

**Audit Subcommittee of the
Virginia Soil and Water Conservation Board
Thursday, March 29, 2018
Old Dominion Electric Cooperative
Glen Allen, Virginia**

AUDIT SUBCOMMITTEE MEMBERS PRESENT

Barry L. Marten, Chair
Stephen Lohr
One Vacancy

STAFF

Russell W. Baxter, Deputy Director of Dam Safety and Floodplain Management and Soil and Water Conservation
Michael Fletcher, Board and Constituent Services Liaison
Darry Glover, Director, Division of Soil and Water Conservation
Blair Gordon, Conservation District Coordinator
Denney Turner, Program Technician
Christine Watlington, Policy and Regulatory Coordinator

CALL TO ORDER

Mr. Marten called the meeting to order at 9:06 a.m. and declared a quorum present.

APPROVAL OF MINUTES FROM NOVEMBER 16, 2017

SUBCOMMITTEE ACTION

Mr. Lohr moved that the minutes from the November 16, 2017 meeting of the Audit Subcommittee be approved as submitted. Mr. Marten seconded and the minutes were approved.

REVIEW OF CORRECTIVE ACTIONS TAKEN BY BIG WALKER SOIL AND WATER CONSERVATION DISTRICT

Mr. Glover noted that DCR had received documentation dated February 1, 2018 from the Big Walker Soil and Water Conservation District in response to action taken by the Subcommittee at their November 16, 2017 meeting. All remaining audit findings have been fully addressed.

The Subcommittee accepted the report. Chairman Marten requested that DCR send a letter of acknowledgement to the District.

REVIEW OF 2017 AUDIT RESULTS

Mr. Glover reviewed the audit letter from Robinson, Farmer, Cox Associates regarding the FY2016 and FY2017 audits for twenty-six Soil and Water Conservation Districts. He noted that the letter included a matrix of audit results.

Mr. Glover noted that the issues found were not as egregious as in previous years. However, there are some repeat issues involving payroll, debit cards, and check issuance that need to be corrected.

To address these concerns, District training will be modified this year to include additional training on accounting, bookkeeping procedures, and audit procedures.

Two Districts, James River and Peanut Soil and Water Conservation Districts, have significant findings that need to be addressed and action was requested of the subcommittee.

James River Soil and Water Conservation District had comments and findings involving bank reconciliation, payroll, and cost-share payments.

Peanut Soil and Water Conservation District had comments and findings involving payroll, cost-share payments, and debit and credit cards.

APPROVAL OF DISTRICT AUDIT RESULT NOTIFICATION LETTERS

Ms. Watlington reviewed three audit result notification letters for subcommittee approval. The first letter was recommended to be sent to all Districts informing the Districts of the general audit results and of DCR's intent to offer focused training opportunities relating to the audit results. Conservation District Coordinators will review each District's individual audit results with those Districts that were audited.

The second two letters are addressed specifically to James River Soil and Water Conservation District and Peanut Soil and Water Conservation District. These Districts will be given until June 1, 2018 to submit corrective action plans to DCR for review and approval; the plans must include changes in policies and procedures which address all of the audit findings.

Ms. Watlington advised that it was anticipated that the Audit Subcommittee would meet prior to the September Board meeting to review the corrective action plans. The two districts of concern will be expected to appear before the Subcommittee.

Ms. Watlington noted that the Subcommittee must decide who would pay for the special audits. In the prior year, the Districts with the audit findings and concerns were required to pay for the limited scope audit. Ms. Watlington advised that the recommendation of DCR was for the James River District and the Peanut District to pay for the special limited audit from their administration and operations funds.

SUBCOMMITTEE ACTION

Mr. Lohr moved that, on behalf of the Audit Subcommittee, the Department send a letter to all the Soil and Water Conservation Districts advising the Districts that there are a number of recurring issues that must be addressed. Further, Mr. Lohr moved that DCR send specific letters to the James River Soil and Water Conservation District and the Peanut Soil and Water Conservation District directing them to submit a corrective plan of action to the Department no later than June 1, 2018 and advising them to be prepared to present their plans and actions taken to date to the Audit Subcommittee at the September meeting. Mr. Marten seconded and the motion carried.

NEXT MEETINGS

- September 27, 2018, Richmond – tentative
- December 5, 2018, Hotel Roanoke, Roanoke, Virginia

ADJOURN

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