

FINAL REPORT

SEP 12 2006

2003 Project Abstract

For the Period Ending June 30, 2006

TITLE: Management of Pass Through Appropriations to DNR

PROJECT MANAGER: William Becker

ORGANIZATION: Minnesota Department of Natural Resources

ADDRESS: 500 Lafayette Road

WEB SITE ADDRESS: <http://www.dnr.state.mn.us/index.html>

FUND: Environment and Natural Resources Trust Fund

LEGAL CITATION: ML 2003, Ch. 128, Art. 1, Sec. 9, Subd. 3(c)

APPROPRIATION AMOUNT: \$120,000

Overall Project Outcome and Results

Recipients, on the whole, provided requested information for reimbursement. There have been few if any problems with the written instructions. Recipients also seem to grasp the force of the work program and are improving their understanding of the work program and related fiscal controls. There still seem to be some issues in transferring the information from work program Attachment A to the Reimbursement Request Spreadsheet. It may be that reformatting is in order for future years. For example, we could convert the Reimbursement Request Spreadsheet from a horizontal alignment to a vertical alignment to differentiate it from Attachment A.

The agreement form was revised for 2005 appropriations. It appears to be fairly stable now, not needing significant revision unless the revised Legislative Citizen Commission on Minnesota resources sees a need for changes. New recipients were briefed on the agreement and the process for requesting reimbursements, however we recommend a refresher course for long time recipients.

Reimbursements were provided quickly to minimize cash flow problems. As we transfer to 2005, open projects include appropriations from M.L. of 1999 and 2005.

Appropriations from 2003 closed in June 30th of 2006. The project now has 55 agreements under management

Project Results Use and Dissemination

The financial administration of these projects is subject to audit by the Office of the Legislative Auditor and the DNR auditor (at DNR expense). The Office of the Legislative Auditor selected a sample of these projects to audit as part of a performance audit of the executive branch administration of grants to non-governmental organizations. That audit is due out in January, 2007.

LCMR 2003 Work Program

Date of Report: September 11, 2006
LCMR Final Work Program Report
Date of Next Status Report: Final Report
Date of Work Program Approval: .
Project Completion Date: June 30, 2006.

I. PROJECT TITLE: Management of Pass Through Appropriations to DNR.

Project Manager: Bill Becker
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Department of Natural Resources
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Total Biennial LCMR Project Budget:

LCMR Appropriation:	\$120,000
Minus Amount Spent:	<u>\$120,000</u>
Equal Balance:	\$0

Legal Citation: ML 2003, Chapt., 128, Art. 1, Sec.[9], Subd.3(c).

Appropriation Language: (c) Contract Administration

\$60,000 the first year and \$60,000 the second year are from the trust fund to the commissioner of natural resources for contract administration activities assigned to the commissioner in this section. This appropriation is available until June 30, 2006.

II. and III. FINAL PROJECT SUMMARY:

Recipients, on the whole, provided requested information for reimbursement. There have been few if any problems with the written instructions. Recipients also seem to grasp the force of the work program and are improving their understanding of the work program and related fiscal controls. There still seem to be some issues in

transferring the information from work program Attachment A to the Reimbursement Request Spreadsheet. It may be that reformatting is in order for future years. For example, we could convert the Reimbursement Request Spreadsheet from a horizontal alignment to a vertical alignment to differentiate it from Attachment A.

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IV. OUTLINE OF PROJECT RESULTS: Prior to the 2001 LCMR Appropriation cycle, LCMR Pass through appropriations were administered with money from the general fund appropriation of each executive branch agency receiving a pass-through appropriation. This resulted in a variety of rules of administration and improper reimbursement as noted in previous legislative audits of Environmental Trust Fund pass through appropriations. Centralized administration of these appropriations improves service to recipients and clarifies the reimbursement process.

Result 1. Assist LCMR pass through recipients in obtaining reimbursement for expenses incurred by LCMR funded projects.

- Redesign and improve the contracts and related materials used to implement the pass through appropriations.
- Develop and deliver a recipient information program that provides recipients with the knowledge necessary to comply with LCMR and other state regulations governing pass through agreements. This program will reach sub-recipients as well as initial pass through recipients.
- Implement a program to ensure that recipient problems are heard and understood immediately and acted upon in a manner to solve problems.

- Develop and implement a program to guarantee quick payment of requests for reimbursement that reimburses only allowable expenses.
- As necessary for carrying out the fiduciary responsibilities of the state, perform audits and other examination of records of recipients.
- Review requests for reimbursement to insure eligible costs were submitted and arrange for prompt payment.
- Provide assistance to LCMR on additional projects, as directed.

Description: Develop/improve Reimbursement Handbook
 Edit and Improve Contract Forms
 Prepare Contracts
 Process Payments
 Review Recipient's Original Records

Summary Budget Information for Result 1:

LCMR Budget	\$120,000
Balance	\$ 24,030

Completion Date: June 30, 2004

Final Result Status: The 2003 appropriation was first used for the state payroll as of August 10, 2004. Average monthly salaries, fringe, supplies and expenses totaled \$5,500.00. Minimal expenses were charged. All requests to date have been reimbursed.

Budget Status: This 2003 appropriation funded program efforts through the February 8th payroll. .

V. TOTAL LCMR PROJECT BUDGET:

All Results: Personnel¹ : \$119,839

¹ Personnel expenses are for new and current DNR OMBS. Current staff will provide daily project management and support services. All hours for current DNR staff will be actual hours spent working on pass through administration as coded by employees assigned in the DNR cost accounting system. This is not a supplanting of general fund dollars because the general fund salary savings are retained and spent for OMBS management activities. Thus the total biennial OMBS effort equals the fy 2003-04 general fund supported effort plus the

All Results: Equipment:	\$161
All Results: Development:	\$0
All Results: Acquisition:	\$0
All Results: Other:	\$0
TOTAL LCMR PROJECT BUDGET:	\$120,000

Explanation of Capital Expenditures Greater Than \$3,500: None

VI. PAST, PRESENT AND FUTURE SPENDING:

A. Past Spending:

Prior to and including the 1999 LCMR appropriation cycle, costs of administering the pass through appropriations were supported by the general fund of each executive branch agency receiving the appropriation. This resulted in uneven administration and improper reimbursement, as noted in previous legislative audits of Environmental Trust Fund pass through appropriations.

For the 2001 LCMR appropriation cycle, a proposal similar to this one provided \$150,000 for personnel to manage pass through grants in a uniform and efficient manner. The position administered \$21,860,000.00 of pass through appropriations for 31 agreements. This proposal is a continuation of that management function.

Minnesota Legislature 2001 Special Session Minnesota Laws Chapter 2, Section 14, subd. 3(b) Contract Administration

\$40,000 of this appropriation is from the future resource fund and \$55,000 the first year and \$55,000 the second year are from the trust fund to the commissioner of natural resources for contract administration activities assigned to the commissioner in this section and is available until June 30, 2004.

B. Current Spending: None

C. Required Match (if applicable): None

D. Future Spending: None.

LCMR Contract Administration supported effort. This, therefore, is a supplement as required by M.S. 2003, 116P.03. In addition, any use of more than 50% of a classified position on this project will be complemented by a commensurate backfill in the program lending the classified personnel.

VII. Project Partners:

A. Partners Receiving LCMR Funds: None

B. Project Cooperators: None

VIII. DISSEMINATION: One-on-one meetings with recipients and group presentations as requested by recipients and LCMR

IX. LOCATION: Statewide

X. REPORTING REQUIREMENTS: Periodic work program progress reports will be submitted not later than January 15, 2004, July 15, 2004, January 15, 2005, July 15, 2005, and January 15, 2006. A final work program report and associated products will be submitted by July 30, 2006.

XI. RESEARCH PROJECTS: Not Applicable.

Attachment A: Budget Detail for 2003 Projects - Summary and a Budget

Proposal Title: 3(c) Contract Administration

Project Manager Name: Bill Becker

LCMR Appropriated Dollars: \$120,000.

2003 LCMR Proposal Budget

BUDGET ITEM	Result 1 Budget:	Result 1 Revised Budget	Amount Spent (Feb. 17, 2006)	Balance (Feb 17, 2006)	TOTAL FOR BUDGET ITEM
		Assist LCMR pass through recipients in obtaining reimbursement for expenses incurred by LCMR funded projects			
PERSONNEL: Staff Expenses, wages, salaries - Gail Fox.	\$99,000	\$96,966	\$97,488	-\$522	\$96,966
Marjorie Banitt (see below for explanation)		\$2,034	\$2,034	\$ 0	\$2,034
PERSONNEL: Staff benefits –Calculated using state standard fringe rate of 1.21 base salary for Ms. Fox	\$ 21,000	\$ 20,567	\$19,884	\$683	\$ 20,567
For Ms Banitt		\$ 433	\$ 433	\$ 0	\$ 433
Other direct operating costs (for what? – be specific)					
Office equipment & computers (be specific)					
Printing					
Office Supplies (list specific categories)					
Other Supplies (list specific categories)					
Travel expenses in Minnesota					
Travel outside Minnesota (where?)					
Construction (for what?)					
Other land improvement (for what?)					
Other (Describe the activity and cost)	0	0	\$161	-\$161	0
COLUMN TOTAL	\$ 120,000	\$ 120,000	\$ 95,970	\$ 24,030	\$ 120,000

Ms. Banitt was brought to the project to assist in the review of Ruffed Grouse Society project reimbursements by the Division of Fish and Wildlife prior to DNR OMBS acceptance of the responsibility of the management of the RGS pass-through grant.