

**Virginia Soil and Water Conservation Board
Audit Subcommittee
Wednesday, September 18, 2024
Drury Plaza Hotel
Richmond, 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. on Wednesday, September 18, 2024, at the Drury Plaza Hotel, located in Richmond, Virginia.

VIRGINIA SOIL AND WATER CONSERVATION BOARD AUDIT SUBCOMMITTEE MEMBERS PRESENT

Adam D. Wilson, Chair
Charles A. Arnason
John Schick

DCR STAFF PRESENT

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
Paul Saunders, Senior Policy Analyst
Lisa McGee, Director of Policy, Planning and Legislative Affairs
Blair Gordon, SWCD Liaison
Denney Collins, Conservation District Coordinator
Olivia Leatherwood, Conservation District Coordinator
Marissa Roland, Eastern Area Manager

OTHERS PRESENT

Amy Walker, Colonial SWCD
Dr. Kendall Tyree, VASWCD
Nick Thomas, Virginia Soil and Water Conservation Board Member
Sharon Conner, Hanover-Caroline SWCD
Kember Marable, Hanover-Caroline SWCD
Hunter Gravatt, Hanover-Caroline SWCD
Brianna Manning, James River SWCD
Cindy Smith, Hanover-Caroline SWCD

ESTABLISHMENT OF A QUORUM

With three (3) members of the Audit Subcommittee present, a quorum was established.

CALL TO ORDER AND INTRODUCTIONS

Mr. Wilson called the meeting to order at 9:02 a.m. and asked for introductions.

APPROVAL OF MINUTES FROM MARCH 27, 2024

Mr. Arnason moved that the minutes from the March 27, 2024, meeting of the Virginia Soil and Water Conservation Board Audit Subcommittee be approved as submitted. Mr. Schick seconded, and the motion carried.

REVIEW AND DISCUSSION OF THE 2024 ASSESSMENT RESULTS FOR GRANT AGREEMENT

DELIVERABLES – *Christine Watlington Jones, Policy and District Services Manager*

Ms. Watlington Jones noted the following:

- There were more B and C scores than usual.
- The Department is trying to ensure adequate oversight of Districts.
- The Department has made efforts to be consistent across the scoring and regions.
- The Department has met with all of the Conservation District Coordinators to discuss issues, concerns, improvements, and potential follow-up actions for Districts.
- The Department has been deliberate in the recommendations before the Subcommittee and the recommendations address and resolve the issues found during the assessments.

Ms. Watlington Jones reviewed specific recommendations for four Districts:

Hanover-Caroline

- A letter from Hanover-Caroline in response to the scores given on the assessments of the cost-share and technical assistance deliverables was shared with the Subcommittee.
- Deliverables #6 and #7
 - The deliverables are related, however, #6 is related to the data being entered into the Conservation Application Suite and #7 is the timing of that data being entered.
 - There were 3 overpayments of practices.
 - Data was not entered into the Conservation Application Suite prior to payments being made.
 - The Suite has financial controls that caught the overpayments when the data was entered into it.
 - Once issues were identified, District did contact producer for repayment of necessary amounts.
 - Data is not being entered in a timely manner – producers changed acreages which changed payments, but corrections weren't made in Suite – which led to the errors.
 - Data was not being corrected in quality control reports in a timely, although repeated requests to correct data were made.
 - Data was delayed being reported to DEQ because of these delays.

Representatives from Hanover-Caroline SWCD were present and addressed the Subcommittee.

Mr. Schick moved to adopt the following:

The Audit Subcommittee of the Virginia Soil and Water Conservation Board directs the Department to send a Letter of Notice (LON) to the Hanover-Caroline Soil and Water Conservation District for

receiving two "C" scores for not fulfilling certain grant deliverables in accordance with the *FY2024 Cost-Share and Technical Assistance Grant Agreement*.

Hanover-Caroline Soil and Water Conservation District (District) will receive a LON for not fulfilling the following Deliverables:

Cost-Share and Technical Assistance Grant Deliverables

Deliverable 6 (*Was data entered in the Conservation Application Suite accurately to the satisfaction of the Department, including the entry of a practice location point, path to stream (where required), digitized practice components to facilitate resource reviews, and accurate practice measurements including soil loss rate value based upon site specific soil type(s).)*

Deliverable 7 (*Was data entered into the Conservation Suite Application within 15 days after the end of every quarter to accurately reflect District Board approvals, cancellations, carryovers, and participant funding requests?)*

Therefore, the Subcommittee directs the District to develop a Performance Improvement Plan (PIP) and submit the PIP to the Department no later than November 20, 2024.

The PIP must include the following elements:

1. To ensure data is correctly entered into the Conservation Application Suite, the District will:
 - a. Review the existing process(es) regarding the entering of data into the Conservation Application Suite to ensure data is entered accurately and within 15 days of the end of each quarter;
 - b. Examine the existing process(es) to determine where improvements should be made to correct these deficiencies;
 - c. Adopt a formal process(es), based on the review of the current process, to ensure all data is entered correctly and timely into the Conservation Application Suite;
 - d. The process(es) adopted must:
 - i. ensure all appropriate District staff is adequately trained on the use of the Conservation Application Suite; and
 - ii. ensure that if data errors are identified through a quality control report or other method, corrections are made to the data within the Conservation Application Suite within 30 days of the report or notice of the issues being provided to the District.

Mr. Arnason seconded, and the motion carried.

Holston River

- There were a couple of issues with the administrative and operational grant deliverables.
- While these aren't huge issues, the failure to meet these deliverables do raise some concerns.
- There has been staff turnover, so this is likely partially a learning curve for newer employees.

- Deliverable #7
 - Minutes are not as thorough as necessary and are difficult to follow

- Deliverable #9
 - The District failed to review the Desktop Guide, which is important to ensure the District is aware of financial expectations, especially with newer staff.

Mr. Schick moved to adopt the following:

The Audit Subcommittee of the Virginia Soil and Water Conservation Board directs the Department to send a Letter of Notice (LON) to the Holston River Soil and Water Conservation District for receiving one "B" score and one "C" score for not fulfilling certain grant deliverables in accordance with the *FY2024 Administrative and Operational Support Grant Agreement*.

Holston River Soil and Water Conservation District (District) will receive a LON for not fulfilling the following Deliverable:

Administrative and Operational Support Grant Deliverables

Deliverable 9 (*DCR's Desktop Procedures for District Fiscal Operations (Procedures) annually reviewed by the District Board or their Finance Committee and documented in official minutes.*)

Additionally, the Subcommittee recommends additional oversight related to Deliverable 7 of the *FY2024 Administrative and Operational Support Grant Agreement* (Submit meeting minutes from all routine, special, and committee meetings of the District Board to the District's assigned Conservation District Coordinator (CDC). Submit a copy of District publications including an annual plan of work, an annual report, and the long-term 4-year plan to the CDC.).

Therefore, the Subcommittee directs the following actions:

1. To ensure actions taken by the District Board are accurately documented and to ensure the appropriate procedures are adhered to related to closed meetings, the District will attend the minutes training provided by the Department on either Wednesday, October 2, 2024 or Monday, October 7, 2024. Any additional training on minutes or Board procedures provided by the Department or by the Virginia Association of Soil and Water Conservation Districts must be attended by the appropriate District staff.
 - a. Copies of the minutes developed for each meeting held by the District will be provided to the District's Conservation District Coordinator within 14 working days of the meeting. If errors are found, or edits are recommended, the District will address the errors and edits to the extent possible.
2. To ensure the District is aware of and adheres to the financial standards established in the *Desktop Procedures for District Fiscal Operations (July 1, 2024)*, the District will review the *Desktop Guide* no later than November 30, 2024. This review will be documented in official Board minutes. Documentation demonstrating compliance with this condition must be provided to the Department no later than Friday, December 6, 2024.

Mr. Arnason seconded, and the motion carried.

James River

- There were issues with both the administrative and operational support and cost-share and technical assistance grant deliverables
- Deliverable #8 (Administrative and Operational support)
 - Attachment Es were incorrect
 - End of year report also needed multiple rounds of revisions
- Deliverable #6 and #7 (Cost-share and technical assistance)
 - Data was entered incorrectly and not within the established timeline.
 - Practices were located within the incorrect watershed (Chesapeake Bay versus outside the Chesapeake Bay watershed) which led to paying of practices from the wrong cost-share funds

Mr. Arnason moved to adopt the following:

The Audit Subcommittee of the Virginia Soil and Water Conservation Board directs the Department to send a Letter of Notice (LON) to the James River Soil and Water Conservation District for receiving for receiving one "C" score on the *FY2024 Administrative and Operations Grant Agreement* and receiving two "C" scores for not fulfilling certain grant deliverables in accordance with the *FY2024 Cost-Share and Technical Assistance Support Grant Agreement*.

James River Soil and Water Conservation District (District) will receive a LON for not fulfilling the following Deliverables:

Administrative and Operations Support Grant Deliverable

Deliverable 8 (*Submit complete and accurate quarterly reports and electronic Attachment E.*)

Cost-Share and Technical Assistance Grant Deliverables

Deliverable 6 (*Was data entered in the Conservation Application Suite accurately to the satisfaction of the Department, including the entry of a practice location point, path to stream (where required), digitized practice components to facilitate resource reviews, and accurate practice measurements including soil loss rate value based upon site specific soil type(s).)*

Deliverable 7 (*Was data entered into the Conservation Suite Application within 15 days after the end of every quarter to accurately reflect District Board approvals, cancellations, carryovers, and participant funding requests?)*

Therefore, the Subcommittee directs the District to develop a Performance Improvement Plan (PIP) and submit the PIP to the Department no later than November 20, 2024.

The PIP must include the following element:

1. In order to ensure all reports are submitted accurately and on-time to the Department, the District will complete the following:
 - a. A review of existing process to determine where improvements should be made to ensure accurate reports are submitted to the Department as required;

- b. An examination of the existing review process to determine where improvements should be made to enhance the current process; and
- c. The adoption of formal process, based on the review of the current processes, to ensure all financial reports are submitted to the Department in an accurate and complete format, after being reviewed effectively by appropriate staff and District Board members.

Additionally, the District must ensure all FY2025 practice instances have fully digitized individual fields, rather than a point representing the practice instance.

Mr. Schick seconded, and the motion carried.

Robert E. Lee

- Deliverable #13 (Administrative and operational support)
 - Two newly elected Directors failed to complete Phase 1 training of Director Orientation
 - All newly elected did complete Phase 2
- March 27, 2024 Board motion required all Directors complete Phase 1 of Director Orientation Training
 - One additional Director failed to complete the training

Mr. Arnason moved that the following:

The Virginia Soil and Water Conservation Board, at the recommendation of the Audit Subcommittee, directs the Department to withhold \$750 from Robert E. Lee Soil and Water Conservation District's FY2025 administrative and operations allocation for receiving for receiving one "C" score on the FY2024 Administrative and Operations Grant Agreement and for failing to meet training requirements established by this Board.

Additionally, the Board directs the Directors that have not yet completed Phase I of Director Orientation to complete this training no later than November 30, 2024. Additional penalties will be imposed by the Board if this deadline is not met.

Mr. Schick seconded, and the motion carried.

RECOMMENDATIONS REGARDING PRINCE WILLIAM SOIL AND WATER CONSERVATION DISTRICT

Ms. Watlington Jones noted the following:

- This represents a shift in approach by the Department and potentially this Subcommittee.
- District didn't receive any "C" scores on the FY2024 assessments
- There are concerns and it's early enough in the FY2025 year that we would like to prevent further missteps by the District.

- There is no one with EJAA (Engineering Job Approval Authority) at the District and there seems to be some confusion about the EJAA process and steps.
- A practice was approved, and payment was made to the producer prior to as-builts being approved by the Department. There will likely be a motion before this Board in December requiring repayment, although District is currently working with contractor and producer to address inadequacies in design and construction.

Mr. Schick moved that the Subcommittee adopt the following:

The Audit Subcommittee of the Virginia Soil and Water Conservation Board directs the Prince William Soil and Water Conservation District to undertake the following actions:

1. Develop a process checklist for all practices that are subject to EJAA to ensure District staff is aware of the necessary steps and required documentation for each practice.
2. Develop a method to track all structural practices to ensure both District staff and Department staff are aware of the status of each practice that requires EJAA;
3. Continue monthly update sessions with Department BMP Engineering Services Program staff and, if available, the Agricultural Programs Incentive Manager and the Conservation District Coordinator; and
4. Attend trainings related to the implementation of the VACS Program including trainings on the management of cost-share files and engineering.

Additionally, prior to the District Board approving any applications for practices requiring EJAA, written approval from the Department BMP Engineering Services Program staff must be obtained for such practices. Further, for all practices requiring EJAA, Department BMP Engineering Services Program staff must approve the as-builts prior to any payments being provided to agricultural producers.

Mr. Arnason seconded, and the motion carried.

PUBLIC COMMENT

No members of the public addressed the Subcommittee.

NEXT MEETINGS

December 11, 2024

ADJOURN

There being no further business. Mr. Arnason moved to adjourn. Mr. Schick seconded, and the motion passed. The meeting adjourned at 9:45 a.m.