REVIEW OF DELIVERY PROCUDURES

AND ELIGIBILITY CRITERIA

OF THE SPECIAL PROGRAM OF

CULTURAL INITIATIVES

Background Study

Etude de base

REVIEW OF DELIVERY PROCUDURES

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CULTURAL INITIATIVES

JANUARY 31, 1984

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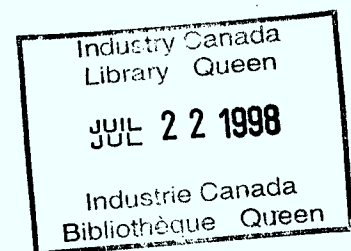PROGRAM EVALUATION SERIES

This is one of eight Background Studies that form part of the evaluation of the Special Program of Cultural Initiatives (SPCI).
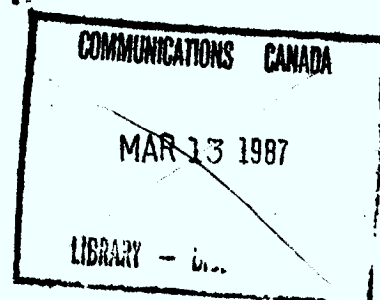
The study was conducted by Esgore Associates Inc. for the Program Evaluation Division of the Department of Communications, Canada. The views expressed herein are those of the author and do not necessarily represent the views or policies of the Department of Communications.

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EXECUTIVE SUMMARY

The Special Program of Cultural Initiatives (SPCI) was developed as a short term and time limited (three year duration) response to four specific needs of the arts and culture communities--Canadian, non-profit professional performing arts organizations and heritage organizations. The Program, using lottery revenues, seeks to:

(1)   strengthen the financial viability of these organizations by assisting with a one-time <u>grant</u> for deficit reduction;

(2)   strengthen their management by providing financial assistance in the form of a one-time <u>grant</u> to reward organizations without a deficit, and in the form of a contribution to management development projects;

(3)   provide greater access to these organizations, by developing and upgrading a national network of suitable facilities through a <u>contribution</u> to the construction costs; and

(4)   support cultural events of national character or significance through a <u>grant</u> toward the total costs.

This report summarizes the results of one of the eight background studies of the Program Evaluation Study of SPCI--the review and assessment of the effectiveness and efficiency of the SPCI program delivery mechanism during the three year period from 1980-1983. More specifically, this review assessed the adequacy and consistency of program procedures and program eligibility and funding criteria related to the receipt, screening, selection and approval of applications, and also overall compliance with terms and conditions of payment, and general compliance with central agency policies on grants and contributions programs. The review used a simplified version of the methodology developed by the offices of the Auditor General and Comptroller General for the audit of grants and contributions programs. The information used for the review and assessment was collected through a three-fold approach: (1) documented program procedures and criteria, (2) structured interviews with SPCI program managers, and (3) review of a sample of 35 funded and rejected applicants' files for the four components of SPCI.

There is a paucity of hard information on program outreach - the level of awareness concerning SPCI among the target populations in the performing arts communities and heritage institutions. However, a reasonable estimate of program outreach appears to be a highly satisfactory rate in excess of 90 percent.

There are satisfactory explicit eligibility and funding criteria which are clearly communicated to potential applicants. SPCI, furthermore, often has to use implicit criteria to set funding priorities and to select among the large number of competing eligible applicants. The implicit criteria are, generally, based on the overall federal goals for arts and culture - which are widely publicized. Consequently, the use of implicit criteria can only enhance the flexibility of program administration. To increase the stringency of criteria would reduce the flexibility of SPCI and this is, clearly, not desirable.

In general, it was felt, that in view of the constraints faced by SPCI - the 3-year sunset clause, the very small staff and explicit concerns to keep administrative costs low - it is an efficiently administered program.

SOMMAIRE-RECOMMANDATION

Le Programme spécial d'initiatives culturelles (PSIC) a été conçu pour répondre à brève échéance et pendant un laps de temps limité (trois ans) à quatre besoins précis des milieux artistiques et culturels canadiens - les organisations professionnelles du spectacle à but non lucratif et les organisations vouées à la préservation du patrimoine. A l'aide des recettes provenant des loteries, le Programme vise la réalisation des objectifs suivants :

1) consolider la viabilité financière de ces organisations en leur versant une <u>subvention</u> non renouvelable au chapitre de la réduction de leur déficit;

2) raffermir leur administration en leur accordant une aide financière sous la forme d'une <u>subvention</u> non renouvelable versée aux organisations qui ne sont pas déficitaires et sous la forme d'une contribution allouée aux projets de perfectionnement de la gestion;

3) rendre ces organisations plus accessibles en créant et en consolidant un réseau national d'installations convenables avec l'aide d'une <u>contribution</u> au chapitre des frais de construction; et

4) soutenir des manifestations culturelles d'envergure ou d'intérêt national en accordant une <u>subvention</u> au chapitre des frais globaux.

La présente résume les conclusions d'une des huit études sur lesquelles se fonde l'étude d'évaluation de programme du PSIC, soit l'analyse de l'efficacité et de l'efficience de l'exécution du Programme spécial d'initiatives culturelles, de 1980 à 1983. Plus précisément, on a analysé dans quelle mesure les modalités du Programme étaient suffisantes et cohérentes et les critères d'admissibilité et de financement par rapport à la réception, au tri, à la sélection et à l'approbation des demandes, ainsi que le respect général des conditions de paiement et le respect général des lignes directrices des organismes centraux applicables aux programmes de subvention et de contribution. L'analyse se fonde sur une version simplifiée de la méthode élaborée par les bureaux du Vérificateur général et du Contrôleur général aux fins de la vérification des programmes de subvention et de contribution. Les données nécessaires à l'analyse et à l'évaluation ont été recueillies par trois moyens : 1) modalités et critères établis du programme, selon la documentation, 2) entrevues structurées avec des gestionnaires du PSIC et 3) examen d'un échantillon de 35 demandes acceptées ou rejetées puisées des dossiers des quatre volets du PSIC.

Les données écrites sur la portée du Programme sont rares - notamment dans quelle mesure le PSIC est connu parmi les personnes visées dans les milieux du spectacle et les établissements vœués à la préservation du patrimoine. Néanmoins, il semble raisonnable de supposer que le Programme jouit d'un taux élevé de satisfaction, de fait supérieur à 90 p. 100.

Les critères d'admissibilité et de financement sont communiqués de façon suffisamment claire aux requérants possibles. De plus, le PSIC doit souvent se fonder sur des critères implicites pour établir les priorités en matière de subvention et choisir parmi le grand nombre des requérants admissibles. Les critères implicites sont généralement fondés sur les objectifs globaux du gouvernement fédéral en ce qui a trait aux arts et à la culture; ceux-ci sont d'ailleurs bien connus du public. En conséquence, l'utilisation de critères implicites ne peut qu'accroître la souplesse de l'administration du programme. Rendre les critères plus rigoureux réduirait la souplesse du PSIC et cela n'est certes pas indiqué.

En règle générale, on estime que vu les obstacles auxquels le PSIC se heurte - sa temporisation au bout de trois ans, son personnel réduit et la nécessité explicite de maintenir des coûts d'administration minimums - le programme est administré avec efficience.

1.0 THE SPECIAL PROGRAM OF CULTURAL INITIATIVES

Through its involvement in the arts and culture the federal government seeks to foster, develop and maintain a distinct Canadian cultural identity and thereby contribute to national unity. A multiplicity of federal cultural agencies-- among them the Canada Council, the Canadian Broadcasting Corporation, the National Film Board, the National Library, the Public Archives and the National Museums Corporation--contribute to the distinctiveness of our Canadian cultural identity. They do this by developing greater cultural awareness among Canadians, promoting more equal access to the arts and culture across Canada-- by creating a national network of facilities--and by increasing the visibility of the federal role in cultural affairs.

The Special Program of Cultural Initiatives (SPCI) is one of thirteen federal programs which support artistic and cultural activities. SPCI was introduced at a time, when as a result of general fiscal restraint and high rates of inflation, many performing arts companies appeared to be on the brink of collapse. In 1980 cabinet gave approval for this three-year program to support arts and culture using lottery revenues. This provided immediate financial relief to Canadian non-profit, professional performing arts organizations and heritage institutions. In addition it was, correctly, anticipated that the program would stimulate matching funds from provincial, municipal and private sector sources.

The overall goals of the Special Program of Cultural Initiatives were similar to those of other federal cultural agencies. For each of the four constituent components of SPCI more specific objectives were developed. These are, generally, supportive of the goals. The principal means to accomplish these objectives were outright grants and contribution payments to performing arts and heritage organizations across Canada.

Program Component I   - Deficit Reduction for Cultural Organizations
                        (A grant)

    Objective: To assist in strengthening the financial
                        viability of Canadian professional performing
                        arts organizations and institutions by contri-
                        buting to a reduction of their accumulated
                        deficits.

Program Component II - Management Development in Performing Arts
                        Organizations.

    IIA - Assistance to Management Development Projects (A contribution)

    Objective: To strengthen the management of Canadian
                        professional non-profit performing arts
                        organizations by providing assistance to
                        management development projects.

IIB - A Grant to Performing Arts Organizations Without Accumulated Deficits (A grant)

Objective: To recognize in a tangible fashion, Canadian non-profit performing arts organizations with no accumulated deficit.

Program Component III- Capital Assistance to Cultural Institutions

IIIA- Capital Assistance to Non-profit Organizations for the Performing Arts (A contribution)

Objective: To provide greater public access to the professional performing arts by developing and upgrading a national network of suitable facilities.

IIIB- Capital Assistance to the Custodial Cultural Institutions (A contribution)

Objective: To provide a program of capital assistance for projects of over $200,000 submitted by institutions established to conserve objects and exhibit them, or otherwise make them available to the public.

Program Component IV - Special Cultural Activities of National Character or Significance (A grant)

Objective: To support special cultural projects of national character or significance.

The budgetary allocation to SPCI was $39.6 million for the three-year period FY 1980-81 to FY 1982-83. The program expired on March 31, 1983. This sum represented a substantial portion of the total budget for the Arts and Culture Branch; an amount of $77 million over the same period. Actual expenditures totaled $26 million for the four components of SPCI.

The program was administered by the Arts and Culture Branch, initially with the Department of the Secretary of State and later tranferred to the Department of Communications. The responsibilities for program design, eligibility and funding criteria and program implementation and administration thus rested with the Arts and Culture Branch. However, extensive consultations on particular applicants for program funding took place with several cultural agencies.

For example, it was the Canada Council's responsibility to assess program
eligibility by determining whether an applicant was a Canadian, non-profit,
professional, performing arts company. Similarly, National Museums determined
whether an applicant was a non-profit museological institution and, to avoid
duplication, did not currently benefit from National Museum's capital
assistance program. (A more detailed description of the Program Eligibility
Criteria and the Administrative Procedures is included in the appendices to
this report.)

In July 1983, SPCI was modified to respond to changing cultural needs and new
opportunities. For example, reduction of deficits of performing arts organi-
zations was no longer an objective of the program. The revised program aims to
enhance the managerial capacity of performing arts organizations by encouraging
the use of innovative computer and communications technology. The revised SPCI
will be implemented until FY 1984-85, with certain capital commitments to
continue into FY 1986-87.

2.0 THE PROGRAM REVIEW OF SPCI

Cabinet has requested that an evaluation study of SPCI be conducted as one input to the federal government's development of a multi-faceted cultural policy.

Consequently, the Progam Evaluation Division, Department of Communications, has developed an integrated set of eight studies, designed to address crucial program evaluation issues related to program rationale, impacts and effects, alternatives, achievement of objectives and program delivery. Each of these evaluation issues were elaborated into several more specific questions to which answers must be provided to fulfill the integrated set of overall evaluation objectives.

It is the purpose of this report to summarize the results of one of the eight studies - the review of program delivery procedures and criteria of the Special Program of Cultural Initiatives.

2.1 Review Objectives

The purpose of this review is, broadly speaking, to assess the effectiveness and efficiency of the SPCI program delivery mechanism. In an effort to provide a more specific focus, the Program Evaluation Division predetermined that four topics would be of primary importance for this review. These would ensure the maximum usefulness of the review's findings for the overall objectives of the program evaluation of SPCI. These four topics were, consequently, translated into more specific objectives for the review. They are stated in the form of answerable research questions.

(1) Program Administrative Procedures
    o Are the procedures satisfactory or are there others
       that could feasibly be implemented?
    o How consistently have the procedures been followed?
       Are there variations in processing protocol?
    o How flexible are the procedures in dealing with
       applicants, referral to cultural agencies and
       negotiations with the provinces?

(2) Program Criteria of Eligibility and Funding
    o What are the explicit and implicit criteria for
       program eligibility and funding?
    o Are the criteria satisfactory or are there others
       that could feasibly be implemented?
    o How consistently have the program criteria been
       applied?

(3) Administrative Efficiency
     o Is the administration of the program efficient?
     o How expeditiously were applications processed?

(4) Program Outreach
     o What is the level of program awareness among
       target populations?

2.2 Scope and Approach

In an effort to successfully accomplish its objectives, the review focusses not
only on assessing the adequacy of program procedures and criteria related to
the receipt, screening, selection, and approval of applications and general
compliance with terms and conditions of payments, but also on general
compliance with central agency policies on grants and contributions programs.

The approach for this review is an adaptation of the methodology developed by
the offices of the Auditor General and the Comptroller General for the audit of
grants and contributions programs. However, since audit rigour is neither
essential nor desirable in this context, substantial modifications made the
approach reasonable and appropriate for this review.

The .approach employed a three-fold strategy. Firstly, there was the
collection, review and assessment of documented program procedures and
criteria. These ranged from the Treasury Board submission for the SPCI program
and the related decision documents to the "guide for applicants", to news
releases by the Minister, to an earlier, but still relevant and useful
evaluation assessment report of SPCI. Secondly, there were structured
interviews with SPCI program managers and other persons concerned with the
program - such as officials from the Canada Council (see Appendix E: List of
Interviews Conducted). The purpose of the interviews was to supplement the
documented information on the relevant concerns of the SPCI program delivery
review. The interview schedule used open-ended questions to encourage the
interviewee to provide a complete description of organizational practices and
procedures. Finally, there was the review and assessment of a sample of funded
and rejected applicants' files for each of the components of SPCI.

The review was thus, of necessity, descriptive and involved a high degree of
professional judgment. To reduce the subjectivity inherent in such an approach
eight specific review criteria were employed against which the administration
of the program was assessed. These criteria may be viewed as a checklist of
"reasonable expectations" for the review of the program delivery process and
management controls. Figure 1, Summary of Review Criteria, concisely
summarizes the eight essential criteria. A more detailed description is
provided in Appendix A.

FIGURE 1

SUMMARY OF REVIEW CRITERIA[1]

CRITERION NO. 1: THE OBJECTIVES OF GRANTS AND CONTRIBUTIONS PROGRAMS SHOULD BE CLEARLY STATED.

CRITERION NO. 2: APPROPRIATE TERMS AND CONDITIONS FOR GRANTS AND CONTRIBU-TIONS SHOULD BE ESTABLISHED CONSISTENT WITH LEGISLATIVE MANDATE AND REQUIREMENTS OF CENTRAL AGENCIES.

CRITERION NO. 3: INFORMATION ON GRANTS AND CONTRIBUTIONS PROGRAMS, AND PARTICULARLY INFORMATION ON THE RULES GOVERNING ELIGIBILITY, GUIDELINES FOR APPLICANTS AND THE PREPARA-TION OF PROPOSALS, SHOULD BE MADE AVAILABLE TO POTENTIAL APPLICANTS.

CRITERION NO. 4: SELECTION PROCEDURES SHOULD BE ESTABLISHED FOR ENSURING THAT THE APPLICATIONS APPROVED ARE THOSE MOST LIKELY TO ACHIEVE PROGRAM OBJECTIVES. THESE PROCEDURES SHOULD BE DOCUMENTED.

CRITERION NO. 5: GRANTS AND CONTRIBUTIONS PAYMENTS SHOULD BE CONSISTENT WITH THE APPROVED LEVEL OF FUNDING.

CRITERION NO. 6: THERE SHOULD BE ADEQUATE INTERNAL FINANCIAL CONTROLS OVER GRANTS AND CONTRIBUTIONS EXPENDITURES.

CRITERION NO. 7: APPROVED GRANTS AND CONTRIBUTIONS SHOULD BE MONITORED.

CRITERION NO. 8: THERE SHOULD BE RELEVANT, RELIABLE AND TIMELY INFORMATION AVAILABLE TO APPROPRIATE MANAGERS, ON GRANTS AND CONTRIBU-TIONS OPERATIONS AND EXPENDITURES.

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[1] See Appendix A for the complete listing of the review criteria.

To further enhance the objectivity of the review, a structured interview schedule was developed. Its purpose was to elaborate the review criteria into specific questions that address relevant concerns of the SPCI program delivery review. The interview schedule and checklist also reduced the possibility of gaps in the collection of information (See Appendix B: Checklist and Interview Schedule).

The sample for the review of applicants' files was selected in the following way. The program administrative listings (N approximately 700) distinguish between subcomponents 2A (management development) and 2B (no deficit); making a total of five subcomponents. For each of these, five "funded" and two "rejected" applications were selected. This yielded a five percent sample of the total files; 25 funded and 10 rejected files. A random file selection procedure was not considered appropriate. Instead, where practical, materiality and representativeness were used as stratification criteria. The former refers to the value of the grant or contribution. The latter refers, in this context, to the representativeness of the procedures by which an applicant's file was processed. It thus ensured that for each of the subcomponents there were some files that had been subjected to internal review (i.e., the DOC Review Committee) and/or external consultation (e.g., Canada Council, National Museums Corporation, etc.); as well as negotiations with provinces and municipalities (See Appendix F: List of Applicants' Files Reviewed).

3.0 THE PROGRAM ASSESSMENT AND FINDINGS

It is the purpose of this section to review and assess the effectiveness and efficiency of the program delivery mechanism of the Special Program of Cultural Initiatives.

A discussion of the process of administering SPCI will provide the context for the more detailed review and assessment of the procedures, and eligibility and funding criteria, of each of the four program components. The specific structure for the assessment is provided by the objectives of this review which focus on the adequacy of procedures and criteria, their flexibility and consistency of application; as well as, administrative efficiency and program outreach.

3.1 Program Administrative Procedures

The program administration process may be simplified and viewed schematically as shown in Figure 2. A more detailed description is provided in Appendix D. There are six major stages in the process:

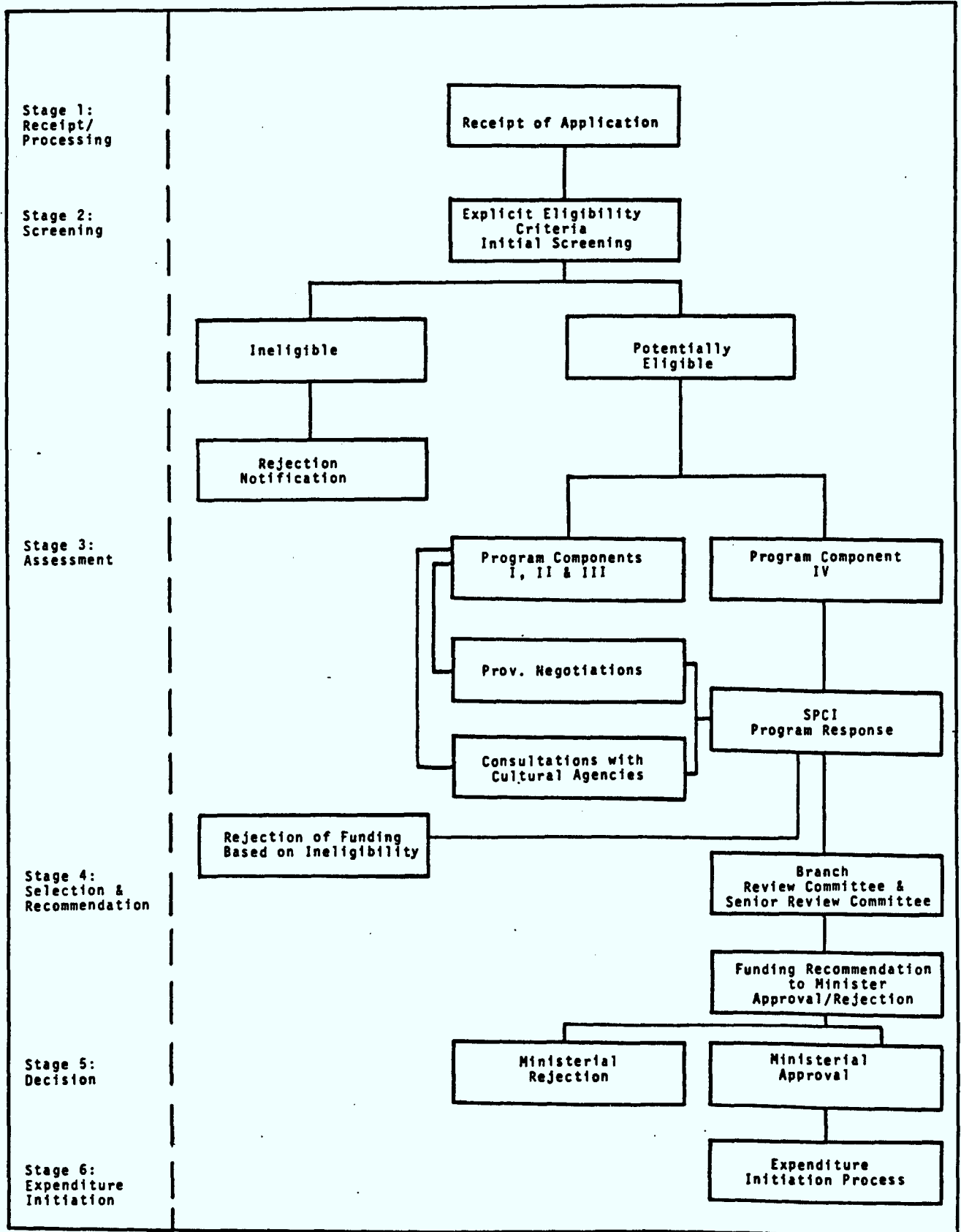|	
Stage 1	Receipt of application
Stage 2	Initial screening for eligibility
Stage 3	Assessment of potential eligible applications
Stage 4	Selection and SPCI/DOC recommendation for approval
Stage 5	Ministerial decision
Stage 6	Expenditure initiation.

The process is initiated when DOC/SPCI receives an application for funding under one of the four components of the program. A register is created and initial clerical processing takes place. A program officer then conducts an initial screening of the applications for compliance with SPCI program criteria, terms and conditions. If the project is clearly not eligible the applicant is advised accordingly. If the project appears to be eligible, an acknowledgement letter is sent to the applicant informing him that the application is being reviewed.

Figure 2 provides a schematic overview of the assessment of potentially eligible applications. The assessment stage is the most crucial element for the purposes of this review since it deals with the explicit and implicit criteria which determine eligibilty and funding. The assessment stage is actually composed of several sequential steps, each of which can be viewed as a "gate" through which an application must pass in order to remain potentially eligible for SPCI.

For example, the first step finalizes the determination of eligibility. In the case of components I, II, and IIIA, the Canada Council verifies the status of an applicant as a "Canadian, non-profit, professional performing arts" company. In the case of component IIIB, a list of museological institutions, prepared by the National Museums Corporation, fulfills a similar function.

FIGURE 2

SPECIAL PROGRAM OF CULTURAL INITIATIVES
OVERVIEW OF PROGRAM ADMINISTRATION PROCESS

Stage 1:
Receipt/
Processing

Receipt of Application

Stage 2:
Screening

Explicit Eligibility
Criteria
Initial Screening

Ineligible

Potentially
Eligible

Rejection
Notification

Stage 3:
Assessment

Program Components
I, II & III

Program Component
IV

Prov. Negotiations

Consultations with
Cultural Agencies

SPCI
Program Response

Rejection of Funding
Based on Ineligibility

Stage 4:
Selection &
Recommendation

Branch
Review Committee &
Senior Review Committee

Funding Recommendation
to Minister
Approval/Rejection

Stage 5:
Decision

Ministerial
Rejection

Ministerial
Approval

Stage 6:
Expenditure
Initiation

Expenditure
Initiation Process

The other steps are determined by the explicit and implicit criteria which are used by SPCI program managers to define the "gates". They are presented in Section 3.2, Eligibility and Funding Criteria, and need not be discussed here.

During the "Selection and Recommendation for Approval" stage the SPCI program managers formulate a recommendation for each application based on the external assessments and consultations. The process differs for component IV, Special Cultural Activities of National Character or Significance. The SPCI program managers review applications under this component to determine eligibility compliance to program criteria and likely project feasibility.

All remaining eligible applications are presented for review to the Branch Committee. This committee prepares an analysis and submission for determination of recommendations to the Senior Review Committee - which includes the Deputy Head of the DOC; and on to the Minister.

Ministerial decision is rendered in two ways, either approval in the amount recommended - or less, or rejection of an application.

The final stage is "Expenditure Initiation" which, strictly speaking, commences prior to the forwarding of the recommendations to the Minister. A commitment certificate is prepared and expenditure initiation authorization and the required signatures, under section 25 of the Financial Administration Act, are collected. If an application for a grant is approved under components I, IIB, or IV, the recipient must sign a letter from the Minister indicating his agreement with the terms and conditions - essentially being prepared to publicly acknowledge the financial assistance of the Government of Canada. If an application for a contribution is approved under components IIA or III a formal "Letter of Agreement," detailing the terms and conditions, is drawn up between the Minister and the recipient. In either case cheques are issued upon signing of the letter or are released at a public ceremony. If an application is rejected by the Minister the funds are decommitted.

3.1.1 General Assessment According to Review Criteria

Because the review is descriptive and involves a high degree of professional judgment, eight specific review criteria were employed against which the administration of the program is assessed (see Figure 1). These criteria form a checklist of "reasonable expectations" for the review of the program delivery process and management controls.

Criterion No. 1: Clarity of Objectives. It was found that the intent of SPCI's objectives is precise enough to enable program managers to: specify the classes of recipient eligible for funding and to develop guidelines for reviewing and approving applications.

Criterion No. 2: Appropriate Terms and Conditions. Terms and conditions for SPCI contribution agreements have been established, are consistent with the likely intent of program objectives and the legislated mandate and appeared to be in compliance with Treasury Board requirements.

Criterion No. 3: Information on Program. Information on the SPCI grants and contribution program, and particularly information governing eligibility, guidelines for applicants and the preparation of proposals are readily available to potential applicants (See also discussion in Section 3.4, Program Outreach).

Criterion No. 4: Selection Procedures. The program has established and is using procedures for ensuring that approved applications are those likely to support program objectives. Applications are assessed against explicit (documented) and implicit selection criteria. A relatively minor criticism relates to the exceptional conciseness and brevity of applicants' files - especially as they document decisions.

Criterion No. 5; Criterion No. 6: Consistency of Payments; Adequacy of Internal Financial Controls. The 35 sampled grants and contributions files are all consistent with the approved level of funding. The file contained letters from the recipients indicating their acceptance of the terms and conditions attached to the grants and contributions before funds were disbursed. The payment records indicate that grants do not exceed the approved level of funding and that funds for contributions are in accordance with the terms of the "Letter of Agreement".

Criterion No. 7; Criterion No. 8: Monitoring; Relevant, Reliable and Timely Information. SPCI does not systematically monitor program operations and does not have a systematic management information system to provide relevant, reliable and timely information to program managers on its overall performance.

While there is some ad hoc monitoring of applicants' files, this is, generally, restricted to cases where problems are occuring. There is, for example, no on-site monitoring to provide reasonable assurance that grants or contributions are being used for the purposes intended (See also discussion in Section 3.3, Administrative Efficiency).

3.1.2 General Conclusions

Given the nature of SPCI, its goals and objectives, this review found that the program structure, process and adminstrative procedures are satisfactory. It is neither reasonable nor appropriate nor cost-effective to implement major changes or other procedures.

Based on the review of applicants' files and the results of the assessment according to the review criteria, it can be concluded that procedures have been followed reasonably consistently. Furthermore, it was found that the procedures have the essential flexibility to deal with the great diversity of the artistic communities for dance, theatre and music across Canada, respond to a variety of issues, and for referral to cultural agencies and negotiations with provinces.

3.2 Eligibility and Funding Criteria

Crucial elements of the administrative procedures of SPCI are the eligibility and funding criteria. There are several criteria common to all program components, in addition to criteria specific to individual program components.

One criteria common to all components required all organizations, in order to be eligible, to be "non-profit". Another criteria for eligibility for components I, II, IIIA and IV was that organizations had to be "professional" performing arts companies and/or training institutions. In the case of museological institutions, component IIIB, the National Museums determined their eligibility, while the Canada Council assessed the other applicants.

There were two other important considerations affecting eligibility under several program components. Firstly, applicants were required to demonstrate provincial commitment to cost sharing for a project or some combination of provincial, municipal and private sources to match the federal contribution. Secondly, projects would not be eligible for support under other existing federal programs for the arts and culture or heritage organizations.

In addition to the common criteria applied to all applicants to SPCI, were the explicit and component specific criteria; which were clearly listed in the applicants' guide. These criteria are identical to those listed in the Treasury Board Submission which established SPCI. They are:

Component I: Deficit Reduction

1. Assessment by the Canada Council as a Canadian professional, non-profit performing arts organization, and

2. Can demonstrate a matching provincial commitment of up to 1/3 of the accumulated deficit,

3. Can demonstrate an accumulated deficit in the audited financial statement for the most recent fiscal year,

4. Not eligible under component IIB.

Component IIA: Management Development

1. Assessed by the Canada Council as a Canadian professional, non-profit performing arts organization, and

2. Project recommended by the Canada Council, and

3. Agreement that major findings resulting from the funding become part of the public domain.

Component IIB: No Deficit

1. Canadian professional, non-profit performing arts organizations as assessed by the Canada Council, and

2. Have no accumulated deficit in the audited financial statement for the most recent fiscal year,

3. Not eligible for Component I.

Component IIIA: Capital Assistance, Performing Arts

1. Are assesed as professional, non-profit by the Canada Council (in the case of performing arts organizations) or are deemed a priority by the Touring Office of the Canada Council (as in the case of cultural centres), and

2. Can demonstrate provincial commitment to cost-sharing of the project while in certain cases, as in cultural centres, the Minister shall retain the right to waive this condition, and

3. Can confirm the funding sources of any cost increases associated with the project.

Component IIIB: Capital Assistance, Heritage Institutions

1. Are non-profit organizations, and

2. Can demonstrate provincial commitment to cost-sharing for the project which costs more than $200,000., and

3. Can project any associated increases in operating costs and can confirm the funding source(s) for such costs.

Component IV: Special Activities of National Character

1. The applicant must be a Canadian non-profit organization either principally involved in artistic activity and cultural events, or ready to undertake a commitment to devote a significant portion of a national event to artistic and cultural endeavors. For example:

   o hosting a national or international conference of a cultural nature

   o assistance towards the cost of insuring major domestic and inter-national museological exhibitions hosted by a Canadian institution

   o a national arts and culture competition

   o the cultural component of a national or international activity or event.

2. The project should not currently be funded under existing federal programs.

3. The project proposal should demonstrate that the proposed event will be of national character or significance; for example, that the Canadian participants be from at least two provinces or territories in addition to the host province or territory.

In summary, the process for assessing compliance with eligibility and funding criteria of SPCI was well structured for components I (deficit reduction) and IIB (no deficit). Elgibility was assessed by the Canada Council, according to the explicit criteria. Once eligibility was established, then funding according to a clearly prescribed formula became almost automatic. The only major problem area for either components was the definition of "Canadian non-profit, professional performing arts organization".

For all other components the SPCI process was significantly less well structured. In effect, only the determination of eligibility remained a "criteria" judgment. The assessment - review and approval of potentially eligible applications - was based on "gradual" judgments. These judgments involved direct and often intensive consultations with cultural agencies; such as the Canada Council, National Museums, Public Archives - depending on the nature of the application under components IIA and III. Their purpose was to evaluate the likelihood of success of eligible projects based on need and merit, management and leadership capabilities and financial resources.

Another assessment step seeks to evaluate expressed support for the project. This includes efforts to ensure coordination with provincial priorities, needs, resources and programs. It also includes an assessment by SPCI program officers of the extent of municipal and private funding, as well as expressed community support for the proposed project.

The final step of the assessment stage reduces the large number of potentially eligible applications by setting DOC/SPCI funding priorities on the basis of "implicit consideration". These facilitate the subjective selection of competing projects. These "implicit criteria" are, generally, based on the overall federal goals for arts and culture which were discussed earlier. For example:

o Contribution to the development of a national network of facilities; component III, capital projects;

o Increase in federal visibility;

o Equitable distribution of grants and contributions by provinces;

o Equitable distribution by disciplines: music, theatre and dance; etc.

3.2.1 General Conclusions

The mandate of SPCI clearly requires the program to be a responsive to requests for funding developed by private non-profit organizations; instead of directive. Consequently, the flexibility of the program is enhanced by the existence and use of explicit and implicit criteria. The implicit criteria, especially, facilitate the setting of funding priorities and selecting among the large number of competing and eligible applicants.

The results of the review and assessment indicate the eligibility and funding criteria are adequate. To increase the stringency of the criteria would reduce the flexibility of SPCI and this is, clearly, not desirable, within the design of the existing program. It is also noted, though, that the specificity of criteria could be improved. For example, if one of the conditions of funding under SPCI, for all projects in a particular component, were "provincial support essential" then it should be stated in this clear fashion. The revised guide for applicants for the new SPCI program shows such improvements in clarity and specificity over the first guide.

The review found that compliance with explicit program criteria was generally good. There were however notable exceptions in about 10 percent of the 35 sampled applicants' files. There were several "gray areas", where it was not readily apparent why an award had been given, based on the information contained in the files. This was especially common for applicants' files under component IV, which is the least well defined component. For example, an annual event, the "Concours de musique du Canada" was funded for two years in a row; and the "Canadian Crafts Council" was given a grant of $200,000 in 1982-83 to administer part of the Governor General's Awards.

The following four successful applications were clearly outside the explicit criteria for eligibility as documented in the SPCI applicant's guide. The Program Coordinator, however, feels that they are, at least, within the intent or the "spirit" of the Special Program of Cultural Initiatives.

> o Component IV: A grant of $100,000 was given to the "Canadian Historical Microreproductions Institute in 1982-83, expressly for the purpose of reducing the operating deficit.

> o Component IIA: A contribution of $150,000 was given to "CIRPA/ADISQ" in 1982-83. However, this organization of recording professionals was assessed by the Canada Council as being ineligible because it is not a "performing arts organization".

> o A contribution of $45,000 was given to the "Banff Centre Cultural Resources Management Program" in 1982-83. The purpose of the project was to develop a curriculum and support documentation. The project clearly does not meet the criteria: "to strengthen the management of Canadian professional non-profit performing arts organizations..."

> o Component I: A grant of $125,360 was given to the Canadian Film Institute in 1982-83, inspite of the fact that it is not a performing arts organization.

3.3   Administrative Efficiency

The program does not have any systematic management information system to provide relevant, reliable and timely information to managers on its overall performance, or to monitor program operations. Consequently, there is a paucity of hard information on administrative efficiency.

To a large extent this is by design. The program was developed as a short-term and time limited response to specific needs of the arts and culture community. The 3-year "sunset" clause, the very small staff, the explicit concerns to keep administrative costs low, the need to define the program design and develop procedures while already delivering the program all constrain SPCI in developing performance measurement systems.

The following simplified comparison of SPCI and the Canada Council may, however, prove illuminating. The program currently distributes about $15 million annually to the arts and culture community, with a professional staff of four. However, the Canada Council distributes about $70 million annually with a professional staff in excess of 100 persons. It is recognized that in many ways this is not a fair comparison, given the Council's daily involvement in the operations of its clients, concerns with artistic merit, etc. which are not applicable to SPCI. However, it is apparent that SPCI, in a general sense, is an efficiently run program.

Based on the review of applicants' files and interviews it is apparent that there were three types of delays in processing files. These relate to program design, consultation and publicity.

Program design contributed to backlogs in processing in the case of capital assistance to major projects of custodial institutions (component IIIB). SPCI replaced an existing program of the National Museums of Canada. Quite simply, applications were being received by SPCI before the new program design was finalized. These delays apply essentially only to the early period of the three-year program.

Consultations with cultural agencies and negotiations with provinces regarding applications were an integral part of SPCI. The program was designed with an emphasis on federal - provincial cooperation in identifying projects to be supported with a matching funds feature in components I and III. The nature and timing of these negotiations quite often contributed to, or caused significant delays in, the processing of applications. The program was also designed to rely on the expertise of existing federal cultural institutions (the Canada Council and NMC) in assessing project proposals.

There are several reasons why this consultation process often resulted in processing delays for applicants. Firstly, there is the somewhat adversarial relationship between DOC and the Council, certainly as it concerns the establishment of SPCI. Secondly, the Council often had difficulties in

FIGURE 3
EVALUATION OF SPECIAL PROGRAM OF CULTURAL INITIATIVES
APPLICATION PROCESSING EFFICIENCY

ORGANIZATION TYPE	TIME BETWEEN FIRST INQUIRY AND RECOMMENDATION	TIME BETWEEN FIRST INQUIRY AND FUNDS APPROVAL	TIME BETWEEN FIRST INQUIRY AND NOTIFICATION	TIME BETWEEN RECOMMENDATION AND NOTIFICATION	TIME BETWEEN RECOMMENDATION AND FUNDS APPROVAL
	(Average Number of Months)				
THEATRE	2.8	6.3	5.8	3.3	2.9
DANCE	2.6	6.3	6.2	4.5	3.7
OPERA	1.2	4.0	3.0	2.8	1.8
INSTRUMENTAL GROUPS	2.8	5.7	4.9	2.9	2.0
CHOIRS	2.7	7.0	4.5	4.2	2.0
VISUAL ARTS	5.3	7.6	M	2.3	M
CULTURAL-ARTS INSTITUTIONS	2.9	6.6	6.8	3.0	2.6
HERITAGE INSTITUTIONS	4.0	7.5	7.6	4.3	1.5
EVENTS-GENERAL	11.0	8.0	3.0	2.0	M
TOTAL	2.9	6.3	5.7	3.2	2.7

SOURCE: Ekos Research, Jan. 1984   Note: M indicates missing data

FIGURE 4
EVALUATION OF SPECIAL PROGRAM OF CULTURAL INITIATIVES
APPLICATION PROCESSING EFFICIENCY

PROJECT COMPONENT NUMBER	TIME BETWEEN FIRST INQUIRY AND RECOMMENDATION	TIME BETWEEN FIRST INQUIRY AND FUNDS APPROVAL	TIME BETWEEN FIRST INQUIRY AND NOTIFICATION	TIME BETWEEN RECOMMENDATION AND NOTIFICATION	TIME BETWEEN RECOMMENDATION AND FUNDS APPROVAL
	(Average Number of Months)				
COMPONENT 1	2.3	5.7	5.2	3.6	3.1
COMPONENT 2A	3.5	6.1	5.1	2.4	1.6
COMPONENT 2B	3.2	6.0	5.5	2.8	2.5
COMPONENT 3A	2.9	9.0	11.5	6.2	9.0
COMPONENT 3B	6.0	10.0	22.5	4.0	M
COMPONENT 4	2.5	4.8	4.0	M	.00
TOTAL	2.9	6.3	5.7	3.2	2.7

Source: Ekos Research, Jan. 1984   Note: M indicates missing data.

defining "professional" performing arts organizations; especially as it relates to choirs, music schools and summer camps. Thirdly, the Council's theatre, dance, music and touring-office divisions often did not assign a high priority to assessing SPCI project proposals relative to their own activities. These reasons often resulted in delays of several weeks or even months.

Finally, there were publicity delays. These were caused by the requirement to get a federal representative to the "media-picture session" to deliver SPCI cheques to recipients.

Figures 3 and 4 summarize statistical information on the average length of time it took to process applications; broken down by the four components of SPCI and by organization type. This information is based on a sample of about 40 percent of all SPCI applications.

The tables are essentially self-explanatory. The numbers represent the average number of months that elapsed between important stages in the processing cycle. For example, figure 3 shows that an average of between 3 months (for opera organizations) and 7.6 months (for heritage institutions) passed between the "first inquiry" and "funds approval". The overall average for all organizations combined was 5.7 months. Figure 4 groups all organizations by the program components under which they applied for funding. It shows that for components I, II and IV an average of between 4 months (national events, component IV) to 5.5 months (management improvement projects, component IIB) passed between the "first inquiry" and "funds approval". The overall average for all components was, again, 5.7 months. But, it must be noted that for capital projects it took much longer: 11.5 months for component IIIA and 22.5 months for component IIIB (heritage institutions).

Consequently, the "average" processing times shown in figures 3 and 4 indicate that most applications were expeditiously processed. There are, however, significant individual variations. These data, furthermore, do not address the perceptions of performing arts organization of SPCI processing efficiency. These, and other important concerns are addressed in some detail in the report of another background study.

3.4 Program Outreach

There is a paucity of hard information on program outreach - the level of awareness concerning SPCI among the target populations in the performing arts communities and heritage institutions; although as a result of the program evaluation study such information is becoming available.

The program coordinator of SPCI estimates that about 90 percent of the potential target populations are aware of the program. Officials at the Canada Council indicated that program outreach was likely in excess of 95 percent.

These estimates seem reasonable in light of the threefold publicity strategy employed by the program since its inception. After all, it must be recalled that one of the goals of SPCI is to increase public awareness of the federal government's presence in the arts and culture. To achieve this goal the Minister himself announced the start-up of SPCI with all the attendent media publicity that such an event entails. Secondly, program information and the "applicants guide" were mailed to all provincial performing arts organizations and individual organizations; based on mailing lists from the Canada Council and the National Museums Corporation (for museological institutions). While these lists may have been somewhat dated, they appear to have been adequate in their coverage of potential applicants in terms of total numbers, geographic distribution and according to disciplines. The final step in the strategy to increase federal visibility in arts and culture was to turn all major grants and contribution awards into media events, with federal press releases, etc. A representative of the federal government would present the cheque to the recipient organization at an awards ceremony. A by-product was, naturally, an increasing program-awareness by the public and by potential applicants.

Another piece of evidence that SPCI program information is reaching potential applicants is found in the relatively low rates of incidence of ineligible applications being received. They amount to about five percent of the total applications and are less than 10 percent for any program component. However, it should be noted that there were, apparently, a further 175-200 applications which were judged to be ineligible--especially during the early life of SPCI. No records were kept regarding these applications.

4.0   CONCLUSIONS

The Special Program of Cultural Initiatives was developed as a short-term and time-limited response to four specific needs of the arts and culture communities that were identified by federal and provincial cultural agencies as being both significant and urgent.

The program is quite simple in structure. It seeks to ameliorate important peripheral concerns of Canadian professional, non-profit performing arts organizations. SPCI seeks to strengthen the financial viability of these organizations by assisting with one-time grant funding for deficit reduction. The program also seeks to: (a) strengthen their management by providing financial assistance in the form of a one-time grant to reward organizations without a deficit, and in the form of a contribution to management development projects, and (b) to provide greater access to the professional performing arts, and heritage institutions, by developing and upgrading a national network of suitable facilities by contributing financially to the construction costs.

A final thrust of the program is to support cultural projects of national character or significance through a grant covering a portion of the total costs. Thus SPCI complements the central operational and artistic quality concerns of these organizations and institutions and of cultural agencies, such as the Canada Council.

Paradoxically, SPCI program delivery is made complex by the heterogeneity of the dance, music and theatre organizations it serves. These artistic communities reveal a great diversity of size and sophistication of the performing arts organizations within and among the disciplines. This diversity is further exacerbated by varying levels of community need for and community support of particular disciplines and organizations; as well as the geographic dispersal of the artistic communities across Canada.

All of these factors make the highly flexible program structure, administrative procedures and eligibility criteria of the Special Program of Cultural Initiatives not only desirable but essential. In essence, the program is responsive rather than directive. SPCI responds to requests for funding conceived, developed and submitted by private non-profit organizations instead of stimulating demand by identifying key organizations, or artistic activities, whose work parallels the overall goals of federal cultural agencies.

Based on the findings of this review it is apparent that the Special Program of Cultural Initiatives is, generally, managed in a satisfactory manner; and appears to be in compliance of Treasury Board requirements for grants and contribution programs.

There are satisfactory administrative procedures which are clearly understood and being, reasonably consistently, used by the program managers. It does not seem reasonable or appropriate - nor cost-effective - to implement major changes or other procedures.

There are satisfactory explicit eligibility and funding criteria which are clearly communicated to potential applicants. SPCI, furthermore, often has to use implicit criteria to set funding priorities and to select among the large number of competing eligible applicants. The implicit criteria are, generally, based on the overall federal goals for arts and culture - which are widely publicized. Consequently, the use of implicit criteria can only enhance the flexibility of program administration. To increase the stringency of criteria would reduce the flexibility of SPCI and this is, clearly, not desirable.

However, it is noted that the specificity of the criteria could be improved. For example, if one of the conditions of funding under SPCI, for projects in a particular component, were "provincial support essential" then it should be stated in such a specific and clear fashion; instead of the ambiguous wording in the original applicant's guide. It is noted that the revised SPCI guide shows several improvements in clarity and specificity. This can only serve to enhance the perception by applicants of the "objectivity", as well as improve the actual objectivity, of the process of awarding grants and contributions under SPCI. In turn, this can only improve the goal of "federal visibility".

The review found that compliance with explicit program criteria of eligibility and funding was generally good. However, in addition to several "gray areas" where it was not readily apparent why an award had been given, there were about 10 percent of the sampled funded applicants' files which were clearly in non-compliance with the eligibility criteria.

In general, it was felt, that in view of the constraints faced by SPCI - the 3-year sunset clause, the very small staff and explicit concerns to keep administrative costs low - it is a relatively efficiently administered program. This is corroborated by the statistical information of processing efficiency.

There is a paucity of hard information on program outreach - the level of awareness concerning SPCI among the target populations in the performing arts communities and heritage institutions. However, a reasonable estimate of program outreach appears to be a highly satisfactory rate in excess of 90 percent.

APPENDICES

APPENDIX A

Review Criteria[1]

Criterion No. 1: **The objectives of grants and contributions programs should be clearly stated.**

Objectives should be precise enough to enable program managers to:

- specify the group(s) eligible for funding;

- develop guidelines for reviewing and approving applications for funds; and

- identify measures for determining the effectiveness of funding activities.

Criterion No. 2: **Appropriate terms and conditions for grants and contributions programs should be established consistent with the legislative mandate and requirements of central agencies.**

Terms and conditions for contribution agreements should be:

- established;

- consistent with program objectives and the legislated mandate of the department; and

- in compliance with Treasury Board requirements.

Criterion No. 3: **Information on grants and contributions programs, and particularly information on the rules governing eligibility, guidelines for applicants and the preparation of proposals, should be made available to potential applicants.**

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[1] Source: Office of the Auditor General, Draft Audit Guide, Grants and Contributions, 1983

Criterion No. 4: Procedures should be established for ensuring that the applications approved are those most likely to achieve program objectives. These procedures should be documented.

- Applications should be assessed against documented selection criteria.

- Decisions should be adequately documented.

- Where applicable, accepted applications should contain clear statements of what is intended to be achieved.

- The review procedures should require disclosure of all other sources of funding for a particular proposal.

Criterion No. 5: Grants and contributions payments should be consistent with the approved levels of funding.

- Applicants should indicate in writing their acceptance of any conditions attached to a grant or contribution before funds are disbursed.

- Payments should not exceed the approved level of funding and, for contributions, should be in accordance with terms of the arrangements.

Criterion No. 6: There should be adequate internal financial controls over grants and contributions expenditures.

Criterion No. 7: Approved grants and contributions should be monitored.

- For grants, there should be reasonable assurance that funds are being used for the purpose intended.

- For contributions, payments should be in accordance with contribution arrangements.

- There should be a management review and, where appropriate, a feedback mechanism to improve program administration and overall performance of the program.

- Contributions audit arrangements should be adhered to.

Criterion No. 8: There should be relevant, reliable and timely information available to appropriate managers, on grants and contributions operations and expenditures.

Checklist and Interview Schedule[1]

Criterion No. 1: **The objectives of grants and contributions programs should be clearly stated.**

Comments

Tasks/Questions/Considerations

Has the organization stated the objectives of its grant or contribution program(s)?

Have eligibility criteria been clearly specified?

Are the eligibility criteria consistent with the program's stated objectives?

Have guidelines for reviewing and approving applications been developed?

Are the review and approval procedures consistent with the program's stated objectives?

Has the organization identified measures for determining effectiveness?

Are the eligibility criteria or review and approval procedures specified by existing legislation? If yes, are the legislated requirements reflected in the organizations eligibility criteria or the review and approval procedures?

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[1]Source: Office of the Auditor General, Draft Audit Guide, Grants and
Contribution Programs, 1983. Office of the Comptroller General,
Audits of Grants and Contributions, 1983.

Criterion No. 2: Appropriate terms and conditions for grants and contributions programs should be established consistent with the legislative mandate and requirements of central agencies.

Tasks/Questions/Considerations   Comments

For contributions, do the arrangements (including information in brochures) include:

- identification of recipient;

- purpose of the contribution;

- effective date, duration of the arrangement, and date of signing;

- terms and conditions attaced to the contribution;

- financial responsibilities of the donor and the recipient;

- allowable expenditures;

- financial limitations;

- method of payment (i.e., on presentation of an invoice, progress claim, or cash forecast);

- the departmental review procedure before making a payment of a grant or contribution;

- the supporting material required in an application from a prospective recipient;

- the maximum amount to be paid to any recipient;

- the evaluation procedure used to determine the effectiveness of the grant or contribution relative to the program's objectives;

- the method of payment:

    - in the case of grants, by installments or by a lump sum;

    - in the case of contributions, on presentation of an accounting, cash forecast, invoice, or progress claim;

    - the method of making final payment;

Some of the items may also be applicable to arrangements for grants.

- provision, if any, for advance payments and/or progress payments, and conditions for final payment;

- provision for audit;

- provision that any money paid in excess of that required by the recipient is an amount due to the Crown; and,

- written acceptance of the terms and conditions of the contribution arrangements by the prospective recipient;

Are the stated eligibility criteria and terms and conditions consistent with:

- the submission approved by Cabinet?

- the Record of Decision?

- for contributions, the provision of advance payments or progress payments, whenever such methods of payments are necessary, and the method to be followed by the recipient in accounting for such payments;

- for contributions, the audit arrangements, including coverage and scope;

- the number of years over which it is expected that the terms and conditions will apply and that payments will continue to be made; and,

- other factors considered appropriate in the circumstances?

Criterion No. 3: Information on grants and contributions programs, and particularly information on the rules governing eligibilty, guidelines for applicants and the preparation of proposals, should be made available to potential applicants.

Comments

Tasks/Questions/Considerations

How does the organization disseminate information on its grants or contribution program:

- brochures;

- meetings;

- press releases;

- newsletters;

- advertisements.

Does the organization maintain a mailing list to distribute program information? If yes, how often is the mailing list updated?

Is the mailing list adequate in its coverage of potential applicants (e.g. total number, geographical distribution, socio-economic characteristics, etc.)?

Are the eligibility criteria and obligations (terms and conditions) readily available to applicants?

Is this information reaching potential applicants?

- Are almost all applications approved?

- Are there large unspent balances in the budget at year end?

- Is there a high incidence of ineligible applications or improperly completed applications?

Does the organization monitor the results of its information dissemination?

Criterion No. 4: Procedures should be established for ensuring that the applications approved are those most likely to achieve program objectives. These procedures should be documented.

Comments

Tasks/Questions/Considerations

Are there documented application procedues?

Are standardized application forms used where appropriate?

What supporting documentation must an applicant submit?

Are there specific deadlines for submitting applications?

How are applications reviewed and approved?

Are the review and approval procedures documented?

Is there a clear delegation of final approval authority?

What procedures are in place to control potential conflict of interest situations?

What procedures are in place to ensure "arms length" review and approval of applicants' eligibility?

What procedures are used to assess whether the eligibility criteria are met?

What procedures are there to ensure the information supplied on the application form is complete and correct and that the applicant exists?

Is the applicant required to submit a specific proposal and budget? If yes, how is the applicant assessed for ability to fulfill the objectives of the project?

How is the adequacy of the proposed project and budget assessed?

Are indirect project costs (overhead) allowed? If so, is there sufficient information provided to determine the reasonableness of the overhead charges?

Are applicants required to state other sources of funding received or applied for? If yes, how is this information verified?

Tasks/Questions/Considerations

Is there an appeal process? If so, what are the procedures?

For contributions:

- Are funds provided for support of projects of a capital nature?

- Has the right to audit the recipient been clearly established?

- Are the conditions for payment clearly specified?

- Is the method of payment clearly specified (either reimbursement of expenditures or advance payments based on cash flow forecasts)?

- Have the allowable expenditures been clearly identified?

What criteria or procedures are used to establish priorities for choosing grant or contribution recipients when there are more applicants that can be handled with the funds available?

Criterion No. 5: Grants and contributions payments should be consistent with the approved level of funding.

Tasks/Questions/Considerations

Does the commitment system provide for information on current and future year commitments?

Was a commitment certificate signed before the arrangement was signed?

Is there an adequate co-ordination between project monitoring and pre-audit functions so that no important elements of the arrangements are overlooked?

Is continued eligibility of recipient and compliance with program objectives checked by pre-audit function and monitored?

Are all request for payment (either raised by the donor or progress claims submitted by the recipient) subject to an independent pre-audit by a person having a good knowledge of applicable acts and regulations? For example:

- Is the arrangement duly signed and dated on behalf of both donor and recipient?

- Are amounts requested agreed to the terms of the signed arrangement and arithmetical accuracy checked?

- Was the required supporting documentation submitted?

- Are all payments certified under delegated payment authority?

- Under a shared cost contribution arrangement, are there adequate controls to ensure propriety of claimed costs?

- Is there an adequate control and follow up over any cost disallowed as a result of a project audit?

Criterion No. 6: There should be adequate internal financial control over grants and contributions expenditures.

Comments

Tasks/Questions/Considerations

Is there adequate control to ensure the recording and collection of any overpayment?

Is there an adequate accounting system for recording and controlling partial payments, advances, etc.?

Are all approvals, renewals and advance payments for grants and contributions -- especially those near year-end -- appropriate and in accordance with established criteria?

Criterion No. 7: Approved grants and contributions should be monitored.

Tasks/Questions/Considerations

What procedures are used to monitor the grants or contributions:

- progress reports/expenditure statements;

- interviews;

- site visits.

Is there evidence that the monitoring activities were conducted objectively and independently?

Are there means for feedback from the audits and monitoring to the planning and analysis of the programs?

Are specific deadlines set for the submission of progress reports/expenditure statements and other monitoring activities?

How are the progress reports/expenditure statements reviewed, and are there specific criteria for the review?

What action is taken if progress in not satisfactory?

What action is taken if the required information for monitoring the grant or contribution is not received from the applicant?

Are there periodic checks for a sample grants of the supporting documentation for the statements of expenditure?

Are the audit arrangements, where applicable, satisfactory and adhered to?

Are the monitoring procedures that are in place sufficient to provide reasonable assurance that the funds are being used for the purpose intended?

Are the monitoring procedures complied with?

Are there internal controls to ensure the monitoring procedures are followed (quality assurance)?

Criterion No. 8: There should be relevant, reliable and timely information available to appropriate managers, on grants and contributions operations and expenditures.

Comments

Tasks/Questions/Considerations

Does management information include:

- number of applications;

- proposed duration of support and level of funding;

- the budget allocation and current commitments and expenditures;

- number of approved and rejected applications by category (e.g., new/renewal applications, etc.);

- reasons for rejected applications;

- characteristics of the recipients of funds;

- the level of current and future year commitments?

Is there management information on the characteristics of the recipients, applicants and total target population?

Is there management information on the reliability or validity of the review and approval process?

Is the management information system integrated with the evaluation unit's information needs?

Are there mechanisms in place to provide for feedback to the planning and administering of the program?

Does the information provided meet the needs of management?

APPENDIX C

Program Eligibility and Funding Criteria[1]

General Program Criteria: A major aspect of the implementation procedure of SPCI is the eligibility criteria applicable to the respective program components. First to be considered here are the criteria common to all program components. This is followed by a look at the criteria specific to the individual program components.

Non-profit Organizations: One criterion that was common to all program was that all organizations, to be eligible, had to non-profit. For consideration under component I and II and IIIA and IV, the assessment of non-profit status was done by the Canada Council; and, in the case of IIIB, by the National Museums of Canada.

Professional status: For eligibility under components I, II, IIIA and IV, organizations had to be "professional" performing arts companies and/or training institutions, and had to be certifed or assessed as such by the Canada Council. In the case of museological institutions, the National Museums of Canada was to make the determination as to eligibility, by attesting that, under the existing capital assistance program of the National Museums of Canada, they do not benefit from NMC program.

Financial Support: A most important consideration affecting eligibility, under all program components, was that applicants were required to demonstrate provincial commitment to cost-sharing for the project, or that some combination of provincial and private funding would match the federal government's contribution. The federal contribution under II was limited to 50 per cent of the costs, and under I to one-third of accumulated operating deficit.

Ineligibility for Funding by Other Sources: A further stipulation applicable to component IIA was that projects funded would not be eligible for support under existing programs of the Canada Council. Similarly, in the case of program component IIIB, respecting museological institutions, applicants must have been declared ineligible for funding under an existing capital assistance program for the National Museums of Canada, being beyond the funding capabilities of this and other existing federal programs.

Program Specific Criteria: Quite distinct from the common criteria applied to all applicants, were the program specific criteria. In the case of program component I, and important condition for receipt of a grant was the

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[1]Source: Bureau of Management Consultants, Evaluation Assessment of SPCI, 1983.

demonstration of an accumulated deficit in the audited financial statement for the most recent fiscal year ending on or before June 30, 1980, whereas in the case of IIB the requirement was that organizations should have no accumulatd deficit in the audited financial statement for the most recent fiscal year ending on or before June 30, 1980.

To qualify under IIA, projects have to meet the specific eligibility criteria for Assistance to Management Development Projects as follows:

. Normally, eligible projects will be of a maximum duration of 12 months. Eligible projects requiring more than 12 months will be considered for funding only if they are of exceptional merit.

. Projects which involve the establishment or the ongoing costs of management staff are not eligible. It is not the intent of this program to contribute to the initial salary of a permanent position.

. Projects must provide direct benefit to an organization, as opposed to benefiting an individual. Therefore, applications for training and development of individuals cannot be considered under this component, but would continue to be eligible under the programs of the Canada Council.

. It is not the intention of this program to finance the acquisition of equipment. Such costs will not normally be considered eligible.

Organizations must agree to make publicly available on request the major findings of any such projects.

A further stipulation applicable to IIIA & IIIB was that institutions were required to demonstrate that any additional operating costs, incurred specifically as a result of the proposed capital project, had been projected, and also confirm the funding source(s) for any cost increases associated with the project.

For Program component IV there was a lengthy list of conditions which had to be fulfilled. For example, all projects were to be held in Canada, and the artistic and cultural events funded (or a significant portion thereof) had to be a national event, such as:

. hosting a national or international conference of a cultural nature;

. assistance toward the cost of insuring major domestic and inter- national museological exhibitions hosted by a Canadian institution;

. a national arts and culture competition;

. the cultural component of a national or international activity or event.

APPENDIX D

Program Administrative Procedures[1]

This Appendix gives the various steps in the implementation of A Special Program of Cultural Initiatives in some detail, with a view to offering greater clarification of the implementation process, and in terms of which critical issues surrounding the administration of the program could eventually be explored.

1. Program Publicity

Announcement of the program and publication and distribution of users' guide and application form. One such publication is the brochure put out by the Department of Communications, titled A Special Program of Cultural Initiatives (Ministry of Supply and Services Canada, 1980. Cat. No. S2-93/1980)

2. Receipt of Applications

The process is initiated when the department receives an application. The initial contact point in the processing operation is the Program Clerk, who, upon receipt of the application, prepares an index card to register each application. The cards are stored alphabetically in the program register. The information stored on the index card consist of:

    Name of organization
    Contact person within the organization
    Telephone No.
    Component under which application is made
    Date of receipt of application
    Date of application

In addition to the register, the program clerk also enters details of the application in an Application Log, giving the following:

    Component
    Name of Organization
    Province
    Date Received
    Contact within organization
    Telephone no.

A form is sent to Records Management to have a file opened for the application, and the application with a blank AES information sheet is forwarded to the Program Officer.

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[1]Source: Bureau of Management Consultants, Evaluation Assessment of SPCI, 1983.

Preliminary Screening of Application

Upon receipt of the application and blank AES information sheet, the Program Officer completes the infromation sheet and submits it to AES. He also reviews the application against criteria, terms and conditions, to determine whether or not a candidate's application or project is eligible "in theory". In the case of I, II, IIIA and IV, a check is made against a list of professional performing arts companies funded by the Canada Council. The submission file is then forwarded to the program coordinator who initials the flimsy, signs the commitment certification and expenditure initiation authorization form (CCEIA) and forwards the file to the Director General (DG) for signature on the CCEIA. (The DG will return the file to the program clerk after signing.) Two different courses of action ensue: acknowledgement, with continuation or with rejection.

Written Acknowledgement of Receipt

The Program Officer, upon receipt of a copy of the Acknowledgement Letter advises AES of the date of Acknowledgement Letter. These documents are returned to the program clerk to be forwarded to the Program Coordinator for signature, who then forwards the letter to the program clerk for mailing. The acknowledgement letter gives some indication of whether the project appears eligible and will be studied, and/or requests additional information as to terms and conditions, particularly with respect to program component III.

Rejection

Instead of a mere acknowledgement a rejection notice could follow the preliminary departmental review process, if the application does not meet the criteria. In the case of program components IIA, III and IV, if the project is not eligible, the applicant is advised accordingly, and perhaps given the reasons for the project ineligibility. The letter of rejection is prepared by the program officer for the signature of the program coordinator, with copies for the organization file, the program coordinator's file, and the Performing and Visual Arts Division file. The program officer advises AES that the application has been rejected.

Consultation with Cultural Agencies

Unrejected applications continue processing. This may involve consultations with cultural agencies and/or negotiations with the provinces. In the case of program components I and IIB, the Program Officer forwards a copy of the application to the Canada Council for review and verification of the applicant's professional status. The Council could also be asked to provide other information in respect to the financial position of the applicant. Program component I and IIB are departmentally administered: the liaison with Canada Council is for information purposes only. For program components IIA, IIIA and IIIB, more extensive consultations with the cultural agencies take place. The program officer submits a copy of the application to the Canada Council, the National Museums of Canada or the Public Archives, depending on the nature of the application, in order to obtain not only professional evaluation, but also recommendations on the project, based upon the agencies capital projects, under program component III, the Department of Public Works could also be required to provide the Department with a technical evaluation, including construction costs, plans, drawings, etc.

Where program component IV is concerned, the process deviates from the above. Here following the review of the application to ensure that it meets the basic criteria of the component, the Program Officer presents the application for review at the Branch Grant Review Committee. After study and discussion by the Committee, an analysis of each application is prepared in the form of a SUBMISSION MEMO to the Minister for the signature by the Deputy Minister (DM). The submission memo is presented in seven copies to the Senior Review Committee for determination of recommendations to the Minister.

Negotiations with Provinces

In addition to consultations with the cultural agencies and departments, departmental consultations and or negotiations also take place with the provinces concerned at the officials' level and/or through the Minister's office. This was felt to be necessary, given the disparate provincial priorities, needs, resources, and programs. This liaison was especially critical with respect to the implementation of program components I and III; the aim was to negotiate with the province as to eligibility, and where appropriate, the ratio of funding. Provincial commitment was generally sought prior to submitting projects for ministerial approval.

Response to the Assessments

The Program Officer, upon receipt of the completed assessment form from the agency or department, and following analysis of provincial positions, establishes the grant/contribution on the basis of the financial position of the applicant, as disclosed in the audited financial statements in the case of program component I. There are two courses open to the program officer: rejection; or recommendation to the Minister.

Rejection of Application After Assessment

If the decision is to reject, the program officer prepares a letter of rejection for the signature of the program coordinator. In addition, the program officer advises AES that the application has been rejected. Copies are distributed to:

    i)   program coordinator;
   ii)   program officer for organization file;
  iii)   Performing and Visual Arts file.

There is a slight variation to the process where program component IV is involved. The Program Clerk, upon receipt of the file containing letters to the organization from the Minister and the program coordinator.

    - prepares the CCEIA form, completing the top half;
    - passes the file to the program coordinator, who passes it on to the DG, Cultural Affairs;
    - on receipt of the file from the DG, Cultural Affairs, records the amount of the grant in the Commitment Record Book;
    - forwards the file to Accounting Operations, with a routing slip indicating that it is to be sent directly to the Minister's Office after certification;
    - on receipt of the file from the Minister's office passes it to the program officer.

Recommendation of Approval

For program components I, IIA and IIB, IIIA and IIIB, the program officer
prepares a memo to the Minister for the signature of the Deputy Minister (DM),
containing a list of organizations, their locations and the recommended grant
amounts in the case of I and IIB, and or recommendation of financial assistance
to projects, in the case of IIA, IIIA and IIIB. The program officer prepares
letters to the organization from the Minister and from the program coordinator.
The file is then sent to the program clerk, where progrm components IIA, IIIA
and IIIB are involved, with instructions to prepare a commitment certification
and expenditure initiation authorization (CCEIA) and obtain the required
signatures on the form and the letters. Where program component IV is
concerned, the program officer drafts letters from the Minister and the program
coordinator, includes guidelines for public announcement of a grant under the
program, and a form to be completed by the recipient indicating acceptance of
the <u>terms and conditions</u> of the program.

Each submission file is assigned a requisition number, (commitment number) by
the program clerk who prepares the CCEIA form (top half only). The submission
file is routed as follows: Officer
                                 to
                              Coordinator
                                 to
                              Director General (DG)
                                 to
                              Clerk (Accounting Operations)
                                 to
                              Assistant Deputy Minister
                                 to
                              Deputy Minister
                                 to
                              Minister's Office

Once the submission file is received back from the Director General, the
program clerk prepares 15 copies of the complete submission file (excluding the
CCEIA form) and 15 copies of the Memo to the Minister, marked for distribution
as follows:

        Minister   (3)
        DM   (2)
        ADMAC   (2)
        DG/CA   (1)
        Program Coordinator   (2)
        Program Officer   (2)
        Program Clerk   (1)
        Central Registry   (1)
        Information Services   (1)

In addition to the above, the program clerk forwards the file to Accounting
Operations, with instructions that it be forwarded to the ADM directly after
certification under FAA $25.

The entire submission file is then passed by the ADM to the DM, who signs the memo and passes the file to the Minister's Office. There are two options: Ministerial approval, either in the amount recommended or less than the amount recommended; or ministerial rejection. Each involves a different sequence of activities.

Ministerial Approval (in the amount recommended)

The established procedure is for the Program Coordinator to obtain the signature on the letter to the organization and on the CCEIA at weekly meetings with the Minister. The file is then passed to the DM's office and stamped "approved by the Minister", dated and distributed. After signing the letter to the organization, program coordinator will send the file to the progrm officer who then proceeds as follows:

- enters details of the grant and date of fiscal year of recipient in the Control Log of the component;

- advises AES of approved grant amount;

- sends one copy of submission file to Information Services via the program coordinator;

- mails letters with acceptance form and guidelines for the acknowledgement of grants;

- hold original CCEIA in file until receipt of completed acceptance form.

Where program components IIA, IIIA and IIIB are involved, the program officer has also to send letters to the organization and contact them for any additional information that may be considered in the preparation of a Letter of Agreement. For components IIIA and IIIB, if the contribution approved by the Minister exceeded $500,000, a Treasury Board submission has to be made before the Letter of Agreement can be signed.

Ministerial Rejection

If the Minister rejects the application, the Program Coordinator marks "decommit" on the original CCEIA form and initials it, returning the submission file to the DM's office, which retains one copy, returning the rest. When the submission file is received from the DM's office, the program coordinator sends it to the Program Officer, who prepares a letter of rejection for the signatures of the program coordinator (with 3 copies). When the program coordinator has signed the rejection letter, it is passed to the program clerk, who distributes the copies internally and mails the letter to the organization. The program officer advises AES that the application has been rejected, and forwards the original CCEIA form, marked "decommit" and initialled by the program coordinator, to the program clerk. The program clerk then acts as follows:

- prepares a second CCEIA form for the organization with the same information as on the first, except that it will be marked "cancelled" in the "change to previous commitment" section;

- crosses out the amount committed in the Commitment Record Book and writes "decommitted" in the column for amount expended;

- passes this second CCEIA form, with the original form behind it, to the program coordinator for signature;

- passes the signed form to the DG for signature;

- on receipt of the signed form from the DG forwards it to Accounting Operations.

Expenditure Initiation Process

The expenditure initiation process covers the process between the request for and issue of cheques by the Minister. For components I and IIB, request for payment is initiated by the program officer upon receipt of the acceptance form, signed by authorized person(s) in the recipient organization. In the cases of components IIA, IIIA and IIIB the request for payment is made in accordance with the requirements of the terms of the Letter of Agreement. In the case of grants to be paid in a lump sum, such as under program components I, IIB and most of IV, the program officer forwards the CCEIA form along with the Letter of Agreement to the program clerk with instructions to initiate expenditure. The clerk next completes the payment information section of the CCEIA and the details for athorization. If the request is for contributions and grants paid in installments, such as in the case of program components IIA, IIIA & IIIB and some IV, before proceeding the program clerk passes the Letter of Agreement and the CCEIA form to the DG for signature under s.27 of the Financial Administration Act. When this set of documents is returned, the program clerk then

- forwards the original form to Accounting Operations.

- advises AES that the funds have been expended.

Cheques issued to recipients are accompanied by a letter from the Minister, or are released by the Minister at a public ceremony.

APPENDIX E

List of Interviews Conducted

Department of Communications:

  o John Thera, Director, Cultural Support Programs

  o Gaston Blais, SPCI, Program Coordinator

  o Keith Kelly, SPCI, Program Officer

  o Marie Andrée Morisett, Cultural Support Programs

  o Michelle Bonin-Stewart, former Program Officer

Canada Council:

  o Franz Kraemer, Head of Music

  o Barbara Klante, SPCI Liaison Coordinator

  o Monique Michaud, Head of Dance

  o Barbara Plumptre, Program Officer

  o Holly Gnaedinger, Program Officer

List of Applicants' Files Reviewed

SPCI Component I

Edmonton Symphony Orchestra	1981-82, $ 84,441.
Victoria Symphony Society	1981-82, $117,375.
Stratford Shakespearean Festival	1981-82, $ 81,798.
Theâtre du Nouveau Monde	1981-82, $112,500.
Regina Symphony	1981-82, $ 55,196.
Canadian Film Institute	1982-83, $125,360.
Courtenay Youth Music Centre, B.C.	REJECTED AS INELIGIBLE
Johannson Int.'l School of Arts, B.C.	REJECTED AS INELIGIBLE

SPCI Component IIA

Manitoba Theatre Center	1981-82, $ 34,650.
Atlantic Symphony	1981-82, $ 54,000.
Stage Directions	1981-82, $ 41,000.
Assoc. Quebecoise du Jeune du Theâtre	1981-82, $ 33,075.
CIRPA/ADISQ Foundation	1982-83, $150,000.
Banff Centre	1982-83, $ 45,000.
Western Canadian·Theatre Co., B.C.	1981-82, $ 21,250.
Kirkfield Management Ltd., Man.	REJECTED: LACK OF FUNDS

SPCI Component IIB

Theatre Calgary	1981-82, $ 20,000.
Calgary Philharmonic Society	1981-82, $ 25,000.
Edmonton Opera Association	1981-82, $ 25,000.
The Citadel Theatre, Alta.	1981-82, $ 25,000.
Cirque Alexander, B.C.	1981-82, $ 5,000.
Pacific Cinématèque, B.C.	REJECTED AS INELIGIBLE
Can. Association Youth Orch., Banff	REJECTED AS INELIGIBLE

SPCI Component IIIA & B

Vancouver Art Gallery, B.C.	1980-81, $4,500,000.
Haborfront Dance Theatre, Ont.	1981-82, $ 536,820.
Cinématèque Québécoise	1981-82, $ 150,000.
Miners Museum, N.S.	1982-83, $ 250,000.
Northern Arts Centre, N.W.T.	1982-83, $ 200,000.
Black Cultural Center, N.S.	1982-83, $ 250,000.
Young People's Theatre, Ont.	REJECTED: LACK OF FUNDS
Productions Spectra, Que.	REJECTED: PLANS TOO PRELIMINARY

Pacific Cinématèque, B.C   REJECTED AS INELIGIBLE
Can. Association Youth Orch., Banff   REJECTED AS INELIGIBLE

SPCI Component IV

Theâtre du Nouveau Monde, Que.   1981-82, $100,000.
Canadian Crafts Council   1982-83, $200,000.
Can. Historical Microreproductions Institute   1982-83, $100,000.

Simon Fraser University   REJECTED: LACK OF FUNDS
All About Us Foundation, Ont.   REJECTED: LACK OF FUNDS

REVIEW OF DELIVERY PROCEDURES
AND ELIGIBILITY CRITERIA OF THE
SPECIAL PROGRAM OF CULTURAL
INITIATIVES