

July 31, 2013

The Honorable Paul Thissen, Chair
Legislative Coordinating Commission
463 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1606

The Honorable Sandra Pappas, Vice-Chair
Legislative Coordinating Commission
Capitol, Room 120
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

Dear Representative Thissen and Senator Pappas:

RE: Laws of 2011 Outdoor Heritage Fund (OHF) Contract Management

Laws of Minnesota 2011, 1st Special Session, Chapter 6, Article 1, Section 2, Subdivision 6. Administration, (a) Contract Management provided \$175,000 the first year to the commissioner of natural resources for contract management duties and required the commissioner to provide documentation to the Legislative Coordinating Commission on the expenditure of these funds.

As of June 2013, \$109,735 of this appropriation was expended. Contract management costs were billed using a professional services rate of \$60/hr. The professional services hourly rate includes salary and fringe for grants management staff, supervisory time, travel costs, supplies, agency directs, and related costs necessary to carry out the pass-through management functions.

DNR contract management services include:

1. Preparing and executing grant agreements, amendments, and use of funds agreements
2. Encumbering/unencumbering funds
3. Advancing funds for land acquisition, when approved
4. Communicating regularly with Council staff and grant recipients (informally and formally)
5. Improving processes to increase efficiency and ease for grantees while ensuring fiscal integrity
6. Managing contract documentation, including file management.

The goal of the DNR Grants Unit is to provide excellent customer service balanced with ensuring financial integrity and fiduciary responsibilities resulting in the intended conservation work. To that end, the grant specialists continue to work with their assigned pass-through recipients, providing grantees with one point of contact for their agreements. All prior year agreements have been executed and Minnesota Law (ML) 2013 contracts were sent out to grantees in July 2013.

Grant specialists continue to be in frequent contact with their assigned grantees via phone and email; when possible and/or necessary, in person. In addition, a quarterly newsletter (*DNR Grants Journal*) provides brief, but informative articles on timely pass-through administration related topics. Prior issues are archived on the Training Page of the DNR Pass-Through Administration Website (<http://www.dnr.state.mn.us/grants/passthrough/training/index.html>).

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Members of the Grants Unit are in contact with OHF staff and pass-through recipients at quarterly OHF Grants Process Improvement Group Meetings as well as on an ad hoc basis with the Lessard-Sams Outdoor Heritage Council (LSOHC) staff in order to work through situations that arise during the grant implementation and reimbursement request processes together. A joint orientation was held for OHF and Environment and Natural Resources Trust Fund (ENRTF) appropriation recipients with LSOHC, Legislative-Citizen Commission on Minnesota Resources (LCCMR), and DNR staff in late June of 2013.

The new DNR Grants Management Policy was approved this spring and includes a Grants Monitoring Procedure that was implemented beginning in May 2013. Appropriation recipients were notified of this via the *DNR Grants Journal* in April 2013. Grant Specialists are now monitoring their appropriation recipients either once per year or once per grant period based on award amount per this DNR procedure, which is based on Office of Grants Management (OGM) Policy 08-10. Proof of payment will be reviewed during grant monitoring and therefore will no longer need to be submitted with reimbursement requests, but instead kept on file by the grantee.

Sincerely,

/s/Denise Anderson, Chief Financial Officer
Office of Management and Budget Services
Operations Services Division
Minnesota Department of Natural Resources

c: Bill Becker, Executive Director, Lessard-Sams Outdoor Heritage Council