



# TORONTO STAFF REPORT

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November 4, 2002

To: Board of Health

From: Dr. Sheela V. Basrur, Medical Officer of Health

Subject: Implementation of City Auditor's Recommendations re: AIDS Prevention Grants, Drug Prevention Grants and Student Nutrition Grants

Purpose:

The purpose of this report is to update the Board of Health on the implementation of recommendations made in the February 27, 2001 City Auditor's Report on the Community Services Grants Program Review with respect to AIDS Prevention, Drug Prevention and Student Nutrition Grants and to report back on the feasibility of multi-year assessment for AIDS Prevention and Drug Prevention Grants programs.

Financial Implications:

There are no financial implications resulting from this report.

Recommendation:

It is recommended that the Board of Health receive this report for information.

Background:

The AIDS Prevention Grants Program was established by the former Toronto City Council in 1987 to support community initiatives in providing targeted HIV/AIDS prevention education programs. The Drug Prevention Grants Program was established by the former Toronto City Council in 1990 to build community capacity for local initiatives in drug prevention. In 1999, eligibility for both programs was expanded for the first time to include applicant groups from across the amalgamated City. The Student Nutrition Grants Program was established in 1998 to support student nutrition programs throughout the City of Toronto. This program operates through a complex partnership between Toronto Public Health (TPH), the school boards and their education foundations, the community and the Province through the Canadian Living Foundation.

In his February 27, 2001 report, the City Auditor made a number of recommendations regarding the management of all City grants programs. These recommendations were examined through the Grants Business Practices Improvement Project and were addressed in an Accountability and Risk Management Framework report that has been approved by Council's Grants Subcommittee. The Toronto Grants Co-ordinating Committee, an interdepartmental staff committee, has established subcommittees to develop common policies and implementation tools that can be used for all City grants programs. These include a Surplus/Reserve Policy for Project Funding, Audit Practices Checklist for Project Grants, Risk Management for Project Grants, Common Grants Cycle Components, and Performance Measures.

TPH grants programs fund projects which must meet specific criteria that are distinct from ongoing program grants. This report specifically addresses the changes required in AIDS Prevention, Drug Prevention and Student Nutrition Grants Programs to implement the City Auditor's recommendations and has been prepared in consultation with staff from Community and Neighbourhood Services.

In addition, at the request of the Board of Health in June 2001, the feasibility of multi-year assessment of AIDS Prevention Grants and Drug Prevention grants will be discussed in this report.

Comments:

Auditor's Recommendations:

Throughout the summer and fall of 2001, staff from all three public health grants programs participated in the Grants Business Practices Improvement Project. Through this project the grants programs reviewed their administrative processes for all stages of the granting cycle, including priority setting, outreach, application intake, screening, assessment and review, allocations, appeals, contracts, grant awarding, monitoring and evaluation.

The TPH grants programs are a policy-supported, integrated component of TPH's programs and services. The integration of grants with city delivered programs is critical to ensuring responsiveness to emerging trends and access to program-specific expertise. TPH grants support the City's strategic directions to promote strong and healthy neighbourhoods and communities, to build community capacity and actively involve the public in civic life, to promote volunteerism and the role of the voluntary sector, to advocate on behalf of the people of Toronto, particularly our most vulnerable populations, to provide accessible City services that improve community well-being, and to improve social and economic inclusion within our communities.

TPH's grants programs have been supported by sound administrative processes for many years. The goals and objectives of the grants programs are clearly identified and are consistent with the goals and objectives of TPH programs. A key strength of the process for the AIDS and Drug Prevention Grants has been the involvement of community representatives on review panels as part of the assessment and allocation process. The Student Nutrition Program also involves community representatives in the assessment process, in which allocations are undertaken

centrally using a standard equity formula based upon the economic profile of the community being served by the program.

Areas of improvement for TPH's grants programs to meet the auditor's recommendations include:

- (a) more rigorous risk assessment of the financial status of the applying agencies including an evaluation of the reasonableness of reserves;
- (b) enhanced monitoring based upon risk assessment, including a clear separation of staff functions between monitoring/accountability and community development; and
- (c) enhanced attention towards evaluation and performance measurement.

Appendix A outlines the status of TPH's implementation of the City Auditor's recommendations. Implementation has been completed for the majority of the recommendations. Implementation is in progress for five recommendations and should be implemented by the 2003/2004 grants cycle, and three recommendations do not apply to TPH grants.

#### Multi-year Assessment:

The Drug Prevention Grants program has considered requests by community agencies for multi-year assessment to enable more effective program planning. The programs will, with the approval of its review panel and the Board of Health, introduce the option of a two-year assessment process in 2003. Through this process, an agency will submit and receive approval for a two-year project plan and budget. The agency will then receive funds on an annual basis for that two-year project based on annual City Council budget approval and provided that all reporting and monitoring activities are completed in year one. Next year, up to 30% of the funds will be earmarked as annual allocation for projects that will be undertaken over the next two-year period and 70% or more will be available for one-year projects. In subsequent years, up to 60% of the funds will be earmarked for two-year projects and 40% or more will be available for one-year projects. Due to the relatively small average grant size (\$11,500) this two-year assessment option will enable groups to achieve better project outcomes.

The average AIDS Prevention Grant (\$24,400) is more than double that of the average Drug Prevention Grant. Multi-year assessment was considered by the AIDS Prevention Grants Review Panel. At its June 2002 meeting, it was decided that a two-year assessment process would not provide groups with guaranteed longer term funding and it would not enable groups to plan longer-term projects. In addition, AIDS Prevention Grants must be able to respond in a short period of time to epidemiological shifts in infection rates and related social trends.

#### Conclusions:

The AIDS Prevention, Drug Prevention and Student Nutrition Grants programs have reviewed their administrative procedures in light of the recommendations of the City Auditor's report on Community and Neighbourhood Services Grants. Procedures have been adjusted where

necessary to comply with those recommendations and are in the process of being implemented. A two-year assessment option for Drug Prevention Grants will be initiated for the 2003/2004 grant cycle. This report will be attached to the Grants Allocation reports when they appear at the Board of Health in 2003.

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List of Attachments:

Appendix A: Audit Recommendation – Implementation Status for Toronto Public Health Grants Programs

Appendix A

Audit Recommendations: Implementation Status for Toronto Public Health Grants Programs

Recommendations	Status	Comments
<p>1. The Commissioner, Community &amp; Neighbourhood Services, review agencies funded under the Community Services Grants Program in order to ensure that the basis on which they are funded is in compliance with both the City of Toronto Grants Policy as well as the Community Services Grants Program – Program Guidelines. Organizations who do not qualify under the policy and the guidelines be given the opportunity to comply. Agencies who are unable or are not in a position to do so should be advised that future funding will be discontinued.</p>	<p>Completed</p>	<p>Each application is reviewed by staff based upon the City of Toronto Grants Policy, organizational application criteria and project application criteria. Refer to the Board of Health June 11, 2002 reports on AIDS and Drug Prevention Grants Allocations as well as Student Nutrition Subsidy.</p>
<p>2. The Commissioner, Community &amp; Neighbourhood Services, ensure that the recommendations in this report are addressed in other grants programs administered by the Department. In addition this report be forwarded to the Chief Administrative Officer, the Commissioner of Economic Development, Culture and Tourism and the Commissioner of Urban Development, with the requirement that the recommendations be reviewed to determine their relevance in grants program areas for which they are responsible.</p>	<p>Completed</p>	<p>TPH received all audit related reports and is taking action accordingly.</p> <p>TPH Grants Managers are members of the Toronto Grants Coordinating Committee which is responsible for ongoing implementation.</p>
<p>3. The Commissioner, Community &amp; Neighbourhood Services, ensure that the upcoming review project initiated by the Department of Community &amp; Neighbourhood Services entitled “Business Practices Review and Improvement of Municipal Grants Administration” give consideration to the recommendations contained in this report.</p>	<p>Completed</p>	<p>A report from CNS regarding the Grants Business Practices Improvement Project was approved by the Grants Sub-Committee on January 9, 2002. TPH participated in the Grants Business Practice Improvement Project and has modified procedures accordingly.</p>

Recommendations	Status	Comments
<p>4. The Commissioner, Community &amp; Neighbourhood Services, the Chief Financial Officer &amp; Treasurer and the Commissioner, Economic Development, Culture &amp; Tourism develop a policy relating to the level of reserve funds held by agencies applying for City grants. The policy is to state that the reserves available for operating purposes be taken into account in assessing an agency's need for City funds.</p> <p>In developing this policy, consideration be given to:</p> <ul style="list-style-type: none"> <li>- the acknowledgement that agencies require certain levels of reserves in order to operate effectively;</li> <li>- the level of an agency's reserve be appropriate to the particular requirements of the agency and the intended use of the funds; and</li> <li>- the level of reserves in relation to the operating budget of each agency;</li> </ul> <p>Agencies that have reserves in excess of a "reasonable" amount be advised that future funding will be dependent on the use of such reserves for operating purposes.</p>	<p>Completed</p>	<p>TPH has developed a reserve policy based on City Council approved policy and adapted to meet the needs of projects in consultation with the Toronto Grants Coordinating Committee. This policy will be implemented in 2003. In addition, criteria have been established for projects to assess the reasonableness of reserves.</p>
<p>5. The Commissioner, Community &amp; Neighbourhood Services, determine the reasons for certain "restricted" funds held by various agencies and that this information be considered during the grants assessment process. In situations where "restricted" reserve funds have not been set aside for a specific purpose or where reserve funds are in excess of a "reasonable" level, such agencies be advised that future funding be reduced or discontinued.</p>	<p>Completed</p>	<p>Restricted reserves have been defined and is incorporated in the reserve fund policy.</p>

Recommendations	Status	Comments
<p>6. The Commissioner, Community &amp; Neighbourhood Services, review, as a minimum, 1999 and 2000 financial statements to determine whether or not any annual operating surpluses earned by certain agencies are a result of unexpended Community Services grants provided by the City. The Commissioner take the necessary steps to recover such funds or reduce future years grants. In future, the review of all annual audited financial statements include an analysis of any in year operating surplus in order to determine its origin. Steps be taken to recover amounts which relate to unexpended City grants.</p>	<p>Completed</p>	<p>TPH has developed a policy and it is being implemented as part of the reserve fund policy.</p>
<p>7. The Commissioner, Community &amp; Neighbourhood Services, ensure that each individual agency to whom Community Services grants are given clearly demonstrate measurable, attainable goals and expected annual results. The review assessment and monitoring process take into account whether or not these goals are met.</p>	<p>Completed</p>	<p>Overall grants program goals and objectives are determined by TPH. For student nutrition grants, goals and objectives are determined with our community partners. Within these grant program objectives, agencies are required to identify project objectives and activities they will carry out to help achieve those project objectives. Through ongoing monitoring and interim and final reporting, staff assess whether or not project objectives are met. In addition performance measures are reported for each grants program.</p>

Recommendations	Status	Comments
<p>8. The Commissioner, Community &amp; Neighbourhood Services, develop an internal quality review process, whereby a selection of Community Services grants files are reviewed on a random and regular basis. Agencies which are recommended for grants in excess of a predetermined amount should be the subject of an annual supervisory review. Evidence of such reviews should be documented in each file. In addition, consideration be given, where practical, to the rotation of agency review responsibilities of Agency Review Officers.</p>	<p>In progress</p>	<p>An internal quality review monitoring plan for AIDS prevention, drug prevention and student nutrition grants has been developed and is being implemented in the 2002/2003 granting cycle.</p>
<p>9. The Commissioner, Community &amp; Neighbourhood Services, ensure that the criteria and basis for recommendations and decisions at all stages of the Community Services grants process, including the assessment and the approval of each grant, be effectively documented.</p>	<p>Completed</p>	<p>Through the grants staff reports TPH has had a thorough assessment and documentation process for all grants programs since their inception and this process is updated on a regular basis.</p>
<p>10. The Commissioner, Community &amp; Neighbourhood Services, develop a comprehensive financial statement check list identifying specific areas on annual audited financial statements which require analysis and review. This check list would include consideration of the following:</p> <ul style="list-style-type: none"> <li>a) the extent of accumulated operating reserves;</li> <li>b) the extent of annual surpluses;</li> <li>c) the extent of fundraising activities;</li> <li>d) reasonableness of operating expenses; and</li> <li>e) a review of extraordinary assets or liabilities.</li> </ul> <p>The development of this comprehensive financial statement check list be conducted in consultation with the City Auditor's Office and be considered during the upcoming business practice review of the grants program.</p>	<p>Completed</p>	<p>A financial analysis checklist has been developed based on the Community Services Grants Program financial checklist.</p>

Recommendations	Status	Comments
<p>11. The Commissioner, Community &amp; Neighbourhood Services, request agencies, in circumstances where it is not possible to reconcile Community Services grants contributions and their use to annual audited financial statements, to provide a separate schedule reconciling the grants. This schedule be reviewed by Agency staff in order to determine its reasonableness.</p>	<p>In progress</p>	<p>A detailed financial statement is required as part of the final report for each project grant as well as the student nutrition grant. TPH will request a separate schedule, and/or the next year's audited financial statement, where it is not possible to reconcile TPH grant contributions and their use to annual audited financial statements.</p>
<p>12. The Commissioner, Community &amp; Neighbourhood Services, re-evaluate the Community Services grants application administration process with a view to reducing the extensive up front grants assessment process. Such a process to take into account a relative risk analysis in order to determine those agencies which require additional attention. Resources made available, as a result of this exercise, be redirected to the monitoring, review and evaluation of grant recipients.</p>	<p>In progress</p>	<p>Plans are in place to streamline the assessment process for project grants in 2003. TPH has a complete cycle of assessment, monitoring and review of grant recipients. TPH is working to improve the evaluation component through review of submitted evaluation reports and conducting evaluation workshops.</p>
<p>13. The Commissioner, Community &amp; Neighbourhood Services, develop specific guidelines in relation to the monitoring of Community Services grants recipients in order to ensure that funds are being expended appropriately. These guidelines indicate a need to identify those programs where the highest risks exist and resources be directed to those agencies. Such guidelines to include specific reporting requirements, as well as a process to implement regular structured visits to those agencies who receive significant levels of grants.</p>	<p>In progress</p>	<p>Site visits and documentation of all contacts currently occurs. Application of a risk assessment framework is being developed based on that of Community Services Grants Program.</p>

Recommendations	Status	Comments
<p>14. The Commissioner, Community &amp; Neighbourhood Services, develop a function specific conflict of interest policy relating to the grants program. Staff be required to acknowledge that they are aware of the contents of the policy and be required to sign off on this policy annually.</p>	<p>Completed</p>	<p>All review panel members declare conflicts of interest when reviewing applications per review panel terms of reference. Conflict of Interest guidelines have been developed for Community Projects Officers – AIDS, Community Health Officers – Drug Prevention Grants and TPH regional staff as well as Student Nutrition Application Reviewers. Responsibilities have been delineated to address potential conflict of interest.</p>
<p>15. The Commissioner, Corporate Services, in consultation with the Commissioner, Community &amp; Neighbourhood Services, and the Chief Financial Officer and Treasurer, give consideration to the development or acquisition of a management information system which will enable staff to accurately capture financial and operational data for all agencies. The access to such information be available across the Corporation. Such a system would enable management to identify those agencies who are requesting grants from different programs in the City, as well as minimize the possibility of the duplication of funding, applications and assessments. The evaluation of any grants management information system be conducted in concert with other funding agencies such as the Toronto Arts Council, the United Way of Greater Toronto and the Ontario Trillium Foundation. Opportunities for the sharing of existing management information systems, as well as the possibility of cost sharing any new management information systems be explored.</p>	<p>In progress</p>	<p>This project is underway and led by Community Services Grants Program. TPH has staff representation on the workgroup planning the information system. The Drug Prevention grants program has been proposed for pilot testing the system in 2003.</p>

Recommendations	Status	Comments
<p>16. The Commissioner, Community &amp; Neighbourhood Services, continue discussions with all funding agencies, particularly the United Way of Greater Toronto and the Ontario Trillium Foundation with the objective of coordinating the grants application assessment and monitoring process. The ability to do this will ultimately result in the reduction of administrative time and costs.</p>	<p>Not applicable to TPH grants</p>	<p>Coordinated through the Community Services Grants Program.</p>
<p>17. The Commissioner, Corporate Services, prepare an accounting of all grants in kind provided by the City. Such an accounting to facilitate a determination as to whether individual grants in kind meet City policy and guidelines and whether or not such funding should continue. In cases where grants in kind relate to accommodation being provided at no cost this matter be considered during the Corporate master accommodation plan currently in process.</p>	<p>Not applicable to TPH grants</p>	<p>Coordinated through the Community Services Grants Program.</p>
<p>18. The Commissioner, Community &amp; Neighbourhood Services, be requested to recommend amendments to the City of Toronto Grants Policy. The amendments to include specific policies relating to grants in kind. The amended policy be forwarded to City Council for approval.</p>	<p>Not applicable to TPH grants</p>	<p>Coordinated through the Community Services Grants Program.</p>