Audit Subcommittee of the
Virginia Soil and Water Conservation Board
Hunt and Company, Chatham, Virginia
September 15, 2026; 9:30 a.m.

AGENDA

A. Call to order and introductions

B. Approval of minutes from March 20, 2026

C. Review of 2026 assessment results for grant agreement deliverables

   1. Recommendations regarding certain Soil and Water Conservation Districts
      i. Natural Bridge
      ii. Southside

D. Recommended action regarding repayment for practices by Holston River Soil and Water Conservation District

E. Next meeting
   - December 9, 2026; Hotel Roanoke

For copies of the Virginia Soil and Water Conservation Board meeting materials contact Breanne Lindsey, Board and Constituent Services Liaison, at 804-786-8445 or by email at breanne.lindsey@dcr.virginia.gov.

Audit Subcommittee of the Virginia Soil and Water Conservation Board

John Schick, Chair
Nick Thomas
One Vacancy

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.

<u>ACTION</u>

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.

Virginia Soil and Water Conservation Board
Audit Subcommittee
September 15, 2026
Agenda Item C

Assessment of FY2026 Grant Agreement Deliverables

FY2026 Department of Conservation and Recreation and Virginia Soil and Water Conservation District Administrative and Operational Support Grant Agreement

FY2026 Department of Conservation and Recreation and Virginia Soil and Water Conservation District Cost-Share and Technical Assistance Grant Agreement

(1) SCOPE OF SERVICE:

The District shall provide the services set forth in **Attachment A (*Fiscal Year 2026 Performance "Deliverables"*)**, the terms of which are incorporated herein. The Department, as directed by the Virginia Soil and Water Conservation Board (Board), shall assess at the end of Fiscal Year 2026 (FY26) each District's success in meeting the deliverables utilizing an A (fully satisfied), B (partially fulfilled), and C (did not fulfill) evaluation scale (**Attachment C**).

The results of the assessment, the two-year financial audit, and the cost-share file audit shall be shared with the Audit Subcommittee, and the Board as needed. In conjunction with the results, any explanations or actions taken by the District as result of the assessment, financial audit, or cost-share file audit should be presented to the Audit Subcommittee. For any Districts where deficiencies were noted in the assessment, financial audit, or the cost-share file audit, the Audit Subcommittee shall direct actions for the District, and the Department if applicable, to take to address the deficiencies. The timeframe for the actions to be taken shall also be established by the Audit Subcommittee. A letter to the District Chair from the Audit Subcommittee Chair shall provide notice of the actions taken by the Subcommittee, or Board if applicable, and the expectations for District action. Additionally, the Audit Subcommittee or the Board may request the District Board Chair or a designated Director attend the next scheduled Audit Subcommittee meeting to discuss the actions taken by the District or to address concerns raised by the Subcommittee.

If during a District's financial audit, either additional or repeat comments are cited, the Audit Subcommittee may require the District undergo a special audit to ensure the integrity of the District's financial policies and procedures. Any special audits will be conducted at the expense of the District and will be reduced from the upcoming fiscal year's allocation.

Failure to meet performance deliverables contained in **Attachment A** may result in funding adjustments to the District's future fiscal year's funding allocations by the Board. Such actions shall be taken at the recommendation of the Subcommittee and upon approval of the Board. The Board may also reduce future funding to Districts that fail to act upon guidance and recommendations from auditors, the Department, the Audit Subcommittee, and the Board. In the event the District fails to comply with the provisions of this Agreement, the Board reserves the right to require repayment of previously issued funds and/or direct further appropriate actions based upon noncompliance circumstances. Should an issue arise that impacts funding, the District will be apprised of the issue(s) and be provided an opportunity to address the concerns of the Board prior to Board action. Board actions will be considered on a case-by-case basis.

DCR Assessment of SWCD Compliance With
FY2026 Administrative and Operational Support Grant Agreement Deliverables

(Assessment Evaluation Code: **A** [Fully Satisfied]; **B** [Partially Fulfilled]; **C** [Did Not Fulfill])

SWCD	1) Demonstrate Leadership and Program Implementation	2) Actively support and foster Partnerships	3) Hold monthly meetings with quorum present	4) Submit complete meeting minutes from all routine, special and committee meetings	5) Submit complete and accurate quarterly reports and electronic Attachment E	6) DCR Desktop Procedures are annually reviewed by the SWCD Board or Finance Committee	7) District Staff responsible for administrative functions or financial data management attended DCR training when provided	8) New Directors attend orientation training within six months	9) Provide data and information needed by the Department for Legislative and pollution reduction reporting	10) Hosted at least one ag community outreach event meeting that met the outline conditions.
Appomattox River	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**
Big Sandy	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
Big Walker	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
Blue Ridge	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
Chowan Basin	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**
Clinch Valley	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
Colonial	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
Culpeper	**A**	**A**	**A**	**B**	**A**	**A**	**N/A**	**A**	**A**	**A**
Daniel Boone	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
Eastern Shore	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**
Evergreen	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**

(Assessment Evaluation Code: **A** [Fully Satisfied]; **B** [Partially Fulfilled]; **C** [Did Not Fulfill])

SWCD	1) Demonstrate Leadership and Program Implementation	2) Actively support and foster Partnerships	3) Hold monthly meetings with quorum present	4) Submit complete meeting minutes from all routine, special and committee meetings	5) Submit complete and accurate quarterly reports and electronic Attachment E	6) DCR Desktop Procedures are annually reviewed by the SWCD Board or Finance Committee	7) District Staff responsible for administrative functions or financial data management attended DCR training when provided	8) New Directors attend orientation training within six months	9) Provide data and information needed by the Department for Legislative and pollution reduction reporting	10) Hosted at least one ag community outreach event meeting that met the outline conditions.
Halifax	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**
Hanover-Caroline	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
Headwaters	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
Henricopolis	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**	**N/A**
Holston River	**A**	**A**	**A**	**B**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
James River	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**
John Marshall	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
Lake Country	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**
Lonesome Pine	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
Lord Fairfax	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
Loudoun	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**N/A**	**A**	**A**
Monacan	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**
Mountain	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**
Mountain	**A**	**A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**

(Assessment Evaluation Code: **A** [Fully Satisfied]; **B** [Partially Fulfilled]; **C** [Did Not Fulfill])

SWCD	1) Demonstrate Leadership and Program Implementation	2) Actively support and foster Partnerships	3) Hold monthly meetings with quorum present	4) Submit complete meeting minutes from all routine, special and committee meetings	5) Submit complete and accurate quarterly reports and electronic Attachment E	6) DCR Desktop Procedures are annually reviewed by the SWCD Board or Finance Committee	7) District Staff responsible for administrative functions or financial data management attended DCR training when provided	8) New Directors attend orientation training within six months	9) Provide data and information needed by the Department for Legislative and pollution reduction reporting	10) Hosted at least one ag community outreach event meeting that met the outline conditions.
Castles										
Natural Bridge	A	A	A	A	A	A	N/A	A	A	A
New River	A	A	A	A	A	A	N/A	N/A	A	A
Northern Neck	A	A	A	A	A	A	N/A	N/A	A	A
Northern Virginia	A	A	A	A	A	A	N/A	N/A	A	A
Patrick	A	A	A	A	A	A	N/A	A	A	A
Peaks of Otter	A	A	A	A	A	A	N/A	N/A	A	A
Peanut	A	A	A	A	A	A	N/A	A	A	A
Peter Francisco	A	A	A	A	A	A	N/A	A	A	A
Piedmont	A	A	A	A	A	A	N/A	A	A	A
Pittsylvania	A	A	A	A	A	A	N/A	N/A	A	A
Prince William	A	A	A	A	A	A	N/A	N/A	A	A
Robert E. Lee	A	A	A	A	A	A	N/A	A	A	A
Scott County	A	A	A	A	A	A	N/A	N/A	A	A

(Assessment Evaluation Code: **A** [Fully Satisfied]; **B** [Partially Fulfilled]; **C** [Did Not Fulfill])

SWCD	1) Demonstrate Leadership and Program Implementation	2) Actively support and foster Partnerships	3) Hold monthly meetings with quorum present	4) Submit complete meeting minutes from all routine, special and committee meetings	5) Submit complete and accurate quarterly reports and electronic Attachment E	6) DCR Desktop Procedures are annually reviewed by the SWCD Board or Finance Committee	7) District Staff responsible for administrative functions or financial data management attended DCR training when provided	8) New Directors attend orientation training within six months	9) Provide data and information needed by the Department for Legislative and pollution reduction reporting	10) Hosted at least one ag community outreach event meeting that met the outline conditions.
Shenandoah Valley	A	A	A	A	A	A	N/A	N/A	A	A
Skyline	A	A	A	A	A	A	N/A	N/A	A	A
Southside	A	A	A	A	A	A	N/A	A	A	A
Tazewell	A	A	A	A	A	A	N/A	N/A	A	A
Thomas Jefferson	A	A	A	A	A	A	N/A	A	A	A
Three Rivers	A	A	A	A	A	A	N/A	A	A	A
Tidewater	A	A	A	A	A	A	N/A	N/A	A	A
Tri-County/City	A	A	A	A	A	A	N/A	A	A	A
Virginia Dare	A	A	A	A	A	A	N/A	A	A	A

All 47 SWCDs	1) Demonstrate Leadership and Program Implementation	2) Actively support and foster Partnerships	3) Hold monthly meetings with quorum present	4) Submit complete meeting minutes from all routine, special and committee meetings	5) Submit complete and accurate quarterly reports and electronic Attachment E	6) DCR Desktop Procedures are annually reviewed by the SWCD Board or Finance Committee	7) District Staff responsible for administrative functions or financial data management attended DCR training when provided	8) New Directors attend orientation training within six months	9) Provide data and information needed by the Department for Legislative and pollution reduction reporting	10) Hosted at least one ag community outreach event meeting that met the outlined conditions
Fully Satisfied	47	47	47	45	47	47		23	47	46
Partially Satisfied				2						
Did not Fulfill										

(Assessment Evaluation Code: **A** [Fully Satisfied]; **B** [Partially Fulfilled]; **C** [Did Not Fulfill])

Not Applicable							47	24		1

DCR Assessment of SWCD Compliance With
FY2026 Cost-Share and Technical Assistance Grant Agreement Deliverables

(Assessment Evaluation Code: **A** [Fully Satisfied]; **B** [Partially Fulfilled]; **C** [Did Not Fulfill])

SWCD	1) Implement VACS Program in accordance to policy, grant agreement and laws	2) Implement VACS in accordance with the VACS BMP Manual, approval and payment of cost-share, working within District boundaries, bid process, verifications, and all other admin guidelines.	3) District staff implementing VACS obtained and maintained DCR Conservation Planning certification	4) District staff implementing VACS obtained and maintained EJAA and followed standards and specs at all times.	5) Submitted and received department approval of Secondary Considerations and submitted an approved average cost list prior to approving cost share.	6) Prior to contract approval, a complete and Board-approved DCR Conservation Plan or RMP in CAS or from NRCS was on file and included practices approved by the District.	7) Data was entered in CAS accurately, and any inaccuracies discovered through QA/QC were corrected within 30 days.	8) District submitted accurate End of Year Cash Balance and Carry Over reports by the deadline	9) Were Tax Credit Certificates approved in the calendar year in which the BMP was completed and was a District Board approved conservation plan on file?	10) Were applications for cost-share and tax credits approved by District Board action and individually documented in their Board minutes (identified by contract/instance)?	11) Did District staff participate in an annual VACS Program Update offered by the Department?
Appomattox River	A	A	A	N/A	A	N/A	A	A	N/A	A	A
Big Sandy	A	A	A	N/A	A	A	A	A	A	A	A
Big Walker	A	A	A	A	A	A	B	A	A	A	A
Blue Ridge	A	A	A	A	A	A	B	A	A	A	A
Chowan Basin	A	A	A	N/A	A	A	A	A	N/A	A	A
Clinch Valley	A	A	A	A	A	A	A	A	A	A	A
Colonial	A	A	A	N/A	A	A	A	A	N/A	A	A
Culpeper	A	B	A	A	A	A	A	A	A	A	A
Daniel Boone	A	A	A	A	A	A	A	A	A	A	A
Eastern Shore	A	A	A	N/A	A	N/A	A	A	A	A	A
Evergreen	A	A	A	A	A	A	A	A	A	A	A

(Assessment Evaluation Code: **A** [Fully Satisfied]; **B** [Partially Fulfilled]; **C** [Did Not Fulfill])

SWCD	1) Implement VACS Program in accordance to policy, grant agreement and laws	2) Implement VACS in accordance with the VACS BMP Manual, approval and payment of cost-share, working within District boundaries, bid process, verifications, and all other admin guidelines.	3) District staff implementing VACS obtained and maintained DCR Conservation Planning certification	4) District staff implementing VACS obtained and maintained EJAA and followed standards and specs at all times.	5) Submitted and received department approval of Secondary Considerations and submitted an approved average cost list prior to approving cost share.	6) Prior to contract approval, a complete and Board-approved DCR Conservation Plan or RMP in CAS or from NRCS was on file and included practices approved by the District.	7) Data was entered in CAS accurately, and any inaccuracies discovered through QA/QC were corrected within 30 days.	8) District submitted accurate End of Year Cash Balance and Carry Over reports by the deadline	9) Were Tax Credit Certificates approved in the calendar year in which the BMP was completed and was a District Board approved conservation plan on file?	10) Were applications for cost-share and tax credits approved by District Board action and individually documented in their Board minutes (identified by contract/instance)?	11) Did District staff participate in an annual VACS Program Update offered by the Department?
Halifax	**A**	**A**	**A**	**A**	**A**	**B**	**B**	**A**	**A**	**A**	**A**
Hanover-Caroline	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**
Headwaters	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**
Henricopolis	**A**	**A**	**A**	**N/A**	**A**	**N/A**	**A**	**A**	**A**	**A**	**A**
Holston River	**B**	**C**	**B**	**A**	**A**	**B**	**C**	**A**	**A**	**B**	**A**
James River	**A**	**A**	**A**	**N/A**	**A**	**N/A**	**A**	**A**	**N/A**	**A**	**A**
John Marshall	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**
Lake Country	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**
Lonesome Pine	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**
Lord Fairfax	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**
Loudoun	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**
Monacan	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**

(Assessment Evaluation Code: **A** [Fully Satisfied]; **B** [Partially Fulfilled]; **C** [Did Not Fulfill])

SWCD	1) Implement VACS Program in accordance to policy, grant agreement and laws	2) Implement VACS in accordance with the VACS BMP Manual, approval and payment of cost-share, working within District boundaries, bid process, verifications, and all other admin guidelines.	3) District staff implementing VACS obtained and maintained DCR Conservation Planning certification	4) District staff implementing VACS obtained and maintained EJAA and followed standards and specs at all times.	5) Submitted and received department approval of Secondary Considerations and submitted an approved average cost list prior to approving cost share.	6) Prior to contract approval, a complete and Board-approved DCR Conservation Plan or RMP in CAS or from NRCS was on file and included practices approved by the District.	7) Data was entered in CAS accurately, and any inaccuracies discovered through QA/QC were corrected within 30 days.	8) District submitted accurate End of Year Cash Balance and Carry Over reports by the deadline	9) Were Tax Credit Certificates approved in the calendar year in which the BMP was completed and was a District Board approved conservation plan on file?	10) Were applications for cost-share and tax credits approved by District Board action and individually documented in their Board minutes (identified by contract/instance)?	11) Did District staff participate in an annual VACS Program Update offered by the Department?
Mountain	**A**	**B**	**A**	**B**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**
Mountain Castles	**A**	**B**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**
Natural Bridge	**A**	**C**	**A**	**B**	**A**	**A**	**B**	**A**	**A**	**A**	**A**
New River	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**
Northern Neck	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**
Northern Virginia	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**
Patrick	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**
Peaks of Otter	**A**	**A**	**A**	**A**	**A**	**B**	**A**	**A**	**A**	**A**	**A**
Peanut	**A**	**A**	**A**	**N/A**	**A**	**A**	**A**	**A**	**N/A**	**A**	**A**
Peter Francisco	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**	**A**
Piedmont	**A**	**A**	**A**	**A**	**A**	**B**	**A**	**A**	**A**	**A**	**A**

(Assessment Evaluation Code: **A** [Fully Satisfied]; **B** [Partially Fulfilled]; **C** [Did Not Fulfill])

SWCD	1) Implement VACS Program in accordance to policy, grant agreement and laws	2) Implement VACS in accordance with the VACS BMP Manual, approval and payment of cost-share, working within District boundaries, bid process, verifications, and all other admin guidelines.	3) District staff implementing VACS obtained and maintained DCR Conservation Planning certification	4) District staff implementing VACS obtained and maintained EJAA and followed standards and specs at all times.	5) Submitted and received department approval of Secondary Considerations and submitted an approved average cost list prior to approving cost share.	6) Prior to contract approval, a complete and Board-approved DCR Conservation Plan or RMP in CAS or from NRCS was on file and included practices approved by the District.	7) Data was entered in CAS accurately, and any inaccuracies discovered through QA/QC were corrected within 30 days.	8) District submitted accurate End of Year Cash Balance and Carry Over reports by the deadline	9) Were Tax Credit Certificates approved in the calendar year in which the BMP was completed and was a District Board approved conservation plan on file?	10) Were applications for cost-share and tax credits approved by District Board action and individually documented in their Board minutes (identified by contract/instance)?	11) Did District staff participate in an annual VACS Program Update offered by the Department?
Pittsylvania	A	A	A	A	A	A	B	A	A	A	A
Prince William	B	A	A	A	A	A	A	A	A	A	A
Robert E. Lee	A	B	A	B	A	B	B	A	N/A	A	A
Scott County	A	A	A	A	A	A	A	A	A	A	A
Shenandoah Valley	A	B	A	A	A	A	A	B	A	A	A
Skyline	A	A	A	A	A	A	A	A	A	A	A
Southside	A	A	C	B	A	B	B	A	A	A	A
Tazewell	A	A	A	A	A	A	A	A	A	A	A
Thomas Jefferson	A	A	A	A	A	A	A	A	A	A	A
Three Rivers	A	A	A	N/A	A	A	A	A	A	A	A
Tidewater	A	A	A	N/A	A	A	A	A	N/A	A	A
Tri-County /City	A	A	A	N/A	A	A	A	A	A	A	A

(Assessment Evaluation Code: **A** [Fully Satisfied]; **B** [Partially Fulfilled]; **C** [Did Not Fulfill])

SWCD	1) Implement VACS Program in accordance to policy, grant agreement and laws	2) Implement VACS in accordance with the VACS BMP Manual, approval and payment of cost-share, working within District boundaries, bid process, verifications, and all other admin guidelines.	3) District staff implementing VACS obtained and maintained DCR Conservation Planning certification	4) District staff implementing VACS obtained and maintained EJAA and followed standards and specs at all times.	5) Submitted and received department approval of Secondary Considerations and submitted an approved average cost list prior to approving cost share.	6) Prior to contract approval, a complete and Board-approved DCR Conservation Plan or RMP in CAS or from NRCS was on file and included practices approved by the District.	7) Data was entered in CAS accurately, and any inaccuracies discovered through QA/QC were corrected within 30 days.	8) District submitted accurate End of Year Cash Balance and Carry Over reports by the deadline	9) Were Tax Credit Certificates approved in the calendar year in which the BMP was completed and was a District Board approved conservation plan on file?	10) Were applications for cost-share and tax credits approved by District Board action and individually documented in their Board minutes (identified by contract/instance)?	11) Did District staff participate in an annual VACS Program Update offered by the Department?
Virginia Dare	**A**	**A**	**A**	**N/A**	**A**	**N/A**	**A**	**A**	**A**	**A**	**A**

All 47 SWCD	1) Implement VACS Program in accordance to policy, grant agreement and laws	2) Implement VACS in accordance with the VACS BMP Manual, approval and payment of cost-share, working within District boundaries, bid process, verifications, and all other admin guidelines.	3) District staff implementing VACS obtained and maintained DCR Conservation Planning certification	4) District staff implementing VACS obtained and maintained EJAA and followed standards and specs at all times.	5) Submitted and received department approval of Secondary Considerations and submitted an approved average cost list prior to approving cost share.	6) Prior to contract approval, a complete and Board-approved DCR Conservation Plan or RMP in CAS or from NRCS was on file and included practices approved by the District.	7) Data was entered in CAS accurately, and any inaccuracies discovered through QA/QC were corrected within 30 days.	8) District submitted accurate End of Year Cash Balance and Carry Over reports by the deadline	9) Were Tax Credit Certificates approved in the calendar year in which the BMP was completed and was a District Board approved conservation plan on file?	10) Were applications for cost-share and tax credits approved by District Board action and individually documented in their Board minutes (identified by contract/instance)?	11) Did District staff participate in an annual VACS Program Update offered by the Department?
Fully Satisfied	**45**	**40**	**45**	**28**	**47**	**36**	**39**	**46**	**38**	**46**	**47**
Partially Fulfilled	**2**	**5**	**1**	**4**		**6**	**7**	**1**		**1**	
Did not Fulfill		**2**	**1**				**1**				
N/A				**15**		**5**			**9**		

(Assessment Evaluation Code: **A** [Fully Satisfied]; **B** [Partially Fulfilled]; **C** [Did Not Fulfill])

Comments for C Evaluations:

Holston River

2. Implement VACS in accordance with the VACS BMP Manual, approval and payment of cost share, working within District boundaries, bid process, verifications, and all other administrative guidelines.

CDC Comment: Issues initially identified in FY25 continued in FY26 with new issues identified. A Cost-Share File Audit completed on 12/16/2025 and 02/24/2026 initiated by VASWCB found signatures were not obtained on multiple contracts and forms and 3 sets of minutes had incorrect contract info. Also, W-9s were not appropriately updated, lack of conservation assistance notes, and missing items to include: Contract Part II data, payment calculation worksheets, copies of payments, etc. In addition, a review of a verification file has determined that the VACS Program was not correctly administered. No planting dates for cover crops documented; No cover establishment dates for cover crops documented, checks for cover completed after 2/28 deadline.

7. Data was entered in CAS accurately, and any inaccuracies discovered through QA/QC were corrected within 30 days.

CDC Comment: Routinely incurred data entry issues identified on bi-monthly QA/QC reports and failed to promptly and accurately reconcile, consistently exceeding the allowed 30 days. Two examples:

1. CDC initially sent QA/QC report 08/25/25 and staff failed to address. Continuous reminders with the CDC setting a hard deadline of 12/23/25.
2. 04/27/26 CDC sent QA/QC report and data issues were fully not addressed by 07/15/2026. Note: Current District Manager and Conservation Technician worked diligently to reconcile all issues by 07/31/26 data pull

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Natural Bridge

2. Implement VACS in accordance with the VACS BMP Manual, approval and payment of cost share, working within District boundaries, bid process, verifications, and all other administrative guidelines.

CDC Comments: District staff attempted to approve contracts after the June 15th deadline. The CDC notified them this was not allowed at the 6/17/26 board mtg. and the contracts were not approved. DCR staff received a participant complaint regarding delays and poor communication from District staff. Follow-up on the complaint substantiated the participant's concerns and the Division Director attended a District Board meeting to address this issue as well as concerns stemming from another participant complaint regarding PY25 practices. Additionally, during the administrative audit of cost share files, numerous issues were identified. Action was taken by the VSWCB in March and an additional file review will be conducted in FY27.

The district was notified on 10/24/25 that there were 5 contracts approved in PY26 that were given a completion date of 6/30/26 when those contracts needed to be given two years to complete or completion date of 6/30/27. Staff corrected the issue. Additional reviews of previous program years showed the district repeated the same error for numerous structural practice contracts.

Southside

3. District staff implementing VACS obtained and maintained DCR Conservation Planning certification.

Department Comments: Staff was not able to complete the certification timeline but is working towards certification.

<u>Assessment of FY2026 Grant Agreement Deliverables: Natural Bridge Soil and Water Conservation District</u>

FY2026 Department of Conservation and Recreation and Virginia Soil and Water Conservation District Cost-Share and Technical Assistance Grant Agreement

The District shall provide the services set forth in **<u>Attachment A</u>** *(Fiscal Year 2026 Performance "Deliverables")*, the terms of which are incorporated herein. The Department, as directed by the Virginia Soil and Water Conservation Board (Board), shall assess at the end of Fiscal Year 2026 (FY26) each District's success in meeting the deliverables utilizing an A (fully satisfied), B (partially fulfilled), and C (did not fulfill) evaluation scale (Attachment C).

The results of the assessment, the two-year financial audit, and the cost-share file audit shall be shared with the Audit Subcommittee, and the Board as needed. In conjunction with the results, any explanations or actions taken by the District as result of the assessment, financial audit, or cost-share file audit should be presented to the Audit Subcommittee. For any Districts where deficiencies were noted in the assessment, financial audit, or the cost-share file audit, the Audit Subcommittee shall direct actions for the District, and the Department if applicable, to take to address the deficiencies. The timeframe for the actions to be taken shall also be established by the Audit Subcommittee. A letter to the District Chair from the Audit Subcommittee Chair shall provide notice of the actions taken by the Subcommittee, or Board if applicable, and the expectations for District action. Additionally, the Audit Subcommittee or the Board may request the District Board Chair or a designated Director attend the next scheduled Audit Subcommittee meeting to discuss the actions taken by the District or to address concerns raised by the Subcommittee.

If during a District's financial audit, either additional or repeat comments are cited, the Audit Subcommittee may require the District undergo a special audit to ensure the integrity of the District's financial policies and procedures. Any special audits will be conducted at the expense of the District and will be reduced from the upcoming fiscal year's allocation.

Failure to meet performance deliverables contained in **<u>Attachment A</u>** may result in funding adjustments to the District's future fiscal year's funding allocations by the Board. Such actions shall be taken at the recommendation of the Subcommittee and upon approval of the Board. The Board may also reduce future funding to Districts that fail to act upon guidance and recommendations from auditors, the Department, the Audit Subcommittee, and the Board. In the event the District fails to comply with the provisions of this Agreement, the Board reserves the right to require repayment of previously issued funds and/or direct further appropriate actions based upon noncompliance circumstances. Should an issue arise that impacts funding, the District will be apprised of the issue(s) and be provided an opportunity to address the concerns of the Board prior to Board action. Board actions will be considered on a case-by-case basis.

<u>Recommended Motion:</u>

The Audit Subcommittee of the Virginia Soil and Water Conservation Board directs the Department to send a Letter of Notice (LON) to the Natural Bridge Soil and Water Conservation District for receiving one "C" score on the *FY2026 Cost-Share and Technical Assistance Support Grant Agreement*.

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

Cost-Share and Technical Assistance Grant Deliverable
Deliverable 2 *(Did the District implement VACS in accordance with the Program Year 2026 Virginia Agricultural Cost-Share (VACS) BMP Manual, including but not limited to the provisions on approval and payment of cost-share, working within District boundaries, bid process, applying average cost list to contract estimates properly, ranking cost share applications consistently with priority and secondary considerations, taking appropriate action to address verification issues, following the appropriate procedures for any mid-year update to the Average Cost List, and other administrative guidelines established in the Manual.)*

The Audit Subcommittee directs the following actions to be taken:

1. The District is prohibited from (i) approving any applications or contracts or (ii) issuing payments for any practices without the Department of Conservation and Recreation's written approval for the next 60 days. The District's Conservation District Coordinator will coordinate with the Department's Agricultural BMP Engineering Services Program and the Agricultural Incentives Program Manager to provide notice of practices that are eligible for payment by the District Board on a monthly basis.
2. All District Directors and all District staff must attend a targeted training provided by the Department for the District within the next 60 days.
3. At the December 9, 2026 Board meeting, the Department will provide an update on the status of VACS Program administration at the District as well as any additional actions that may be warranted.

David L. Bulova
Secretary of Natural and Historic Resources

Nikki Rovner
Director

Sarah Spota
Deputy Director

Frank N. Stovall
Deputy Director for Operations

Vacant
Deputy Director for Flood Resilience

Laura Ellis
Deputy Director for Administration and Finance

COMMONWEALTH *of* VIRGINIA

DEPARTMENT OF CONSERVATION AND RECREATION

September 15, 2026

Mr. Robert Deyo, Chair
Natural Bridge Soil and Water Conservation District
40 Magnolia Square Way, Suite 5
Lexington, Virginia 24450

RE: FY2026 Grant Agreements Assessment

Dear Mr. Deyo:

At their September 15, 2026 meeting, the Audit Subcommittee of the Virginia Soil and Water Conservation Board (Board) reviewed the results of the FY2026 grant agreement assessments. These grant assessments are conducted by the Department of Conservation and Recreation and ensure that Soil and Water Conservation Districts meet the deliverables and expectations set out in the grant agreements.

During this year's assessment, Natural Bridge Soil and Water Conservation District (District) received a score of "C" on Deliverable 2 on the *FY2026 Cost-Share and Technical Assistance Support Grant Agreement.*

> **Deliverable 3** *(Did the District implement VACS in accordance with the Program Year 2026 Virginia Agricultural Cost-Share (VACS) BMP Manual, including but not limited to the provisions on approval and payment of cost-share, working within District boundaries, bid process, applying average cost list to contract estimates properly, ranking cost share applications consistently with priority and secondary considerations, taking appropriate action to address verification issues, following the appropriate procedures for any mid-year update to the Average Cost List, and other administrative guidelines established in the Manual.)*

Therefore, in order to demonstrate to the Board that you can meet your contractual obligations and, so no actions to enforce these contracts by the Board will be necessary, the following directives must be adhered to:

1. The District is prohibited (i) approving any applications or contracts or (ii) issuing payments for any practices without the Department of Conservation and Recreation's written approval for the next 60 days. The District's Conservation District Coordinator will coordinate with the Department's Agricultural BMP Engineering Services Program and the Agricultural Incentives Program Manager to provide notice of practices that are eligible for payment by the District Board on a monthly basis.

2. All District Directors and all District staff must attend a targeted training provided by the Department for the District within the next 60 days.

The Department will provide an update on the status of VACS Program administration at the District, as well as any additional actions that may be warranted, at the December 9, 2026 Virginia Soil and Water Conservation Board meeting.

Your Conservation District Coordinator, Tad Williams, is available should you have any questions or comments concerning this assessment.

Sincerely,

John Schick, Chair
Audit Subcommittee
Virginia Soil and Water Conservation Board

cc: Robert Hickman, Natural Bridge Soil and Water Conservation District
Tad Williams, Department of Conservation and Recreation

<u>Assessment of FY2026 Grant Agreement Deliverables: Southside Soil and Water Conservation District</u>

FY2026 Department of Conservation and Recreation and Virginia Soil and Water Conservation District Cost-Share and Technical Assistance Grant Agreement

The District shall provide the services set forth in **<u>Attachment A</u>** *(Fiscal Year 2026 Performance "Deliverables")*, the terms of which are incorporated herein. The Department, as directed by the Virginia Soil and Water Conservation Board (Board), shall assess at the end of Fiscal Year 2026 (FY26) each District's success in meeting the deliverables utilizing an A (fully satisfied), B (partially fulfilled), and C (did not fulfill) evaluation scale (Attachment C).

The results of the assessment, the two-year financial audit, and the cost-share file audit shall be shared with the Audit Subcommittee, and the Board as needed. In conjunction with the results, any explanations or actions taken by the District as result of the assessment, financial audit, or cost-share file audit should be presented to the Audit Subcommittee. For any Districts where deficiencies were noted in the assessment, financial audit, or the cost-share file audit, the Audit Subcommittee shall direct actions for the District, and the Department if applicable, to take to address the deficiencies. The timeframe for the actions to be taken shall also be established by the Audit Subcommittee. A letter to the District Chair from the Audit Subcommittee Chair shall provide notice of the actions taken by the Subcommittee, or Board if applicable, and the expectations for District action. Additionally, the Audit Subcommittee or the Board may request the District Board Chair or a designated Director attend the next scheduled Audit Subcommittee meeting to discuss the actions taken by the District or to address concerns raised by the Subcommittee.

If during a District's financial audit, either additional or repeat comments are cited, the Audit Subcommittee may require the District undergo a special audit to ensure the integrity of the District's financial policies and procedures. Any special audits will be conducted at the expense of the District and will be reduced from the upcoming fiscal year's allocation.

Failure to meet performance deliverables contained in **<u>Attachment A</u>** may result in funding adjustments to the District's future fiscal year's funding allocations by the Board. Such actions shall be taken at the recommendation of the Subcommittee and upon approval of the Board. The Board may also reduce future funding to Districts that fail to act upon guidance and recommendations from auditors, the Department, the Audit Subcommittee, and the Board. In the event the District fails to comply with the provisions of this Agreement, the Board reserves the right to require repayment of previously issued funds and/or direct further appropriate actions based upon noncompliance circumstances. Should an issue arise that impacts funding, the District will be apprised of the issue(s) and be provided an opportunity to address the concerns of the Board prior to Board action. Board actions will be considered on a case-by-case basis.

<u>Recommended Motion:</u>

The Audit Subcommittee of the Virginia Soil and Water Conservation Board directs the Department to send a Letter of Notice (LON) to the Southside Soil and Water Conservation District for receiving one "C" score on the *FY2026 Cost-Share and Technical Assistance Support Grant Agreement*.

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

Cost-Share and Technical Assistance Grant Deliverable
Deliverable 3 (*Did District staff implementing the VACS Program obtain the DCR Conservation Planner Certification within 24 months of hire (dependent upon availability of all required courses? If the 24 month timeline is exceeded, did staff adequately demonstrate progress towards achieving certification? Did staff maintain conservation planning certification after achieving the initial certification?*)

The Audit Subcommittee directs District staff implementing the VACS Program to obtain the DCR Conservation Planner Certification in the timeframe established in the *FY2027 Cost-Share and Technical Assistance Grant Agreement.* Failure to meet this Deliverable in future assessments may lead to additional actions, including financial penalties, being taken by the Audit Subcommittee or the Virginia Soil and Water Conservation Board.

David L. Bulova
Secretary of Natural and Historic Resources

Nikki Rovner
Director

Sarah Spota
Deputy Director

Frank N. Stovall
Deputy Director for Operations

Vacant
Deputy Director for Flood Resilience

Laura Ellis
Deputy Director for Administration and Finance

COMMONWEALTH of VIRGINIA

DEPARTMENT OF CONSERVATION AND RECREATION

September 15, 2026

Mr. James "Buck" Tharpe, Chair
Southside Soil and Water Conservation District
250 LeGrande Avenue, Suite F
Charlotte Courthouse, Virginia 23923

RE: FY2026 Grant Agreements Assessment

Dear Mr. Tharpe:

At their September 15, 2026 meeting, the Audit Subcommittee of the Virginia Soil and Water Conservation Board (Board) reviewed the results of the FY2026 grant agreement assessments. These grant assessments are conducted by the Department of Conservation and Recreation and ensure that Soil and Water Conservation Districts meet the deliverables and expectations set out in the grant agreements.

During this year's assessment, Southside Soil and Water Conservation District (District) received a score of "C" on Deliverable 3 on the *FY2026 Cost-Share and Technical Assistance Support Grant Agreement.*

> **Deliverable 3** (*Did District staff implementing the VACS Program obtain the DCR Conservation Planner Certification within 24 months of hire (dependent upon availability of all required courses? If the 24 month timeline is exceeded, did staff adequately demonstrate progress towards achieving certification? Did staff maintain conservation planning certification after achieving the initial certification?*)

Therefore, in order to demonstrate to the Board that you can meet your contractual obligations and, so no actions to enforce these contracts by the Board will be necessary, District staff implementing the VACS Program must obtain the DCR Conservation Planner Certification in the timeframe established in the *FY2027 Cost-Share and Technical Assistance Grant Agreement.* Failure to meet this Deliverable in future assessments may lead to additional actions, including financial penalties, being taken by the Audit Subcommittee or the Virginia Soil and Water Conservation Board.

Your Department Conservation District Coordinator, Denney Collins, is available should you have any questions or comments concerning this audit and to assist with further discussion related to the audit findings.

Sincerely,

John Schick, Chair
Audit Subcommittee
Virginia Soil and Water Conservation Board

cc: Tricia Mays, District Manager, Southside Soil and Water Conservation District
Vanessa Waddell, Administrative Program Technician, Southside Soil and Water Conservation District
Denney Collins, Department of Conservation and Recreation

Approval of repayment requirement for certain practices by Holston River Soil and Water Conservation District

§ 10.1-505. Duties of Board.
In addition to other duties and powers conferred upon the Board, it shall have the following duties and powers:
3. To oversee the programs of the districts.

§ 10.1-546.1. Delivery of Agricultural Best Management Practices Cost-Share Program.
Districts shall locally deliver the Virginia Agricultural Best Management Practices Cost-Share Program described under § 10.1-2128.1, under the direction of the Board, as a means of promoting voluntary adoption of conservation management practices by farmers and land managers in support of the Department's nonpoint source pollution management program.

FY2026 Cost-share and Technical Assistance Grant Agreement
(10) COST-SHARE ALLOCATION AND DISTRIBUTION:

Cost-share shall be allocated to Districts in accordance with the POLICY AND PROCEDURES ON SOIL AND WATER CONSERVATION DISTRICT COST-SHARE AND TECHNICAL ASSISTANCE FUNDING ALLOCATIONS (FISCAL YEAR 2026) and shall be disbursed in accordance with the provisions of this Agreement and in the amounts set out or referenced in **Attachment B**. Department personnel will confer with District staff at least quarterly to determine their projected needs for cost-share payments for projected completed BMPs. Department personnel will generate a disbursement letter based upon their District's projected ninety-day needs and Agricultural BMP Tracking program data showing obligations. Cost-share payments to applicants shall be conducted in accordance with the *Program Year 2026 Virginia Agricultural Cost Share (VACS) BMP Manual.* Any application must meet appropriate technical agency standards and specifications of that practice before cost-share payment is made. Payment is issued after the participant and technical representative have certified practice installation in their Virginia BMP Incentives Contract. Information regarding cost-share payments made by Districts shall be entered into the BMP cost-share tracking database within one month of payments being rendered.

Background information:

Contract 23-18-0007 (Instance 276292) is a livestock stream exclusion practice that included the exclusion of pond and spring areas and the installation of several troughs. The SL-6 practice has a ten-year lifespan that began on January 1, 2018 and ends on December 31, 2027. This practice was selected for verification this year.

Contract 23-26-0011 (Instances 685333 and 685454) was approved in August 2025. The contract included a livestock stream exclusion (SL-6W) practice and an extension of watering and grazing management systems (SL-7) practice. These practices were certified and paid in November 2025 for $68,063.50 and $15,264.00, respectively.

File documentation is limited and contains inconsistencies, but based on the documentation that is available, there are several issues with these contracts:

- The as-built design for the new watering system shows a trough installed in a field where a trough was already installed and still under lifespan through the previous livestock stream exclusion practices (Contract 23-18-0007).
- From the documentation available, it does not appear any additional exclusion was achieved with the new SL-6W. Some of the planned exclusion fence digitized in the Conservation Application Suite was already accomplished through the previous SL-6. The SL-6W estimated cost and payment calculation do not include any costs for exclusion fence, only division fence.
- The streambank protected measurement and the buffer acres for payment reported under the new SL-6W appear to include the exclusion accomplished by the previous exclusion practice in contract 23-18-007 that is still under lifespan.

Recommended motion:

The Virginia Soil and Water Conservation Board (Board) directs the Holston River Soil and Water Conservation District (District) to reimburse the Department for the payments made for Contract 23-26-0011 as these practices were ineligible to receive cost-share funding in accordance with the guidelines contained in the *Program Year 2026 Virginia Agricultural Cost-Share (VACS) BMP Manual*. The required reimbursement amount is $94,160 ($83,327 for the practice implementation costs and $10,833 in related technical assistance funding). The District is not authorized to utilize existing VACS Program cost-share or FY2027 technical assistance funds to provide reimbursement for this Contract.

David L. Bulova
Secretary of Natural and Historic Resources

Nikki Rovner
Director

Sarah Spota
Deputy Director

COMMONWEALTH *of* VIRGINIA

DEPARTMENT OF CONSERVATION AND RECREATION

Frank N. Stovall
Deputy Director for Operations

Vacant
Deputy Director for Flood Resilience

Laura Ellis
Deputy Director for Administration and Finance

September 15, 2026

Mr. Michael Countiss, Chair
Holston River Soil and Water Conservation District
448 Commerce Drive
Abingdon, Virginia 24211-3829

RE: Repayment for Control 23-26-0011, Instances 685333 and 685454

Dear Mr. Countiss:

At their September 15, 2026 meeting, the Audit Subcommittee of the Virginia Soil and Water Conservation Board (Board) discussed the recent payments made for Contract 23-26-0011, which included a new livestock stream exclusion practice (SL-6W) and an extension of watering and grazing management systems (SL-7) practice. The practices that were completed and paid under this Contract remained under lifespan from Contract 23-18-0007, which included a livestock stream exclusion practice (SL-6). Based on the documentation that was available for Contract 23-26-0011, it does not appear that any new exclusion was achieved from the new livestock stream exclusion practice and it appears that a new watering system was installed where an existing system was already in place.

As the practices included in Contract 23-26-0011 were not eligible for payment in *Program Year 2026 Virginia Agricultural Cost-Share (VACS) BMP Manual*, the Virginia Soil and Water Conservation Board directs the District to reimburse the Department for the payments made. The required reimbursement amount is $94,160 ($83,327 for the practice implementation costs and $10,833 in related technical assistance funding). The District may not use existing VACS Program cost-share or FY2027 technical assistance funds to provide reimbursement for this Contract.

Your Conservation District Coordinator, Becky Hubble, is available should you have any questions or comments concerning this assessment.

Sincerely,

John Schick, Chair
Audit Subcommittee
Virginia Soil and Water Conservation Board

cc: Amy Vance, Holston River Soil and Water Conservation District
Becky Hubble, Department of Conservation and Recreation