



Tompkins County Soil and Water Conservation District

Agriculture Environmental Management

Report of Examination

Period Covered:

January 1, 2014 — May 4, 2016

2016M-306



Thomas P. DiNapoli

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State of New York

Office of the State Comptroller

Division of Local Government and School Accountability

November 2016

Dear District Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Board governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Tompkins County Soil and Water Conservation District, entitled Agriculture Environmental Management. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results and recommendation are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Tompkins County Soil and Water Conservation District (District) is one of 58 such districts in New York State. These districts provide services and fund projects related to the conservation of soil and water resources, the improvement of water quality, the control and prevention of soil erosion and the prevention of floodwater and sediment damage.

The District is governed by a five-member Board of Directors (Board), which is responsible for the general management and oversight of the District's financial and operational affairs. The District manager is responsible for the District's daily operations.

The District's main revenues are State and federal aid and grants, appropriations from Tompkins County and proceeds from sales and services to customers. The District's 2015 expenditures totaled approximately \$1 million, which included operating expenditures and grant program expenditures. From January 2014 through May 2016, the District received approximately \$1.5 million in funding from State and federal sources through 10 grants. In addition, the District was recently awarded \$620,000 through the Southern Tier Agricultural Industry Enhancement Program (STAIEP).¹

The base funding for the Agriculture Environmental Management (AEM) program has been established to provide a noncompetitive funding source to all interested New York State soil and water conservation districts (SWCDs) to develop and implement local AEM programs.

Objective

The objective of our audit was to evaluate the District's five-year AEM program strategic plan and mission statement. Our audit addressed the following related question:

- Did District officials meet the goals of their five-year AEM program strategic plan and mission statement?

Scope and Methodology

We examined the District's operations for the period January 1, 2014 through May 4, 2016.

¹ The STAIEP provides crucial funding for projects to help farms and agribusinesses grow their operations and increase environmental enhancements in 11 counties, including Tompkins County.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report.

Comments of District Officials and Corrective Action

The results of our audit and recommendation have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials generally agreed with our recommendation and indicated they planned to initiate corrective action.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendation in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the District's office.

Agriculture Environmental Management

Five-year strategic plans are required by the New York State Soil and Water Conservation Committee. SWCD officials should interact with farms throughout their counties based on the priorities in their five-year strategic plans to identify environmental resource concerns and suggest best management practices to address them. SWCD officials, certified planners and engineers should implement these plans in cooperation with farmers. It is equally important that SWCD officials update these plans as new priorities arise. Over 20 years of program data shows that farmers' overall operations are improved through the proper planning and sound engineering practices encouraged and employed through the AEM program.

District officials appropriately developed a detailed, quantitative five-year strategic plan. Although District officials did not meet each specific goal of their five-year strategic plan, this occurred because they had to reprioritize their work to plan for a new program. As a result, the District was awarded grants totaling over \$2 million to assist farmers with environmental conservation projects. District officials have worked to meet the goals outlined in their mission statement and should routinely review and update their five-year strategic plan to address new priorities as they arise.

Strategic Plan Goals

The District's five-year strategic plan included outreach and education goals and specific, year-by-year technical goals. The outreach and education goals included working with the Tompkins County Cornell Cooperative Extension (CCE) to increase public awareness of the AEM program and environmentally responsible farming practices and partnering with agencies to ensure complimentary implementation of conservation practices.

District officials met their outreach and education goals. For example, they addressed local residents at a local town meeting to educate them on the AEM program and opportunities for environmental practices in farming. In addition, District officials attended "Farm City Day," a free, family-oriented educational event that offered the public a chance to visit a working farm and learn about agriculture, sponsored by CCE and Tompkins County Farm Bureau, and hosted a booth at AgStravaganza.²

² AgStravaganza is an annual event at a local mall that offers the public an opportunity to learn about local agriculture and its importance to the local economy.

However, District officials did not meet their technical goals for the first year of their five-year strategic plan. The technical goals included updating 100 AEM program files over the next five years. District officials told us they planned to update 15 to 20 AEM program files each year. Additionally, the goals for the first year called for work relating to the high-priority Fall Creek Watershed: updating AEM program information for 15 farms, designing plans for at least eight farms and implementing “best management practices” projects for three farms. However, during the first year of this plan, District officials updated 10 AEM program farm files, updated information for two farms, designed plans for one farm and did not implement “best management practices” projects for any farms.

District officials told us their initial strategic plan goals were not achieved because it did not address planning for a new program, the STAIEP, which became a higher priority. Applications for the STAIEP became available in January 2016, and one requirement is that applicants participate in the AEM program. As a result, District officials deviated from their five-year strategic plan to assist applicants for the STAIEP, without formally updating their five-year strategic plan to address this change. Additionally, the District had staff turnover in the AEM program position, which caused a significant decrease in the AEM program files reviewed.

Although District officials did not meet all of their technical goals, they effectively assisted applicants for the STAIEP, resulting in eight grants totaling \$620,000 being awarded in the first round of the program.

Mission Statement Goals

The District’s mission statement goals are to provide assistance to citizens and units of local government in making sound decisions on the management of soil, water and related natural resources based on their needs. The District’s goal is to further assist in the implementation of decisions by seeking and coordinating technical and financial assistance from federal, State and local governments and private sources.

District officials met their mission statement goals by assisting applicants for the STAIEP and by making progress on projects and assisting farms with grazing plans. The District’s contract projects include three barnyard runoff management projects and one agricultural waste facility implementation project. The barnyard runoff projects involve relocating and roofing barnyards; adding fencing, manure pushoff pads and walls; and collecting and treating silage leachate and milking center waste. The agricultural waste project involves manure storage and pumping transfer systems. District officials also

continually assist farms with managing the harvest of vegetation with grazing and browsing animals.

By keeping their mission statement goals in mind while participating in the AEM program, District officials were able to reprioritize their work and issue \$1.5 million in grants. Overall, grants make it more affordable for farmers to be environmental stewards. According to the United States Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS), barnyard runoff management reduces the runoff of nutrients and other pollutants that impact water quality, prevents soil erosion by providing a stable surface for livestock or equipment, and maintains and improves livestock management and health. Agricultural waste facility implementation benefits soil quality by improving organic, tilth and soil moisture content for plant growth and protects surface and groundwater quality. Moreover, the application of wastes to the land is better managed, maximizing benefits to crops and operating costs while minimizing risks to the environment. Grazing prevents soil erosion by maintaining a permanent vegetative cover on grazed fields and pastures.

Recommendation

1. The Board and District officials should routinely review and update their five-year strategic plan to address new priorities as they arise.

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

The District officials' response to this audit can be found on the following pages.



Tompkins County Soil and Water Conservation District

170 Bostwick Road – Ithaca, NY 14850

Telephone: (607) 257-2340 Fax: (607) 257-7896

11/14/2016

To: H. Todd Eames, Chief Examiner

Office of the State Comptroller
State Office Building, Room 1702
44 Hawley Street
Binghamton, NY 13901-4417

Dear Chief Examiner Eames,

On behalf of the entire Tompkins County Soil and Water Conservation District Board of Directors, District staff, and the cooperators (taxpayers) that we work for, I would like to take the time to thank you and your staff for a positive and affirming audit. This audit reinforces the good work that the Tompkins County Soil and Water Conservation District conducts with limited resources available to it.

The District strives to be effective financial managers and implement cost-saving actions across all facets of its daily operation. We welcome outside opinions and suggestions on how to improve our operations. Since 2013 we have been implementing a series of financial oversight improvements including: implementing Corrective Action Plans from our annual outside audit findings, improving our net position from an operating deficit in 2013 to a surplus in 2016, creating balanced and reasonable budgets, and creating work plans and strategic goals that align with our mission and vision for the District.

As with any goal, you try to set the bar high, but not so high that it is unreasonable. In your audit for the period covering January 1, 2014 – May 4, 2016 you reviewed the Tompkins County Soil and Water Conservation District's Agricultural Environmental Management Plan (2015-2019). In this report, it was noted that deficiencies in hitting our year 1 one goals was found. We feel that the bar we set for ourselves in the AEM Strategic Plan was reasonable, but various situations caused us to fall short of the stated goals. We acknowledge these deficiencies and have detailed a Corrective Action Plan which can be found attached. We have already implemented some of the corrective actions and will be working to achieve full correction in the near future.

Thank you for allowing us the opportunity to become more accountable to the constituents we serve and providing an outside voice to what we can improve in our District. The formal Corrective Action Plan (CAP) is attached.

Sincerely,

Daniel Carey,
Board Chair

Tompkins County Soil and Water Conservation District
Corrective Action Plan – OSC AEM Audit
November 14, 2016

For each recommendation included in the audit report, the following is our corrective action taken or proposed.

Recommendations

1. OSC: The Board and District officials should routinely review and update their five-year strategic plan to address new priorities as they arise.

TCSWCD: The District Board will review the AEM 5 year strategic plans on a yearly basis at their annual organizational meeting along with their review of the District's mission statement and overall strategic plan.

As with any plan the details may change over time of how that plan is implemented, such as was the case in your audit period. The AEM plan is broken down by year to a specific focus watershed each year. If the needs of the community do not align with that specific watershed the District will not tie themselves to working in only that watershed, but will deliver services to the most vulnerable sites and constituents.

The District also had staff turnover during this time period, and a new program (the Southern Tier Ag Industry Enhancement Program) that slowed and reprioritized our AEM work across the entire county rather than to just the Fall Creek Watershed. The Board was made aware of these changes informally and formally at Board meetings/etc., but the District will work harder in the future to make sure that these reprioritizations are made known officially in our AEM strategic plans on an annual basis. The District also has hired staff to fully complete stated deliverables in our AEM strategic plans going into the future.

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed District officials to gain an understanding of AEM program projects, their purpose and benefits and why the District participates in the program.
- We compared the District's five-year strategic plan to work performed to determine if District officials met their goals. For any goals that were not met, we interviewed District officials to determine the cause for not meeting such goals.
- We calculated the number and dollar amounts of grants issued within our audit scope.
- We reviewed the USDA NRCS website to determine if the District's programs resulted in better soil health and cleaner water.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX C

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