

**Virginia Soil and Water Conservation Board
Audit Subcommittee
Monday, September 25, 2023
Bear Creek Lake State Park, Cumberland, Virginia**

TIME AND PLACE

The meeting of the Virginia Soil and Water Conservation Board Audit Subcommittee took place at 9:00 a.m. at Bear Creek Lake State Park in Cumberland, Virginia.

AUDIT SUBCOMMITTEE MEMBERS PRESENT

Adam Wilson, Subcommittee Chair
Charles Newton
ONE VACANCY

DCR STAFF PRESENT

Matthew S. Wells, Director
Andrew Smith, Chief Deputy Director
Darryl Glover, Deputy Director, DSFPM/SWC
James Martin, Director, Division of Soil and Water Conservation
Christine Watlington Jones, Policy and District Services Manager
Michael Fletcher, Board and Constituent Services Liaison

OTHERS PRESENT

Charles Arnason, Virginia Soil and Water Conservation Board
Jason De La Cruz, Virginia Soil and Water Conservation Board
John Schick, Virginia Soil and Water Conservation Board
Dr. Kendall Tyree, Virginia Association of Soil and Water Conservation Districts

ESTABLISHMENT OF A QUORUM

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

CALL TO ORDER

Mr. Wilson called the meeting to order and declared a quorum present.

APPROVAL OF MINUTES FROM MARCH 23, 2023

Mr. Newton moved that the minutes from the March 23, 2023, meeting of the Audit Subcommittee be approved as submitted. Mr. Wilson seconded, and the motion carried.

REVIEW OF 2023 ASSESSMENT RESULTS FOR GRANT AGREEMENT DELIVERABLES – *Christine Watlington Jones, Policy and District Services Manager*

Ms. Watlington Jones reviewed the assessment of the grant agreement deliverables. She noted that overall, there were more “B” scores for this cycle. While this is potentially due to the significant

increase in cost-share funding. However, Districts remain responsible for following financial policies and procedures.

Administration and operational support

Skyline SWCD

In response to the financial audit, at their March 23, 2023, meeting the Audit Subcommittee directed Skyline Soil and Water Conservation District to address and correct the repeated unnecessary payment of sales tax. The District was directed to provide proof of requesting tax exempt status from stores by June 1, 2023. An update was provided to the Department on June 21, 2023; however, the District had not taken the necessary actions to comply with the directive.

With frequent reminders, the District provided an update on August 18, 2023.

One of the grant deliverables is complying with directions issued by the Audit Subcommittee and the Board. The District failed to comply, therefore the Department recommended a \$1,000 penalty for failing to comply with directions. This penalty will not impact district operations.

SUBCOMMITTEE ACTION

Mr. Newton moved that the Subcommittee recommend that The Virginia Soil and Water Conservation Board, direct the Department to withhold \$1,000 from the District's FY2024 administration and operation allocation for failing to act on the directives from the Subcommittee.

Mr. Wilson seconded, and the motion carried.

Evergreen SWCD

Ms. Watlington Jones reported that the Performance Improvement Plan (PIP) for Evergreen SWCD was approved in March 2023. The assessment does not reflect additional actions taken by the District after March. The Department continues to monitor the situation and work closely with the District.

NEW BUSINESS

Response to Tri-County/City SWCD

At the March 23, 2023, meeting, the Board took action to withhold funds from the district if they failed to meet certain conditions. The District failed to submit an accurate and complete year-end report. The report was signed by a District Director after financial policy had been revised in response to the PIP, however the report was clearly inaccurate and incomplete.

Numerous trainings have been provided to District employees. The Conservation District Coordinator was in the office on a weekly basis throughout this time. Department staff was readily available to assist with any questions or concerns.

The District was aware that they had failed to meet the conditions and that funds would be withheld.

Ms. Watlington Jones advised that in the future, the Department will keep the Audit Subcommittee more informed with Districts are failing to meet deliverables.

SUBCOMMITTEE ACTION

Mr. Newton moved that the Audit Subcommittee recommend that the Board affirm the decision to withhold the funds as approved at the March 23, 2023, meeting. Mr. Wilson seconded, and the motion carried.

PUBLIC COMMENT

There was no public comment.

ADJOURNMENT

There was no further business and the meeting adjourned at 9:31 a.m.