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clinic.
Harry, displaying the brag that comes with catching more fish than you deserve (like more than your wife), declared Li had caught but one walleye

"We hooked it on her line" he said.

I was awestruck. On his second day of fishing, Harry was already telling fish stories.


During dinner that evening Mike nodded toward Harry who was seated across the dining room. "Look at him. He's completely relaxed, talking to everyone and having fun. He's changed man."

After dinner, Luka told me about her day. She had taken a short walk with Isaac through the bush to see Snake Falls. I had heard all about the steep hill she climbed, the carpet of moss on the boreal forest floor, moose tracks, and bear poop.

"It was the first time I have been in the wilderness where there is no path," she said. "It was so beautiful."

The next morning, it was time to fly out. The Belgians, headed for Toronto and Niagara Falls, were on the first flight. Mike and I said goodbye to our new friends. I don't know where their future travels will take them. It seems unlikely they'll wet a line again.

But I'm pretty sure that Luka won't forget catching her first fish. And the next time Harry encounters someone fishing, I suspect he'll strike up a conversation. Because now that "city of city people" has become a fisherman.



Governor Candidates to Discuss Outdoor Issues at August 18 Game Fair

The Minnesota Outdoor Heritage Alliance (MOHA) and the weekly publication Outdoor News are jointly sponsoring an Outdoor Issues Forum at the 2018 Game Fair. All 11 candidates for Minnesota Governor have been invited to participate. The Forum will begin at 1:00 pm on Saturday, August 18, 2018 at the Game Fair hosted by the Armstrong Ranch Kennel in Ramsey, Minnesota.

Minnesota Outdoor Heritage Alliance
www.moha-mn.org

Distinguished Minnesota outdoorsmen Ron Schara and Rob Drieslein will moderate the Outdoor Issues Forum. They will ask the candidates to address questions relating to a range of topics of interest to all Minnesotans and of particular concern to hunters, anglers, and outdoor recreationists of all persuasions. Topics may include:

- Aquatic Invasive Species** – an increasing number of lakes are affected as invasives are transferred by boats, trailers and docks
- Chronic Wasting Disease** – this fatal disease is seen in both wild and farmed deer and monitored by the Department of Natural Resources and the Department of Agriculture's Board of Animal Health
- Clean Water** – we are one-third of the way into the life of the Clean

Legacy Amendment & Outdoor Heritage Fund – Minnesotans adopted a Constitutional amendment and tax increase dedicated to protecting and enhancing natural resources, but some of the fund is being used for bonding rather than projects recommended by the Lessard-Sams Outdoor Heritage Council

- Mille Lacs Lake Fishery** – constant controversy stems from ever-changing regulations
- Public Lands** – Minnesota has about 12 million acres of public lands; about half are managed by our DNR for a myriad of recreational activities and support of local economies

The Minnesota Outdoor Heritage Alliance (MOHA) is the largest coalition of hunting, fishing, trapping and conservation organizations in the state. It is a non-profit organization with the objective to involve all concerned outdoor groups in legislative, education, and public awareness actions to help protect and enhance our hunting, fishing and trapping heritage and the resources they depend on. Founded in 1994, MOHA was instrumental in adoption of the 1998 Constitutional amendment guaranteeing the right to hunt, fish and trap in Minnesota. MOHA was at the forefront in securing passage of the Clean Water, Land and Legacy Amendment in 2008 and establishment of the Lessard-Sams Outdoor Heritage Council to recommend how these dedicated funds should be allocated.



Eagle Lake

50th Designated Wildlife Lake McLeod County, Minnesota



This shallow lake was enhanced through Ducks Unlimited's *Living Lakes* conservation initiative in partnership with the Minnesota Department of Natural Resources and the Buffalo Creek Watershed District.

Funding was provided by Minnesota's Outdoor Heritage Fund as recommended by the Lessard-Sams Outdoor Heritage Council, and the North American Wetlands Conservation Act. Additional philanthropic support was provided by Flint Hills Resources, McKnight Foundation, Caterpillar Foundation, Unimin Corporation, and Ducks Unlimited Members and Major Sponsors.

Thank You!



Mr. Robert Anderson, Chair
Lessard-Sams Outdoor Heritage Council
100 Rev. Dr. Martin Luther King Jr. Blvd.
State Office Building, Room 95
Saint Paul, MN 55155

August 1, 2018

Dear Chair Anderson,

On behalf of the Board of Water and Soil Resources, we thank you for the opportunity to appear before the Lessard-Sams Outdoor Heritage Council (LSOHC) on June 28, 2018, to overview the Office of the Legislative Auditor's (OLA) recent fiscal audit report of BWSR's Internal Controls.

We appreciate the OLA's time and attention during this audit process and we have begun to implement significant process improvements to our internal fiscal systems, which we will explain in further detail below. First, we'd like to share some board priorities for agency success as it relates to this audit:

Business Model: Our agency is charged with program development and fiscal oversight of state conservation and Legacy funds through Minnesota's locally-led conservation delivery system. This means that while our staff size is relatively small, we interact with over 250 local government organizations, and dozens of associations, interest groups and contractors, to implement our legislative directives.

BWSR has always operated with a small staff to maximize resources available to local governments for implementation of conservation projects. We are well aware of, and wrestle with, the tension between too-little/too-much agency administration and oversight.

Risk Management: At the conclusion of our last internal controls compliance audit (2010), we prioritized new fiscal internal control activities on the highest risks funds. The advent of Legacy dollars refocused our staff's attention on those significant dollars that are granted to local governments outside of the state agency accounting systems. Over the last several years staff have built, evaluated, and refined processes to ensure compliance, accountability, and outcomes with a focus on the highest risk funds (those that are provided to others for external implementation).

For example, this included building a request for proposals process, application scoring and ranking by multiple staff and agencies (with senior management review and board decision); grant distribution and tracking throughout the process; reporting/closeout and development of a fiscal verification and reconciliation process.

Results: These highest risk funds compromise over 83% of the agency's biennial budget. The audit had no findings for this portion of the budget. This is a testament to the prioritization of building external processes and controls after our last audit. We appreciate the Office of the Legislative Auditor's acknowledgement that our grants and easements oversight is performing well: *"We felt that controls over the grants were very good and we also thought that the controls over the easements were excellent, as well. We had no findings in those*

areas. So 83% of the financial activity we reviewed had outstanding compliance and very good controls.” - Christopher Buse, Deputy Legislative Auditor, OLA during 06/28/18 Testimony at the Lessard-Sams Outdoor Heritage Council.

Building on the systems and rigor applied to our external funding, we will use that platform to apply the necessary precision to our internal processes to accomplish greater consistency and proper documentation of internal administrative expenditures. As part of our efforts to improve, twelve months ago the agency began phase one of a significant overhaul of its fiscal and administrative operations. We are already using the OLA’s findings to implement several process improvements, new controls, staffing, and procedures to ensure fiscal safeguards are in place. Examples include:

Staffing: We have undergone significant staffing changes in our financial and internal controls sections, including: a new Chief Financial Officer (Nov 2017), new accounting and contract personnel (April 2018), a new internal controls and compliance officer (July 2017), and we are in the process of hiring a new payroll position.

External Review: We contracted with another agency to review and recommend how BWSR should improve its fiscal processes and management (October 2017).

Processes: BWSR has made substantial headway in addressing administrative expenditure audit findings related to documentation and coding consistency. We have implemented several process improvements, such as: updated time activity reporting processes (August 2017), updated conflict of interest staff form (March 2018), and new business expense processes (June 2018). The OLA acknowledged these purposeful steps: *“I think one thing that was really good about the agency’s response to this is that the executive director of the agency, by the time the report was issued, he had already undertaken... ..steps to have members of the DNR come in and do an external assessment of their accounting practices and I thought that was really a positive move that was in line with our broad recommendations. He also hired a new controller for the agency from the Human Services Department that had experience dealing with complex accounting systems such as they have in the human services arena.” - Christopher Buse, Deputy Legislative Auditor, OLA during 06/28/18 Testimony at the Lessard-Sams Outdoor Heritage Council.*

The second phase of our internal fiscal systems overhaul is now underway, as our staff begins a thorough review of our policy and procedures to make sure they reflect statute requirements and professional best practices. As we embark on these revisions we are also investing in training and adding capacity to make sure we have the staff in place to assure there is sufficient documentation and planned redundancies to continue the forward progress we have made.

Conflict of Interest: We maintain that Board members follow a consistent and transparent conflict of interest procedure. During each public board meeting where a decision will be made, the BWSR Board Chair reads aloud the conflict of interest statement and directs Board members to disclose and document potential, perceived, or actual conflicts. Our process then calls for those forms to be collected and presented to the Board Chair and the Executive Director. Then for each corresponding vote, abstentions are announced. Our position remains that appointed Board members cannot be told whether or how to vote. *Furthermore, in every case where board members have disclosed actual conflicts they have abstained from voting.*

Processes: Our Board takes conflicts of interest very seriously. As a Board, we expect transparency of our members and our staff, and are committed to an ethical decision-making process. Protecting Minnesota’s soil and water resources is our mission, one that guides our board and our staff in that process. If the Office of Grants Management or the OLA believes there are ways we can add clarity to that process we will make adjustments.

Finally, on behalf of the Board, we want to reiterate our confidence in the work of the agency's staff, and our continued commitment to the important work the agency does and the value it provides to both local governments and to Minnesota's natural resources. The agency is focused on continuous improvement to build its organizational capacity via staffing and training to assure we are good stewards of taxpayer dollars purposed for improving and protecting our valuable soil and water resources.

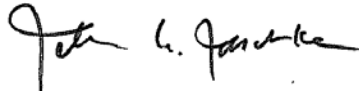
Thank you for your interest in this topic and for this opportunity to respond. You can also get more details on any aspects of the items noted in the report from BWSR Assistant Director Angie Becker Kudelka. She can be reached at: angie.beckerkudelka@state.mn.us or 612-616-5112.

Sincerely,



Gerald Van Amburg
Chair, Board of Water and Soil Resources

Sincerely,



John Jaschke
Executive Director, Board of Water and Soil Resources

CC: Mark Johnson, Executive Director