

Department of Natural Resources: Outdoor Heritage Fund Grants

Performance Audit
Released January 15, 2026

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Objective and Scope

Objective:

- Did the Department of Natural Resources (DNR) administer Outdoor Heritage Fund (OHF) grants in compliance with applicable requirements?

Scope:

- July 1, 2019 – January 31, 2025

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State of Minnesota
2

Background on Legacy Funds

- 3/8 of 1 percent of state sales tax funds the Legacy Funds
- Legacy Funds:
 - Arts and Cultural Heritage Fund
 - Clean Water Fund
 - **Outdoor Heritage Fund**
 - Parks and Trails Fund
- Approximately \$100-130 million is available for OHF projects each year

Outdoor Heritage Fund Award Process



Areas Tested

- Grant agreements and amendments
- Grant payments
- Grant monitoring
- Site visits

Results

- DNR generally complied with the requirements we tested
- Report contained 2 findings:
 - Grant payments
 - Grant monitoring

Unsupported Grant Payments (p. 11)

- Lack of adequate documentation:
 - \$399,321 to 3 grantees
- No documentation:
 - \$4,936 to 2 grantees
- Policies do not define:
 - Allowable costs
 - Directly related to and necessary

Grant Monitoring: Monitoring Visits (pp. 13–14)

DNR did not conduct required visits for:

- 4 legislatively named grants
- 2 single source grants

Grant Monitoring: Progress Reports (pp. 14–15)

DNR made payments to grantees with:

- Past-due progress reports:
 - 10 payments to 2 grantees totaling \$2.1 million
- No progress reports:
 - 25 payments to 3 grantees totaling \$2.7 million

Grant Monitoring: Closeout Evaluations (p. 15)

DNR:

- Did not complete all required elements on 8 evaluations
- Did not complete evaluations timely:
 - Between 72 and 790 days after final payment
- Did not complete 2 evaluations

Summary of Recommendations

- Obtain adequate documentation to support costs
- Establish guidelines for allowable costs and activities
- Conduct timely:
 - Monitoring visits
 - Closeout evaluations
- Obtain progress reports before making payments
- Strengthen internal controls

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