

**Virginia Soil and Water Conservation Board  
Audit Subcommittee  
Thursday, March 23, 2023  
Hungry Mother State Park, Marion, Virginia**

**TIME AND PLACE**

The meeting of the Audit Subcommittee of the Virginia Soil and Water Conservation Board took place at 9:00 a.m. in the Lakeview Event Center at Hungry Mother State Park in Marion, Virginia.

**VSWCB AUDIT SUBCOMMITTEE MEMBERS PRESENT**

Adam D. Wilson, Subcommittee Chair  
Charles. Charles Newton  
One Vacancy

**DCR STAFF PRESENT**

Matthew S. Wells, Director  
Andrew Smith, Chief Deputy Director  
Darryl Glover, Deputy Director, Soil and Water Conservation, Dam Safety and Floodplain Management  
James Martin, Director, Division of Soil and Water Conservation  
Christine Watlington Jones, Policy and District Services Manager  
Michael Fletcher, Board and Constituent Services Liaison  
Angela Ball, Conservation District Coordinator  
Mandy Fletcher, Conservation District Coordinator  
Stacey Horton, Conservation District Coordinator  
Sara Bottenfeld, Agricultural Incentives Program Manager

**OTHERS PRESENT**

Dr. Edwin M Martinez, NRCS  
Dr. Daniel Goerlich, Virginia Cooperative Extension  
John Womack, NRCS  
Pamela Mason, Virginia Soil and Water Conservation Board  
Dr. Stephen R. Hill, Virginia Soil and Water Conservation Board  
Mike Horne, Evergreen Soil and Water Conservation District  
Lance Yates, Evergreen Soil and Water Conservation District  
Jeana Waddle, Evergreen Soil and Water Conservation District  
Seth Harden, Evergreen Soil and Water Conservation District  
David Spence, Evergreen Soil and Water Conservation District  
Kristy Waller, Evergreen Soil and Water Conservation District  
Gary Boring, Virginia Association of Soil and Water Conservation Districts  
Zach Jacobs, Virginia Farm Bureau

**ESTABLISHMENT OF A QUORUM**

With two (2) members of the Audit Subcommittee present, a quorum was established.

**CALL TO ORDER**

Mr. Wilson called the meeting to order at 9:00 a.m. He welcomed attendees to Hungry Mother State Park and asked for introductions.

Introductions.

**APPROVAL OF MINUTES FROM SEPTEMBER 22, 2022**

Mr. Newton moved that the minutes from the September 22, 2022, meeting of the Audit Subcommittee of the Virginia Soil and Water Conservation Board be approved as submitted by staff. Mr. Wilson seconded, and the motion carried.

**REVIEW AND DISCUSSION OF EVERGREEN SWCD PERFORMANCE IMPROVEMENT PLAN** – *Christine Watlington Jones, Policy and District Services Manager*

Ms. Watlington Jones provided an update regarding the Evergreen SWCD Performance Improvement Plan (Plan). She noted that at the September 22, 2022, meeting, the Subcommittee took action requiring the District to complete a Performance Improvement Plan. The Subcommittee recognized that the District needed additional time to complete the Plan and required the Plan to be developed by March, 2023.

She noted the following:

- The District submitted their Performance Plan to the Department on February 22, 2023.
- Previously, the District submitted a draft version for review prior to the District Board taking action to ensure all elements were addressed.
- The Department is comfortable with the steps Evergreen has taken to address the concerns.

Ms. Watlington Jones noted that the Evergreen Chair and Board members were present to address any Subcommittee questions or concerns.

Ms. Watlington informed the Subcommittee that while the District faced many struggles in the past three years, the recommendations included in the Plan have been implemented. The District believes they are on the right track.

Mr. Wilson recognized the hard work of the District. He advised that the primary focus of the District was to ensure agricultural practices were installed and to utilize available cost-share funds.

Mr. Newton also encouraged the District to make use of trainings provided by the Virginia Association of Soil and Water Conservation Districts.

Ms. Watlington advised that staff are attending the available trainings and are aware of the expectations.

### **SUBCOMMITTEE ACTION**

Mr. Newton moved the following:

The Audit Subcommittee of the Virginia Soil and Water Conservation Board approves the Performance Improvement Plan (PIP) as submitted and presented by the Evergreen Soil and Water Conservation District. The Subcommittee directs the Department to send a letter conveying the acceptance of the PIP to the District.

Further, the District may approve applications for the Virginia Agricultural Best Management Practices Cost-Share (VACS) Program without the additional verification previously required by the Department of Conservation and Recreation.

Mr. Wilson seconded, and the motion carried.

### **REVIEW AND DISCUSSION OF 2022 AUDIT RESULTS** – *Christine Watlington Jones*

Ms. Watlington Jones advised that the 2022 audit cycle was perhaps the cleanest seen in years. She noted that there were some logistical difficulties on both sides that delayed some of the audits until early 2023.

Overall, the Districts are doing a good job, however there are some recurring issues:

- Transfers in QuickBooks and on Attachment E;
- Documented approvals for checks and accounts payable disbursements;;
- Timely travel reimbursements;
- Unnecessary paying of sales tax.
- Cost-share bid sheets.
- These were frequently found issues, although, for the most part, none of the issues were repeatedly found at any one of the Districts.

Specific District issues were:

#### **Skyline Soil and Water Conservation District**

- Paid sales tax for multiple purchases at the same stores throughout the audit period.
- Desktop Guide states that all Districts should apply for sale tax exemptions at stores that they frequent more than 3 times in a fiscal year or where any one purchase is \$100 or greater.
- District also failed to follow existing policies related to the signing of checks.
- Existing policy does meet the requirements established in the Desktop Guide
- Rather than require a Corrective Action Plan, since all policies are in place, recommendation of Department is that the District be required to:
  - Undergo a special audit to ensure proper signatures are obtained on checks over \$1,000.
  - Audit will only focus on that item.

- Costs associated with the audit will be reduced from District's FY2024 administration and operations budget.
- As for sales tax, District must provide documentation to the Department that sales tax exempt status has been obtained by June 1, 2023.

*Big Sandy Soil and Water Conservation District*

- Backup documentation to support pay rates was not able to be provided by the auditor.
- The former district manager did not file the documentation appropriately.
- Documentation was found and filed appropriately.
- Was verified by Department staff.
- District was notified that adhering to the Employee Pay Action Approval Form procedure must continue.
- During the next regularly scheduled financial audit of the District compliance with this procedure will be closely examined.

SUBCOMMITTEE ACTION

Mr. Newton moved the following:

The Audit Subcommittee of the Virginia Soil and Water Conservation Board directs the Department to send letters to all of the Soil and Water Conservation Districts (Districts) audited for the fiscal years that ended on June 30, 2021, and June 30, 2022. The letter must advise the Districts of deficiencies and recurring issues noted by the auditors that must be addressed.

Additionally, the Subcommittee directs the Department to provide the letter, as approved by the Subcommittee, to Skyline Soil and Water Conservation District outlining the actions that must be taken by the District to address the finding identified by Robinson, Farmer and Cox Associates.

Further, the Subcommittee directs the Department to provide the letter, as approved by the Subcommittee, to Big Sandy Soil and Water Conservation District regarding the corrective steps taken by the District and the continued use of the Employee Pay Action Approval Form procedure.

Mr. Wilson seconded, and the motion carried.

UPDATE ON ACTIONS TAKEN BY HEADWATERS DISTRICT – *Christine Watlington Jones*

Ms. Watlington Jones advised that at the September 2022 meeting the Subcommittee took action regarding SL-7s (extension of watering systems) in Headwaters District not having grazing plans. She noted:

- The Department received a letter from Headwaters Board on October 18 stating that review of all SL-7s completed since 2020 was finished.
  - 23 practices were found without grazing plans.
- Department staff verified that all SL-7 practices now include grazing plans and that those plans were reviewed with either the participant or the participant's farm manager, as appropriate.

No Subcommittee Action was required.

**2023 DRAFT AUDIT SCHEDULE** – *Christine Watlington Jones*

Ms. Watlington Jones advised that the Department is reviewing the audit schedule for 2023 and is determining which Districts might require a federal audit due to federal funds received.

**NEXT MEETINGS**

The Audit Subcommittee will meet in September and December in conjunction with the fall meetings of the Virginia Soil and Water Conservation Board.

**ADJOURN**

There was no further business and the meeting adjourned at 9:19 a.m.