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INTRODUCTION

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.

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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 awarded to a subgrantee to incur obligations and expenditures over a certain period of time.

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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.
Bond	<p>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.</p> <p>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.</p>
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/contractor's obligations under such subgrant.
Budget	An authorized plan of proposed expenditures and the means of financing them with respect to an awarded amount within a specific period of time.

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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.
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.

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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 to MDHS. (See the Forms section of this manual, 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 closeout 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 the Forms section of this manual, 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 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 subgrantee or lower-tier subrecipient having a unit cost of less than \$500. All items costing less than \$500 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

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	<p>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.</p>
Cost Summary Support Sheet	<p>A budget form used to describe the basis for determining the cost for the various activities on the Budget Summary.</p>
Cumulative Cost	<p>Total cost incurred for a specific grant from the beginning date through the current period.</p>
Current Needs/Cash Advance	<p>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.</p>
Debarment	<p>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.</p>
Direct Cost	<p>Cost immediately identifiable with specific subgrant activities which is recorded as a subgrant expenditure when incurred.</p>
Encumbrances	<p>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.</p>
Equipment/Reportable Property	<p>Tangible property of a nonconsumable nature with a useful life of one year or more and an initial unit cost of \$500 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 cost.)</p>
Expenditure	<p>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.</p>
Expense	<p>Cost incurred whether cash or noncash, which are presumed to benefit operations of the current fiscal period.</p>

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Fiscal Year	The twelve (12) month period which 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 \$500 or more and other items regardless of cost. (See the Inventory Management section of this manual for exceptions.)
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	A 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 Cost	Cost 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 cost 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

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	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 Subgrant 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. Any Lower-Tier Subgrant Agreement requires prior approval by the MDHS funding division. All lower-tier subrecipients must comply with the requirements specified in the MDHS Subgrantee Manual.
Matching Contributions (Local Cash, Local In-Kind, Program Income)	The subgrantee’s non-federal cash, in-kind contributions and/or 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 Subgrantee Manual Coordinator-Subgrantee	Subgrantee designee to whom the subgrantee manual and procedure bulletins are sent. This individual has responsibility for distribution throughout the subgrantee agency.
MDHS Subgrantee Manual	A handbook developed by the Mississippi Department of

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	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-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 Cost	Funds that are expended by a subgrantee that are not in compliance with the terms and conditions of the subgrant 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

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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. (Form MDHS-BUD-RFC-1450)

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

An award of 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 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 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 Agreement Form, Indirect Cost Rate documents (if applicable), Budget Narrative, Cost Summary Support Sheet, Budget Summary,

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	Subgrant Signature Sheet and Budget Modifications (if applicable).
Subgrant Unit Cost/Performance Based	Subgrant agreement whereby payments to the subgrantee are performance based (contingent on the subgrantee achieving specified elements of performance).
Subgrantee 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	One of the 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	(1) 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.