

A PRACTICAL APPROACH TO PERFORMANCE MONITORING

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ABSTRACT

As grants programs have become an increasingly significant feature of public sector administration there has been greater interest in monitoring the activities of funded organisations to ensure effective program management and provide useful data for evaluation. Hence, most grants programs establish monitoring frameworks which invariably need to be tailor made to accommodate unique program objectives, accountability requirements and the range of funded organisations involved. However, in practice, the data produced is often of mixed quality.

This paper looks at issues associated with designing and implementing monitoring frameworks, and outlines strategies for achieving better quality data. In particular, it examines strategies associated with building and maintaining commitment, and ensuring that monitoring frameworks are realistic and within the capacity of funded organisations.

The paper builds upon established public sector better practice guidelines and draws on experiences from a number of consultancies undertaken by the author which have involved developing and implementing monitoring frameworks. A recent comprehensive review of monitoring for a pre-vocational education and training program in NSW is used as a case study. It provides examples of both issues associated with monitoring activities and strategies for improving data quality.

1. BACKGROUND

In the last decade or so, a social policy context has emerged where Governments are increasingly favouring the devolution of community development and welfare services to non-government organisations (NGO). These developments have led to grants programs becoming a significant feature of public sector administration, with expenditures currently exceeding one billion dollars (ANAO, 1997).

Grants to NGOs are being made available in a variety of ways, including grants directly to applicants on an individual project basis or to intermediary organisations that in turn distribute grants for individual projects. In either case, grants involve the allocation of taxpayer generated revenue for the purpose of fulfilling established government objectives.

With grant recipients operating outside internal public sector accountability regimes, an alternative framework is needed to ensure accountability and value for money from grants. Hence, monitoring frameworks are needed to provide public sector managers with the performance and financial information they need to determine whether grants are properly administered and are achieving outcomes consistent with government policy.

There are two fundamental aspects of monitoring grants programs, although there is some overlap: performance monitoring which focusses on assessment of the extent desired outcomes have been achieved and financial monitoring which assesses whether the relevant accountability procedures have been complied with.

This paper will focus on performance monitoring and builds upon published public sector better practice guidelines. A number of specific guidelines will be outlined and issues associated with their implementation will be discussed. A recent review of a monitoring framework for a grants program in NSW will be presented as a case study to highlight issues commonly faced in performance monitoring. These issues will then be discussed more broadly, based on the author's experiences from a number of consultancies which have involved developing, reviewing and implementing monitoring frameworks. The paper focusses on the process of implementing a monitoring framework rather than what type of data should be collected.

2. MONITORING GUIDELINES

Monitoring requirements vary significantly between grants program as a result of program specific structures, objectives, and the type of NGOs they involve. Effective risk management also requires different levels of monitoring, with larger grants requiring more comprehensive monitoring than smaller grants. Therefore, it is seldom feasible to apply an off-the-shelf monitoring system.

However, within these variations, it is recognised that there are certain general guidelines which monitoring frameworks should adhere to, regardless of their specific characteristics. Guidelines have been formulated and published by a number of Commonwealth and State Government agencies (see for example Australian Audit Office, 1997 and Audit Office of NSW, 1995) to help agencies structure grants programs and design effective monitoring frameworks.

This paper will look closer at three general performance monitoring guidelines which have been drawn from the Australian and NSW Audit Offices and are outlined below. Each guideline will initially be introduced in the context of case study findings and then discussed more broadly.

- ↳ apply monitoring procedures consistently across the grants program;
- ↳ design and use an adequate management information system to provide relevant information for both grantees and funding body;
- ↳ ensure that relevant expertise and resources are available.

3. THE CASE STUDY

The case study is based on a program aimed at helping disadvantaged groups of young people remain in, or return to, mainstream education, training and employment pathways. The program administers grants to over 100 community organisations to conduct pre-vocational educational and training projects. Funded organisations range from community-based youth services, women organisations, mainstream community centres, ethno-specific organisations and local councils. Each organisation is funded to undertake one or more projects over one year. Almost all organisations re-tender for funding each year and have delivered projects over a number of years.

The program's monitoring framework had evolved over a number of years, with amendments following evaluations and other reviews. Over this period, requirements for funded organisations to provide data had often been added but seldom subtracted.

By 1998, there was general agreement among stakeholders, both among grantees and the Department, that the extent of reporting had become too onerous in relation to the size of grants and the quality of data that it produced was variable.

A comprehensive review was announced with the broad aims of improving data quality while lightening the monitoring burden for both grantees (in providing monitoring information) and for the Department (in collating and processing the information).

4. PUTTING GUIDELINES INTO PRACTICE

Guideline 1. Consistent application of monitoring procedures across the grants program

Case study finding 1: The monitoring framework contained reporting proformas which were attached to the funding agreement and which covered the full period of the grant. However, consultations with grantees and a review of past reports revealed significant inconsistencies in the interpretation of data requirements. These inconsistencies were mainly due to the open ended nature of the reporting proformas. The new framework needed to be more specific about the level of details needed.

Data collection is often decentralised within a monitoring framework, for example, through regional offices or through States / Territories in a Commonwealth program. Good practice guidelines state that it is important that an overall framework is in place to avoid inconsistencies in the monitoring processes. Standards should include specifications for frequency, consistency and quality of monitoring activities and ensuring that these are met in all locations.

In order to ensure at least minimum adherence to monitoring requirements, they should be a condition of the grant and in-built into the grant scheme. The reporting requirements should be clearly outlined in funding agreements and compliance should be

linked to future payments. To facilitate linking monitoring activities to grants, sequential pre-payment of grants is preferable (AO of NSW, 1995). In grants programs where the same organisations re-tender for funding year after year there are further opportunities to link monitoring to future grants. For example, payment of grants for the following year will only be made upon the receipt of all monitoring data from the previous year.

While linking monitoring to grants payments is important in order to achieve at least minimum compliance with monitoring requirements, they are seldom enough to create real commitment on part of grantees to provide quality data. As will be discussed below, real commitment usually only eventuate if grantees perceive benefits from providing the data.

Guideline 2: Design and use of adequate information management system to provide relevant information

Case study finding 2: performance monitoring data was not linked to the main grants management system and the capacity to produce timely and relevant data summaries did not exist. As a result, neither grantees nor Department staff had seen any of the information they provided in a coherent summary format and felt a low level of commitment to provide quality data.

Good practice guidelines state that a monitoring framework should encompass a management information system to provide timely and relevant data summaries, and that this system should enable relevant summaries for each grant, across grants and for the program overall. In other words, such a system should be able to provide regular summaries for grantees and the funding body, as well as being capable of providing relevant program wide data for reviews and evaluations.

In practice, these systems are difficult to achieve and often only include the bare minimum of financial information, with performance information being systematically summarised only at times of major program reviews or evaluations, usually at considerable extra cost.

However, providing grantees with relevant and timely summaries of quantitative data that they provide can be a powerful mechanism for achieving greater commitment to the monitoring framework and for improving the quality of data. Firstly, if structured correctly, data summaries may be useful for grantees= internal monitoring and evaluation purposes, and if the data is being used by grantees, accuracy becomes important. Secondly, summaries provide an opportunity for grantees to check the accuracy of information they provide. If the data summary clearly misrepresents the grantee, it is usually corrected.

Case study finding 3: grantees were required to provide output and outcome information at the level of individual participants as well as in summary format. This produced significant demands on grantees internal record keeping system and often produced inconsistent information.

In order to create an effective and efficient framework, data collection requirements and proformas need to be designed with reference to an overall data model which should form the basis of a database to house the monitoring data. The data model provide a map of the data elements and how they are connected within a relational framework. All too often, data collection proformas are designed without reference to a data model followed by the creation of a database which is a mirror of the forms. This process inevitably leads to inefficient systems with redundant data and limited flexibility.

Once in place, the data management system should provide the required summaries from the unit data as far as possible, relieving grantees of having to summarise records. By internalising the process of summarising the data, quality may be improved significantly, particularly in programs involving a large number of grantees.

In the case study, significant gains were achieved by developing a simple database for participant information, with a form suitable for scanning, which was linked to an existing grants management system. Once linked, the new system enabled summary reports to be produced across grantees and across the program of both financial and monitoring information, and combinations of the two. Qualitative information provided by all grantees for the purpose of assessing the extent to which projects were implemented according to project plans was not included in the information management system.

In order to gain the required level of understanding of how to best structure an information management system, consultations with grantees as well as staff in the funding agency are usually necessary. Managed correctly, consultations may be used to increase stakeholders= understanding of, and commitment to, monitoring requirements. Conversely, managed incorrectly, a consultation process could have the opposite effect by establishing unrealistic expectations. Any review needs to ensure that the parameters within which it is taking place are clear from the outset.

Guideline 3: Ensure that relevant expertise and resources are available

Case study finding 4 Consultations with funded organisations revealed that the capacity among funded organisations to collect the required monitoring data varied significantly. Some organisations were large, had considerable experience with a number of different grants programs and their associated monitoring requirements, and were able to readily comply with monitoring requirements. Others were small and had limited experience with systematic data collection, and project coordinators had limited opportunities for support from colleagues.

Good practice guidelines states that a monitoring framework needs to ensure that relevant expertise and resources are available to those collecting and processing routine monitoring data.

In practice, funded organisations= capacity to comply with monitoring requirements is often limited by a lack of administrative resources and expertise. Program funding is often earmarked for direct intervention with inadequate resources for administrative tasks associated with meeting monitoring obligations. This may be a problem particularly for smaller agencies without administrative resources independent of individual grants.

Lack of expertise in systematic data collection and management may also be a significant barrier for some agencies. Funding bodies needs to assume that funded organisations are first and foremost experts in delivering services to a particular target group and may need assistance to develop the necessary systems to provide the required data.

In order to assist NGOs to comply with monitoring requirements, funding bodies should consider building administrative capacity among grantees, not only by allocating money for this purpose, but also by offering advice as to how they can better monitor their projects.

This type of assistance to funded organisations may take the form of making simple data collection instruments available (eg form for recording attendance details), providing Ahow to@ manuals or it may be part of professional development activities provided for staff of funded organisations. It may also be feasible to incorporate elements of longer-term capacity building among funded organisations into the monitoring process itself. This is particularly feasible where the same organisations re-tender for funding year after year. An example of long-term capacity building among grantees from the case study is described below.

The need to build the capacity among grantees to meet monitoring requirements was evident after initial consultations with project coordinators. While some had sophisticated internal systems in place with monitoring data linked to internal data management systems, other organisations had no systems in place and collected inadequate ongoing data to comply with the Department=s requirements.

With the Department structured into regions staffed by field officers, an opportunity existed to include personal visits by Department staff to funded organisations. The primary purpose of visits were to assess the extent to which projects were Aon track@ in relation to their project plans and they enabled the removal of some time consuming written reports. However, they also provided an opportunity to provide monitoring advice to grantees so as to build their capacity to meet monitoring requirements.

Prior to the visit, funded organisations complete a self-report which sets the agenda for the visit. This report requires organisations to state the extent to which they are currently collecting the required data. If there are gaps, the visit will be used to discuss solutions. As the self-report proforma takes the form of exception reporting, once an organisation has appropriate systems in place, it becomes very quick to complete and the visit can focus solely on issues related to service delivery.

5. CONCLUSIONS

The key to achieving high quality monitoring output is to create commitment among grantees and to ensure they have the capacity to provide the required data. While minimum standards are ensured by linking monitoring requirements to payments, real commitment is created by ensuring that grantees receive benefits from the data they provide. This requires a good understanding of grantees internal data requirements and an appropriate data management system.

This paper has outlined some general guidelines and practical approaches for reviewing monitoring frameworks, a checklist of which is outlined below:

- ensure that an overall framework exist to prevent inconsistent monitoring across the program
- make monitoring a condition of the grant and pre-payments sequential to ensure at least minimum adherence to monitoring requirements
- ensure that an adequate information system exist in order to
 - provide monitoring feedback to grantees
 - prevent duplication of data
 - ensure reporting flexibility
- consult with grantees and funding body personnel to assess:
 - grantees' internal information needs
 - capacity to comply with monitoring requirements
- assist grantees to meet monitoring requirements by, for example:
 - providing "how to" manuals
 - providing simple data collection instruments
 - professional development activities
 - incorporating longer-term capacity building into the monitoring process

REFERENCES

Audit Office of NSW, 1995, Performance Audit Report, Ethnic Affairs Commission: Administration of Grants

Australian National Audit Office (ANAO), 1997, Better Practice Guide: Administration of Grants