

6. EVALUATION OF BOARD FUNDING TO THE COMMUNITY

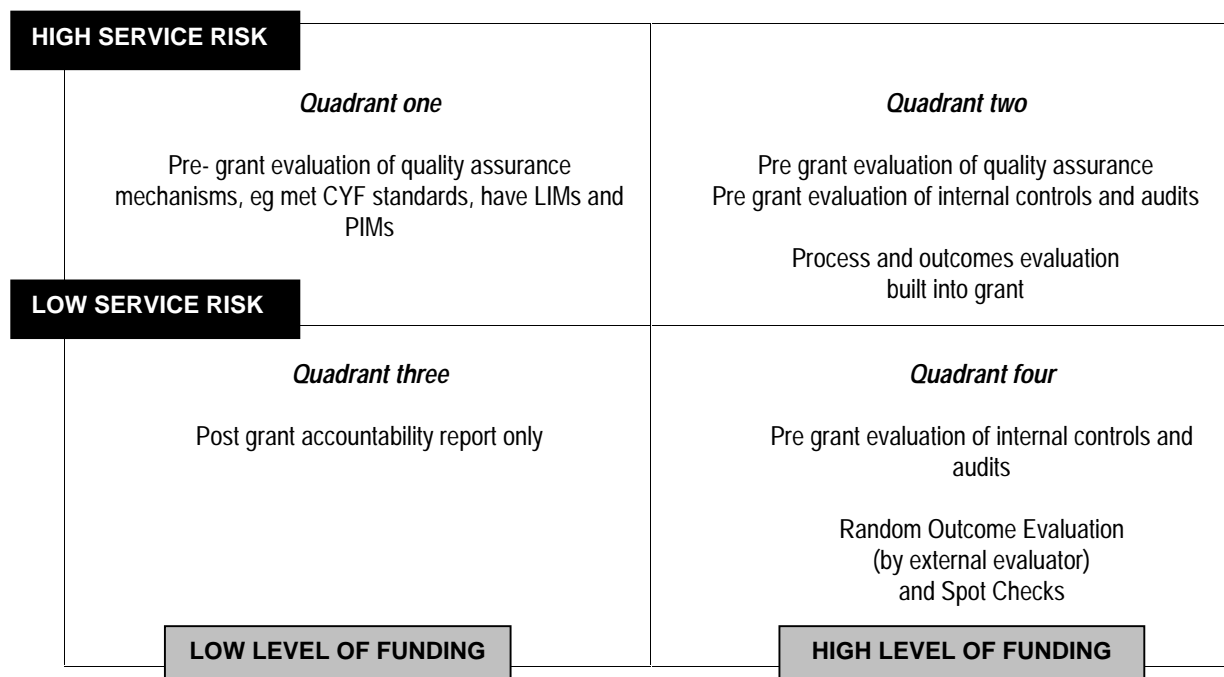
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Corporate Plan Output: Policy Advice	

The purpose of this report is to suggest a possible approach to monitoring and evaluation of Board grants to community agencies.

EXECUTIVE SUMMARY

- The Board requested a process for monitoring and evaluating grants to community agencies. This report provides a framework for grant monitoring and evaluation based on risk.
- There is an element of calculated risk associated with all discretionary funding. If we only focus on minimising risk we may also focus on minimising opportunities.
- Over-emphasis on monitoring and evaluation can detract from important but less-easily-quantified results and undermine wider long term social contributions. Imposed evaluations can undermine learning, initiative and independence.
- Alternatively, collaborative evaluation processes can facilitate learning, encourage transparency and improve effectiveness and efficiency.
- Monitoring and evaluation should involve minimum compliance cost so as not to detract funding and energy from programme delivery.
- The focus should be on management support rather than detecting mismanagement of an organisations operations. It should also focus on promoting an atmosphere of trust and respect which supports self evaluation and compliance.
- Risks can be grouped into two categories: funding risk (misuse, inefficiency and ineffectiveness of funding) and service risk (poor quality service, harm or injury to clients etc). The first risk is usually considered to be the funders risk the second is the clients' and community's risk.
- There is a continuum of abuses from outright theft or fraud to waste and inefficiency. Out right theft is rare and is covered by laws. It is often uncovered by chance rather than in evaluation or audit. Appropriate internal controls and audits are best means to prevent and identify embezzlement.
- Similarly, excessive compensation and self serving (where the organisation is hijacked for the benefit of the employees as opposed to clients or community) is best dealt with by developing strong and effective boards/management systems.
- There is also a continuum of problems associated with the 'quality of service' from unreliability, inaccessibility through to client abuse, neglect or harm.
- The risks associated with funding are directly related to the level of funding.
- The risk associated with service quality depends on the nature of the service. For example, a residential service has a higher risk of physical abuse, counselling services have higher risks of emotional or psychological damage.
- Monitoring and evaluation arrangements should seek to minimise risks and maximise effectiveness
- Monitoring and evaluation arrangements should be proportional to the risk (both funding and service) to clients and community and to the Community Board.
- Monitoring and evaluations arrangements should be cost effective.

EVALUATION FRAMEWORK



- The above framework combines up-front evaluation with post grant evaluation.
- Where service risk is high up-front requirements are relatively high. Upfront evaluation can be a good way to minimise service risk as funding can be an incentive to improve quality standards.
- Where funding risk is high pre grant evaluation of internal controls and audits are relatively high. Upfront evaluation is also the best way to minimise funding risk as funding is conditional on satisfactory systems and safeguards.
- Where funding risk is high post grant evaluation is also relatively high. Post grant evaluation can provide guidance to the Board regarding the effectiveness of its grant making, including the outcomes and the costs and benefits in allocating resources. It can also provide guidance to groups to improve their service delivery or project implementation.

INTRODUCTION

The Board has requested a process for monitoring and evaluating grants to community agencies. This report suggests a framework for grant monitoring and evaluation based on risk and impact. It suggests that evaluation should be proportional to the risk (both to clients and community and to the Community Board).

BACKGROUND

When resources are finite, any decisions to implement a certain intervention means that fewer resources are available for another intervention. It can be argued therefore that it is unethical not to evaluate the outcome and impact and consider the costs and benefits in allocating resources (Williams 1991).

The purposes of evaluation include:

- **Improvement** - gathering information to improve an activity.
- **Effectiveness** - identifying components which are working most effectively.
- **Documentation** - making a permanent record of how a programme is being implemented.
- **Transferability** - documenting the programme in detail so it can be used at other locations.
- **Accountability** - requirements of a funding agency or management board, to demonstrate funding has been used as intended (Thomas 1998).
- **Efficiency** - identify if the programme is efficient in producing specific outputs/outcomes (Thomas 1998).

Although the evaluation approach should be rigorous in its efforts to determine the worth of an activity and to guide implementation and management, it should also lead to more effective activities, greater learning opportunities, and better knowledge of what works. Therefore evaluation should not be viewed only as an accountability measuring stick imposed on activities, but rather as a learning tool. In recent years, evaluation has become synonymous with "proving" the worth of programmes or accounting for funds, rather than on improving programmes.

Monitoring and evaluation enables organisations to understand the costs and other implications of achieving social objectives and/or financial objectives. In recent years there has been a substantial increase in the information that voluntary organisations are required to provide to funding agencies for purposes of monitoring and accountability. However, there is little evidence that 'funder' inspired measurement of outcomes/outputs of community organisations has contributed to greater effectiveness, transparency or accountability.

This recent excessive emphasis on accountability, verification, control, and compliance has meant that learning, making best use of available resources, and having most effective impact is compromised if not seriously impaired (Nowland-Foreman 1996, Schick 1996).

"In an effort to avoid negative findings and a concomitant funding reduction, an NGO is likely to conceal failure, reduce risk and/or undertake things to conform to the funding agency's ideas of good development. The first stunts learning, the second stunts initiative and the third stunts independence. None enhance effectiveness" (Smilie 1996)¹.

The focus should be on management support rather than detecting mismanagement of organisations operations or imposing of excessive management standards. For example, practical advice and support from the community development adviser can improve the governance and management of a community organisations and therefore increase effectiveness. It should also focus on promoting an atmosphere of trust and respect which supports self evaluation and compliance. Organisations are more likely to approach Council staff or Board members when there is a problem if such an atmosphere exists.

Evaluations of community development initiatives should be based in the real issues of their respective communities and incorporate multiple perspectives. They should involve participatory processes, which attempt to be practical, useful, and empowering to multiple stakeholders, and help to improve program implementation and outcomes by actively engaging all stakeholders in the evaluation process. Just as people participate in the activity they must participate in the evaluation.

Evaluations should build capacity. They should be concerned not only with specific outcomes but also with skills, knowledge and perspectives acquired by the people involved in the initiative/programme/service.

The evaluation should be purposeful and practical and should provide sufficient, reliable and usable information which is able to be acted upon. The on the ground providers and users of the activity/service need to know the value of what they are doing in order to know how to maintain or improve it in daily practices. The process should not impose the minimum cost burdens in terms of time and financial resources.

Community development evaluation approaches must not be rigid and prescriptive. The processes should be flexible and adjusted to the realities, circumstances and issues of the initiative under evaluation (without compromising the integrity of the evaluation). These initiatives are often considered to be unevaluatable, or are evaluated using traditional methods which may underestimate the true effects of these initiatives or fail to capture the complex and often messy ways in which these initiatives effect change. This can lead to a narrowing of the project to fit the evaluation design (a problem, if what really works is the breadth and multi-pronged nature of the initiatives). These are the initiatives that many know from practice, experience, and even common sense create real change in the lives of children, youth, families and communities.

ACCOUNTABILITY/EVALUATION FRAMEWORK

The proposed framework combines up-front evaluation with post grant evaluation. Where service risk is high up-front requirements are relatively high. Upfront evaluation is the best way to minimise funding risk as funding is conditional on satisfactory systems and safeguards. It can also be a good way to minimise service risk as funding can be an incentive to improve quality standards. Where funding risk is high, pre-grant evaluation of internal controls and audits are relatively high.

¹ This is not limited to voluntary sector Similarly Romzeka and Dubnik (1987) in their analysis of the US National Aeronautics and Space administration (NASA) in the lead up to the tragic explosion of the space shuttle Challenger in 1986 suggested the explosion could be explained in part, as the consequences of shifting standards of outcome based performance measures

In these cases, post grant evaluation is also relatively high. Post-grant evaluation can provide guidance to the Board regarding the effectiveness of its grant making, including the outcomes and the costs and benefits in allocating resources. It can also provide guidance to groups to improve their service delivery or project implementation.

Quadrant one: High risk - Low level funding

Issues:

- Are risks to clients and community minimised and opportunities maximised?

Pre-grant evaluation:

- Appropriate internal quality controls and safety standards (graduated requirements depending on service).

Post grant evaluation tools:

- Accountability form.

Quadrant two: High risk - High level funding

Issues:

- Are risks to clients minimised and opportunities maximised ?
- Was money spent on intended purpose?
- Was the service/project effective?
- What are the community benefits derived from grant making?
- Is the Board making the best use of its grant funding?

Pre-grant evaluation:

- Appropriate internal controls and safety standards (graduated requirements depending on service).
- Clear and relevant accounting standards, audits and oversights by boards/management committee.

Post grant evaluation tools:

- Process and outcome evaluation negotiated at time of grant.

Quadrant three: Low risk - Low level funding

Issues:

- Was money spent on intended purpose?

Pre grant evaluation:

- Nil.

Post grant evaluation tools:

- Accountability form.

Quadrant four : Low risk - High level funding

Issues:

- Was money spent on intended purpose?
- Was the service/project effective?
- What are the community benefits derived from grant making.
- Is the Board making the best use of its grant funding?

Pre grant evaluation:

- Clear and relevant accounting standards, audits and oversights by boards/management committee

Post grant evaluation tools:

- Spot check and evaluation.

CONCLUSION

Evaluation is an essential aspect of good grant making. It helps establish the appropriateness and effectiveness of funding decisions and to assess the impact of grant funding. Evaluation should not be conducted simply to prove the activity works but also to improve the way it works.

Evaluation process should impose the minimum cost burdens in terms of time and financial resources. They should not be so complex that they detract from grant making or service delivery or are difficult to complete successfully. Where practical the cost of evaluation should be built into grants.

Evaluation requirements should be proportional to the grant level and risk. Spending a lot of money on evaluation is not always the best use of scarce resources. Just because an initiative's outcomes can theoretically be measured does not mean that they should always be measured. For instance, when one is in the situation of knowing from previous evaluations that there is a good chance that a particular type of programme will achieve its objectives a process evaluation may provide sufficient information.

Recommendation: That the Board consider the evaluation framework.

**Chairperson's
Recommendation:** That the officer's recommendation be adopted.