

**Environment and Natural Resources Trust Fund
2011-2012 Request for Proposals (RFP)**

Subd: 09b

Project Title: Contract Administration

Category:

Total Project Budget: \$ \$165,000

Proposed Project Time Period for the Funding Requested: 2 yrs, July 2011 - June 2013

Other Non-State Funds (secured): \$ _____

Summary:

These funds are to the DNR to manage appropriations to be passed through to third party recipients. This project provides oversight of reimbursement for project deliverables and meets the requirements of the Department of Administration's Grants Management procedures as well as the recommendations of the Legislative Auditor. It aids recipients with financial compliance and ensures project consistency with appropriations laws and work programs.

Name: Wayne Sames

Sponsoring Organization: DNR

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Location

Region:

Ecological Section:

County Name:

City / Township:

2011-2012 MAIN PROPOSAL

PROJECT TITLE: Contract Management

I. PROJECT STATEMENT

These funds are to the DNR to manage appropriations to be passed through to third party recipients. This project provides oversight of reimbursement for project deliverables and meets the requirements of the Department of Administration's Grants Management procedures as well as the recommendations of the Legislative Auditor. It aids recipients with financial compliance and ensures project consistency with appropriations laws and work programs.

II. DESCRIPTION OF PROJECT ACTIVITIES

Result 1: Reimbursement and Review

Budget: \$234,600

Assist LCCMR pass-through recipients in obtaining reimbursement for expenses incurred for LCCMR funded projects. The DNR will reimburse pass-through recipients for allowable expenses only, review expenditures against work program objectives, and audit financial records in accordance with the "Reimbursement Manual for Minnesota Environmental and Natural Resources Trust Fund Appropriations."

This proposal includes continued administration of pass-through appropriations from 2009 and 2010 as well as the new appropriations for 2011. In addition, the requested budget of \$234,600 assumes that there will be an additional carry-forward balance from the 2009 Contract Management appropriation of \$15,000 which would be available if the language is extended. This carry-forward balance would be due in part to a staff vacancy from May to October.

This includes the following tasks:

Outcome	Completion Date
1. Contract and related materials preparation	Fall of 2011
2. Train recipients to comply with LCCMR, Dept. of Administration and Legislative Auditor recommendations. This program will reach sub-recipients as well as initial pass-through recipients.	Fall of 2011
3. Implement a program ensuring that recipient reimbursement problems are heard and understood by DNR and LCCMR staff and immediately solved.	June, 2013
4. Develop and implement a program guaranteeing quick reimbursements of allowable expenses.	June, 2013
5. As necessary for carrying out the fiduciary responsibilities of the state, examine records of recipients.	June, 2013
6. Provide additional assistance to LCCMR on funded projects, as requested.	June, 2013
7. Work with recipients to ensure that claimed reimbursements are backed by sufficient documentation.	June, 2013

**All activities will begin on or prior to July 1, 2011.*

III. PROJECT STRATEGY

A. Project Team/Partners: DNR works closely with LCCMR staff and each pass-through recipient to ensure that they are in compliance with the state's requirements for subcontracts, purchases and reimbursement, fund integrity, conflict of interest policies, internal audit and financial controls, etc. These services are currently provided by the DNR under the existing contract management appropriation and are proposed to transition to a professional services contract in FY12.

B. Timeline Requirements: This request will fund contract administration for the biennium. This is an ongoing responsibility created by legislative appropriations to the Commissioner of DNR for grants to third parties. DNR does not provide long-term monitoring or any services once the grant has been completed and closed.

C. Long-Term Strategy and Future Funding Needs:

As the administrator of LCCMR's pass-through appropriations, DNR is responsible for ensuring pass-through recipients comply with federal and state laws and related agency policies, such as the Department of Administration's Office of Grants Management's policies and procedures for addressing conflict of interest, reimbursement, grants oversight, reporting requirements around outcomes, etc. These complex issues can no longer be accomplished by just one person and are best accomplished through professional services which better approximate the staff resources and time needed to carry out these functions.

DNR is managing 68 open LCCMR pass-through appropriations and on average, each appropriation requires 30-35 staff hours annually to administer. While DNR has not asked LCCMR to pay for the full cost of administering the pass-through appropriations prior to submitting this proposal, DNR can no longer afford to subsidize this service beyond FY11 because of the decline of General Fund availability and fund integrity issues that ultimately affect to user groups such as snowmobilers, ATV riders, hunters and anglers.

Through FY11, DNR will continue to supplement LCCMR's contract administration and administer the program as set forth in the appropriation. DNR cannot use dedicated funds (Game and Fish Fund, Parks & Trails Fund, etc.) to subsidize activity related to LCCMR pass-through management because of fund integrity.

Future Funding Needs

For the past decade the DNR has provided contract management services for pass-through appropriations for LCCMR recommended projects. In recent years the DNR received \$150,000 in 2005, \$40,000 in 2007 and \$158,000 in 2009 for pass-through contract management, which did not adequately recover all the costs for managing the program. This occurred in part because the Office of the Legislative Auditor, the Department of Administration's Grants Management Office, and the state Legislature adopted improved grants management and financial accountability standards in 2007 and 2008. These changes demand a more comprehensive approach to administering pass-through appropriations for LCCMR.

Starting in FY12, DNR proposes to establish a professional services contract for administering the LCCMR Pass-Through Grants in the amount of \$234,600 (does not include the \$15,000 of projected carry-forward from 2009) to be billed at a professional services rate of \$60/hr. It allows the service provider (DNR) to establish the cost of providing the service while ensuring that the recipient (LCCMR) is charged only for the service provided. Services not received or provided will not be billed. DNR's professional services rates are submitted for review to Minnesota Management and Budget Services and are administered as set forth in M.S. 84.025. DNR anticipates that the professional services rates will likely increase in FY12 because the rates do not (as of now) include department shared services costs into the calculation.

The professional services rate includes the cost of the grants management unit staff (also includes a portion of the supervisor's time), travel costs, supplies, Attorney General fees, agency directs, and related costs necessary to carry out the pass-through management functions. Professional services rates are based on historical cost basis detail and do not include costs such as accounts payable, payroll, internal audit, the Commissioner's Office, or contract management services.

D. Contract Administration Requirements

Transparency and fiscal accountability rules and regulations have substantially increased over the last several years, requiring additional assistance from DNR's internal audit, accounting, and contract administration staff. The following are examples of recent changes that guide DNR's administration of the LCCMR pass-through appropriations.

1. Sarbanes–Oxley Act of 2002 (SOX) is a United States federal law enacted on July 30, 2002, which set new or enhanced standards for all U.S. public company boards, management and public accounting firms. The act contains 11 titles, or sections, ranging from additional corporate board responsibilities to criminal penalties, and requires the Securities and Exchange Commission (SEC) to implement rulings on requirements to comply with the new law. The act also covers issues such as auditor independence, corporate governance, internal control assessment, and enhanced financial disclosure.
2. Minnesota Management and Budget (MMB)'s Code of Conduct policy includes requirements for agency review and certification. The objectives of this policy are to improve accountability, identify governance processes, facilitate the timely detection of significant internal control deficiencies, and ensure the reliability of financial information.
3. In 2009, the Internal Control & Accountability Unit was created in Minnesota Management and Budget (MMB) as a result of the passage of Minn. Stat. Section 16A.057. The primary mission of the unit is to improve internal controls throughout state government. The unit has the following statutory responsibilities:
 - Adopt statewide internal control standards and policies
 - Coordinate executive branch agency internal control training and assistance
 - Promote and coordinate the sharing of internal audit resources
 - Monitor Office of the Legislative Auditor (OLA) reports and corresponding corrective action plans; and

- Make biennial reports on the system of internal controls and internal auditing in executive branch agencies.
4. In 2007, the Office of Grants Management (OGM), was established in the Department of Administration by the Legislature and is a response to a January 2007 program evaluation by the Office of the Legislative Auditor regarding state grant-making. The office began operations in September 2007. The mission of the Office of Grants Management (OGM) is to standardize, streamline and improve state grant-making practices and to increase public information about state grant opportunities. One tool for accomplishing this mission is the creation of comprehensive grants management policies as outlined in Minnesota Statute 16B.97 sub. 4 (a)(1). This office has developed and implemented 13 policies related to grants management in 2008, including conflict of interest, rating criteria, publication requirements, grant agreements, etc.

2011-2012 Detailed Project Budget

INSTRUCTIONS AND TEMPLATE (1 PAGE LIMIT)

Attach budget, in MS-EXCEL format, to your "2011-2012 LCCMR Proposal Submit Form".

(1-page limit, single-sided, 10 pt. font minimum. Retain bold text and DELETE all instructions typed in italics. ADD OR DELETE ROWS AS NECESSARY. If a category is not applicable write "N/A", leave it blank, or delete the row.)

IV. TOTAL TRUST FUND REQUEST BUDGET [Insert # of years for project] years

BUDGET ITEM (See list of Eligible & Non-Eligible Costs, p. 13)	AMOUNT
Personnel: Included in the amount shown under "contracts"	
Contracts: The DNR will provide contract management services on behalf of the LCCMR and legislature for all pass-through appropriations to the Commissioner as specified in the appropriation language.	\$ 234,600
Equipment/Tools/Supplies:	
Acquisition:	
Travel: Included in the amount shown under "contracts"	
Additional Budget Items:	
TOTAL ENVIRONMENT & NATURAL RESOURCES TRUST FUND \$ REQUEST	\$ 234,600

V. OTHER FUNDS

SOURCE OF FUNDS	AMOUNT	Status
Other Non-State \$ Being Applied to Project During Project Period:	\$0	
Other State \$ Being Applied to Project During Project Period: DNR shared services	\$11,849	<i>Pending</i>
In-Kind Services During Project Period:	\$0	
Remaining \$ from Current ENRTF Appropriation: From the 2009 contract management appropriation (projected remaining balance on June 30, 2011). This appropriation is set to expire on June 30, 2011. DNR has requested language extending the appropriation until June 30, 2012.	\$15,000	<i>Unspent</i>
Funding History: The current funding is from the 2009 appropriation. Previous appropriations for this purpose have been made for several years.	\$158,000	<i>Partially spent</i>

LCCMR - Active Projects with current grant balance

October 25, 2010

Yr	Proj #	Recipient	Title	State	Grant Bal.	Begin	End
2007	LCCMR06-8	Aitkin	Land Exchange Revolving Fund for Cass, Aitkin & Crow Wing Counties	290,000	0	6/27/06	6/30/11
2011	LCCMR10-7d5	Aitkin (Long Lake CC)	Demonstrating Sustainable Energy Practices	240,000	237,160	7/1/10	6/30/12
2011	LCCMR10-8i	Assoc. for the Advancement of Hmong Women in MN	Fishing: Cross Cultural Gateway	155,000	155,000	7/1/10	6/30/13
2011	LCCMR10-7d1	Audubon Center of the North Woods	Demonstrating Sustainable Energy Practices	206,000	204,000	7/1/10	6/30/12
2011	LCCMR10-3c1	Audubon Minnesota	Minnesota Breeding Bird Atlas	211,000	211,000	7/1/10	6/30/12
2011	LCCMR10-3d	Audubon Minnesota	Operational Bird Conservation Plan	151,000	151,000	7/1/10	6/30/12
2011	LCCMR10-4h	Cass	Conserving Sensitive and Priority Shorelands	300,000	300,000	7/1/10	6/30/13
2011	LCCMR10-7d2	Cass (Deep Portage LC)	Demonstrating Sustainable Energy Practices	212,000	212,000	7/1/10	6/30/12
2006	LCCMR05-07i	Central Lakes Agricultural Center	Improving Water Quality on the Central Sands	199,500	23,286	7/1/05	6/30/10
2011	LCCMR10-3i	Chippewa River Watershed Project	Ecosystem Services in Agricultural Watersheds	247,000	247,000	7/1/10	6/30/13
2009	LCCMR08-3b	Dakota	Vermillion River Corridor Acquisition and Restoration	549,965	549,965	7/1/08	6/30/11
2010	LCCMR09-4e2c3c	Ducks Unlimited, Inc.	Living Lakes Enhancement and Easements	475,000	221,911	7/1/09	6/30/11
2010	LCCMR09-3e	Ducks Unlimited, Inc.	Restorable Wetlands Inventory	300,000	46,911	7/1/09	6/30/12
2010	LCCMR09-4e3d	Ducks Unlimited, Inc.	Wetlands Reserve Program	420,000	126,317	7/1/09	6/30/11
2011	LCCMR10-4f3c	Ducks Unlimited, Inc.	Shallow Lake Easements	75,000	75,000	7/1/10	6/30/12
2011	LCCMR10-4f3d	Ducks Unlimited, Inc.	Wetlands Reserve Program	350,000	350,000	7/1/10	6/30/12
2011	LCCMR10-7d3	Eagle Bluff ELC	Demonstrating Sustainable Energy Practices	350,000	286,592	7/1/10	6/30/12
2011	LCCMR10-3j	Farmers Legal Action Group, Inc.	Farmland Conservation in Minnesota	100,000	100,000	7/1/10	6/30/12
2009	LCCMR08-3(c)2e	Fond du Lac Reservation	Wild Rice Habitat Restoration	27,000	27,000	7/1/08	6/30/10
2010	LCCMR09-4e2o	Friends of the Detroit Lakes Wetland Management District	Prairie Landscape Restoration	50,000	30,000	7/1/09	6/30/11
2011	LCCMR10-4f2o	Friends of the Detroit Lakes Wetlands Management District	Working Lands Partnership	45,000	45,000	7/1/10	6/30/12
2010	LCCMR09-4f2.4	Friends of the Minnesota Valley	Lower Minnesota River Watershed Restoration and Enhancement	90,000	90,000	7/1/09	6/30/11
2011	LCCMR10-4g2.4	Friends of the Minnesota Valley	Lower MN River Watershed Restoration	50,000	50,000	7/1/10	6/30/12
2010	LCCMR09-4f2.3	Friends of the Mississippi River	Restore and Enhance Significant Watershed Habitat	90,000	90,000	7/1/09	6/30/11
2010	LCCMR09-4f2.5	Great River Greening	Restore/Enhance Significant Habitat	155,000	104,674	7/1/09	6/30/11
2011	LCCMR10-8j	International Wolf Center	Minnesota WolfLink	193,000	193,000	7/1/10	6/30/13
2011	LCCMR10-4f2f	Leech Lake Band of Ojibwe	Shallow Lakes	50,000	50,000	7/1/10	6/30/12
2010	LCCMR09-5e	Metro Blooms	Citizen-based Stormwater Management	279,000	169,429	7/1/09	6/30/12
2009	LCCMR08-3(c)2a	Minnesota Deer Hunters Association	Hides for Habitat Restoration	30,000	670	7/1/08	6/30/10
2010	LCCMR09-4e2a	Minnesota Deer Hunters Association	Melvin Slough Landscape Restoration	50,000	20,031	7/1/09	6/30/11
2009	4f Subcontract	Minnesota Land Trust	MeCC Coordination - Phase V	50,000	45,409	9/14/09	6/30/11
2010	LCCMR09-4f3.2	Minnesota Land Trust	Protect Significant Habitat	250,000	183,943	7/1/09	6/30/11
2010	LCCMR09-4e3a	Minnesota Land Trust	Shoreland Protection Project	210,000	133,663	7/1/09	6/30/11
2011	LCCMR10-4g3.2	Minnesota Land Trust	Conservation Easements	485,000	322,100	7/1/10	6/30/12
2011	LCCMR10-4f3a	Minnesota Land Trust	Conservation Easements	102,000	102,000	7/1/10	6/30/12
2009	LCCMR08-3o	Minnesota Recreation and Park Association	Best Practices for Native Prairie Management	45,000	11,136	7/1/08	6/30/10
2011	LCCMR10-4g3.3	Minnesota Valley National Wildlife Refuge Trust	MN Valley NWR Acquisition	325,000	325,000	7/1/10	6/30/12
2010	LCCMR09-4f3.3	Minnesota Valley National Wildlife Refuge Trust, Inc.	Expansion of MVNW Refuge	225,000	225,000	7/1/09	6/30/11
2010	LCCMR09-4e4h	Minnesota Valley National Wildlife Refuge Trust, Inc.	Minnesota Valley Wetland Management District of USFWS	100,000	100,000	7/1/09	6/30/11
2011	LCCMR10-8k	MN State University Mankato	Online Field Trip of MN River	124,000	124,000	7/1/10	6/30/12

LCCMR - Active Projects with current grant balance

October 25, 2010

Yr	Proj #	Recipient	Title	State	Grant Bal.	Begin	End
2011	LCCMR10-7d4	Mounds View Schools (Laurentian ELC)	Demonstrating Sustainable Energy Practices	258,000	258,000	7/1/10	6/30/12
2009	LCCMR08-3(c)2i	National Wild Turkey Federation	Set Out Seedlings	15,000	2,319	7/1/08	6/30/10
2010	LCCMR09-4e2i	National Wild Turkey Federation	Bluff Land Restoration and Set Out Seedlings	85,000	19,598	7/1/09	6/30/11
2011	LCCMR10-4f2p	National Wild Turkey Federation	Bluffland Restoration	50,000	50,000	7/1/10	6/30/12
2009	LCCMR08-3(c)4a	Pheasants Forever, Inc.	Critical Lands Conservation Initiative	350,000	8,083	7/1/08	6/30/10
2009	LCCMR08-3(c)1a	Pheasants Forever, Inc.	Project Coordination and Mapping	70,000	31,710	7/1/08	6/30/10
2010	LCCMR09-4e4a	Pheasants Forever, Inc.	Critical Lands Conservation Initiative	350,000	285,630	7/1/09	6/30/11
2010	LCCMR09-4e1a	Pheasants Forever, Inc.	Project Coordination and Mapping	100,000	98,536	7/1/09	6/30/11
2011	LCCMR10-8h	Project Get Outdoors, Inc.	Project Get Outdoors	15,000	10,009	7/1/10	6/30/12
2010	LCCMR09-5f	Smith Partners, PLLP	Minnesota Drainage Law Analysis	87,000	68,502	7/1/09	6/30/11
2010	LCCMR09-5b	St. Cloud State University	Vulnerability of Fish Population in Lakes to Endocrine Disrupting Contaminants	107,900	107,900	7/1/09	6/30/12
2009	LCCMR08-3d	St. John's Arboretum	Preserving the Avon Hills Landscape	337,000	261,187	7/1/08	6/30/11
2006	LCMR05-06m	St. Louis and Lake Counties Regional Railroad Authority	Mesabi Trail System	1,000,000	749,298	7/1/05	10/31/11
2011	LCCMR10-8e	St. Paul	Get Outside	218,000	218,000	7/1/10	6/30/13
2010	LCCMR09-4e2n4f	The Nature Conservancy	Campaign for Conservation	365,000	300,847	7/1/09	6/30/11
2011	LCCMR10-4f2n4f	The Nature Conservancy	Acquisition and Restoration	164,000	164,000		6/30/12
2011	LCCMR10-4i	The Nature Conservancy	Reconnecting Fragmented Prairie Landscapes	380,000	380,000	7/1/10	6/30/13
2009	LCCMR08-4g	Trout Unlimited	Southeast Minnesota Showcase Stream Restoration Projects	240,000	162,065	7/1/08	6/30/11
2010	LCCMR09-4f3.1	Trust for Public Land	Critical Land Protection Program	380,000	0	7/1/09	6/30/11
2010	LCCMR09-4e4c	Trust for Public Land	Critical Land Protection Program	350,000	350,000	7/1/09	6/30/11
2011	LCCMR10-4g3.1	Trust for Public Land	Critical Land Protection Program	890,000	552,000	7/1/10	6/30/12
2011	LCCMR10-4f4c	Trust for Public Land	Critical Land Protection Program	200,000	200,000	7/1/10	6/30/11
2010	LCCMR09-5b	U.S. Geological Survey	Vulnerability of Fish Population in Lakes to Endocrine Disrupting Contaminants	189,100	189,100	7/1/09	6/30/12
2006	LCMR05-07i	University of Minnesota	Improving Water Quality on the Central Sands	387,500	27,143	7/1/05	6/30/10
2006	LCMR05-10e	University of Minnesota West Central Research & Outreach Center	Wind to Hydrogen Demonstration	800,000	707,055	7/1/05	6/30/10
2011	LCCMR10-8d	Wilderness Inquiry	Urban Wilderness Youth Outdoor Education	557,000	528,844	7/1/10	6/30/13
2011	LCCMR10-8b	Will Steger Foundation	Adventure Learning	250,000	246,657	7/1/10	6/30/13
2011	LCCMR10-7d6	Wolf Ridge ELC	Demonstrating Sustainable Energy Practices	234,000	234,000	7/1/10	6/30/12
Total Projects: 68				Total Grant Dollars:	\$16,285,965	\$12,149,680	

Contract Management

Project Manager Qualifications and Organization Description

Project Manager: Wayne Sames
Affiliation: Department of Natural Resources, Local Grants Program
Telephone Number: (651) 259-5559

Manager, Local Grants Program, DNR (1988 to present)

Responsible for administration of several grant programs and the federal Land and Water Conservation Fund (LAWCON) grant funds allocated to Minnesota. Also oversees contract management activities for LCCMR recommended pass-through appropriations and Outdoor Heritage Fund pass-through appropriations.

For pass-through appropriations Local Grants Program staff people are responsible for preparation of grant agreements, review and processing of reimbursement requests; and project closeout.

Organization Description

The Local Grants Program is a unit of the Office of Management and Budget Services, Department of Natural Resources.

