

**Recommendation to Address Inconsistencies Found During Audit of Robert E. Lee Soil and Water Conservation District**

**§ 10.1-104.1. Department to assist in the nonpoint source pollution management program.**

B. The Department shall be assisted in performing its nonpoint source pollution management responsibilities by Virginia's soil and water conservation districts. Assistance by the soil and water conservation districts in the delivery of local programs and services may include (i) the provision of technical assistance to advance adoption of conservation management services, (ii) delivery of educational initiatives targeted at youth and adult groups to further awareness and understanding of water quality issues and solutions, and (iii) promotion of incentives to encourage voluntary actions by landowners and land managers in order to minimize nonpoint source pollution contributions to state waters.

**§ 10.1-546.1. Delivery of Agricultural Best Management Practices Cost-Share Program.**

Districts shall locally deliver the Virginia Agricultural Best Management Practices Cost-Share Program described under §10.1-2128.1, under the direction of the Board, as a means of promoting voluntary adoption of conservation management practices by farmers and land managers in support of the Department's nonpoint source pollution management program.

**§ 10.1-2128. Virginia Water Quality Improvement Fund established; purposes.**

A. There is hereby established in the state treasury a special permanent, nonreverting fund, to be known as the "Virginia Water Quality Improvement Fund." The Fund shall be established on the books of the Comptroller. The Fund shall consist of sums appropriated to it by the General Assembly which shall include, unless otherwise provided in the general appropriation act, 10 percent of the annual general fund revenue collections that are in excess of the official estimates in the general appropriation act and 10 percent of any unrestricted and uncommitted general fund balance at the close of each fiscal year whose reappropriation is not required in the general appropriation act. The Fund shall also consist of such other sums as may be made available to it from any other source, public or private, and shall include any penalties or damages collected under this article, federal grants solicited and received for the specific purposes of the Fund, and all interest and income from investment of the Fund. Any sums remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. All moneys designated for the Fund shall be paid into the state treasury and credited to the Fund. Moneys in the Fund shall be used solely for Water Quality Improvement Grants...

**§ 10.1-2128.1. Virginia Natural Resources Commitment Fund established.**

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia Natural Resources Commitment Fund hereafter referred to as "the Subfund," which shall be a subfund of the Virginia Water Quality Improvement Fund and administered by the Department of Conservation and Recreation. The Subfund shall be established on the books of the Comptroller. All amounts appropriated and such other funds as may be made available to the Subfund from any other source, public or private, shall be paid into the state treasury and credited to the Subfund. Interest earned on moneys in the Subfund shall remain in the Subfund and be credited to it. Any moneys remaining in the Subfund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Subfund. Moneys in the Subfund shall be used as provided in subsection B solely for the Virginia Agricultural Best Management Practices Cost-Share Program administered by the Department of Conservation and Recreation.

**Chapter 854, 2019 Acts of Assembly; (FY2020)***Item 362*

A.1. Out of the amounts appropriated for Financial Assistance to Virginia Soil and Water Conservation Districts, \$7,191,091 the first year and \$7,591,091 the second year from the general fund shall be provided to soil and water conservation districts for administrative and operational support. These funds shall be distributed upon approval by the Virginia Soil and Water Conservation Board to the districts in accordance with the Board's established financial allocation policy. These amounts shall be in addition to any other funding provided to the districts for technical assistance pursuant to subsections B. and D. of this Item. Of this amount, \$6,209,091 the first year and \$6,209,091 the second year from the general fund shall be distributed to the districts for core administrative and operational expenses (personnel, training, travel, rent, utilities, office support, and equipment) based on identified budget projections and in accordance with the Board's financial allocation policy; \$312,000 the first year and \$312,000 the second year from the general fund shall be distributed at a rate of \$3,000 per dam for maintenance; \$500,000 the first year and \$500,000 the second year from the general fund for small dam repairs of known or suspected deficiencies; \$400,000 the second year from the general fund for the purchase and installation of remote monitoring equipment for District-owned high and significant hazard dams; and \$170,000 the first year and \$170,000 the second year to the department to provide district support in accordance with Board policy, including, but not limited to, services related to auditing, bonding, contracts, and training. The amount appropriated for small dam repairs of known or suspected deficiencies and the purchase and installation of remote monitoring equipment is authorized for transfer to the Soil and Water Conservation District Dam Maintenance, Repair, and Rehabilitation Fund.

B.2. Of the remaining amount, \$19,770,610 is authorized for transfer to the Virginia Natural Resources Commitment Fund, a subfund of the Water Quality Improvement Fund.

Notwithstanding any other provision of law, the funds transferred to the Virginia Natural Resources Commitment Fund shall be distributed by the department upon approval of the Virginia Soil and Water Conservation Board in accordance with the board's developed policies, as follows: \$17,398,137 for Agricultural Best Management Practices Cost-Share Assistance where of this amount \$10,438,882 shall be used for matching grants for Agricultural Best Management Practices on lands in the Commonwealth exclusively or partly within the Chesapeake Bay watershed, \$6,959,255 shall be used for matching grants for Agricultural Best Management Practices on lands in the Commonwealth exclusively outside the Chesapeake Bay watershed, and \$2,372,473 shall be appropriated for Technical Assistance for Virginia Soil and Water Conservation Districts.

D.3. Out of this amount, a total of eight percent, or \$1,200,000, whichever is greater, shall be appropriated to Virginia Soil and Water Conservation Districts for technical assistance to farmers implementing agricultural best management practices, and \$8,800,000 for Agricultural Best Management Practices Cost-Share Assistance. Of the amount deposited for Cost-Share Assistance, distributions between watersheds shall be in accordance with the allocation percentages set out in §10.1-2128.1 B., Code of Virginia.

#### **Chapter 56; 2020 Special Session 1 Acts of Assembly; (FY2021)**

##### *Item 373*

A.1. Out of the amounts appropriated for Financial Assistance to Virginia Soil and Water Conservation Districts, \$12,141,091 the first year and \$12,141,091 the second year from the general fund shall be provided to soil and water conservation districts for administrative and operational support as well as base funding for technical assistance. These funds shall be distributed upon approval by the Virginia Soil and Water Conservation Board to the districts in accordance with the Board's established financial allocation policy. These amounts shall be in addition to any other funding provided to the districts for technical assistance pursuant to subsections B. and C. of this Item for appropriations in excess of \$35,000,000. Of this amount, \$6,209,091 the first year and \$6,209,091 the second year from the general fund shall be distributed to the districts for core administrative and operational expenses (personnel, training, travel, rent, utilities, office support, and equipment) based on identified budget projections and in accordance with the Board's financial allocation policy; \$4,550,000 the first year and \$4,550,000 the second year for base technical assistance support; \$312,000 the first year and \$312,000 the second year from the general fund shall be distributed at a rate of \$3,000 per dam for maintenance; \$500,000 the first year and \$500,000 the second year from the general fund for small dam repairs of known or suspected deficiencies; \$400,000 the first year and \$400,000 the second year from the general fund for the purchase and installation of

remote monitoring equipment for District-owned high and significant hazard dams; and \$170,000 the first year and \$170,000 the second year to the department to provide district support in accordance with Board policy, including, but not limited to, services related to auditing, bonding, contracts, and training. The amount appropriated for small dam repairs of known or suspected deficiencies and the purchase and installation of remote monitoring equipment is authorized for transfer to the Soil and Water Conservation District Dam Maintenance, Repair, and Rehabilitation Fund.

C.2. Of the remaining amount in the second year, \$18,610,000 is authorized for transfer to the Virginia Natural Resources Commitment Fund, a sub fund of the Water Quality Improvement Fund. Notwithstanding any other provision of law, the funds transferred to the Virginia Natural Resources Commitment Fund shall be distributed by the department upon approval of the Virginia Soil and Water Conservation Board in accordance with the board's developed policies, as follows: \$13,027,000 shall be used for matching grants for Agricultural Best Management Practices on lands in the Commonwealth exclusively or partly within the Chesapeake Bay watershed, \$5,583,000 shall be used for matching grants for Agricultural Best Management Practices on lands in the Commonwealth exclusively outside the Chesapeake Bay watershed.

E.3. Out of this amount, a total of thirteen percent, or \$1,300,000, whichever is greater, shall be appropriated to Virginia Soil and Water Conservation Districts for technical assistance to farmers implementing agricultural best management practices, and \$8,700,000 for Agricultural Best Management Practices Cost-Share Assistance. Of the amount deposited for Cost-Share Assistance, seventy percent shall be used for matching grants for agricultural best management practices on lands in the Commonwealth exclusively or partly within the Chesapeake Bay watershed, and thirty percent shall be used for matching grants for agricultural best management practices on lands in the Commonwealth exclusively outside of the Chesapeake Bay watershed.

## **Chapter 552, 2021 Special Session 1 Acts of Assembly; (FY2022)**

### *Item 373*

A.1. Out of the amounts appropriated for Financial Assistance to Virginia Soil and Water Conservation Districts, \$12,141,091 the first year and \$12,141,091 the second year from the general fund shall be provided to soil and water conservation districts for administrative and operational support as well as base funding for technical assistance. These funds shall be distributed upon approval by the Virginia Soil and Water Conservation Board to the districts in accordance with the Board's established financial allocation policy. These amounts shall be in addition to any other funding provided to the districts for technical assistance pursuant to subsection B. of this Item for appropriations in excess of \$35,000,000. Of this amount, \$6,209,091 the first year and \$6,209,091 the second year from the general fund shall be

distributed to the districts for core administrative and operational expenses (personnel, training, travel, rent, utilities, office support, and equipment) based on identified budget projections and in accordance with the Board's financial allocation policy; \$4,550,000 the first year and \$4,550,000 the second year for base technical assistance support; \$312,000 the first year and \$312,000 the second year from the general fund shall be distributed at a rate of \$3,000 per dam for maintenance; \$500,000 the first year and \$500,000 the second year from the general fund for small dam repairs of known or suspected deficiencies; \$400,000 the first year and \$400,000 the second year from the general fund for the purchase and installation of remote monitoring equipment for District-owned high and significant hazard dams; and \$170,000 the first year and \$170,000 the second year to the department to provide district support in accordance with Board policy, including, but not limited to, services related to auditing, bonding, contracts, and training. The amount appropriated for small dam repairs of known or suspected deficiencies and the purchase and installation of remote monitoring equipment is authorized for transfer to the Soil and Water Conservation District Dam Maintenance, Repair, and Rehabilitation Fund.

P.2. Of the remaining amount in the second year, \$26,000,000 is authorized for transfer to the Virginia Natural Resources Commitment Fund, a sub fund of the Water Quality Improvement Fund. Notwithstanding any other provision of law, the funds transferred to the Virginia Natural Resources Commitment Fund shall be distributed by the Department upon approval of the Virginia Soil and Water Conservation Board in accordance with the board's developed policies, as follows: \$18,200,000 shall be used for matching grants for Agricultural Best Management Practices on lands in the Commonwealth exclusively or partly within the Chesapeake Bay watershed, and \$7,800,000 shall be used for matching grants for Agricultural Best Management Practices on lands in the Commonwealth exclusively outside the Chesapeake Bay watershed.

Q. Out of the appropriation in this Item, \$39,000,000 the second year from the general fund shall be deposited to the Virginia Natural Resources Commitment Fund, a sub fund of the Water Quality Improvement Fund. Notwithstanding any other provision of law, the funds shall be distributed by the Department upon approval of the Virginia Soil and Water Conservation Board in accordance with the board's developed policies, as follows: \$24,570,000 shall be used for matching grants for Agricultural Best Management Practices on lands in the Commonwealth exclusively or partly within the Chesapeake Bay watershed, and \$10,530,000 shall be used for matching grants for Agricultural Best Management Practices on lands in the Commonwealth exclusively outside the Chesapeake Bay watershed, and an additional \$3,900,000 in addition to the base funding provided in A.1. shall be appropriated for Technical Assistance for Virginia Soil and Water Conservation Districts.

Background:

Robinson Farmer Cox Associates (RFCA) have been undertaking audits for twenty-three Soil and Water Conservation Districts (Districts) for the fiscal year(s) that ended on June 30, 2020 and June 30, 2021. During the audit of Robert E. Lee District, RFCA found what appear to be substantial irregularities in the processing and payment of certain travel reimbursements. During FY2020 and FY2021, a District employee, Mr. Jonathan Wooldridge, received a total of roughly \$100,000 in reimbursement for 174,729 miles traveled. Based on a standard work-year of 2,080 hours, that equates to approximately 349.346 miles per day or 42 miles per hour, every hour of a work day. A travel reimbursement was submitted every week of both years, leaving the impression that Mr. Wooldridge never took advantage of any extended leave from work over the past two years. The travel reimbursements do not appear to have been approved or reviewed by any individual at the District, either another employee or a District Board member. The reimbursement rate appears to exceed the federal mileage reimbursement rate. The federal mileage rate for FY2020 was 0.575; Mr. Wooldridge utilized the FY2019 rate of 0.58.

Many of the travel reimbursements listed the inspection of the District-maintained dams as the reason for the travel. Of additional concern to this Subcommittee is the payment of those reimbursements with technical assistance funds provided to implement the Virginia Agricultural Best Management Practices Cost-Share Program. Technical assistance funds are not authorized, and have never been authorized, to provide funding for dam maintenance related activities.

Recommended Motion:

The Virginia Soil and Water Conservation Board (Board) directs the Robert E. Lee Soil and Water Conservation District (District) to return \$33,199.58 in technical assistance funds to the Department of Conservation and Recreation (Department), as recommended by the Audit Subcommittee. These funds will be withheld from the FY2022 fourth quarter disbursement of technical assistance funds. The return of these funds will address the inappropriate use of technical assistance funds to reimburse travel for reasons not related to the implementation of the Virginia Agricultural Best Management Cost-Share (VACS) Program.

In order to ensure an effective and appropriate policy is in place to address travel reimbursements, the Board directs the District to complete the following:

- a. A review of the existing process to determine where improvements should be made to address the concerns raised by the Audit Subcommittee and this Board, including revisions to existing travel voucher request forms; and
- b. The adoption of formal process, based on the review of the current processes, to ensure all travel reimbursements are reviewed and processed effectively by appropriate staff and District Board members.

Further, the Board recognizes the key role that training provides in ensuring Districts are able to adhere to the financial policies and practices, which provide integrity to all facets of District management and delivery of programs and services for the public good. Therefore, District administrative staff must participate in the Virginia Association of Soil and Water Conservation District Admin/Ops Committee meetings.

Finally, the Board firmly encourages the District to purchase a vehicle for use by the appropriate staff. Given the amount of funding provided to an employee in travel reimbursement, the purchase of a vehicle would be a more cost-effective and appropriate use of state funds.

No later than May 15, 2022, the District must provide the following information to the Department:

1. A revised District Board-approved travel expense policy to the Department for review and approval. Within 30 days of approval of the travel expense policy by the Department, the District must fully implement the revised travel expense policy into its normal operations.
2. The District Board's formal decision about the purchase of a vehicle. The decision must be formally documented in the Board approved minutes. If the District decides not to purchase a vehicle, the reasons why such a purchase will not be made must be fully documented in the minutes as well. If the District chooses to purchase a vehicle, the District should also develop and adopt a vehicle use policy to ensure the vehicle is used appropriately.
3. A formal commitment approved by the District Board ensuring participation by District administrative staff in the Virginia Association of Soil and Water Conservation District Admin/Ops Committee meetings.