

**Virginia Soil and Water Conservation Board
Audit Subcommittee
Monday, September 26, 2022
Virginia Department of Forestry, Charlottesville, Virginia**

TIME AND PLACE

The meeting of the Virginia Soil and Water Conservation Board Audit Subcommittee took place at 9:00 a.m. on Monday, September 26, 2022 at the Virginia Department of Forestry in Charlottesville, Virginia.

SWCB AUDIT SUBCOMMITTEE MEMBERS PRESENT

Adam Wilson, Chair
Anna Killius
Charles Newton

DCR STAFF PRESENT

Matthew S. Wells, Director
Andrew Smith, Deputy Director
Darryl Glover, Deputy Director for Soil and Water Conservation/Dam Safety and Floodplain Management
Wendy Howard Cooper, Director, Division of Dam Safety and Floodplain Management
James Martin, Director, Division of Soil and Water Conservation
Christine Watlington Jones, Policy and District Services Manager
Michael Fletcher, Board and Constituent Services Liaison
Derrick Bolen, Special Assistant for Policy
Blair Gordon, SWCD Liaison
Amy Walker, Eastern Area Manager

OTHERS PRESENT

Dr. Kendall Tyree, VASWCD
Monica Smith Callahan, Henricopolis SWCD

ESTABLISHMENT OF A QUORUM

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

CALL TO ORDER

Chairman Wilson called the meeting to order at 9:00 a.m. and noted that a quorum was present.

APPROVAL OF MINUTES FROM MARCH 23, 2022

Mr. Newton moved that the minutes from the March 23, 2022 be approved as submitted. Ms. Killius seconded and the motion carried.

REVIEW OF 2022 ASSESSMENT RESULTS FOR GRANT AGREEMENT DELIVERABLES – *Christine Watlington Jones, Policy and District Services Manager*

Ms. Watlington Jones advised that the Subcommittee needs to review the results of the assessments conducted by the Conservation District Coordinators (CDCs) for the grant deliverables for the previous year. Members were provided with the assessment charts.

Patrick SWCD

Ms. Watlington Jones noted that Patrick SWCD received a "C" on the assessment. The records retention officer failed to take the required training. This training has since been completed by the appropriate individual.

Evergreen SWCD

Ms. Watlington Jones advised that there had been changes to the recommended motion previously sent to the Subcommittee. As of the previous Thursday, the District had terminated their District Manager and eliminated that position. In addition, the Conservation Technician is out of the office until the end of October or possibly November. The one remaining staff member is solely responsible for all administrative functions.

Ms. Watlington Jones advised that the Department would like to amend the motion to require the development of a Performance Improvement Plan (PIP) by February 28, 2023. The District Chair would be required to present the PIP to the March 2023 audit subcommittee meeting.

Additionally, the Department recommended prohibiting the District from approving any applications (and obligating any cost-share funds) until the Department verifies all applications are appropriately ranked using CEF and all necessary documentation, to include signed application and information needed to determine estimated costs for the practice, is included in the cost-share file and included in the AgBMP Tracking Module. This prohibition should remain in place until the Audit Subcommittee formally approves the PIP submitted by the District.

Ms. Watlington Jones mentioned that unless another District wanted to undertake the engineering process, Evergreen could not proceed until the Conservation Technician is back at work. Mr. Wilson noted that staff would monitor the District progress and give an update at the December Board meeting. He advised that Holston River SWCD may be able to assist Evergreen.

Ms. Watlington Jones advised that, as the recommended motion addressed a change in reporting dates, the action would require approval of the full Board.

SUBCOMMITTEE ACTION

Mr. Newton moved the following be forwarded to the full Board:

The Virginia Soil and Water Conservation Board (Board), at the recommendation of the Audit Subcommittee, directs the Department to send a Letter of Notice (LON) to the Evergreen Soil and Water Conservation District for receiving two "C" scores for not fulfilling certain grant deliverables in accordance with the *FY2022 Cost-Share and Technical Assistance Support Grant Agreement*.

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

Cost-Share and Technical Assistance Grant Deliverables

Deliverable 2 (Did the District implement VACS in accordance with the PY2022 VACS BMP Manual, including but not limited to the provisions on EJAA, cost-share file administrative reviews, bid process, conservation planning, and other administrative guidelines established in the *Manual*).

Deliverable 6 (Was data entered in the AgBMP Tracking Module 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)).

Therefore, the Board directs the District to develop a Performance Improvement Plan (PIP) and submit the PIP to the Department no later than February 28, 2023.

The PIP must include the following elements:

1. Trainings District staff will attend as part of a continuing education initiative to ensure staff is knowledgeable about:
 - a. The Cost-Share and Technical Assistance grant deliverables;
 - b. The Virginia Agricultural Best Management Practices Cost-Share (VACS) Program including trainings the VACS Program (such as the annual training on updates to the Program and VACS 101) and the maintenance of VACS Program files, ; and
 - c. The AgBMP Tracking Module including how to accurately and correctly enter the required BMP data.
2. To ensure data is correctly entered into the AgBMP Tracking Module, the District will:
 - a. Review the existing process regarding the entering of data into the AgBMP Tracking Module;
 - b. Examine the existing process to determine where improvements should be made to correct this deficiency;
 - c. Develop standardized template worksheets for creating cost-estimates and calculating payments and a template checklist for the cost-share files; and
 - d. Adopt a formal process, based on the review of the current process, to ensure all data is entered correctly into the AgBMP Tracking Module. The process adopted must:
 - i. ensure all appropriate District staff is adequately trained on the use of the standardized template worksheets developed; and
 - ii. require that every VACS application and contract contain these standardized template worksheets, accurately completed, for presentation to the District Board prior to application approval and prior to the processing of payments.

The District must provide the District Board-approved PIP to the Department no later than Tuesday, February 28, 2023 in preparation for the March 2023 Audit Subcommittee meeting. A complete and accurate list of all trainings District staff has attended must be submitted to the Department with the PIP. In accordance with the *FY2022 Cost-Share and Technical Assistance Grant Agreement*, the PIP must be presented by the District Board Chairman or designated Director to the Board's Audit Subcommittee at their March 2023 meeting.

Additionally, the District may not approve any applications until the Department verifies all necessary documentation is contained in the cost-share file and the AgBMP Tracking Module and the application is complete. The applications must all be ranked utilizing CEF prior to any Board approval. Upon approval of the PIP submitted by the District to the Audit Subcommittee, the review by the Department will no longer be necessary.

The Department will provide an update to the Board at the December meeting.

Ms. Killius seconded and the motion carried.

Ms. Watlington Jones will make the necessary changes to the District notification letter that was provided to the Subcommittee earlier.

Headwaters SWCD

Ms. Watlington Jones advised that during the assessment of Headwaters SWCD, 6 SL-7 (extension of water systems practice) cost-share files did not contain the required grazing plans. This is the second year this issue was found.

The Department recommended the following steps:

By November 28, 2022:

- For the six known completed SL-7 instances where grazing plans were not developed and contained within the cost-share file, grazing plans must be developed, reviewed with the producer, and included in the cost-share file; and
- A thorough review of all cost-share files for SL-7 practices completed since FY2020 shall be undertaken to ensure grazing plans have been developed and are included as part of the cost-share file.
- The District Board must submit a letter to the Department, approved by formal motion of the District Board, certifying that these actions have been taken.

Mr. Newton asked how much of the cost-share the District would have to repay if they did not address the issue.

Ms. Watlington Jones responded that funds will only need to be repaid if the issue is not addressed.

Mr. Wilson noted that this motion will also need to go to the full Board due to the funding repayment conditions.

SUBCOMMITTEE ACTION

Mr. Newton moved the following be approved and forwarded to the full Board:

The Virginia Soil and Water Conservation Board (Board), at the recommendation of the Audit Subcommittee of the Virginia Soil and Water Conservation Board, directs the Department to send a Letter of Notice (LON) to the Headwaters Soil and Water Conservation District for receiving a "C" score

for not fulfilling certain grant deliverables in accordance with the *FY2022 Cost-Share and Technical Assistance Support Grant Agreement*.

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

Cost-Share and Technical Assistance Grant Deliverables

Deliverable 2 (Did the District implement VACS in accordance with the PY2022 VACS BMP Manual, including but not limited to the provisions on EJAA, cost-share file administrative reviews, bid process, conservation planning, and other administrative guidelines established in the *Manual*).

Therefore, the Board directs the District to undertake the following actions:

1. No later than Monday, November 28, 2022, the District must take the following actions:
 - a. For the six known completed SL-7 instances where grazing plans were not developed and contained within the cost-share file, grazing plans must be developed, reviewed with the producer, and included in the cost-share file; and
 - b. A thorough review of all cost-share files for SL-7 practices completed since FY2020 shall be undertaken to ensure grazing plans have been developed and are included as part of the cost-share file.
2. The District Board must submit a letter to the Department, approved by formal motion of the District Board, certifying that these actions have been taken no later than Monday, November 28, 2022.

Additionally, if, during the review of the completed SL-7 cost-share files, the District finds that grazing plans were not developed and included in the cost-share files, the District shall develop grazing plans for each SL-7 instance, review such plan with the producer, and include the plan with the cost-share file. The District shall complete these actions no later than Tuesday, February 28, 2023.

Further, the Department shall undertake a review of all the SL-7 practices completed since 2020 to ensure the District has complied with this Board action. If, for any reason, these actions are not taken in the timeframe established by the Board, the District must repay the Department all VACS monies used to provide cost-share to the producer for these practices, as well as the associated technical assistance funding.

Finally, beginning in FY2023, if any SL-7 practices marked complete are found to be lacking grazing plans or any other component of the cost-share file, the District will be responsible for repayment to the Department of any VACS monies provided to a producer, as well as the associated technical assistance funds.

Ms. Killius seconded and the motion carried.

SCHEDULE OF DISTRICTS TO BE AUDITED IN 2022

Ms. Watlington Jones presented the schedule of Districts to be audited in 2022. She noted that audits have already been completed for three districts: Tri-County/City, Henricopolis, and Monacan.

Districts will be notified that the remaining audits will be conducted in October through December, 2022.

| SWCD | Audited in FY23 | | | |
|-------------------|--------------------|----------------------------------|--|--------------------|
| | Regular 2 yr Audit | 1 yr Special Full Audit Required | 1 yr Full Audit Requested Due to Staff Changes | 1 yr Federal Audit |
| Appomattox River | 1 | | | |
| Big Sandy | | | 1 | |
| Big Walker | 1 | | | |
| Blue Ridge | 1 | | | |
| Chowan Basin | 1 | | | |
| Clinch Valley | | | | |
| Colonial | 1 | | | |
| Culpeper | 1 | | | |
| Daniel Boone | | | | |
| Eastern Shore | 1 | | | |
| Evergreen | 1 | | | |
| Halifax | | | | |
| Hanover-Caroline | 1 | | | |
| Headwaters | 1 | | | |
| Henricopolis | | 1 | | |
| Holston River | | | | |
| James River | | | | |
| John Marshall | | | | |
| Lake Country | | | | |
| Lonesome Pine | | | | |
| Lord Fairfax | | | | |
| Loudoun | | | 1 | |
| Monacan | 1 | | | |
| Mountain | | | | |
| Mountain Castles | | | | |
| Natural Bridge | | | | |
| New River | 1 | | | |
| Northern Neck | 1 | | | |
| Northern Virginia | 1 | | | |
| Patrick | 1 | | | |
| Peaks of Otter | 1 | | | |
| Peanut | | | | |
| Peter Francisco | | | | |
| Piedmont | 1 | | | |
| Pittsylvania | 1 | | | |
| Prince William | | | | |
| Robert E. Lee | | | | |
| Scott County | 1 | | | |
| Shen. Valley | | | | |
| Skyline | 1 | | | |
| Southside | | | | |
| Tazewell | | | | |
| Thomas Jefferson | 1 | | | |
| Three Rivers | | | | |
| Tidewater | 1 | | | |
| Tri-County/City | | 1 | | |
| Virginia Dare | 1 | | | |
| Total | 23 | 2 | 2 | 0 |

PUBLIC COMMENT

Ms. Smith Callahan noted that Henricopolis is on track with their PIP. A CPA has been hired to handle all of the payroll and financial transactions for the District beginning this fiscal year.

NEXT MEETING

The Audit Subcommittee will next meet in conjunction with the March 2023 Board meeting.

There was no further business and the meeting adjourned at 9:30 a.m.