

**Virginia Soil and Water Conservation Board
Audit Subcommittee
Friday, March 20, 2026
Twin Lakes State Park – Cedar Crest Center
Green Bay, 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 Friday, March 20, 2026, at Twin Lakes State Park, Cedar Crest Center in Green Bay, Virginia.

VIRGINIA SOIL AND WATER CONSERVATION BOARD AUDIT SUBCOMMITTEE MEMBERS PRESENT

John Schick, Chair
Nick Thomas

VIRGINIA SOIL AND WATER CONSERVATION BOARD AUDIT SUBCOMMITTEE MEMBERS NOT PRESENT

Adam Wilson

DCR STAFF PRESENT

Sarah Spota, DCR Chief Deputy Director
Christine Watlington Jones, Policy and District Services Manager
Darryl Glover, Deputy Director, Soil and Water Conservation, Dam Safety and Floodplain Management
James Martin, Director, Division of Soil and Water Conservation
Breanne Lindsey, Board and Constituent Liaison
Blair Gordon, District Operations Coordinator
Nico Robichaud, Policy and Program Assistant

OTHERS PRESENT

Kemper Marable, Hanover Caroline SWCD
Amy Walker, Colonial SWCD
James "Buck" Tharpe, Southside SWCD
Christine Wolfe, JLARC
Marissa Roland, DCR Eastern Area Manager
Denney Collins, DCR CDC
Olivia Leatherwood, DCR CDC
Tad Williams, DCR CDC
Crystal Lavin, DCR CDC
Kendall Tyree, VASWCD

ESTABLISHMENT OF A QUORUM

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

CALL TO ORDER AND INTRODUCTIONS

Mr. Schick called the meeting to order at 9:00 a.m. and asked for introductions.

APPROVAL OF MINUTES FROM SEPTEMBER 16, 2025

ACTION

Mr. Thomas moved that the minutes from the September 16, 2025, 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 2025 AUDIT RESULTS – *Christine Watlington Jones, Policy and District Services Manager*

Ms. Watlington Jones presented the subcommittee with a review of the audit results. The same audit team conducted all audits this cycle, with the same primary auditor assigned throughout. This consistency contributed to one of the most uniformly conducted audit processes to date. A similar structure and team composition is anticipated for the next audit cycle.

Several items have been brought to the Department's attention for follow-up discussion with the auditors, including ensuring that auditors are fully aware of the consequences associated with certain findings. The Department will also discuss the impact of repeated findings and request that the contract numbers reviewed be included in exit interview notes, so that Districts have a clear understanding of which contracts were assessed.

The audit process this year encompassed both the financial audit and the administrative review of cost-share files for 26 of the Commonwealth's 47 Districts.

General Findings:

Ms. Watlington Jones provided an update on several audit-related findings and compliance requirements. Regarding insured bank accounts under the Security for Public Deposits Act (SPDA), the requirement for Districts to verify bank account balances took effect July 1, 2023. Although the Department has issued frequent reminders to support compliance, no consequences are being recommended at this time for Districts that have not routinely completed this task.

The audit also identified an increase in findings related to dual approvals on disbursements. Disbursements require two signatures of approval, and instances of noncompliance were more common during this audit cycle compared to previous years. There has also been a rise in travel reimbursements submitted more than 60 days after the original purchase date.

Regarding cost-share contracts, numerous instances were identified where required signatures were not obtained on all parts of the VACS contract. The Board adopted the requirement for complete signatures on all contract components in March 2022, incorporating it into both the cost-share and technical assistance policy and grant agreement beginning in FY2023. Under this policy, contracts with missing signatures are subject to full repayment of the associated practice funds and any related technical assistance funding.

ACTION

Mr. Thomas made the following motion: The Audit Subcommittee of the Virginia Soil and Water Conservation Board directs the Department to send letters to all Districts audited for the fiscal years that ended on June 30, 2024 and June 30, 2025. The letter must advise the Districts of deficiencies and recurring issues noted by the auditors that must be addressed.

Mr. Schick seconded the motion and the motion carried.

Ms. Watlington Jones then provided the following overview for certain districts and subsequent recommendations:

Big Sandy

- This is the third instance in which the District has been found to have improperly paid sales tax, with prior occurrences noted on March 23, 2023, and March 27, 2024.
- A penalty of \$2,000 in FY2027 operations funding is recommended.

Halifax

- Several instances of missing signatures were identified, including three occurrences on Part II for carryover practices; a \$500 penalty per occurrence is recommended for failure to obtain required signatures.
- Missing signatures were also identified on Part III, and full repayment is recommended in accordance with Board policy.
- A prior lack of required signatures was noted on March 27, 2024.
- Several invoices were missing one of the required approval signatures.
- No SPDA verifications for FY2025.
- Suggested penalties include \$1,500 in FY2027 operations funding, \$80,819.92 in FY2027 cost-share funding, and \$10,506.59 in FY2027 technical assistance funding, for a total recommended penalty of \$92,826.51.
- The District will be required to undergo both a special financial audit and a cost-share file administrative audit.

Henricopolis

- No approvals on any of the invoices reviewed.
- Previous instances of compliance issues were noted on August 23, 2020 (performance improvement plan for deficient financial reports), March 22, 2022 (corrective action plan addressing loss of financial records, VRS contributions, and employee timesheets), and June 24, 2024 (payments for ineligible cover crop practices).
- A suggested penalty includes withholding 20% of FY2027 operations funding; based on FY2026 allocations, this would total \$38,532.
- The District may earn back 50% of the withheld amount if the special financial audit results in no findings or comments; based on FY2026 allocations, this would equal \$19,266.

Holston River

- Meeting minutes were found to contain errors related to cost-share contracts, including a prior instance on August 18, 2024, involving inadequate minutes; a penalty of \$4,000 from FY2027 operations funding is recommended.
- Invoices were frequently missing required dual approvals, with 16 of 25 invoices lacking proper approvals, and the District has failed to confirm account balances through SPDA for at least two years.
- Suggested penalties include withholding 7% of FY2027 operations funding; based on FY2026 allocations, this would total \$12,502.
- The District may earn back 75% of the withheld amount if the special financial audit results in no findings or comments; based on FY2026 allocations, this would equal \$8,930.

Lord Fairfax

- Missing signatures were identified on a Part II for a revised practice; a \$500 penalty is recommended for failure to obtain the required signatures.

Mountain

- Several checks were approved with only one signature.
- One check exceeding \$1,000 was missing dual approvals, and the approving individual was the same person receiving the payment.
- Four Part II and one Part III were missing required signatures.
- Five files were reviewed during the cost-share file administrative audit, and all contained issues.
- Suggested penalties include \$285,840.52 in FY2027 cost-share funding, \$3,450 in FY2027 cost-share funding, and \$37,607.77 in technical assistance funding, for a total recommended penalty of \$326,898.29.
- Multiple assessments and plans were missing from the animal waste storage facility contract; a 7% withholding of FY2027 operations funding is recommended, which would total \$11,000 based on FY2026 allocations. The District may earn back 75% of the withheld amount if the special financial audit has no findings or comments, equaling \$7,857 based on FY2026 allocations.
- The District is required to undergo a cost-share file administrative audit.

Mountain Castles

- Missing signatures were identified on a Part II for a revised practice, and a \$500 penalty is recommended for failure to obtain the required signatures.

Natural Bridge

- Multiple issues were identified with invoices and documentation related to cost-share payments.

- Additional concerns were raised during a January meeting with the District Board, including the acceptance of a VACS application after a cover crop was planted; the contract was not created in the Conservation Application Suite until March 2025, approved in April 2025, and signatures were not obtained until June 2025. A reminder regarding the correct process was sent to the District chair and staff in October 2025.
- A review of data entered into the Conservation Application Suite (CAS) revealed inaccurate completion dates, and a reminder about proper procedures was sent to the District chair and staff in October 2025.
- A producer complaint was received regarding a contract, citing a lack of communication, delays by both district staff and district board, and incorrect information provided to the producer regarding cancelling the practice.
- In March, two of the three conservation employees lost EJAA certification, and the remaining employee's EJAA certification was limited to design.
- Suggested penalties include withholding 7% of FY2027 operations funding; based on FY2026 allocations, this would total \$15,183. The District may earn back 75% of the withheld amount if the special financial audit results in no findings or comments, equaling \$10,845 based on FY2026 allocations.
- The District is required to undergo a cost-share file administrative audit.

Prince William

- Board meeting minutes were found to contain errors related to cost-share contracts.
- A suggested penalty of \$2,000 from FY2027 operations funding is recommended.
- The District must correct the minutes that were found to contain errors.
- The District is required to undergo a cost-share file administrative audit.
- To address ongoing concerns with the District's implementation of the VACS Program, the District will:
 - Provide detailed, written monthly updates to the Department's Agricultural Incentives Program Manager and BMP Engineering Services Program staff, including actions taken to ensure practices reach completion.
 - Conduct quarterly update sessions with Department BMP Engineering Services Program staff, and if available, the Agricultural Programs Incentive Manager and Conservation District Coordinator.
 - Ensure communication with the appropriate Department staff occurs as needed to effectively and appropriately implement the VACS Program.
- These directives supersede previous actions required by the Audit Subcommittee on September 18, 2024, and September 16, 2025.

Robert E. Lee

- Missing signatures were identified on Part II for carryover practices and on Part III.
- Suggested penalties include \$1,000 in FY2027 operations funding, \$5,950 in FY2027 cost-share funding, and \$774 in FY2027 technical assistance funding, for a total recommended penalty of \$7,724.
- The District is required to undergo a cost-share file administrative audit.

Shenandoah Valley

- Missing signatures were identified on a Part II form for a revised practice, and a \$500 penalty is recommended for failure to obtain the required signatures.

Skyline

- The District made incorrect VRS contributions and must work with VRS to ensure payments are made correctly.
- Documentation of the corrections must be provided by September 15, 2026.

Southside

- Missing signatures were identified on Part III.
- Suggested penalties include \$173,829 in FY2027 cost-share funding and \$22,598 in FY2027 technical assistance funding, for a total recommended penalty of \$196,427.
- The District is required to undergo a cost-share file administrative audit.

Tazewell

- One check was found to be missing a required approval signature.
- No SPDA verifications were completed for either year.

Three Rivers

- Missing signatures were identified on three Part II for revised practices, and a \$1,500 penalty is recommended for failure to obtain the required signatures.
- The District is required to undergo a cost-share file administrative audit.

ACTION

Mr. Thomas made the following motion: The Audit Subcommittee of the Virginia Soil and Water Conservation Board directs the Department to provide letters, as approved by the Subcommittee, to the following Soil and Water Conservation Districts outlining the actions that must be taken by the Districts to address the findings identified during the financial audits conducted by Robinson, Farmer and Cox Associates and the Cost Share File Administrative Audits conducted by the Department: Big Sandy, Halifax, Henricopolis, Holston River, Lord Fairfax, Mountain, Mountain Castles, Natural Bridge, Prince William, Robert E. Lee, Shenandoah Valley, Skyline, Southside, Tazewell, and Three Rivers. The letters must also contain any actions and penalties approved by the Virginia Soil and Water Conservation Board, upon the recommendation of the Subcommittee.

Mr. Schick seconded the motion and the motion carried.

USE OF FUNDS WITHHELD FROM SOIL AND WATER CONSERVATION DISTRICTS – *Christine Watlington Jones, Policy and District Services Manager*

Ms. Watlington Jones provided an overview of the previous action taken by the Board on September 25, 2023, directing the Department to use withheld District administration and operations funds, when allowable, to provide training for Districts. These trainings are to focus on addressing audit findings, promoting best financial practices, and correcting common deficiencies identified in annual assessments or financial audits.

ACTION

Mr. Thomas made the following motion: The Audit Subcommittee of the Virginia Soil and Water Conservation Board recommends the Board authorizes the Department, to the extent allowable, to utilize administration and operations funds and base technical assistance funds withheld from a Soil and Water Conservation District (District) in response to deficiencies found during yearly grant deliverable assessments, cost share file administrative audits, or financial audits to provide for training and learning opportunities for Districts. Trainings and learning opportunities should focus on common deficiencies noted during financial audits and the cost share file administrative audits and should assist Districts with achieving the requirements established in the yearly grant deliverable assessments.

Mr. Schick seconded the motion and the motion carried.

PUBLIC COMMENT

There was no public comment.

NEXT MEETING

The next Audit Subcommittee meetings will be in September 2026 and December 2026.

ADJOURN

The meeting adjourned at 9:31 a.m.