agency may submit a written request to the MDHS Executive Director for a review of the final decision within 30 days of its receipt of the notice letter. A subgrantee requesting a review of the final decision should indicate the issue in dispute, state its position, explain the reason(s) the subgrantee believes the decision is in error, request a copy of MDHS AP-18, enclose a copy of all correspondence relevant to this decision, and attach a copy of the Department's notice of an adverse decision.

Petition for Review - The subgrantee's written request for a review must be submitted to the MDHS Executive Director within 30 days of subgrantee's receipt of the adverse final decision. The request may be in the form of a petition or a letter and should specify the name, address, and telephone number of the petitioner's representative. If the subgrantee fails to cite specific reason(s) it believes the final decision is in error, the Administrative Law Judge may order it to file a written statement or show good cause that the reason(s) cannot be stated.

Representative for Petitioner - Any petitioner may appear in person; or be represented by an officer, board member, or bona fide employee in its stead, upon presentation of written authority; or be represented at the subgrantee's own expense by a licensed attorney authorized to practice law in the State of Mississippi.

Respondent's Legal Representative - As respondent, MDHS shall be represented by a Special Assistant Attorney General who normally provides counsel to the MDHS Executive Director or the affected programmatic division.

Written Notice of Hearings - The written notice of the hearing will include a statement of the date, time, and location in Jackson, Mississippi, where the hearing is to be held.

Preparation of Case File and Written Arguments - The subgrantee should provide a thorough and detailed statement of the facts giving rise to the dispute and develop legal arguments on the issues raised by the facts. Whenever possible, the subgrantee should stipulate, where appropriate, material facts and provide copies of documents that have not been submitted previously. The Administrative Law Judge can dismiss an appeal or proceed to Recommended Decision if a party fails to comply with an order, deadline, or other requirement. Only the Administrative Law Judge may grant an extension of time, based upon a written request submitted prior to the established deadline.

The petitioning subgrantee, within 30 days after requesting a review of adverse action, should submit an original and one working copy to the Administrative Law Judge, with a copy to the respondent, of the following: 1) a chronological case file containing numbered, tabbed, and indexed documents supporting the subgrantee's position, and 2) a written statement of the subgrantee's arguments (petitioner's brief) concerning why the respondent's adverse action is considered in error.

The respondent, within 30 days after receiving the petitioner's submission, shall present the following to the Administrative Law Judge, with a copy to the petitioner: 1) a tabbed and indexed supplement to the case file that does not duplicate documents submitted by the petitioner, and 2) a written statement (respondent's brief) responding to the petitioner's brief. Within 15 days after receiving the respondent's submission, the petitioner may submit a short reply.

Authority and Responsibility of the Administrative Law Judge - The Administrative Law Judge has delegated powers specified in MDHS AP-18, including, but not limited to, the following: to issue orders; to administer oaths; to call, hear and examine witnesses; to take steps necessary for the conduct of an orderly hearing; to rule on requests and motions; to dismiss cases for failure to meet deadlines and other requirements; to close, suspend, or remand a case for further action; to waive or modify procedures with notice to parties; to compile the record of the proceedings and make a Recommended Decision or a Recommended Reconsideration Decision; and to take any other action necessary to resolve disputes in accordance with the objectives of these procedures. The Administrative Law Judge shall enjoy absolute immunity from all liability and shall have decisional independence throughout this process and under these administrative proceedings.

Filing of Documents - All documents relating to any pending docketed proceeding must be filed with the Office of the Administrative Law Judge. The documents are considered filed only when received. Parties must put the assigned docket numbers on all submissions and should use standard, not legal, size paper.

Informal Disposition - Informal disposition may be made of any case by written stipulation, agreed settlement, consent order, or default.

Prehearing Procedure - On the motion of the petitioner, the respondent, or the Administrative Law Judge, the parties may be directed to appear for a prehearing conference for the purpose of formulating issues and such other matters that may aid in the simplification of the proceedings and the disposition of the matters in controversy. The Administrative Law Judge may direct that other certain information be submitted, as specified in MDHS AP-18.

Conduct of Hearings - Subject to the Administrative Law Judge's rulings and orders, opportunity must be given to all parties to respond and present evidence and argument on all issues involved and to call witnesses. A recording of each hearing should be made. If a party fails to appear, it may forfeit all rights and be assessed the court reporter fee. The Administrative Law Judge may grant a postponement or continue the hearing for just cause based upon a written, advance request. The parties may conduct cross-examinations. Any motion relating to a pending proceeding, unless made during a hearing, must be in writing and specify the desired relief and the specific reasons and the basis for this relief. Hearings will be ordinarily open to the general public and as informal as reasonably possible. The Administrative Law Judge may request the parties to submit written statements of witnesses prior to the hearing so that the hearing will primarily be concerned with cross-examination and rebuttal. All participants and observers must show proper dignity, courtesy, and respect for the Administrative Law Judge and each other.

Order of Hearing Proceeding - The Administrative Law Judge may confer with the parties prior to the hearing to explain the order of the proceeding, admissibility of evidence, to discuss the number of witnesses and other matters. The Administrative Law Judge calls the meeting to order; introduces himself/herself and gives a brief statement of the nature of the proceeding; if applicable, calls upon petitioner's counsel and respondent's counsel to introduce themselves; states what documents the record contains; may administer oaths or affirmations or may ask court reporter to do so; asks the parties whether they wish to have all witnesses excluded from the hearing room except during their testimony; entertains preliminary motions, stipulations, or agreed orders; calls for opening statements by each party; questions witnesses at will, and adjourns the meeting after all evidence has been heard. During testimony, the petitioner and then the respondent questions witnesses, cross examines the other's witnesses, and redirects. The petitioner and respondent are allowed to call appropriate rebuttal and rejoinder witnesses within the established proceeding format.

Recommended and Final Decisions - Following hearing adjournment, the Administrative Law Judge will forward both the record and Recommended Decision to the MDHS Executive Director for adoption, modification, or reversal. The Final Decision of the MDHS Executive Director will be forwarded to the attorneys of record or to the petitioning party, if not represented by an attorney of record. The MDHS Executive Director's Office will maintain an appropriate record of that mailing. A party or attorney of record, notified by mailing of a Final Decision, is presumed to have been notified on the date such notice is mailed.

STATE OF MISSISSIPPI
DEPARTMENT OF HUMAN SERVICES

*** * * * * * ***

PROCEDURE FOR HEARING CONTESTED CASES

Section 1. SCOPE

Administrative Procedures under the Mississippi Administrative Procedures law, Section 25-43-1 et seq. of the Mississippi Code, include both rule making and contested cases by a state agency such as the Mississippi Department of Human Services (Department). Therefore, this procedure for hearing contested cases is promulgated and adopted as a rule (policy) of the Department pursuant to Sections 25-43-1 et seq. and 43-1-2(4) of the Mississippi Code, and therefore has the force and affect of law.

Basic to the administrative process is the right to a fair and adequate hearing in contested cases. Subject to any superseding federal or state statutes or regulations, as required by Section 25-43-15 and 43-1-17 of the Mississippi Code, this procedure for hearing contested cases of the Department applies to disputes in such matters as contracts between Contractors and the Department, subgrants made by the Department, Request for Proposals (RFP), and Administrative Bid matters, review of contested cases as required by Federal statutes or regulations and not to be heard under the Department's Fair Hearing Procedure, and other appropriate matters as determined on a case-by-case basis and approved by the Executive Director of the Department.

The Mississippi Administrative Procedures Law in Section 25-43-3(b) specifically excludes from the definition of contested case "disciplinary proceedings or agency action involving only employees of any agency." Likewise, the Mississippi Administrative Procedures Law in Section 25-43-3(c) excludes disputes relating to licensing regarding "any order, permit or license issued, granted, revoked, suspended, annulled or withdrawn by any state agency…." In addition the Fair Hearings Procedure set forth in the Department's Policy Manuals, Volume IV, Section M, page 8000 et seq. solely applies to "an applicant or recipient of services, an applicant or approved foster home parent and a prospective or approved adoptive parent" and specifically gives an applicant or recipient a right to appeal and have a fair hearing in the following:

(1) Decisions regarding eligibility for social services;

(2) Decisions relating to the payment of a fee for specified services;

(3) Denial or opportunity to make application or reapplication for services;

(4) Undue delay in reaching a decision on eligibility;

(5) Refusal to consider a request for, or undue delay in, making a change in payment of fees; and

(6) Suspension or discontinuance of service in whole or in part.

In addition, an actual dispute not addressed in the above, and not specifically excluded by law, may in fact be reviewed as a contested case under this procedure upon the agreement of the parties (both the Petitioner and the Respondent) and approval as such by the Department's Executive Director and the Chief Administrative Law Judge.

Section 2. AVAILABILITY AND CONDITIONS

Three conditions must be met before a hearing can be held under the jurisdiction of this procedure in a contested case:

- First, it must be a matter which can be reviewed as a "contested case" as authorized in Section 1 "Scope" above, or under a Federal or State statute, regulation or policy, and not a matter which is under the jurisdiction of the Department's Fair Hearing Procedure.

- Second, there must be a "final decision." The Petitioner must have received a written decision from the head of an office, a division, component, unit, or official of the Department. This constitutes the determination which frames the dispute. The "final decision" should be easy to identify, as it should contain an ending paragraph specifying the right to have same heard as a contested case under this procedure and contain a thirty (30) day deadline provision to request same. (See Section 4 below.) Should this language be omitted, such may indicate that the decision is not final. However, when a Contractor, Subgrantee, or Person is in doubt about whether a written decision is final and they are dissatisfied with the decision they should file a notice requesting a contested hearing under these procedures.

- Third, the request for review of a contested case under these procedures must be filed within thirty (30) days. The thirty (30) days runs from the date the Person receives the decision, not from the date the decision was mailed or dated. The clock stops running when the notice requesting a contested hearing is postmarked or hand-delivered to the Department's Executive Director's Office. Administrative mistakes or inefficiency will not be accepted as good reason for waiver of this thirty (30) day requirement. The petition for review under this procedure need not be lengthy or detailed. (See Section 5, "Petition for a Review" below.)

Section 3. DEFINITIONS AND TERMINOLOGY CLARIFICATIONS

(1) **Contested Case** – The Mississippi Administrative Procedures Law generally defines "contested case" as a proceeding in which the legal rights, duties, or privileges of a party are required by rule, regulation, and statute to be determined by an agency following opportunity for a hearing, other than disciplinary proceedings and agency actions involving only employees of an agency. (See Mississippi Code Annotated, Section 25-43-3 et seq. and definitions in Section 1, "Scope" of this procedure for hearing contested cases.)

(2) **Department** – The Department is the Mississippi Department of Human Services, an administrative agency of the State of Mississippi, created by Section 43-1-2(1) of the Mississippi Code, and "whose offices shall be located in Jackson, Mississippi."

(3) **Executive Director** – The Mississippi Code in Section 43-1-2(2) provides that "the chief administrative officer of the department shall be the Executive Director of Human Services." Section 43-1-2(4) of the Mississippi Code specifically authorizes and delegates to the Executive Director, in addition to other responsibilities, authority, and powers granted by law, the following:

(a) To formulate the policy of the department regarding human services within the jurisdiction of the department;

(b) To adopt, modify, repeal and promulgates, after due notice and hearing, and where not otherwise prohibited by federal or state law, to make exceptions to and grant exemptions and variances from, and to enforce rules and regulations implementing or effectuating the powers and duties of the department under any and all statutes within the department's jurisdiction, all of which shall be binding upon the county departments of human services;

(c) To apply for, receive and expend any federal or state funds or contributions, gifts, devises, bequests or funds from any other source;

(d) To enter into and execute contracts, grants and cooperative agreements with any federal or state agency or subdivision thereof, or any public or private institution located inside or outside the State of Mississippi, or any person, corporation or association in connection with carrying out the programs of the department; and

(e) To discharge such other duties, responsibilities and powers as are necessary to implement the programs of the department.

(4) **Person** – A person is an individual, partnership, corporation, association, governmental subdivision or agency, or a public or private organization of any character.

(5) **Grantor** – The Federal or State Government or other entity by which a grant or appropriation is made.

(6) **Grantee** – One to whom a grant is made, e.g., receiving a sum of money to accomplish a particular goal or purpose. Every grantee has the burden of identifying, documenting, and justifying all its claimed costs and expenditures.

(7) **Subgrant** – A subgrant is a payment or payments made to another person or other entity from a grant or appropriation received by the Department from a Federal or State Grant or appropriation, e.g., subgranted for the purpose of assisting the Department in executing all or a portion of the terms and obligations of the Grant or appropriation, and includes the duty to repay all or a portion of same, or to withhold same from a future subgrants or contracts, if any, when same is not expended in accordance with the subgrant agreement or the purpose outlined in the original Grant or approbation.

(8) **Subgrantee** – A person, to whom a subgrant is made and includes what is to be performed, furnished, procured, or otherwise provided under the terms of a subgrant.

(9) **Contract** – A contract is any written document (or series of documents) that obligates the Department to pay money or other valuable consideration to a person in exchange for goods or services from that person or that obligates the Department to provide goods or services in exchange for certain valuable consideration. Every Contractor has the burden of identifying, documenting, and justifying its claimed costs and expenditures.

(10) **Contractor** – A Contractor is any person with whom the Department has a written contract and who has agreed to provide certain services, procurement, performance, or otherwise furnish what is required under a contract.

(11) **Party** – Generally the only parties eligible to the proceedings under this procedure for hearing contested cases are the Petitioner and the Respondent. However, if the Administrative Law Judge determines, after consultation with the parties, that a third Person is a valid party in interest, the Administrative Law Judge may allow the third Person to present the case on review for the Petitioner or to appear with a party in the review. The Administrative Law Judge may also allow other participation in which he deems that the intervener has a clearly identifiable and substantial interest in the outcome of the dispute, or in which such

participation would sharpen issues or be otherwise helpful in resolution of the disputes. Thus, the term "party" relates to those appearing in this procedure for hearing contested cases and may also include one admitted as a party, or one properly seeking and entitled as of right to be admitted as a party, and a person or agency admitted as a party for limited purposes.

(12) Request for Proposals (RFP), Administrative Bid Protest, and Procurement Action Following Protest – A request for Proposal (RFP) is an invitation to prospective bidders to submit sealed bids to the Department in accordance with the terms of the request. Administrative Bid Protest applies to a prospective Bidder, Offeror, or Contractor that may be aggrieved by the solicitation of a contract, or to an actual Bidder, Offeror, or Contractor that may aggrieved by the award of a contract, or by a protest thereof. The term "Protest" denotes a complaint relating to the solicitation or reward of a procurement contract. A written protest under this procedure for hearing contested cases should include the number and name of the Request for Proposals (RFP),

a statement of reasons for the protests, and supporting exhibits, evidence, or documents, if available or the expected date when same shall be available, to substantiate the reasons for the protest, and same should be forwarded as soon as possible, and must be received by the Executive Director's Office no later than thirty (30) days after the award decision is announced. Normally a procurement will not be halted after a contract has been awarded merely because a protest has been filed. However, in the event a protest is upheld, a contract which has been executed may be terminated in accordance with the provision of said contract.

(13) **License** – The Mississippi Administrative Procedures Law in Section 25-43-3 defines license as follows: " 'License' includes the whole or part of any agency permit, certificate, approval, registration, charter or similar form of permission required by law, but does not … include any order, permit or license issued, granted, revoked, suspended, annulled or withdrawn by any state agency in compliance with statutory procedures or in compliance with published or in compliance with published rules and regulations adopted by such agency under statutory authority."

(14) **Chief Administrative Law Judge and Administrative Law Judges** – The Chief Administrative Law Judge is a Special Assistant Attorney General, having at least seven years' experience in filing proposed and final rules (policy) under the Mississippi Administrative Procedures law for the Department and defending the Department in contested hearings before the Departmental Appeals Board of the United States Department of Health and Human Services, and is herein delegated authority by the Executive Director to hear contested cases under this procedure and make Recommended Decisions in said contested cases to the Executive

Director for consideration for possible adoption as the Final Decision of the Department. Should the case load warrant, other qualified Special Assistant Attorney Generals in the Human Services Section of the Mississippi Attorney General's Office may be delegated authority to hear contested cases under this procedure and make Recommended Decision in said contested cases on a case-by-case basis as approved by the Executive Director of the Department and Chief Administrative Law Judge. Both the Chief Administrative Law Judge and other qualified Administrative Law Judges, which in the future may be selected on a case-by-case basis, are hereby granted independent responsibility to provide these judicial functions under this procedure and shall enjoy absolute immunity from all liability.

(15) **Petitioner** – The Petitioner in a contested case proceeding is the "moving" party, i.e., the party who has initiated the proceedings. The burden of proof is generally assigned to the party who seeks to change the present state of affairs with regard to any issue. The Petitioner usually bears the ultimate burden of proof and will therefore present their proof first at the hearing. However, each party has a burden of going forward with evidence and argument in response to that presented by the other party. A party with knowledge of facts pertinent to the case, and peculiarly within that party's knowledge or control, has a burden of supplying that information. The Administrative Law Judge makes all decisions regarding which party has the burden of proof on any issue. In such cases, the Administrative Law Judge determines the order of proceedings, taking into account the interest of fairness and simplicity.

(16) **Respondent** – The respondent is the head of an office, a division, component, unit or official of the Department and is the party who is responding through counsel to the action for review brought by the Petitioner.

(17) **Pleadings** – Pleadings are written statements of the facts of law which constitute a party's position in a contested case and which, when coupled with the other party's pleadings, will help define the issues being decided in the case. Pleadings may be in legal form such as a "Petition for Review" or "Answer." However, when legal form is not practical, letter or other papers may serve as pleadings in a contested case to define the parties' positions and the issues in the case.

(18) **Ex parte communication** - An ex parte communication is an improper oral or written communication to the Administrative Law Judge not on the public record, reasonable prior notice not having been given to all parties. This does not include requests for status reports on pending matters or proceedings under this procedure for hearing contested cases. Also, this prohibition does not apply to discussions concerning strictly procedural matters, such as requests for extensions of time. However, no party or other person directly or indirectly involved in the

proceedings shall submit to the Administrative Law Judge any evidence, argument, analysis, inquiry, or advice, whether written or oral, regarding any matter at issue in the proceedings, unless such submission is being made part of the record or made in the presence of all parties.

(19) **Time** – "Days" are calendar days, unless otherwise specified. The following procedure is to be used to compute any period of time governing hearing procedures and which is allowed or prescribed by this procedure or by order of the Administrative Law Judge: the period begins on the day after the act or event in questions and concluded on the last day of that computed period, unless the last day is a Saturday, Sunday, or legal holiday, in which case the period runs until the end of the next day that is not a Saturday, Sunday, or legal holiday.

The Administrative Law Judge may at any time (a) with or without motion or notice, order the period enlarged if the request is made before the expiration of the period originally prescribed or as extended by previous order, or (b) upon motion mad after the expiration of the specified period, permit the act to be extended, where the failure to act was the result of excusable neglect. However, nothing in this section shall be construed to allow ex parte communications with the Administrative Law Judge regarding other issues pending in the case.

(20) **Continuances** – Continuances may be granted by the Administrative Law Judge upon good cause shown in any stage of the proceedings. The need for a continuance shall be brought to the attention of the Administrative Law Judge as soon as practical.

(21) **Default and Uncontested Proceedings** – The failure of a party to attend or participate in a prehearing conference, hearing or other stage of these proceedings after due notice thereof is cause for holding such party in default. Failure to comply with any lawful order of the Administrative Law Judge, necessary to maintain the orderly conduct of the proceedings, may be deemed a failure to participate and thereby be cause for holding of default. The Administrative Law Judge shall serve upon all parties, written notice of entry of default for failure to appear. The defaulting party, no later than ten (10) days after service of such notice of default, may file a motion for reconsideration requesting that the default be set aside for good cause shown, and stating the grounds for requesting relief.

(22) **Place of Hearing and Knowledgeable Participants** – Hearings are to be held in a neutral place solely in Jackson, Mississippi and the parties should present witnesses or participants with first-hand knowledge of the matters at issue. The parties are expected to make knowledgeable participants and employees available where necessary and to cooperate with the other party to obtain other participants. The Administrative Law Judge will make rulings on objections made by a party

with regard to its obligation to present identified individuals as participants or witnesses. A party's witnesses or other participants should, in general, know the record and be prepared to explain how it supports that party's contentions.

(23) **Representation by Self or Counsel** – Petitioners may represent themselves or, in the case of a corporation, may participate through duly authorized officer, director, or appropriate employee. Likewise, a Petitioner to these proceeding may be advised and represented, at the Petitioner's own expense, by an attorney licensed and authorized to practice law in Mississippi. A party may not be represented by a non-attorney, except in any situation where Federal law so requires or State law specifically so permits. After appearance of counsel has been made, all pleadings, motions, and other documents shall be served upon such counsel. Counsel wishing to withdraw shall give notice to the Administrative Law Judge and the other parties.

(24) **Motions** – parties to these proceedings are encouraged to resolve matters on an informal basis; however, if efforts of informal resolution fail, any party may request relief in the form of a motion by serving a copy on all parties and filing an original copy and one working copy with the Office of the Administrative Law Judge. Any such motion shall set forth a request for all relief sought, and shall set forth grounds which entitle the moving party to relief. A party may request oral argument by conference telephone call on a motion. However, a brief memorandum of law submitted with the motion is preferable to oral argument. Each opposing party may file a written response to a motion, provided the response is filed within ten (10) days of the date the motion was filed.

(25) **Supporting Documents** – Affidavits, depositions, admissions, answers to interrogatories and stipulations may be employed to supplement other documentary evidence in the record.

(26) **Motion to Strike** – A party may move to strike from the pleading or record an insufficient allegation or redundant, immaterial, impertinent or scandalous matter.

(27) **Disruptive Persons** – The Administrative law Judge has the following powers with respect to disruptive persons:

(a) Censure or reprimand;

(b) Admonishment;

(c) Holding the disruptive party in default;

(d) Recess or continuance of the hearing;

(e) Spectators who disturb the orderly process of the hearing may be admonished or excluded from the hearing room. Any person whose conduct tends to threaten or harass any party, representative, attorney, witness, Department personnel, or the Administrative Law Judge himself may be removed from the hearing room.

(28) **Integrity of the Process** – It is automatically presumed that all Persons and their representatives participating in these proceedings for hearing contested cases shall follow the process and procedure, as set forth herein, be orderly, timely, integrable, ethical, honest, decent, and be respective of others in all aspects of these proceedings. For example, an integrable, ethical, and honest person is generally defined a s a person who is truthful, sincere, forthright, straightforward, frank, candid; one who does not lie, deceive, act deviously, or unscrupulous; one who does not adopt an "ends-justifies-the-means" philosophy at the expense of principle; one who is willing to do what is right and ethical and admit their wrong and, where appropriate, change their positions; one who accepts responsibility for decisions and consequences of their actions or inactions; one who provides the Administrative Law Judge with all relevant information he needs to make an informed decision; and one who safeguards and advances the integrity of this procedure for hearing contested cases to avoid even the appearance of impropriety; and one who takes whatever actions are necessary to correct or prevent inappropriate testimony or conduct of others. This definition is not intended to create concerns, but rather to alleviate concerns on the part of all the parties and their representatives in these proceedings. It is expected that none of the above shall ever be a concern in any proceeding under these procedures. However, it should be noted that false dishonest statements or submissions may be the basis for criminal prosecution or other appropriate action.

Section 4. NOTICE OF ADVERSE ACT

Mississippi Code Annotated, Section 43-1-2(5), delegates authority to the Executive Director of the Department to create "any units necessary to implement the duties assigned the department and consistent with specific requirements of law, including but not limited to:

(a) Office of Family and Children's Services;

(b) Office of Aging and Adult Services;

(c) Office of Economic Assistance;

(d) Office of Community Services;

(e) Office of Support Services;

Section 43-1-2(6) of the Mississippi Code further provides inter alia as follows:

> "The Executive Director of Human Services shall appoint heads of offices, and any necessary supervisors, assistants and employees who shall serve at the pleasure of the executive director. The executive director shall have the authority to organize offices as deemed appropriate to carry out the responsibility of the department."

For example, heads of offices, divisions, components, or units, or other appropriate official of the Department in discharging their delegated responsibility from time-to-time will give written notice of an adverse final decision under a subgrant, a contract, a Request for Proposal (RFP) or other matter governed by these procedures and should in same conclude the notice with language as the following:

* * *

> If you disagree with this decision you may request in writing a review of same under the Mississippi Department of Human Services' Procedure for Hearing Contested Cases, a copy of which is enclosed. Your written request for review of this decision should be sent or hand delivered within (30) days of your receipt of this letter to the following:
>
> Executive Director
> Mississippi Department of Human Services
> 421 West Pascagoula Street
> Jackson, Mississippi 39203
>
> The use of registered or certified mail should be used to establish the mailing date. Your letter requesting a review should indicate the issue in dispute and include a statement of your position and the reason that you believe this decision is wrong. A copy of this letter should be attached to your written request for review of this decision.
>
> A copy of all correspondence relevant to this decision should be forwarded to this office.

* * *

Notices advising Contractors or Subgrantees of contract or subgrant of cancellations must specify the whether the contract or grant will remain in force pending completion of the review of the contested case process.

In addition, the heads of offices, division, components, or units, or other appropriate official of the Department should give a Contractor, Subgrantee, or Person a copy of these Procedures for hearing Contested Cases should they inform them of their dissatisfaction with a final written adverse action. However, any request from any person to review same is first subject to review under the provision outlined above in Sections 1 and 2 of this procedure before any request for review will be docked by the Administrative Law Judge.

Section 5. PETITION FOR REVIEW

A Contractor, Subgrantee, or Person dissatisfied with a final written decision (see Section 4 above) must file a written petition for review so that the Executive Director's office receives same within 30 days after the Contractor, Subgrantor, or person receives official final written notice of adverse action from a head of an office, division, component, or unit, or other appropriate official of the Department. As noted in Section 4 above, this request for review must be either hand-delivered or mailed within thirty (30) days to the Executive Director, Mississippi Department of Human Services, 421 West Pascagoula Street, Jackson, Mississippi 39203. This request may be in the form of a petition or a letter and should specify the name, address, and telephone number of the petitioner's representative. It must also include a copy of the Department's adverse action, a statement of the issue in dispute, and state reasons that the Contractor, Subgrantee, or Person considers they are not subject to the adverse action and why the adverse action is considered in error or is wrong.

If a request does not state specific reasons, the Administrative Law Judge, on his own motion or a motion from the Respondent's legal representative, may order the Contractor, Subgrantee, or Person to file a written statement of the specific reasons in this regard or show good cause that the reasons cannot be stated.

Upon receipt of the Contractor's, Subgrantee's, or Person's written request for review, the matter will be referred by the Executive Director's office to the Administrative Law Judge for the docketing and handling under these proceedings. A recommended decision will be subsequently returned to the Executive Director and the Executive Director may adopt same as the Final Decision of the Department, modify, or reverse same.

Section 6. REPRESENTATION FOR PETITIONER

Any Petitioner may appear in person, or be represented by a bona fide employee, or be represented, at the petitioner's own expense, by an attorney at law duly authorized to practice law (Unauthorized practice of law is not allowed under these proceedings) in the State of Mississippi. If the Petitioner is a corporation, an association, or a government entity, appearance may be by an officer, board member, or a bona fide employee of this Petitioner upon presentation of written authority. Attention is specifically called to what is allowed regarding

any ex parte communication as defined in Section 2(18) above during the course of the proceedings to ensure the independent decision-making responsibility herein granted the Administrative law Judge.

Section 7. RESPONDENT'S LEGAL REPRESENTATIVE

The Respondent shall be represented by the Special Assistant Attorney General(s) who normally provides counsel to the head of the office, division, component, unit, or other appropriate official of the Department who is issued the final decision for review under this procedure in hearing contested cases. However, one Special Assistant Attorney General should be designated as lead counsel and should sign all pleadings and have the ultimate responsibility and authority over the manner and substance of the presentation of Respondent's case. Attention is specifically called to what is allowed to ensure the independent decision-making responsibility herein granted the Administrative Law Judge.

Section 8. HEARINGS AND RECOMMENDED DECISION ON THE RECORD

If the Petitioner believes a hearing is not appropriate, e.g., because material facts are not in dispute, the Petitioner should specifically request a recommended decision on the record and briefing at the earliest time possible. However, the Respondent may request a hearing or the Administrative Law Judge may schedule a hearing on his own motion if he believes there are complex issues or material facts in dispute, the resolution of which would be significantly aided by a hearing, or if decision-making otherwise would be enhanced by oral presentations and arguments in an adversary, evidentiary hearing. The Administrative law Judge will also provide a hearing if otherwise required by law or regulations. The written notice of the hearing will include statement of the time and location in Jackson, Mississippi where the hearing is to be held.

Section 9. PREPARATION OF CASE FILE AND WRITTEN ARGUMENTS

Each party should provide a thorough statement of the facts giving rise to the dispute and develop legal arguments on the issues raised by the facts. Whenever possible, the parties should stipulate material facts where appropriate. The parties should not include duplicated material such as copies of documents which the Administrative Law Judge has issued (such as acknowledgement letters and ruling on motions) or documents already provided to the Administrative Law Judge by either the Petitioner or the Respondent.

If a party fails to comply with an order, deadline, or other requirement of the Administrative Law Judge he can dismiss an appeal or proceed to Recommended Decision based on the existing record or take other appropriate action. Ordinarily, failure to develop the record on a matter

material to the Administrative Law Judge's Recommended Decision will have a evidentiary impact, in that he may preclude further submissions by the noncomplying party or draw an adverse inference from the failure to produce.

The **Petitioner**, within thirty (30) days after requesting a review of adverse action, should submit a original and one working copy to the Administrative law Judge (with a copy to the Respondent) of the following:

(1) A case file containing the documents supporting Petitioner's position, pages numbered, exhibits tabbed, and organized chronologically and accompanied by an indexed list identifying each document. The Petitioner should include only those documents which are relevant to the issues in the case.

(2) A written statement of the Petitioner's arguments concerning why the Respondent's adverse action is considered in error (Petitioner's brief).

The **Respondent** within thirty (30) days after receiving the Petitioner's submission shall submit the following to the Administrative Law Judge (with a copy to the Petitioner):

(1) A supplement to the case file containing any additional documents supporting the Respondent's position, also organized, tabbed, and indexed. The Respondent should avoid submitting duplicates of documents submitted by the Petitioner.

(2) A written statement (Respondent's brief) responding to the Petitioner's brief.

The Petitioner, within fifteen (15) days after receiving the Respondent's submission, may submit a short reply. The Petitioner should avoid repeating arguments previously set forth.

Occasionally, the Administrative Law Judge will request supplementary information or briefing from one or both parties when he believes further development in an area is needed to produce a better recommended decision.

Only the Administrative Law Judge may grant an extension of time to make a required submission. If an extension of time is needed to make a filing, the other party should be first consulted whether they have any objection before they contact the Administrative Law Judge. The other party's agreement or disagreement does not mean that an extension will automatically be granted or denied, but this is a necessary first step. The request must be made before the time deadline has passed and must state the specific reason why an extension is needed. If the request is made in writing the party making the request must make sure that the request reaches the Administrative Law Judge Office before the deadline.

Section 10. AUTHORITY AND RESPONSIBILITIES OF THE ADMINISTRATIVE LAW JUDGE

In addition to delegated powers specified elsewhere in these procedures, the Administrative Law Judge hereby is authorized and further empowered to issue orders (including "show cause" orders); to administer oaths and affirmations and to hear and examine witnesses; to take all steps necessary for the conduct of an orderly hearing; to rule on requests and motions, including motions to dismiss; to grant extensions of time for good reason; to dismiss cases for failure to meet deadlines and other requirements; to close or suspend cases which are not ready for review; to order or assist the parties to submit relevant material, information, and evidence and to rule upon offers of proof and objections; to remand a case for further action by the Respondent; to waive or modify these procedures in a specific case in the interest of justice with notice to the parties; to compile the record of proceedings and make a Recommended Decision (See Section 17 below); to make a Recommended Reconsideration Decision (See Section 18 below); and to take any other action necessary to resolve disputes in accordance with the objectives of these procedures. The Administrative Law Judge shall enjoy absolute immunity from all liability and shall have decisional independence throughout this process and under these administrative proceedings.

Section 11. FILING OF DOCUMENTS

All documents relating to any pending docketed proceeding must be filed with the Office of the Administrative Law Judge. The documents are considered "filed" only when received and the date on same stamped.

Parties must put the assigned docket number on all submissions and should use regular-size paper (not legal size). All submissions after the notice of appeal should be made in an original for the official record and one working copy, the latter not included as part of the official record, to the Administrative Law Judge. Markings and notes made on the working copies are strictly confidential to the Administrative Law Judge and these working copies are not subject to inspection by the parties or their representatives. Copies of all submissions after the notice of appeal must also be sent simultaneously to the other party. Each submission should contain a statement that a copy of the submission has been sent to the other party, identifying when, and to whom, the copy was sent. Unless a submission is hand-delivered or express-mailed to the Administrative Law Judge, registered or certified mail is necessary.

Section 12. INFORMAL DISPOSITION

Informal disposition may be made of any case by written stipulation, agreed settlement, consent order, or default.

Section 13. PREHEARING PROCEDURE

(1) Prehearing Conference

On the motion of the Petitioner or the Respondent or on his own motion, the Administrative Law Judge may direct the parties and their attorneys or representatives to appear before him at a specified time and place for a conference prior to the actual hearing for the purpose of formulating issues and considering:

(a) the possibility of making admissions of certain averments of facts or stipulations to avoid the unnecessary introduction of proof;

(b) the simplification of issues;

(c) the procedure at the hearing;

(d) the limitation, when possible, of the number of witnesses; and

(e) such other matters as may aid in the simplification of the proceedings and the disposition of the matters in controversy, including settlement of such issues as are in dispute.

The Administrative Law Judge may direct that one or more of the following be transmitted by each party to all other parties or their representatives, and to the Administrative Law Judge, by the date established by the Administrative Law Judge:

(a) a list of witnesses the party desires to testify and a brief narrative summary of their expected testimony;

(b) a written statement of the disputed issues for consideration at the hearing;

(c) a copy of any written statements to be offered at the hearing;

(d) a copy of other written testimony or documentary evidence the party intends to use at the hearing.

(2) Discovery and Production of Documents and materials for Inspection, Copying, or Photographing

Upon the timely motion of any party and notice to the other party, the Administrative law Judge may order any party to produce and permit the inspection and copying or photographing by or on

behalf of the moving party any of the following that are in his possession, custody, or control: any designated relevant documents, papers, books, accounts, letters, photographs, objects, or tangible things, not privileged, which contain, or are reasonably calculated to lead to the discovery of, evidence material to any relevant matter involved in the action.

The order must specify the time, place, and manner of making the inspection and taking the copies and photographs, and may prescribe such terms and conditions as are just and fair under the circumstances.

The identity and location of any potential party or witness may be obtained from any communication or other paper in a party's possession, custody, or control; any party may be required to produce and permit reports, including factual observations and opinions of an expert to be called as a witness, to be inspected and copied. The rights granted in this item may not extend to other written statements of witnesses or other written communications passing between agents or representatives or the employees of any party and his agents, representatives, or other employees, where made subsequent to the occurrence or transaction upon which this matter is based or of a privileged attorney-client communication.

Any person, whether or not a party, is entitled to obtain, upon request, a copy of any statement he has previously made concerning this case or its subject matter, which is in any party's possession, custody, or control. If the request is refused, the person may move for an order according him this item. For the purpose of this item, a statement previously made is:

(a) a written statement signed or otherwise adopted or approved by the person making it, or

(b) a stenographic, mechanical, electrical, or other recording or a transcription of the same statement, which is a substantially verbatim recital of an oral statement by the person making it and contemporaneously recorded.

(3) Nonparty Discovery

The Administrative Law Judge may order a person, organizational entity, governmental agency, or corporation not a party to the hearing to produce discoverable information. He may make this order only after a motion specifically stating the request and necessity for it is filed. All parties and those who are not parties must have the opportunity to object in writing to the motion. At his own discretion, the Administrative Law Judge may hold a hearing on the motion.

(4) Admission of Facts and of Genuineness of Documentation

Any time after the Administrative Law Judge has acknowledged in writing a Petitioner's request for review, a party may deliver, or have delivered to any other party, a written request for admission of facts and genuineness of documents.

(5) Interrogatories to Parties

Any time after the Administrative Law Judge has acknowledged a Petitioner's request for review, any party may serve interrogatories upon any other party. The number of questions is limited to no more than twenty-five (25) unless an additional number is approved by the Administrative Law Judge.

(6) Telephone Conference Calls

A party may request a telephone conference at any time; often, however, the Administrative Law Judge decides that a telephone conference is necessary and contacts the parties by telephone or letter to set a time. Once the Petitioner and Respondent's representative are on the line, the Administrative Law Judge will identify the case by Petitioner and docket number, state the purpose for holding the call, and possibly requests the parties' representatives to identify themselves. Frequently the telephone conference will be tape recorded after informing the parties of the taping (to which they may object). If a party objects, the conference will generally not be recorded, and an acceptable method of including the contents or results of the conference into the record will be discussed with the parties. The Administrative Law Judge will usually send a statement of the results of the call or indicate what transpired in or as a result of the call, giving the parties a brief opportunity to note in writing any major error. For example, a telephone conference may be utilized for the following:

(a) as the first step in the review process, to discuss, such matters as appropriate procedures and the substantive issues presented in the case;

(b) to discuss procedures, motions, or other requests for rulings, or to discuss or clarify the substantive issues;

(c) to discuss requests for discovery;

(d) to discuss a request for a hearing or conference;

(e) to reach agreement on whether there are disputed material facts; or

(f) to facilitate the parties' settlement discussions, etc.

Section 14. INTERVENTION

All petitions to intervene in a pending contested case shall state any and all facts and legal theories under which a prospective Intervenor claims an interest relating to the case and that the disposition of the case may as a practical matter impair or impede their ability to protect that

interest; whether this prospective Intervenor claim, and the main case, have a question of law or fact in common; whether the prospective Intervenor interests are adequately represented; and whether admittance of a new party will render the contested hearing unmanageable or will interfere with the interests of justice and the orderly conduct of the proceedings. In deciding a petition to intervene, the Administrative Law Judge may impose conditions upon the Intervenor's participation in the proceedings.

Section 15. CONDUCT OF HEARINGS

(1) The Administrative Law Judge is in charge of proceedings. The Administrative Law Judge has the authority to administer oaths, examine witnesses, issue subpoenas and commissions, and rule on admissibility of evidence and amendments to pleadings. He also may establish reasonable time limits for conducting individual hearings, request additional information, and issue intermediate orders. The Administrative Law Judge has the authority to issue any orders necessary to enforce his rulings. These include, but are not limited to,

(a) exclusion of evidence or witnesses;

(b) exclusion of oral argument;

(c) summary orders or default judgment on any issues;

(d) postponement or dismissal of the hearing with or without prejudice.

(2) Subject to the Administrative Law Judge's rulings and orders, opportunity must be given to all parties to respond and present evidence and argument on all issues involved.

(3) The Petitioner and the Respondent will have an opportunity to call any witnesses desired, but within limits set by Administrative Law Judge.

(4) If the party or his representative is notified of the hearing and neither is present at the hearing, all matters stated in evidence introduced at the hearing may be considered as uncontroverted by the party failing to appear.

(5) The Administrative Law Judge may grant a postponement or continue the hearing for just cause. A motion for continuance of the hearing must be in writing and must be filed with the Administrative Law Judge at least seven days before the date set for the hearing. The party making the motion must state that such is not for the purpose of delay and must also include the specific grounds for the action and refer to all prior motions for continuance filed in the same proceeding. A copy of the motion must be served on the other party under a certificate of service. Failure to comply with the provisions of this item, except for good cause shown, may be construed as lack of diligence by the party making the motion; and, at the discretion of the

Administrative Law Judge, is grounds for refusing the motion. Once an action has proceeded to a hearing, according to the notice issued concerning the hearing, no postponement or continuance may be granted without the consent of all involved.

(6) A recording of each hearing should be made. If requested by the Administrative Law Judge, the recording may be transcribed and a transcription given to the parties. Any costs associated with recording and transcribing the hearing may be assessed to one or more parties. If a party desires an official court reporter, they should so notify the Administrative Law Judge and that party must pay all costs associated with the same or share the costs as agreed with the other party. If a party fails to appear at a hearing and a default decision is entered against that party, the Administrative Law Judge may assess court reporter costs, if any, against the defaulting party.

(7) The parties to the hearing may conduct cross-examinations required for a full and true disclosure of the facts.

(8) Before or during the hearing, the Administrative Law Judge may call or request any party to call a witness or witnesses that the judge believes necessary to make a final decision. Upon notifying all parties, the Administrative Law Judge may communicate with department employees who have not participated in the hearing for the purpose of using the special skills or knowledge of the agency and its staff in evaluating the evidence. The Administrative Law Judge may allow all parties to be present during such communication and, at his sole discretion, may allow parties to question the employee. The employee's communication is not part of the hearing and need not be recorded.

(9) Any motion relating to a pending proceeding, unless made during a hearing, must be in writing and specify the desired relief and the specific reasons and basis for this relief. If based upon matters which do not appear of record, it must be supported by affidavit. Motions must be filed with the Administrative Law Judge and copies sent to all parties under certificate of service. Failure to comply with the provisions of this item, except for good cause shown, is grounds for the Administrative Law Judge to refuse the motion.

(10) Hearings will be ordinarily open to the general public and as informal as reasonably possible, keeping in mind the need to establish an orderly record. The Administrative Law Judge will admit evidence unless it is determined to be clearly impertinent, immaterial or unduly repetitious, so the parties should avoid frequent objections to questions and documents. Since the parties have ample opportunity to develop a complete case file, a party may introduce an exhibit at the hearing only after explaining to the satisfaction of the Administrative Law Judge why the exhibit was not submitted earlier (for example, because the information was not available).

(11) The Administrative Law Judge may request the parties to submit written statements of witnesses prior to the hearing so that the hearing will primarily be concerned with cross-examination and rebuttal.

(12) At all hearings, each party, witness, attorney, representative, or other person must show proper dignity, courtesy, and respect for the Administrative Law Judge and others participating in or observing the hearing. The Administrative Law Judge is authorized to act as he considers necessary and appropriate to maintain proper decorum and conduct. Actions may include, but are not limited to, recessing the hearing to be reconvened at another time or location in Jackson, Mississippi or excluding from the hearing any party, witness, attorney, representative, or other person for a period and under the conditions that the Administrative Law Judge considers fair and just.

Section 16. ORDER OF HEARING PROCEEDING

A general outline as to the conduct of a contested case proceeding is offered here for the benefit of the parties. However, a departure from same in order to expedite or insure the fairness of a proceeding would not be a violation of this section:

(1) Administrative Law Judge may confer with the parties prior to the hearing to explain the order of proceedings, admissibility of evidence, to discuss the number of witnesses and other matters.

(2) Hearing is called to order by the Administrative Law Judge.

(3) Administrative Law Judge introduces himself and gives a brief statement of the nature of the proceedings, including a statement of the Administrative Law Judge's role in making legal rulings.

(4) Administrative Law Judge calls upon Petitioner to ask if the Petitioner is represented by counsel and if so, counsel is asked to introduce himself for the record. The Administrative Law Judge then requests Respondent's counsel and any other officials who may be present at the hearing to introduce themselves.

(5) The Administrative Law Judge states what documents the record contains.

(6) Either the Administrative Law Judge or court reporter may administer the oath or affirmation to witnesses.

(7) The parties are asked whether they wish to have all witnesses excluded from the hearing room except during their testimony. If so, all witnesses are instructed not to discuss the case during the pendency of the proceeding. Notwithstanding the exclusion of the witnesses,

parties will be permitted to stay in the hearing room, and the Petitioner and the Respondent may have one appropriate person, who may also be a witness, act as their party's representative.

(8) Any preliminary motions, stipulations, or agreed orders are entertained.

(9) Opening statements are allowed by both the Petitioner and the Respondent.

(10) Petitioner calls witnesses, and questioning proceeds as follows:

(a) Petitioner questions.

(b) Respondent cross-examines.

(c) Petitioner redirects.

(d) Respondent re-cross-examines.

(e) Administrative Law Judge questions.

(f) Further questions by Petitioners and Respondent with questions proceeding as long as is necessary to provide all pertinent testimony.

(11) Respondent calls witnesses and questioning proceeds as follows:

(a) Respondent questions.

(b) Petitioner cross-examines.

(c) Respondent redirects.

(d) Petitioner moving party re-cross-examines.

(e) Administrative Law Judge questions.

(f) Further questions by Respondent and Petitioner, the questioning proceeding as long as is necessary to provide all pertinent testimony.

(12) Petitioner and Respondent allowed to call appropriate rebuttal and rejoinder witnesses with examination proceeding as outlined above.

(13) After all evidence has been heard, the Administrative Law Judge will adjourn the hearing.

Section 17. RECOMMENDED AND FINAL DECISIONS

Following the adjournment of the hearing, both the Record and Recommended Decision of the Administrative Law Judge will be forwarded only to the Executive Director of the Department for review and consideration. The Executive Director may adopt the Recommended Decision, modify the Recommended Decision, or reverse the Recommended Decision as the Final Decision of the Department. The Executive Director's Office will subsequently forward the Final Decision of the Department, along with a copy of the Recommended Decision of the Administrative Law Judge, to the attorneys of record or, if a Petitioner is not represented by an attorney of record, the Final Decision will be forwarded to that party. The Executive Director's Office will maintain an appropriate record of that mailing of a Final Decision is presumed to have been notified on the date such notice is mailed.

Section 18. RECONSIDERATION

The Administrative Law Judge may further make a Recommended Reconsideration Decision in writing and forward same to the Executive Director of the Department for consideration, in cases in which a party, within twenty (20) days after receiving the Final Decision and accompanying Recommended Decision of the Administrative Law Judge, alleges in a petition to the Administrative Law Judge, with a copy to the Executive Director of the Department, a clear error of fact or law. The Administrative law Judge may ask the opposing party to respond to the request. The Executive Director of the Department may adopt the Recommended Decision, modify the Recommended Reconsideration Decision, or reverse the Recommended Administrative Decision as the Final Reconsideration Decision of the Department. Parties should view petitions for reconsideration as an exceptional process, not merely as another progressive step in the proceedings.

DEBARMENT AND SUSPENSION **Section 14**

POLICY

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

Coverage

This policy shall apply to all persons/subgrantees who are currently participating in transactions under state nonprocurement 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 nonprocurement transaction between MDHS 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 Action

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.

DEBARMENT

The MDHS Executive Director, or its designee, after consultation with the appropriate Division Director, may debar a subgrantee for any of the causes noted below. However, the existence of a cause for debarment does not necessarily require that the subgrantees acts or omissions and any mitigating factors shall be considered in making a debarment decision. Debarment means, for purposes of this agency, an action taken by the agency in accordance with these regulations to exclude a subgrantee from participating in a covered transaction.

Causes for Debarment

Debarment may be imposed for:

a. Conviction, plea agreement of guilt or civil judgment for:

   1. Commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public or private agreement or transaction;

   2. Violation of Federal or State antitrust statutes, including those proscribing price fixing between competitors, allocation of customers between competitors, and bid rigging;

   3. 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

   4. 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.

b. Violation of the terms of a public agreement or transaction so serious as to affect the integrity of an agency program, such as:

   1. A willful failure to perform in accordance with the terms of one or more public agreements or transactions;

   2. A history of failure to perform or of unsatisfactory performance of one or more public agreements or transactions; or

   3. A willful violation of a statutory or regulatory provision or requirement applicable to a public agreement or transaction.

c. Any of the following causes:

   1. A nonprocurement 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 CFR Part 76; and

   2. Knowingly doing business with a debarred, suspended, ineligible, or voluntarily excluded person, in connection with a covered transaction, except as permitted by the agency.

Procedures

MDHS shall process debarment actions as informally as practicable, consistent with the principles of fundamental fairness.

Information concerning the existence of a cause for debarment from any source shall be promptly reported, investigated, and referred, when appropriate, to the debarring official for consideration. After consideration, the debarring official, MDHS Executive Director, or its designee, may issue a notice of proposed debarment.

Notice of Proposed Debarment

A debarment proceeding shall be initiated by notice to the respondent advising:

a. The debarment is being considered;

b. The reasons for the proposed debarment in terms sufficient to put the respondent on notice of the conduct or transaction(s) upon which it is based;

c. The reasons covered in "Causes for Debarment" above;

d. The provisions regarding investigations, notice of proposed debarment, an opportunity to contest proposed debarment and a final decision; and

e. The potential effect of a debarment.

Opportunity to Contest Proposed Debarment

a. Submission in Opposition

   Within 30 days after receipt of the notice of proposed debarment, the respondent may submit to the MDHS Executive Director, in person, in writing, or through a representative, information and argument in opposition to the proposed debarment.

b. Additional Proceedings As to Disputed Material Facts

   1. In actions not based upon a conviction or civil judgment, if the debarring official finds that the respondent's submission in opposition raises a genuine dispute over facts material to the proposed debarment, respondent(s) shall be afforded an opportunity to appear with a representative, submit documentary evidence, present witnesses, and confront any witness the agency presents.

2. A transcribed record of any additional proceedings shall be made available at cost to the respondent, upon request, unless the respondent and the agency, by mutual agreement, waive the requirement for a transcript.

Debarring Official's Decision

a. No Additional Proceedings Necessary

In actions based upon a conviction or civil judgment, or in which there is no genuine dispute over material facts, the debarring official shall make a decision on the basis of all the information in the administrative record, including any submission made by the respondent. The decision shall be made within 45 days after receipt of any information and argument submitted by the respondent, unless the debarring official extends this period for good cause.

b. Additional Proceedings Necessary

1. In actions in which additional proceedings are necessary to determine disputed material facts, written findings of fact shall be prepared. The debarring official shall base the decision on the facts as found, together with any information and argument submitted by the respondent and any other information in the administrative record.

2. The debarring official may refer disputed material facts to another official for findings of fact. The debarring official may reject any such findings, in whole or in part, only after specifically determining them to be arbitrary and capricious or clearly erroneous.

3. The debarring official's decision shall be made after the conclusion of the proceedings with respect to disputed facts.

c. Standard of Proof

1. In any debarment action, the cause for debarment must be established by a preponderance of the evidence. Where the proposed debarment is based upon a conviction or civil judgment, the standard shall be deemed to have been met.

2. The burden of proof is on the agency proposing debarment.

d. Notice of Debarring Official's Decision

1. If the debarring official decides to impose debarment, the respondent shall be given

prompt notice:

i. Referring to the notice of proposed debarment;

ii. Specifying the reasons for debarment;

iii. Stating the period of debarment, including effective dates; and

iv. Advising that the debarment is effective for covered transactions throughout the agency.

2. If the debarring official decides not to impose debarment, the respondent shall be given prompt notice of that decision. A decision not to impose debarment shall be without prejudice to a subsequent imposition of debarment by any other agency.

Settlement and Voluntary Exclusion

When in the best interest of the agency, MDHS may, at any time, settle a suspension action.

Period of Debarment

a. Debarment shall be for a period commensurate with the seriousness of the cause(s). If a suspension precedes a debarment, the suspension period shall be considered in determining the debarment period.

b. The debarring official may extend an existing debarment for an additional period, if that official determines that an extension is necessary to protect the public interest.

SUSPENSION

Suspension is a serious action to be imposed only when there exists adequate evidence, as set out below, and immediate action is necessary to protect the public interest. For purposes of this agency, suspension is an action taken by the agency in accordance with the following regulations that immediately excludes a subgrantee from participating in covered transactions for a temporary period, pending investigation and such legal action, debarment, or other proceedings as may ensue.

Causes for Suspension

Suspension may be imposed upon adequate evidence to suspect the commission of a debarment offense as listed in “Causes for Debarment” section above. Indictment shall constitute adequate

evidence for purposes of suspension actions.

Procedures

Investigation and referral - Information concerning the existence of a cause for suspension from any source shall be promptly reported, investigated, and referred, when appropriate, to the suspending official for consideration. After consideration, the suspending official may issue a notice of suspension.

Notice of Suspension

When a respondent is suspended, notice shall be immediately given:

a. That suspension has been imposed;

b. That the suspension is based on an indictment, conviction, or other adequate evidence that the respondent has committed irregularities seriously reflecting on the propriety of further State Government dealings with the respondent;

c. Describing any such irregularities in terms sufficient to put the respondent on notice without disclosing the State Government's evidence;

d. Of the cause(s) relied upon above for imposing suspension;

e. That the suspension is for a temporary period pending the completion of an investigation or ensuing legal action, debarment, or other proceedings;

f. Of the notice of suspension, the opportunity to contest suspension, and the suspending official's decision; and

g. Of the effect of the suspension.

Opportunity to Contest Suspension

a. Submission in Opposition

   Within 30 days after receipt of the notice of suspension, the respondent may submit to the MDHS Executive Director, in person, in writing, or through a representative, information and argument in opposition to the suspension.

b. Additional Proceedings as to Disputed Material Facts

1. If the suspending official finds that the respondent's submission in opposition raises a genuine dispute over facts material to the suspension, respondent(s) shall be afforded an opportunity to appear with a representative, submit documentary evidence, present witnesses and confront any witness the agency presents, unless the action is based on an indictment, conviction or civil judgment as described in the "Causes for Debarment" section above.

2. A transcribed record of any additional proceedings shall be prepared and available at cost to the respondent, upon request, unless the respondent and the agency, by mutual agreement, waive the requirement of a transcript.

Suspending Official's Decision

The suspending official may modify or terminate the suspension or may leave it in force. A decision to modify or terminate the suspension shall be without prejudice, to the subsequent imposition of debarment. The decision shall be rendered in accordance with the following provisions:

a. No Additional Proceedings Necessary

In actions based on an indictment, conviction, or civil judgment in which additional proceedings to determine disputed material facts; or in which additional proceedings to determine disputed material facts have been denied on the basis of law enforcement advice, the suspending official shall make a decision on the basis of all information in the administrative record, including any submission made by the respondent. The decision shall be made within 45 days after receipt of any information and argument submitted by the respondent, unless the suspending official extends this period for good cause.

b. Additional Proceedings Necessary

In actions in which additional proceedings are necessary to determine disputed material facts, written findings of fact shall be prepared. The suspending official shall base the decision on the facts as found, together with any information and argument submitted by the respondent and any other information in the administrative record. The suspending official may refer matters involving disputed material facts to another official for findings of fact. The suspending official may reject any such findings, in whole or in part, only after specifically determining them to be arbitrary or capricious, or clearly erroneous.

c. Notice of Suspending Official's Decision

Prompt written notice of the suspending official's decision shall be sent to the respondent.

Period of Suspension

Suspension shall be for a temporary period pending the completion of an investigation or ensuing legal action, debarment, or other proceedings, unless terminated sooner by the suspending official.

If legal or administrative proceedings are not initiated within 12 months after the date of suspension notice, the suspension shall be terminated, unless the Executive Director receives a request from the applicable MDHS funding Division Director and determines that this time should be extended.

Source: Miss Code Ann. § 43-1-2 (Rev. 2009)