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Taken for Granted

Towards a real model for evaluating discretionary grants

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Over recent years, we have seen in Australia the growing outsourcing of traditional government services, an increasing trend toward local control and responsibility for funded programs, and a concurrent rising demand for accountability for public funding. Each of these changing contexts places increased pressure on discretionary and competitive grants processes to demonstrate transparent and sound administration, together with accountability for delivering outputs and outcomes, with a value-for-money perspective. However, while demand is growing for credible and worthwhile evaluation of grants programs, there is a corresponding reduction in the capacity to meet that demand. The contexts in which grants-based programs operate can be in particularly complex and politicised; historically, in Australia, they have been found to be poorly managed and inadequately evaluated.

Figure 1. Structure of a discretionary grants program
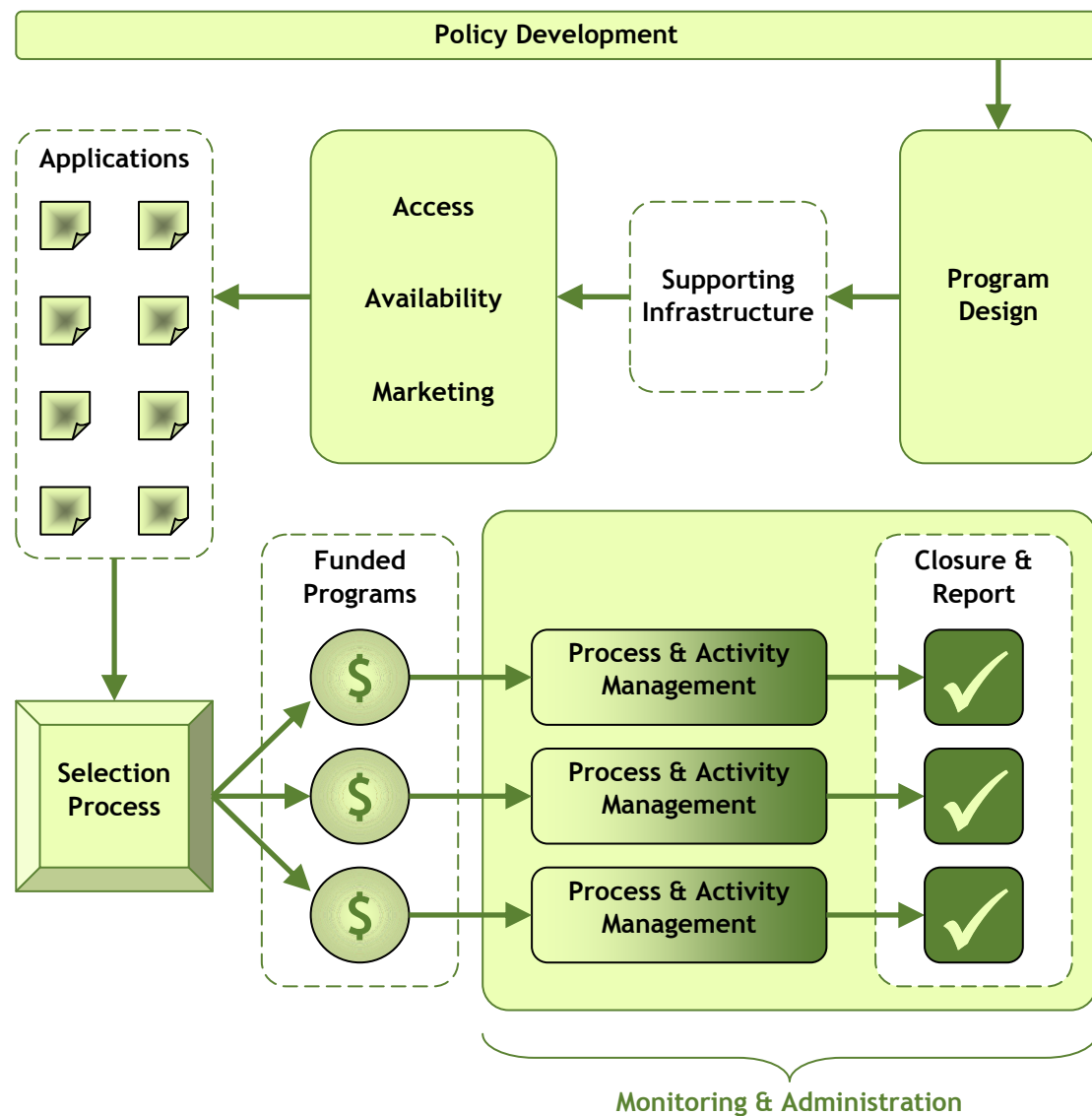
Discretionary grants programs are understood here to be those programs that distribute sums of money to non-government organisations on the basis of assessing applicants on merit against defined criteria. The grants are targeted towards some set of program objectives derived from a higher level (often government) policy. The projects are initiated and defined by the applicants, and do not require the delivery of specific predetermined services.

Figure 2. Hierarchy of Stakeholders
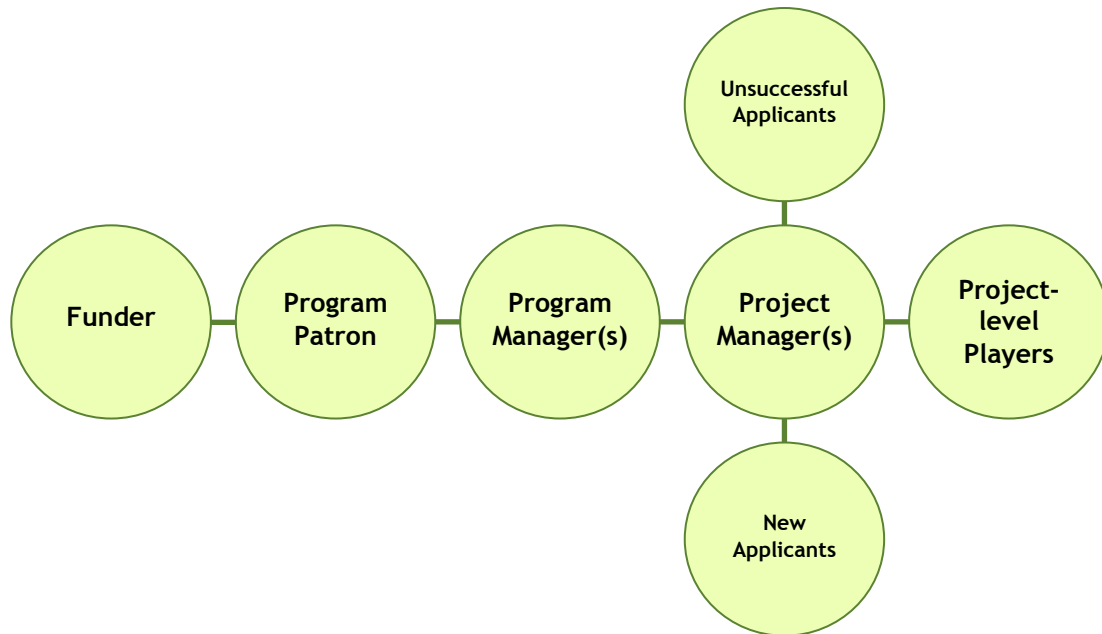
Because of the inherent range of stakeholder perspectives, including government, funding agencies, funds managers, applicants and beneficiaries, there is a resultant miscellany of concerns and priorities regarding the focus and methods. Such diversity gives rise to considerable difficulties in the evaluation of such grants programs and requires that practitioners are equipped with substantial professional skills and experience. This is further compounded by the status of evaluation as an emergent profession.

As is common in evolving disciplines, there is debate about the role of various players, or stakeholders, and the relationships between them; this is particularly evident with regard to the issue of *audit* versus *evaluation*. Much of the relevant literature has focused on establishing or reinforcing a distinction between these two functions, defining the boundaries, relative merits, applications, strengths and weaknesses of each. It is, however, far more productive to instead seek ways in which they may be symbiotic and mutually supportive in establishing a holistic approach to the evaluation of grants-based programs. The reality of these grants environments is that the ostensible auditor-evaluator dichotomy is in fact more like a continuum; the distinction becomes blurred, for instance, when compliance auditing against specific guidelines involves the subjective interpretation of qualitative data.

Existing guidelines and standards relating to competitive grants processes are largely government initiatives adopting an external auditor focus, having for the most part grown out of a financial accountability background and model. What is needed in its place is a pragmatic and flexible model of evaluation which allows fund administrators, program managers and beneficiaries to address external compliance and accountability concerns while still acting as an ongoing learning tool for the program in question.

As a profession, and especially as an emerging one, we most certainly have a fundamental requirement to develop and act upon a central paradigm of defined principles, theories and models. Nevertheless, as that body of knowledge will require a great deal more debate and research, we must simultaneously work towards embedding evaluation as a respected profession. Consequently, while the outlined grants evaluation process is here referred to as a *model*, it does not purport to be strictly theoretical. Rather, it offers guidance for practitioners to help improve the scope, standard and utility of evaluations pertaining to

discretionary grants; it is hoped that it will further contribute to the enhancement of public perception of our profession.

Key evaluation questions

Key evaluation questions (KEQs) are carefully crafted and focused questions that form the basis of data collection for an evaluation study; one of the first tasks for any evaluation is to agree on such a set of evaluation questions. The following KEQs will form the basic suite for the evaluation of grants-based programs.

KEQ 1: How appropriate and efficient was the allocation of funding?

The first KEQ focuses on the extent to which the funded projects and services met investment guidelines, in terms of criteria for selection and approval, as well as the prescribed process requirements. Further, it is important to consider what may be learned from other comparable grants processes.

KEQ 2: To what extent was the grants program effective?

The second KEQ is concerned with the effectiveness of the program. This is addressed by considering the extent to which the program achieved its stated objectives, and the degree to which it contributed to the achievement of broader targeted priorities.

KEQ 3: What factors influenced the success of the program?

The third KEQ surfaces the principal factors contributing to the success of the grants program; it is important to consider factors that hindered, as well as those that facilitated, the implementation of the program.

Figure 1.   Key evaluation questions for grants-based programs

1. How appropriate and efficient was the allocation of funding?
   a. To what extent did funded projects or services meet investment guidelines?
      i. Selection and approval criteria;
      ii. Prescribed process requirements;
   b. What can be learned from other comparable grants processes?

2. To what extent was the grants program effective?
   a. To what extent did it achieve the stated program objectives?
   b. To what extent did the program contribute to achieving broader targeted priorities?

3. What factors influenced the success of the program?
   a. Which factors facilitated the implementation of the program?
   b. Which factors hindered the implementation of the program?

The ten-step process model

Once all of the necessary agreements have been reached regarding the scope, level and limitations of the proposed grants program evaluation, and the KEQs have been defined, the following ten-step process model can be used to guide the process.

Step 1: Develop a primary sample of projects

Identify 20 – 40 projects to act as the primary sample. The sample is drawn using a random stratified sampling technique, with representation by any criteria likely to be influential in achieving success (such as project size, targeted issue, new versus ongoing, innovative versus established, activity type, group type, group size and group maturity).

Step 2: Run a workshop to explore perceived value of projects

In a half-day workshop, the grants steering committee, stakeholder set, or other representative group participates in a success-ranking process. The project names from the sample are printed on slips of paper, and participants are asked to rank the relative success of each project and to discuss their criteria for doing so; these rankings and criteria are recorded. If guidance is required, participants can be prompted to rank projects according to their beliefs concerning 'how much good' was achieved by each project.

Step 3: Undertake a desktop review of all projects and applications

Gather all available information on the grants processing system and project-level documentation. Chart how the grants process operates from initial publicity to sign-off of the completed project. Map out the summary data for all applications and all successful projects: all the expressions of interest, applications and project reports. This is compiled in a manner such that macro-level insights concerning overall program achievement can be assessed; in particular, this process surfaces the distribution of approvals against targeted objectives and outcomes, as well as the demographics of non-applicants, unsuccessful applicants, grants awarded and successful projects.

Step 4: Develop an audit subsample and audit tool

Using the findings from Step 1 and Step 2 above, develop a subsample of projects to assess at greater depth. The ranking exercise ensures that projects that are highly valued, as well as those that are not, are represented. The desktop review enables the evaluator to ensure that there is a range of groups, project sizes and activity types in the sample across the funding round.

Develop an "audit tool" which is distilled in the first instance from all applicable provided guidelines. Depending upon the number of levels in the program hierarchy, there may be standards and criteria prescribed for different levels and different sets of responsibilities: process design, grants management, access and selection, governance, financial management, et cetera. The main sets of criteria will relate to compliance with grant applications selection criteria, and compliance with the prescribed project level accountability processes. For the compliance review, the *Administration of Grants: Better Practice Guide*[1] provides a sound framework which can be used to benchmark and supplement grant-specific standards. The Victorian Auditor-General report entitled *Grants to Non-Government Organisations: Improving Accountability*[2] details a comprehensive audit framework with clear interpretations of given standards for all aspects of the lifecycle of a grants program.

Step 5: Conduct an audit trail of the selected sample of projects

This involves conducting an audit trail of all documentation from the initial expression of interest or application to the final report and the subsequent grants manager data collection. Project managers and other involved community members are also interviewed to confirm or clarify issues and questions arising from the audit trail as part of the input to Step 7.

Step 6: Form a focus group to explore comparative perceptions

Focus groups are particularly useful for facilitating in-depth discussion about attitudes and perceptions. For this reason, a focus group is conducted with funding recipients to explore their attitudes towards the relative merits of the different aspects of the program and its funding model. The sample for the focus group is selected to ensure that participants come from different projects, and have experienced a range of different projects or services made available by the program. This enables the reviewers to explore how those receiving

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[1] Australian National Audit Office, 2002.
[2] Victorian Auditor-General, 2000.

the funding perceive the different aspects of the overall program as well as exploring the strengths and limitations of current grants process.

Step 7: Conduct semi-structured interviews with project managers

A series of semi-structured interviews is conducted to supplement the focus group to ensure that a range of project types are captured. Semi-structured interviews have the benefit of ensuring that key issues are addressed, while being flexible enough to allow the respondent to raise subjects that may be beyond the scope of pre-determined questions. The interviews are generally conducted in two phases: an initial round of exploratory interviews, followed up at a later stage by a further targeted round of in-depth interviews. These may also lead to the formation of case studies for inclusion in the final evaluation report.

Step 8: Conduct interviews with key informants

In order to address the more strategic questions associated with the program, and the higher-level policy and design issues, interviews are conducted with key informants drawn from a sample of stakeholders who have an intimate understanding of the program. The interviews are also conducted in two phases: an initial round of exploratory interviews, followed up at a later stage by a further targeted round of in-depth interviews.

Step 9: Benchmark against other comparable grants processes

Benchmarking affords a greater assurance of acceptable local standards and practices, and often provides useful information for input to the recommendations workshop (Step 10). If clearly comparable grants programs can be identified, it is useful to see how they address those aspects which have been recognised locally as key issues.

Step 10: Hold a workshop to consider recommendations

Once the draft report has been prepared, facilitate a small workshop with the grants steering committee, stakeholder set or other representative group (as for Step 2) in which the scope and direction of recommendations from the review are discussed.

There are three levels at which to target the focus of improvements to a grants program:
- improvements within the application of the existing system (i.e. a stronger compliance performance against the existing guidelines);
- improvements to the designed process and the set of selection criteria for the existing program; and
- improvements to the grants program itself via clarification of priorities, objectives and strategy.

These are not mutually exclusive alternatives, and some attention will undoubtedly need to be given to some issues at each of the levels. However, there will be links and overlap between issues framed within each of the three broad options. Generally, the higher-level improvement actions will reduce the need to take specific action in addressing a reasonable proportion of (but not all) issues identified at the lower levels. While the higher-level improvements will deliver better long term strategic change, they will also take longer to design and put into effect. Thus, some combination of these options is likely to be the most effective approach.

Based on the workshop discussions, recommendations may be framed to allow optional pathways for targeting improvements to the future grants program. The final report is then presented to the stakeholder group prior to reaching decisions regarding the development of subsequent action plans.

Figure 4. **Summary of the ten-step process model**

1. Develop a primary sample of projects
2. Run a workshop to explore perceived value of projects
3. Undertake a desktop review of all projects and applications
4. Develop an audit subsample and audit tool
5. Conduct an audit trail of the selected sample of projects
6. Form a focus group to explore comparative perceptions
7. Conduct semi-structured interviews with project managers
8. Conduct interviews with key informants
9. Benchmark against other comparable grants processes
10. Hold a workshop to consider recommendations

Conclusion

The model presented here combines the required elements of compliance auditing, results-based evaluation and goal-free evaluation to provide a holistic and robust tool for evaluating discretionary grants. As well as supporting evaluation practitioners in achieving results that contribute to the credibility of the evaluation profession, this model illustrates the benefits gained through the acceptance and application of a multidisciplinary approach to evaluation practice.