

**Virginia Soil and Water Conservation Board Audit Subcommittee  
Wednesday, September 25, 2019  
Glen Allen, Virginia**

**TIME AND PLACE**

The meeting of the Audit Subcommittee of the Virginia Soil and Water Conservation Board convened at 9:00 a.m. at the Old Dominion Electric Cooperative in Glen Allen, Virginia.

**VSWCB AUDIT SUBCOMMITTEE MEMBERS PRESENT**

Adam D. Wilson, Subcommittee Chair  
Charles Newton  
Cindy Smith

**DCR STAFF PRESENT**

Russell W. Baxter, Deputy Director, Soil and Water Conservation/Dam Safety and Floodplain Management  
Darryl Glover, Director, Division of Soil and Water Conservation  
Christine Watlington, Policy and Regulatory Coordinator  
Blair Gordon, SWCD Liaison  
Michael Fletcher, Board and Constituent Services Liaison  
Amy Walker, Conservation District Coordinator

**OTHERS PRESENT**

Giannina Franz, Tri-County/City Soil and Water Conservation District  
Marta Perry, Tri-County/City Soil and Water Conservation District  
Kathleen Sullivan, Virginia Dare Soil and Water Conservation District  
Dr. Kendall Tyree, Virginia Association of Soil and Water Conservation Districts

**CALL TO ORDER AND INTRODUCTIONS**

Mr. Wilson called the meeting to order at 9:01 a.m. and asked for introductions.

**APPROVAL OF MINUTES FROM MARCH 20, 2019**

Ms. Smith moved that the minutes from the March 20, 2019 meeting of the Virginia Soil and Water Conservation Board Audit Subcommittee be approved as submitted by staff. Mr. Newton seconded and the motion carried.

**REVIEW OF CORRECTIVE ACTIONS BY SOIL AND WATER CONSERVATION DISTRICTS**

Mr. Wilson noted that Big Walker Soil and Water Conservation District and New River Soil and Water Conservation District have met the requests of the Audit Subcommittee. Staff will prepare a letter from Mr. Wilson to each District recognizing the steps each District has taken to address the audit findings.

*Tri-County/City Soil and Water Conservation District*

District Manager Marta Perry and Board Chair Giannina Franz represented the Tri-County/City SWCD.

Ms. Perry noted:

- The District has provided an update to the report the Board received on June 1.
- Policy revisions will be before the District Board for final approval at their October meeting.
- The District has developed a credit card user agreement policy.

Ms. Franz noted that following the audit in December, the District immediately began to take corrective actions. She advised that the District was surprised by the report citing significant findings. She requested that the Subcommittee reversing the decision requiring the the District to undergo a special audit as it is a financial burden on District resources.

Ms. Watlington noted that the next regular audit for Tri-County/City would be in 2020. She advised that the special audits are required to show that the necessary policy revisions are adopted and are being implemented in accordance with the District's corrective action plan.

Ms. Gordon advised that the special audit only looks at the items identified in the corrective plans. DCR is currently negotiating the Request for Proposals (RFP) for the auditing firm responsible for completing District audits so the estimated cost of the special audit is unknown. In previous years, the cost for the special audit has been around \$2,200.

Ms. Franz noted that the policy revisions would be reviewed by the District Board at the October meeting. There will be limited time for the District to implement the approved policies and for the auditors to review the District's implementation

#### BOARD ACTION

Mr. Newton moved that the Tri-County/City SWCD be directed to provide minutes of the District Board meeting showing final approval of the policies to DCR staff not later than November 30, and that the Audit Subcommittee determine at the December meeting whether a special audit will be required. Ms. Smith seconded and the motion carried.

#### *Virginia Dare Soil and Water Conservation District*

Ms. Sullivan reported that the Virginia Dare SWCD had undertaken the following actions.

- Corrected a \$155 error in Quickbooks and installed a newer version of the Quickbooks program.
- Corrected the issue regarding sales tax. Previously the District used the Virginia Beach procurement system but this is no longer the case.
- Addressed credit card receipts missing in the amount of \$25.09.
- Addressed requirement for two signatures on electronic transactions.

Ms. Gordon has spoken with the conservation technician regarding a system to track credit card receipts.

Ms. Sullivan noted that the corrective changes were procedures rather than District policy actions.

Mr. Wilson thanked Ms. Sullivan for reporting to the Subcommittee.

**BOARD ACTION**

Ms. Smith moved that staff prepare a letter for Mr. Wilson's signature recognizing the steps the Virginia Dare District has taken and noting that no further action was required at this time. Mr. Newton seconded and the motion carried.

**REVIEW OF 2019 ASSESSMENT RESULT FOR GRANT AGREEMENT DELIVERABLES**

Ms. Watlington reviewed the 2019 Assessment results for Grant Agreement Deliverables. She noted that several Districts had "B" and "C" grades that need to be addressed.

**BOARD ACTION**

Mr. Newton moved 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 Districts receiving a "C" score for not fulfilling certain grant deliverables in accordance with the FY2019 Policies and FY2019 Grant Agreements.

The following Districts will receive LONs for not fulfilling Deliverable 4 (*what percentage of the District's VACS (cost-share) allocation for this grant period was obligated to participants?*) of the FY2019 Cost-share and Technical Assistance Grant Agreement:

1. Big Sandy
2. Headwaters
3. Mountain Castle
4. Natural Bridge, and
5. Shenandoah Valley

Further, the Subcommittee directs the Districts listed above to develop a Performance Improvement Plan (PIP) within 60 days. The PIP shall be presented by the District Board Chairman or designated Director to the Board's Audit Subcommittee at their December 11, 2019 meeting at the Sheraton Norfolk Waterside in Norfolk, Virginia.

The PIP must include the following elements:

1. Activities that the District has undertaken or will undertake to market the VACS Program such as brochures, radio ads; farmer breakfasts or dinners;
2. Outreach activities that have been or will be conducted such as attendance at local farm bureau meetings or field days;
3. Techniques utilized by the District to ensure existing Program participants are moving forward on current contracts to reduce end-of-the year contract cancellations;
4. Methods to ensure all data is entered into the AgBMP Tracking Module at least monthly but no later than March 31, 2020; and
5. A commitment to provide a report to the Department no later than April 15, 2020 which includes:
  - a. A narrative of all the marketing and outreach activities that have been undertaken; and
  - b. The percentage of FY2020 cost-share obligated or transferred to other Districts.

Districts must provide the PIPs to the Department no later than Friday, November 29, 2019 in preparation for the December 11, 2019 Audit Subcommittee meeting.

Additionally, the Audit Subcommittee of the Virginia Soil and Water Conservation Board directs the Department to send a Letter of Notice (LON) to Mountain Castles Soil and Water Conservation District for receiving a "C" score for not fulfilling Deliverable 10 (*DCR Desktop Procedures are annually reviewed by the SWCD Board or Finance Committee?*) of the FY2019 Administration and Operations Policy and Grant Agreement.

Mountain Castles Soil and Water Conservation District must review these Procedures and provide the minutes from the meeting where the Procedures were reviewed to the Department no later than November 30, 2019 in preparation for the December 11, 2019 Audit Subcommittee meeting.

Ms. Smith seconded and the motion carried.

#### **NEXT MEETINGS**

- December 11, 2019, Sheraton Norfolk Waterside, Norfolk, Virginia
- March 2020

#### **ADJOURN**

There was no public comment and the meeting adjourned at 9:46 a.m.