

**Audit Subcommittee of the
Virginia Soil and Water Conservation Board
Thursday, September 27, 2018
Old Dominion Electric Cooperative
Glen Allen, Virginia**

AUDIT SUBCOMMITTEE MEMBERS PRESENT

Barry L. Marten, Chair
Chuck Arnason
Cindy Smith

STAFF

Clyde E. Cristman, DCR Director
Russell W. Baxter, Deputy Director of Dam Safety and Floodplain Management Soil and Water Conservation
Rochelle Altholz, Deputy Director for Administration
Wendy Howard-Cooper, Acting Director of Dam Safety and Floodplain Management
Isaac Sarver, Chief Deputy Director for Board and Constituent Services
Michael Fletcher, Board and Constituent Services Liaison
Darryl Glover, Director, Division of Soil and Water Conservation
Blair Gordon, SWCD Liaison
Christine Watlington, Policy and Regulatory Coordinator

OTHERS PRESENT

Brianna Mooring, James River Soil and Water Conservation District
Tara Williams, Peanut Soil and Water Conservation District

CALL TO ORDER

Mr. Marten called the meeting to order at 9:00 a.m. and declared a quorum present.

APPROVAL OF MINUTES FROM THURSDAY, MARCH 29, 2018

SUBCOMMITTEE ACTION

Ms. Smith moved that the minutes from the March 29, 2018 meeting of the Audit Subcommittee be approved as submitted. Mr. Arnason seconded and the minutes were approved.

REVIEW OF CORRECTIVE ACTIONS TAKEN BY JAMES RIVER AND PEANUT SOIL AND WATER CONSERVATION DISTRICTS

James River

Ms. Mooring reviewed the following actions taken by James River SWCD.

- A corrective action plan was submitted to DCR in June.

- Regarding the QuickBooks variance, the District has consulted with Sarah Adams to help correct these issues.
- The District Treasurer and the District Administrator must both review the bank reconciliations. If there appears to be any question related to the reconciliation, an additional Director must approve the reconciliation.
- Checks will require two authorized signatures.
- There was an instance of an employee not receiving a raise that was authorized. All employee records, including pay action forms and evaluations, are now kept separately from other District files.
- Regarding cost-share payments and the absence of proper receipts, the District has revised the approval process for all cost-share contracts. A quarterly review will be conducted by the District's Conservation Specialist prior to payment of a contract, the payment rate will be reviewed by the Conservation Specialist and the District Administrator.
- The District eliminated the Sam's Club credit card and now has one credit card. The District Administrator must approve the use of the District's credit card prior to its use.

Mr. Marten asked when the first review of the cost-share contracts would be scheduled. Ms. Mooring responded that it would be right after the end of the first quarter.

Mr. Marten thanked James River District for submitting the corrective action plan. He reminded Ms. Mooring that the District would be subject to a special audit at District expense.

Peanut Soil and Water Conservation District

Ms. Williams noted that Peanut SWCD had submitted a corrective action plan by the due date and had taken the following actions.

- A CPA is now handling payroll. This is reviewed by the District's Finance committee.
- IRA payments. The District had understood that it was acceptable to pay into separate IRA accounts. They are currently working to enroll in the Virginia Retirement System.
- One cost-share payment was paid at 100% when it should have been at 70%. The operator is reimbursing the District for the overpaid amount. The District is revising its process to require an additional review of the amount to be paid to a producer prior to payment being made.

Ms. Williams questioned the audit finding regarding credit card usage. She reported that she maintains all receipts from the card.

Mr. Marten thanked Peanut District for submitting the corrective action plan. He reminded Ms. Williams that the District would be subject to a special audit at District expense.

REVIEW OF 2018 ASSESSMENT RESULTS

Ms. Watlington reviewed the assessment results.

Southside District has corrected an issue that was found related to FOIA training. The staff member has met the requirement for FOIA training for FY2019.

Mountain Castles SWCD has had no District Director attend either the Association Annual Meeting in December or the Spring Area meeting. Ms. Watlington reviewed a draft letter from the Subcommittee Chair to the District advising them of the importance of a Director attending a minimum of one of the these meetings in order to meet the grant agreement deliverables.

BOARD ACTION

Mr. Arnason moved that the Subcommittee approve the draft letter to Mountain Castles District as presented by staff advising the District of the importance of a Director attending either the Annual Meeting of the Association of Soil and Water Conservation Districts or the Spring Area meeting. Ms. Smith seconded and the motion carried.

NEXT MEETING

The next meeting of the Audit District Subcommittee is tentatively set for March 19, 2019, prior to the full Board meeting.

ADJOURN

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