

**DCR Assessment of District Compliance with FY2022-2023 Administration and Operations Support Grant Agreement Deliverables**

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

District	1) Demonstrate Leadership and Program Implementation	2) Actively Participate in various other programs	3) Actively support and foster Partnership s	4) Hold monthly meetings with quorum present	5) Develop and maintain a long-term plan with Stakeholder participatio n	6) Prepare and follow an Annual Plan of Work	7) Submit meeting minutes and District publications	8) Submit complete and accurate quarterly reports and electronic Attachment E	9) District approved and completed Att. D (Budget Request form)was submitted	10) DCR Desktop Procedures are followed and annually reviewed by the SWCD Board or Finance Committee	11) Acted on Assessment and/or Audit Findings as directed by the VSWCB and the Department	12) District Staff responsible for financial data management attended DCR Accounting and QuickBooks Training	13) Annual review and maintain employee position descriptions, Personnel Policy and evaluations	14) New Directors attend orientation training within six months	15) Designate d a FOIA Officer and officer completed training	16) Records Officer has completed LoVa Record Retention Course within first year of hire or every three years after	17) Provide data and information needed by the Department for Legislative and pollution reduction reporting	18) Hosted at least one ag community outreach event meeting the conditions outlined in Att. F.	19) Notified VSU-SFOP of every outreach event conducted as outlined in Att. F.
Appomattox River	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	N/A
Big Sandy	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Big Walker	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	A
Blue Ridge	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	A
Chowan Basin	A	A	A	A	A	A	A	A	A	A	A	N/A	B	N/A	A	A	A	A	A
Clinch Valley	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	A
Colonial	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Culpeper	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	N/A	A	A
Daniel Boone	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Eastern Shore	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Evergreen	B	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A

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Halifax	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Hanover- Caroline	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	A
Headwaters	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Henricopolis	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Holston River	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	A
James River	A	A	A	A	A	A	A	A	A	A	N/A	N/A	A	A	A	A	A	A	A
John Marshall	A	A	A	A	A	A	A	A	A	A	N/A	N/A	A	N/A	A	A	N/A	A	A
Lake Country	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	A
Lonesome Pine	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	A
Lord Fairfax	A	A	A	A	A	A	A	A	A	A	N/A	N/A	A	N/A	A	A	N/A	A	A
Loudoun	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	N/A	A	A
Monacan	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A

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Mountain	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Mountain Castles	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Natural Bridge	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
New River	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	A
Northern Neck	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	A
Northern Virginia	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	N/A	A	A
Patrick	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	A
Peaks of Otter	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Peanut	A	A	A	A	A	A	A	A	A	A	N/A	N/A	A	N/A	A	A	A	A	A
Peter Francisco	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Piedmont	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Pittsylvania	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	A

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District	1) Demonstrate Leadership and Program Implementation	2) Actively Participate in various other programs	3) Actively support and foster Partnership s	4) Hold monthly meetings with quorum present	5) Develop and maintain a long-term plan with Stakeholder participatio n	6) Prepare and follow an Annual Plan of Work	7) Submit meeting minutes and District publications	8) Submit complete and accurate quarterly reports and electronic Attachment E	9) District approved and completed Att. D (Budget Request form)was submitted	10) DCR Desktop Procedures are followed and annually reviewed by the SWCD Board or Finance Committee	11) Acted on Assessment and/or Audit Findings as directed by the VSWCB and the Department	12) District Staff responsible for financial data management attended DCR Accounting and QuickBooks Training	13) Annual review and maintain employee position descriptions, Personnel Policy and evaluations	14) New Directors attend orientation training within six months	15) Designate d a FOIA Officer and officer completed training	16) Records Officer has completed LoVa Record Retention Course within first year of hire or every three years after	17) Provide data and information needed by the Department for Legislative and pollution reduction reporting	18) Hosted at least one ag community outreach event meeting the conditions outlined in Att. F.	19) Notified VSU-SFOP of every outreach event conducted as outlined in Att. F.
Prince William	A	A	A	A	A	A	A	A	A	A	N/A	N/A	A	A	A	A	N/A	A	A
Robert E. Lee	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Scott County	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Shenandoah Valley	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Skyline	A	A	A	A	A	A	A	A	A	A	C	N/A	A	A	A	A	A	A	A
Southside	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Tazewell	A	A	A	A	A	A	A	B	A	A	A	N/A	A	N/A	A	A	A	A	A
Thomas Jefferson	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	N/A	A	A
Three Rivers	A	A	A	A	A	A	A	A	A	A	N/A	N/A	A	A	A	A	A	A	A
Tidewater	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	A
Tri-County/City	A	A	A	A	A	A	A	A	A	A	A	N/A	A	A	A	A	A	A	A
Virginia Dare	A	A	A	A	A	A	A	A	A	A	A	N/A	A	N/A	A	A	A	A	N/A

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

<b>All 47 Districts</b>	1) Demonstrate Leadership and Program Implementation	2) Actively Participate in various other programs	3) Actively support and foster Partnerships	4) Hold monthly meetings with quorum present	5) Develop and maintain a long-term plan with Stakeholder participation	6) Prepare and follow an Annual Plan of Work	7) Submit meeting minutes and District publications	8) Submit complete and accurate quarterly reports and electronic Attachment E	9) District approved and completed Att. D (Budget Request form) was submitted	10) DCR Desktop Procedures are followed and annually reviewed by the SWCD Board or Finance Committee	11) Acted on Assessment and/or Audit Findings as directed by the VSWCB and the Department	12) District Staff responsible for financial data management attended DCR Accounting and QuickBooks Training	13) Annual review and maintain employee position descriptions, Personnel Policy and evaluations	14) New Directors attend orientation training within six months	15) Designated a FOIA Officer and officer completed training	16) Records Officer has completed LoVa Record Retention Course within first year of hire or every three years after	17) Provide data and information needed by the Department for Legislative and pollution reduction reporting	18) Hosted at least one ag community outreach event meeting the conditions outlined in Att. F.	19) Notified VSU-SFOP of every outreach event conducted as outlined in Att. F.
<b>Fully Satisfied</b>	46	47	47	47	46	47	47	46	47	47	40		46	27	47	47	40	47	45
<b>Partially Satisfied</b>	1				1			1					1						
<b>Did not Fulfill</b>											1								
<b>Not Applicable</b>											6	47		20			7		2

### Explanation of C Evaluation:

#### Skyline

##### **11) District acted upon the findings of the financial audit as directed by the VSWCB, the Audit Subcommittee of the VSWCB, and the Department.**

Skyline had two audit findings that resulted in an “audit results and significant findings memo” from the VSWCB. The memo provided the SWCD with a June 1, 2023 deadline to obtain tax-exempt status at Kroger, Sam’s Club, Food City, Food Lion, Target and Wal-Mart and to provide proof of exemption to DCR. The SWCD did not complete this task by the assigned deadline. When prompted, the SWCD provided a status report to DCR on June 21, 2023 that stated tax-exempt status had been secured at Wal-Mart, that applications had been submitted to Food Lion and Food City for tax-exempt status, and that the SWCD had originally been tax-exempt at Sam’s Club and that the SWCD was working with Sam’s Club to get this fixed. The status report also indicated that the SWCD would no longer be shopping at Target. No mention was made of the tax-exempt status at Kroger. At the close of the fiscal year, no additional progress has been shown on this deliverable and there has been no additional progress shown to date [of the assessment].

Note: Skyline submitted an update to the department on August 21, 2023. The district has obtained and provided proof of tax-exempt status from Sam’s Club, Wal-Mart, Food Lion, and Kroger. At this point in time, the district will no longer shop at Target. They have applied for tax-exempt status at Food City but have not received a reply to date. The district will cease shopping at Food City, unless Food City grants tax-exempt status.

#### Patrick

##### **15) Records Office has completed LoVA Record Retention Course every three years.**

Patrick SWCD Records Retention Officer was past-due on the required training course. She then completed the training on August 10, 2022 and provided certificates of completion to the CDC.

**Assessment of FY2023 Grant Agreement Deliverables**

***Virginia Soil and Water Conservation Board Policy on Soil and Water Conservation District  
Administration and Operations Funding Allocations for Fiscal Year 2023***

**6. Grant Agreements and Accountability:**

On behalf of the Board and in accordance with this Policy and a Grant Agreement entered between the Department and each District, such District shall receive administrative and operational support funding only after the Fourth Quarter Fiscal Year 2022 report has been submitted (including the District's End of Year Cash Balance Report, and Carry Over Report) and upon the complete execution of the Grant Agreement and the return of an original signed Agreement to the District's assigned Department Conservation District Coordinator (CDC). The Grant Agreement shall include the Board's expected outcomes or "deliverables" for each District as a result of the funding provided. The Fiscal Year 2023 Grant Agreement template shall be approved by the Board.

The Department is directed by the Board to assess at the end of Fiscal Year 2023 each District's success in meeting the deliverables utilizing an A (fully satisfied), B (partially fulfilled), and C (did not fulfill) evaluation scale and to provide the results to the Board for review and appropriate action.

Those Districts receiving a "C" score for any deliverable shall be sent a Letter of Notice (LON) on behalf of the Board by the Department to the District's Board Chairman and Manager. The LON shall direct the District to develop a Performance Improvement Plan (PIP) within 60 days from the Board meeting where review of the deliverables receiving a "C" score occurred. The District's CDC shall closely assist the District in the development of their PIP. The PIP shall be presented to the Board's Audit Subcommittee (Subcommittee) at their next meeting by the District Board Chairman and/or a designated Director. Any explanations and actions taken to date may be presented to the Subcommittee at that time. Upon the Subcommittee's agreement with the PIP, the District Board shall report progress made towards successful implementation of the PIP to their CDC at their monthly meetings. Copies of the Subcommittee approved PIP shall be provided to the Board and the Subcommittee Chair shall brief the Board on all matters brought before the Subcommittee.

The Board continues to reserve the right to make funding adjustments to future fiscal year's funding allocations and/or other fiscal corrective actions, including those related to special audits, in accordance with Part 7.

**7. Noncompliance with this Policy:**

In the event any District fails to comply with the provisions of this Policy, 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 affected District(s) will be apprised of the issue(s) and provided an opportunity to address the concerns of the Board prior to Board action. The Board may reduce future funding to Districts that fail to act upon guidance and recommendations from auditors and the Department. Decisions and Board actions will be addressed on a case-by-case basis.

***FY2023 Department of Conservation and Recreation and Virginia Soil and Water Conservation District Administration and Operations Grant Agreement***

**(1) SCOPE OF SERVICE:**

The District shall provide the services set forth in **Attachment A (Fiscal Year 2023 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 2023 (FY23) each District's success in meeting the deliverables utilizing an A (fully satisfied), B (partially fulfilled), and C (did not fulfill) evaluation scale and provide the results to the Board for review and appropriate action (**Attachment C**). Those Districts receiving a "C" score for any deliverable shall be sent a Letter of Notice (LON) on behalf of the Board by the Department to the District's Board Chairman and Manager. The LON shall direct the District to develop a Performance Improvement Plan (PIP) within 60 days from the Board meeting where review of the deliverables receiving a "C" score occurred. The District's CDC shall closely assist the District in the development of their PIP. The PIP shall be presented to the Board's Audit Subcommittee (Subcommittee) at their next meeting by the District Board Chairman and/or a designated Director. Any explanations and actions taken to date may be presented to the Subcommittee at that time. Upon the Subcommittee's agreement with the PIP, the District Board shall report progress made towards successful implementation of the PIP to their CDC at their monthly meetings. Copies of the Subcommittee approved PIP shall be provided to the Board and the Subcommittee Chair shall brief the Board on all matters brought before the Subcommittee.

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 and the Department. 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.

Where applicable, Districts notified by the Department in FY 2022 of repeat and additional comments cited in their audit will be required to have annual audits for periods ending June 30, 2021 and June 30, 2022. The cost of the 2022 audit will be at the expense of the District and will be reduced from their 2023 allocation. The 2022 audit will be conducted by auditors at the request of the Department. The June 30, 2023 audit will be funded by the Department through the normal allocation process as it will bring the District back into the regular two-year audit cycle. The Subcommittee must meet to review corrective action plans and to discuss special audit inquiries. Upon a District's timely submittal of the Subcommittee's requested corrective action plan, and after considering the Department's recommendation, the Subcommittee is authorized to evaluate the information and advise the Department as to the appropriate actions to be taken regarding requested or received corrective actions plans and special audit inquiries in order to ensure fiscal integrity of the audit process. Such determinations should be made at least 60-days prior to the audit's scheduled date. The Subcommittee may require Districts with repeat or additional comments cited in their audit to attend trainings provided by the Department; such trainings will address policies and procedures which should reduce the number of audit findings and additional comments.

**ATTACHMENT A (Soil and Water Conservation District (District) Fiscal Year 2023 Performance "Deliverables" For Acceptance of Department Funds to Administer This Agreement and for Operating Expenses to the Extent that Funding Permits)**

The District shall act upon audit findings and grant deliverables assessments as directed by the Virginia Soil and Water Conservation Board, the Audit Subcommittee of the Virginia Soil and Water Conservation Board, and the Department. When a financial audit is conducted, a Director must participate, in person or by phone, with District staff at the District's audit exit interview.

**ATTACHMENT C (Evaluation Guidance for Department/District Fiscal Year 2023 Grant Agreement Performance Deliverables)**

11. When audited and when assessed annually on grant deliverables, the District acted upon the findings of the financial audit or grant deliverable assessments as directed by the Virginia Soil and Water Conservation Board, the Audit Subcommittee of the Virginia Soil and Water Conservation Board, and the Department.	The District had no findings or resolved all findings from the Audit and/or assessments.	N/A	The District did not resolve findings from the Audit and/or assessments.
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**Subcommittee action taken on March 23, 2023**

Additionally, the Subcommittee directs the Department to provide the letter, as approved by the Subcommittee, to Skyline Soil and Water Conservation District outlining the actions that must be taken by the District to address the finding identified by Robinson, Farmer and Cox Associates.



Recommended motion:

The Virginia Soil and Water Conservation Board, at the recommendation of the Audit Subcommittee of the Virginia Soil and Water Conservation Board, directs 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.



**COMMONWEALTH of VIRGINIA**  
**DEPARTMENT OF CONSERVATION AND RECREATION**

September 25, 2023

Mr. John H. Lawson, Chair  
Skyline Soil and Water Conservation District  
75 Hampton Boulevard, Suite C  
Christiansburg, Virginia 24073

RE: Action taken by the Virginia Soil and Water Conservation Board

Dear Mr. Lawson:

At the September 25, 2023 meeting of the Audit Subcommittee (Subcommittee) of the Virginia Soil and Water Conservation Board (Board), the results of the FY2023 assessments of Soil and Water Conservation Districts' compliance with the administration and operations grant deliverables were reviewed. As part of that review, the Department informed the Subcommittee of Skyline Soil and Water Conservation District's (District) grade of "C" for the administration and operations grant deliverable #11 (*When audited and when assessed annually on grant deliverables, the District acted upon the findings of the financial audit or grant deliverable assessments as directed by the Virginia Soil and Water Conservation Board, the Audit Subcommittee of the Virginia Soil and Water Conservation Board, and the Department*). This grade reflected the District's failure to act as directed by the Subcommittee on the audit finding related to the unnecessary payment of sales tax by the District.

In response to the review of the assessment results, the Board, at the recommendation of the Subcommittee, directed 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.

I cannot over emphasize the importance of sound fiscal management. We are all entrusted with public monies so the careful management of these funds is paramount to our success and in assuring the public confidence in our organizations. If you have any questions or concerns, please contact Christine Watlington Jones at either [christine.watlington@dcr.virginia.gov](mailto:christine.watlington@dcr.virginia.gov) or 804-786-3319.

Sincerely,

Adam D. Wilson, Chair  
Audit Subcommittee  
Virginia Soil and Water Conservation Board

cc: Cynthia Hancock; Skyline Soil and Water Conservation District  
Charles Arnason, Chair; Virginia Soil and Water Conservation Board  
Adam Wilson, Chair, Audit Subcommittee of the Virginia Soil and Water Conservation Board  
James Martin, Department of Conservation and Recreation  
Dr. Angela White Ball; Department of Conservation and Recreation



**COMMONWEALTH of VIRGINIA**  
**DEPARTMENT OF CONSERVATION AND RECREATION**

September 8, 2023

Mr. John H. Lawson, Chair  
Skyline Soil and Water Conservation District  
75 Hampton Boulevard, Suite C  
Christiansburg, Virginia 24073

RE: Updates on District actions from the Department to the Audit Subcommittee

Dear Mr. Lawson:

In the March 23, 2023 correspondence from Mr. Adam Wilson, Chair of the Audit Subcommittee (Subcommittee) of the Virginia Soil and Water Conservation Board (Board), Skyline Soil and Water Conservation District (District) was directed to submit documentation of corrective actions in response to the sale tax issues found during the audit conducted by Robinson, Farmer, Cox Associates earlier this calendar year. This correspondence reflected the action taken by the Audit Subcommittee at their March 23, 2023 meeting. Unfortunately, documentation was not received by the Department of Conservation and Recreation (Department) by the June 1, 2023 deadline; it was not received until August 18, 2023.

The Department will provide a status report to the Audit Subcommittee at their September 25, 2023 meeting. The status report will reflect that the District's failure to act as directed by the Subcommittee on the audit finding has resulted in a "C" grade for the FY2023 administration and operations grant deliverable #11 (*When audited and when assessed annually on grant deliverables, the District acted upon the findings of the financial audit or grant deliverable assessments as directed by the Virginia Soil and Water Conservation Board, the Audit Subcommittee of the Virginia Soil and Water Conservation Board, and the Department*). The Department's status report will also include a recommendation that the District be penalized \$1,000 from the District's FY2024 administration and operation allocation for failing to act on the directives from the Subcommittee.

The directives provided by the Board and the Subcommittee must be addressed within the timeframes established and are provided to ensure that Districts are adhering to the highest levels of sound fiscal management. If you have any questions or concerns, please contact Christine Watlington Jones at either [christine.watlington@dcr.virginia.gov](mailto:christine.watlington@dcr.virginia.gov) or 804-786-3319.

Sincerely,

A handwritten signature in blue ink that reads "Darryl M. Glover".

Darryl M. Glover, Deputy Director, DSFPM/SWC

cc: Cynthia Hancock; Skyline Soil and Water Conservation District  
Charles Arnason, Chair; Virginia Soil and Water Conservation Board  
Adam Wilson, Chair, Audit Subcommittee of the Virginia Soil and Water Conservation Board  
James Martin, Department of Conservation and Recreation  
Dr. Angela White Ball; Department of Conservation and Recreation

## **Skyline SWCD Audit Deficiency Timeline of Events**

January 25, 2023: Skyline SWCD Audit and Exit Interview.

February 15, 2023: SWCD audit results were discussed at the Skyline SWCD monthly board meeting. The discussion was documented in the minutes.

March 15, 2023: The CDC mentioned to the SWCD that the audit findings would be discussed at the VSWCB's March 23, 2023 Audit Subcommittee Meeting and that the draft meeting packet contained a recommendation for a "Significant Findings Memo" for Skyline SWCD.

March 16, 2023: Cynthia Hancock sent an email to Blair Gordon and the CDC with some additional details for consideration in reference to the SWCD's audit findings.

March 27, 2023: The "Audit Results and Significant Findings Memo" was transmitted by Christine Watlington Jones to Cynthia Hancock at Skyline SWCD. A hard copy was mailed to John "Jack" Lawson, Chair.

April 19, 2023: There was a very brief discussion of the SWCD's "Audit Results and Significant Findings Memo" at the Skyline SWCD meeting, but it appears that the discussion was not documented in the minutes. The discussion followed the CDC report because the report included a review of the VSWCB Audit Results Memo and the RFCA Management Letter.

June 12, 2023: The CDC emailed Blair Gordon to inquire about any correspondence or information received from Skyline SWCD in response to the "Audit Results and Significant Findings Memo" since the due date was June 1, 2023. Blair Gordon confirmed that nothing had been received to date.

June 12, 2023: The CDC emailed Cynthia Hancock to request a status report in reference to the June 1, 2023 deadline and requested that a status report be provided to the Skyline SWCD board at the June 21, 2023 meeting.

June 13, 2023: Cynthia Hancock replied to the June 12 email and noted that she did not realize that there was a June 1 deadline but that she had been working on the request.

June 20, 2023: The CDC emailed Cynthia Hancock to remind her to provide a status report at the June meeting as an agenda item for recordation in the minutes and requested that she provide documentation to Blair Gordon with a cc to the CDC.

June 21, 2023: Alan Leet, Skyline SWCD Treasurer, and Cynthia Hancock provided a report to the Skyline SWCD board in the form of a memo. The memo was discussed and approved by the Skyline SWCD board of directors. Cynthia Hancock emailed the memo to Blair Gordon and the CDC. It was noted that there were still some outstanding items remaining to be addressed.

July 21, 2023: The CDC sent a high priority email to Cynthia Hancock requesting an update on the status of the outstanding items. There was no response; however, it was noted that Cynthia took a couple of weeks off during this period.

August 13, 2023: The CDC sent a high priority email to Cynthia Hancock requesting an update on the status of the outstanding items via a progress report/ discussion at Skyline SWCD's August 16, 2023 monthly board meeting. The CDC requested that Cynthia send a synopsis of the board discussion, as

well as any verification/ proof of tax-exempt status, to Blair Gordon with a copy to the CDC promptly following the board meeting. The CDC made Cynthia aware of the upcoming September 25 VSWCB Audit Subcommittee Meeting as well as the “Did Not Fulfill” score on the SWCD’s PY 2023 Administrative and Operations Grant Assessment in reference to the audit compliance deliverable.

August 16, 2023: The CDC reviewed Skyline SWCD’s PY 2023 Grant Assessments with the board of directors, and the board discussed the progress made on the audit deficiency. It was decided that the SWCD would no longer shop at Food City since the SWCD is having trouble getting tax exempt status at Food City. It was reported that everything else was complete.

August 18, 2023: Cynthia Hancock emailed to Blair Gordon and the CDC a memo containing the SWCD’s final progress report and the receipt verification showing tax exempt status on recent purchases.



# Skyline Soil and Water Conservation District

Phone 540-381-0071 \* Serving the Counties of Floyd \* Giles \* Montgomery \* Pulaski

75 Hampton Boulevard – Suite C \* Christiansburg VA 24073

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## MEMORANDUM

**TO:** Blair Gordon - DCR

**FR:** Cynthia Hancock – [cynthia.skylineswcd@verizon.net](mailto:cynthia.skylineswcd@verizon.net)

**RE:** Tax Exempt Status Follow-up

**DATE:** August 16, 2023

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Update on the Tax Exempt Status of certain retailers that the District does business with:

As a District, we have decided to no longer make any purchases at Target or Food City. We have applied for tax exempt status at Food City but have not received a reply. If, at some point, Food City grants tax exempt status to the District, we may consider making purchases there again.

I have attached copies of recent receipts from Sam's Club, Walmart, Food Lion and Kroger as verification that tax exempt status has been obtained at each of these establishments.

If you need any further information, please do not hesitate to ask.

*As discussed during the August 16, 2023 Board Meeting.*





# Skyline Soil and Water Conservation District

Phone 540-381-0071 \* Serving the Counties of Floyd \* Giles \* Montgomery \* Pulaski

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## MEMORANDUM

**TO:** Blair Gordon - DCR

**FR:** Cynthia Hancock – [cynthia.skylineswcd@verizon.net](mailto:cynthia.skylineswcd@verizon.net)

**RE:** Audit PY21 & PY22

**DATE:** June 21, 2023

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In response to the audit deficiencies noted during the PY21 and PY22 audit, the following actions are being undertaken to correction these deficiencies:

- All check over \$1,000 will have two signatures.
- Tax exempt status:
  - Has been secured for Walmart.
  - Sam's Club was set up as tax exempt and has been changed by Sam's. Working on get that fixed.
  - Food Lion has changed the process and application has been made.
  - Food City has changed the process and application has been made.
  - We will no long make any purchases at Target.

*As presented at the June 21, 2023 Board Meeting.*





**COMMONWEALTH of VIRGINIA**  
**DEPARTMENT OF CONSERVATION AND RECREATION**

March 23, 2023

Mr. John Lawson, Chair  
Skyline Soil and Water Conservation District  
Post Office Box 711  
Floyd, Virginia 24091

Re: District Audit Results and Significant Findings Memo

Dear Mr. Lawson,

Earlier this calendar year, staff from Robinson, Farmer, Cox Association (RFC), under contract with the Department of Conservation and Recreation (Department), completed an audit for your District for the fiscal years that ended on June 30, 2021 and June 30, 2022. Attached is a copy of the Significant Findings Memo we received from RFC as well as a copy of the overall audit results report.

As noted in the Memo, significant findings regarding the internal control structure and other operational matters were noted during the audit that require the District's immediate attention. Deficiencies noted relate to check issuance and improper payment of sales tax.

Per section § 58.1-609.1(16) of the *Code of Virginia*, Soil and Water Conservation District are exempt from paying sales and use tax. The Desktop Procedures for District Fiscal Operations cites that all Districts should apply for sale tax exemptions at stores which they frequent more than 3 times in a fiscal year or where any one purchase is \$100 or greater. It was noted by RFC that Skyline improperly paid sales tax on multiple occasions at the following stores: Kroger, Sam's Club, Food City, Food Lion, Target, and Walmart. The District must obtain tax exempt status at each of these establishments and must provide proof of exemption to the Department by June 1, 2023. Please send the documentation related to these exemptions to Ms. Blair Gordon at [blair.gordon@dcr.virginia.gov](mailto:blair.gordon@dcr.virginia.gov).

Due to the deficiencies in check issuance noted by RFC, the District will undergo a special audit to ensure proper signatures are being obtained on checks over \$1,000, as required by the District's approved check signing policy and the Desktop Procedures for District Fiscal Operations. The audit will only focus on the corrective actions to be taken by the District; it will not be a full financial audit. The expense of the audit will be reduced from the District's FY2024 administrative and operations allocation.

Your DCR Conservation District Coordinator, Stacy Horton, is available should you have any questions or comments concerning this audit and to assist with further discussion and corrective actions related to the audit matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Adam D. Wilson', with a stylized flourish at the end.

Adam D. Wilson, Chair  
Audit Subcommittee  
Virginia Soil and Water Conservation Board

cc: Alan Leet, Treasurer, Skyline Soil and Water Conservation District  
Cynthia Hancock, District Manager, Skyline Soil and Water Conservation District  
Stacy Horton, Department of Conservation and Recreation  
Blair Gordon, Department of Conservation and Recreation