

**Purpose**

Cooperative Extension and Agricultural Research at Virginia State University (Agency 234) annually receives “Capacity Funds” from the National Institute of Food and Agriculture (“NIFA”), a department of the United States Department of Agriculture (“USDA”). The capacity funds are specific to 1890-land grant institutions and they include Evans Allen (1445), Cooperative Extension (1444), McIntire Stennis, Renewable Resources Extension Act (“RREA”) and Expanded Food and Nutrition Education Program (“EFNEP”). The Capacity Funds are received annually by Agency 234, which consists of the Agricultural Research Station and Cooperative Extension, from the National Institute of Food and Agriculture, a department of the United States Department of Agriculture. These funds are awarded for the specific purpose of supporting agricultural research and extension outreach/engagement activities conducted by Agency 234. Along with unique reporting requirements, each grant (Evans-Allen, 1890 Extension and McIntire Stennis) bears the requirement for a 100 percent funding match from non-federal sources (unless granted a waiver by NIFA). As such, the Commonwealth of Virginia appropriates funds each year to be used by Agency 234 for expenditure on agricultural research, cooperative extension and McIntire Stennis activities to meet this “100 percent match requirement” (the “Matching Funds”). This policy establishes a process by which Capacity Funds, Matching Funds are spent in accordance with NIFA guidelines, and associated NIFA reporting requirements are met.

**Definitions**

Agency 234 – An Agency of the Commonwealth of Virginia, which consists of the Virginia State University Agricultural Research Station and Virginia State University Cooperative Extension.

Capacity Funds – Federal grant funds received by Agency 234 from the National Institute of Food and Agriculture, a department of the United States Department of Agriculture. These funds are awarded for the specific purpose of supporting agricultural research and extension outreach/engagement activities conducted by Agency 234.

Cooperative Extension - A national program offered in all 50 states that brings university-based, scientifically-proven information to the public to improve people’s quality of life. In Virginia, Cooperative Extension brings together the resources of Virginia's land-grant universities, Virginia Tech and Virginia State University, to solve problems facing Virginians every day, like opioid addiction, obesity, and poor financial management skills. Agents and specialists from each university form a network of educators whose classrooms are the communities, homes and businesses across Virginia.

Matching Funds – The three identified Capacity grants each bears the requirement for a 100 percent funding match from non-federal sources. The Commonwealth of Virginia appropriates funds each year to be used by Agency 234 for expenditures to meet this “100 percent match requirement.”

Plan of Work - Each 1890 land-grant institution is required to submit a rolling five-year plan of work for its agricultural research and extension formula grants authorized under Sections 1444 and 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977. The Extension Administrator and Research Director, or their designee, is responsible for submitting and ensuring that Plan of Work submissions are current and accurately reflect the planned work activities of research and extension.

NIFA - The National Institute of Food and Agriculture provides leadership and funding for programs that advance agriculture-related sciences. NIFA invests in and support initiatives that ensure the long-term viability of agriculture. NIFA applies an integrated approach to ensure that groundbreaking discoveries in agriculture-related sciences and technologies reach the people who can put them into practice.

Agricultural Research Station – The unit of the College of Agriculture responsible for carrying out the Land Grant Research Mission of Virginia State University. In keeping with this mission, the Agricultural Research Station (“ARS”) generates scientific and technical information designed to expand knowledge that will help small, part-time, and limited-resource farmers be profitable. ARS researchers use cutting-edge scientific techniques and state-of-the-art facilities to find solutions to diverse issues in agriculture and food production. The research mission is supported with federal funds that are appropriated by the U.S. Congress, administered by the National Institute of Food and Agriculture of the U.S. Department of Agriculture, and allocated on a formula funding basis. The ARS also receives funding annually from the Commonwealth of Virginia. Additional support comes through external grants and contracts, and the USDA Capacity Building Program has contributed considerably to enhancing VSU’s research capabilities over the last two decades.

Period of Performance – A twenty four (24) month reporting period applies to Capacity Funds aligned with the federal fiscal year starting on November 1<sup>st</sup>.

SF-425 - Awardees are required to submit to NIFA a SF-425, Federal Financial Report annually no later than 90 days after the award anniversary date. The final SF-425 is due no later than 90 days after the termination date of the grant.

Unallowable Expenditures – Any expenditure of Capacity Funds or Matching Funds that does not meet the terms outlined in the NIFA Request for Applications. This can include any expenditures for which there is no prior approval by NIFA, expenditures that do not meet the objectives of the plan of work, or indirect costs.

### **Authority, Responsibility, and Duties**

Concerning capacity awards for research and extension activities, NIFA designates four roles:

- Authorized Representative (“AR”)
- 1890 Extension Administrator (“Extension Administrator”)
- 1890 Agricultural Research Director (“Research Director”)
- Custodian of Funds

An institution must designate an AR for each grant. The term AR refers to the individual(s) who, on behalf of the institution, has the authority to sign the SF-424 application for federal assistance, submit proposals, submit post-award actions, and receive and accept awards. AR’s have overall responsibility for ensuring grant funds are expended for allowable purposes in accordance with federal authorizing statutes, program regulations,

Government-wide laws and regulations, and the approved plan of work. A single individual may have this authority or multiple individuals may share some or all of this authority. The AR is a role of authority; it is not a

specific position. For instance, an Extension Administrator may also act as the AR because he/she has the authority to submit proposals and receive an award on behalf of the institution.

The Extension Administrator and the Research Director are responsible for extension or research activities, the handling of Agency 234 funds, and ensuring compliance with the applicable rules and regulations. These two roles assume the obligations imposed by the NIFA capacity awards, authorize distribution and expenditure of award funds, and ensure expenditures are consistent with the approved plan of work. The Extension Administrator and the Research Director shall report directly to the President of Virginia State University. The Extension Administrator and Research Director shall be designated as the AR for the applicable 1890 NIFA capacity awards.

The Custodian of Funds is appointed by the governing body of the university to receive and account for all Capacity Funds and Matching Funds allocated to the Institution. The Custodian of Funds certifies and submits the annual SF-425 financial report. The Controller of Virginia State University shall serve as the Custodian of Funds. Under 2 CFR § 200.303, internal controls and separation of duties are required elements in administration of grant awards. To satisfy grant requirements, the Custodian of Funds must be a different individual than the person who authorizes and/or approves expenditures.

In addition to the four roles designated by NIFA, the Extension Administrator and Research Director shall designate a representative of Agency 234 to prepare the annual SF-425 for all Capacity Funding and send to the Custodian of Funds for review. This adds another level to reduce the risk of including unallowable expenditures on the SF-425. The Custodian of Funds will review the return, certify and submit the annual SF-425 reports.

### **Policy Statements**

#### **Overview of Grant Requirements**

Title 2 of the Code of Federal Regulations via Part 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” furnishes general requirements for federal grants. NIFA Policy Guide provides agency specific requirements for use of Capacity Funds, such as pre-award requirements, procurement, financial reporting, direct and indirect costs, records retention, sub-award recipient management, remedies for non-compliance, cost principles, and audits.

As reference, prior to the federal appropriations bill, NIFA released two documents titled “Request for Applications,” one for each type of capacity funding. These documents provide the requirements for Agency 234 as well as funding restrictions. Please note that Title 7 of the Code of Federal Regulations Part 3419 requires that Matching Funds must be used for the same purpose as federal award dollars. Thus, if an expenditure is not allowable under the federal award, it cannot be used as a matching expense. If a dispute arises over whether an expense is allowable or unallowable, NIFA should be consulted for guidance in writing.

### **Approval of Expenditures**

The Extension Administrator and the Research Director are the approvers of expenditures of Capacity Funds and Matching Funds. As such, they are responsible for ensuring that all expenditures of Capacity Funds and Matching Funds is compliant with federal regulations. Agency 212 shall not initiate/submit any expenditures of Capacity Funds without approval from the Extension Administrator, Research Director or their designee. This internal control reduces the risk associated with incurring unallowable charges to capacity funding. **The Extension Administrator and Research Director or their designee shall sign off that all Capacity Funds and Matching Funds transaction reports on a monthly basis to ensure that only approved expenditures have been charged against funding.** The Vice President for Finance shall also designate a representative of the university to provide additional oversight of all Capacity Funds and Matchings Funds transactions on a monthly basis. This monthly certification provides an additional layer of oversight relative to grant approval and dispensation of funds in order to eliminate possible financial risks associated with incurring unallowable charges verses solely reviewing charges at the end of the fiscal year. Approvals should occur timely and in a manner that promotes the efficient and transparent review of potential unallowable expenditures and the prompt identification, segregation and disallowance of non-compliant charges.

### **Periodic Meetings**

The Extension Administrator, Research Directory, and their designee(s) shall meet periodically with the President, the Vice President for Finance, and their designee(s) to set timelines for expenditure of Capacity Funds and Matching Funds, verify that expenditure is on track to meet research and extension expenditure requirements and timelines for each fiscal year, as well as, to ensure that any issues relative to unallowable expenditures are addressed or guidance is sought in a timely manner.

### **Reporting**

There are two reporting requirements for NIFA Capacity Funds and Matching Funds:

- 1) **Plan of Work:** Each 1890 land-grant institution is required to submit a rolling five-year plan of work for its agricultural research and extension formula grants authorized under Sections 1444 and 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977. The Extension Administrator and Research Director, or their designee, is responsible for submitting and ensuring that Plan of Work submissions are current and accurately reflect the planned work activities of research and extension.
- 2) **SF-425:** The Custodian of Funds will work with the designee of the Extension Administrator and Research Director to prepare all required SF-425 reports; which includes preparing an “annual report” for the first twelve months of the capacity fund grant performance period and a “final report” at the end of the twenty four (24) month period of performance for each extension and research.

Virginia State University  
Policies Manual

Title: Agency 234 Capacity and State Matching Funds

Policy: 5012

Approved By: \_\_\_\_\_



President

Date: \_\_\_\_\_

8/9/2021