

Report Highlights

January 5, 2026

CONCLUSION: Leadership at the Mississippi State Department of Health (MSDH) is aware that historically it has not effectively monitored and provided oversight of its subgrants and that there are many opportunities for improvement. As a result, the Department has been working to implement a comprehensive agency-wide reform to modernize and tighten its grants management and compliance processes. A key to improvement will be to ensure that all staff comply with the new policies, procedures, and processes.

BACKGROUND

MSDH receives and expends hundreds of millions of dollars each year in grants from federal, non-federal, and state sources to protect and advance the health, well-being, and safety of Mississippians. While a majority of grant funding is used by MSDH to fund its internal operations, a portion of funding is distributed by MSDH to other entities, known as subgrantees or subrecipients, to carry out the scope of work and purpose of the grant. Due to the challenges associated with managing subgrants, this review focused on MSDH's management and oversight of the funds it receives and awards to subgrantees through subgrant agreements.

Historically, subgrants have been managed by staff in each MSDH program area, with little oversight from the Central Office leadership. This has led to many of MSDH's issues with subgrant management. The decentralization of subgrant management has led to many of MSDH's issues in this area. However, MSDH is actively working to add more accountability and oversight over each program area.

A **subgrant** is an award provided by a pass-through entity to a subgrantee to carry out part of a federal award received by the pass-through entity.

A **pass-through entity** is a non-federal entity that provides subawards to a subrecipient to carry out part of a federal program.

KEY FINDINGS

- **In FY 2024 and FY 2025, MSDH received approximately \$456 million in total grant funding and had total grant expenditures of \$434.2 million.** During this period, subgrant expenditures accounted for approximately 11% of total grant expenditures. The majority of MSDH's subgrants were awarded to entities for Crime Victim Assistance, the Special Supplemental Nutrition Program Women, Infants, and Children (most commonly known as WIC), and injury prevention and control programs.
- **While MSDH has policies and procedures in place to govern its management of subgrantees, a review of subgrantee documentation showed that the program area staff have not consistently implemented these requirements and practices over the last few years.** In a sample of 150 subgrant expenditures, PEER determined some issues with incomplete and inconsistent supporting documentation and limited monitoring and oversight of MSDH subgrants. Most notably, MSDH staff has not conducted risk assessments as required by its policies and procedures, and as a result there has been limited monitoring of subgrantees.
- **While a majority of MSDH issues with subgrants management can be attributed to a lack of enforcement of policies and procedures and limited training, MSDH has taken steps to improve its management of subgrants.** Subgrant management changes implemented by MSDH, include: working to update subgrant policies and procedures, improving monitoring tools, implementing subgrant training for program area staff, and adding an oversight and compliance component at the Central Office to monitor program area management of subgrants. Overall, the steps taken by MSDH appear to add a level of compliance monitoring for MSDH staff that did not exist before and should help address many of the issues. MSDH must still ensure these changes are properly implemented. This can be done by strengthening internal controls, continuously providing training opportunities for all current staff, new hires, and subgrantees, monitoring compliance with policy requirements, and communicating with staff to advocate for transparency and obtain feedback.

A **subgrantee or subrecipient** is a non-federal entity (e.g., nonprofit) that receives a subaward from a pass-through entity to carry out part of a federal program.

Opportunities for Continued Improvement of Subgrant Management

Continued Improvement of Internal Controls

An effective internal control system can strengthen the management of subgrants. This can include: creating a set of standards, processes, and structures that provide the basis for carrying out internal controls; implementing better document storage; ensuring a segregation of duties; continuously communicating information; and conducting ongoing evaluations of internal controls to identify strengths and weaknesses.

Implementation of Subgrantee Training

A key to successful implementation of grant projects is to provide clear and timely communication regarding expectations, deliverables, and timelines with subgrantees. MSDH should ensure that all current and new subgrantees are provided information regarding all changes to subgrants management at the Department. This should include a subgrant policy manual and regularly scheduled trainings and meetings.

Incorporation of Performance and Evidence into the Subgrant Award Process

Due to the critical role subgrantees can have in public health, it is important to ensure that whenever possible, funds are invested in programs and services that are proven to work. MSDH can work towards incorporating performance and evidence into the subgrant award process by improving the performance measures that are written into subgrant agreements.

Providing More Transparency

MSDH should create an inventory or database of all its grant programs and publish it to its website on a regular basis. This would help provide more transparency to policymakers and further help ensure that public funds are being expended efficiently and effectively.

RECOMMENDATIONS

- PEER should conduct a review of MSDH's management of grants in CY 2028. In light of considerable changes the Department is making to its policies, procedures, and processes, this would allow MSDH the time needed to implement those changes. PEER notes, that in consideration of this future review, MSDH has offered to provide PEER with reports on its progress as it relates to grants management.
- MSDH should proceed with its plans to adopt its proposed subgrant policies and procedures. A year after implementation, MSDH's Executive Leadership should internally conduct a review to determine strengths and weaknesses of implementation and make any necessary amendments to its subgrant policies and procedures and grants management practices. The Department should provide the results of this review to the PEER Committee.
- MSDH should require all entities that it enters into subgrant or contractual agreements to provide detailed information regarding the scope of work that has been completed and the deliverables that are being reimbursed. So that there is no confusion of the work that has been completed, there should be a direct link between the scope of work/work plan and the work that has been completed.
- MSDH and the Department of Finance and Administration should continue working together to determine the documentation that should be submitted for all grant expenditure reimbursements uploaded to MAGIC.