



City of Edmonton
Office of the City Auditor

Social Development Branch Audit

November 5, 2020



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Audit Objectives

Objective 1

To determine if the Social Development Branch is effective.

Objective 2

To determine if the Social Development Branch evaluates value for money from its financial contributions.

Objective 3

To determine if the Social Development Branch has adequate processes and systems to manage its grants and other City financial contributions (financial contributions).

Scope and Methodology

The period under review was from January 1, 2017 to December 31, 2019. We reviewed the business information and operational processes for the Branch.

We performed a Branch-wide risk assessment during the planning phase of the audit to identify and inform areas of focus for the fieldwork phase. Fieldwork activities included reviews of Corporate and Branch information, Branch internal processes, and interviews/surveys with senior management. We also performed a literature review to understand common roles of municipalities in social services and evaluation methods used by public sector entities. The audit objectives for this audit reflect the identified areas of focus from this risk assessment.

We did not perform:

1. Audits or reviews of the individual recipients that the Branch provides financial contributions to.
2. Audit or process review of the Branch's Family and Community Support Services Grant Program (FCSS Grants). This program is audited by an external auditor and results are reported directly to the Province.

3. Audits or reviews of the financial contributions the Branch administers on behalf of other business areas in the City.

Statement of Professional Practice

This project was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.



Executive Summary

What did we do?

We sought to determine if the Branch was effective. We defined effectiveness to mean that:

- The Branch has clearly defined its role, purpose, and outcomes;
- The Branch has a process in place to ensure its activities align with its role, purpose, and outcomes; and
- The Branch has a process in place to evaluate the achievement of its outcomes.

An important activity of the Branch is to deliver and administer grants and other financial contributions (financial contributions) to external stakeholders (recipients). We assessed the adequacy of the Branch's administration practices for its financial contributions using guidance from best practice in Grant Administration.

What did we find?

The Branch has clearly defined its purpose, role, and outcomes in the City of Edmonton's corporate documents. The Branch fulfills its purposes through a variety of roles and activities. These roles and activities are consistent with our research into the social roles of local governments. As an Investor, the Branch distributes and administers financial contributions to support and address a variety of social challenges in Edmonton. The Branch acts as a Partner and Convener by engaging and working with non-profit organizations and other stakeholders. Through policy and program development, the Branch also advocates to address the social challenges facing Edmontonians.

However, we cannot conclude if the Branch is effective for the following reasons:

- The Branch does not have an entity-wide process to ensure its activities consistently align with its role, purpose, and outcomes (mandate). Processes such as frameworks can enable the Branch to continually align, assess, and proactively respond to changing social conditions. This would enable the Branch to continually ensure the effectiveness of its work in Edmonton. Frameworks also communicate an entity's role to stakeholders and clarify the activities the entity needs to perform in order to achieve its mandate. Some

specific activities of the Branch have frameworks however there is not one overarching framework.

- The Branch does not have a consistent Branch-wide process that evaluates the achievement of its activities against its intended outcomes. As a result, we were unable to perform a value-for-money assessment of all the Branch's activities. Underlying processes to adequately collect, measure, and evaluate relevant data are inconsistent between some of the Branch's business areas or do not exist in others. This limited the quality of data needed to perform a reliable value-for-money assessment. With relevant data, evaluation models can be used to compare investments in social activities against defined targets. In this way, the Branch can objectively determine how effective it has been with using taxpayers' dollars.

We found that the Branch needs to improve the adequacy of the administration processes for its financial contributions. Factors limiting the adequacy of these processes include:

- Inconsistent monitoring of performance and compliance requirements of recipients;
- Inconsistent use of systems to manage and monitor financial contributions;
- Missing documentation such as agreements and recipients' performance reports;
- Instances of duplicate payments;
- Recording errors of recipient information; and,
- Evaluation processes that are generally not designed to support the collection of relevant data and the evaluation of that data into value-for-money assessments.

Recommendations

Recommendation 1

Align activities to role, purpose, and outcomes

Implement and communicate a process that aligns the Branch's activities to its role, purpose and outcomes.

Recommendation 2

Evaluate Branch activities and outcomes

Implement a process that evaluates the achievement of the Branch's activities and outcomes.

Recommendation 3

Improve the adequacy of the administration processes for financial contributions.

Improve the adequacy of the administration processes for the Branch's financial contributions by:

- a. Implementing a procedure that aligns with Administrative Directive A1460, defining how and what data will be collected, recorded, and reported for each type of financial contribution provided by the Branch.
- b. Implementing a single and common system/tool/spreadsheet to record and monitor the Branch's financial contributions.



Background

Social Development Branch

In 2019 the Branch had 135.2 Full-Time Equivalent employees and total net expenditures and transfers of \$67.9 million.

The Social Development Branch (the Branch) is a part of the Citizen Services Department in the City of Edmonton. The Social Development Branch provides access to services and resources for people experiencing social and economic barriers.

The Branch delivers its work through five business areas:

Affordable Housing and Homelessness

Works to increase the supply of affordable housing through the delivery of grant funding, facilitating the development of City-owned land for affordable housing, and housing policy development. Leads and coordinates the Administration's response to homelessness, including mitigating impacts on neighbourhoods and businesses.

Community Resources

Invests in the community through a variety of community grants programs, non-profit development activities, and social sector planning with the goal to improve the well-being and capacity of individuals, families, communities, and non-profit organizations in Edmonton.

Indigenous Relations

Builds and supports good relations between the City, Indigenous people and organizations that serve Indigenous people and ensure city-mandated services address the needs of Indigenous people through corporate-wide initiatives like the Indigenous Framework.

Safe and Healthy Communities

Works to build caring, inclusive and safe communities through the delivery of community social work, system navigation to connect people to resources that improve economic wellbeing, family violence prevention, and community safety initiatives.

Social Identity & Social Inclusion

Works to build an Intra and Inter-Connected City; utilizing processes to improving the terms of participation in society for people/ groups/communities who are disadvantaged on the basis of age, sex, disability, race, ethnicity, origin, religion, or economic or other status, through enhanced opportunities, access to resources, voice and respect for rights.

Grants and Other contributions

An important activity of the Branch is to deliver and administer grants and other financial contributions (financial contributions) to external stakeholders (recipients)¹. Each business area within the Branch provides financial contributions to recipients.

Financial contributions made by the Branch are categorized in the following way²:

Grants - eligibility criteria and/or stipulations are compulsory for the recipient, there is a formal application and selection process and there is a future obligation attached to the financial contribution.

Donations - no terms or conditions imposed on the recipient.

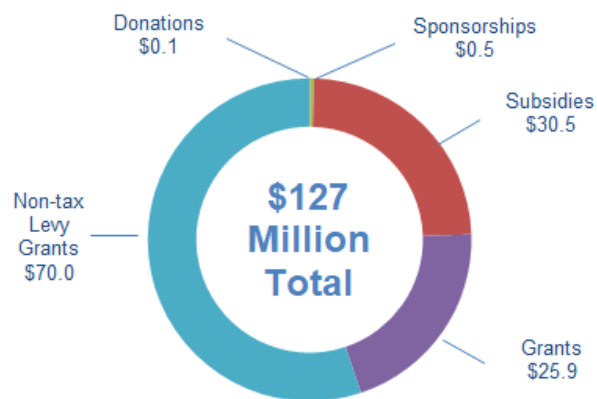
Sponsorships - made to an eligible organization in return for an identified promotional return to the City.

Subsidies - a financial contribution that does not meet the definition of a grant, donation, or sponsorship.

\$57 million of the Branch's financial contributions from 2017 to 2019 were made from the tax levy.

From 2017 to 2019 the Branch provided \$127 million in financial contributions. Of this, \$70 million (55%) was provincial and/or federal money that flowed through the City to recipients. The remainder of the financial contributions come from taxpayer dollars (tax levy).

Financial Contribution Amounts Made by the Social Development Branch from 2017 to 2019
(amounts in millions)



Grants and subsidies are the majority of financial contributions the Branch provides to external recipients.

¹ Non-profit organizations, community agencies, and individuals.

² In accordance with the City's Administrative Directive A1460: *Grants and Other City financial contributions*.



Effectiveness

What did we do?

We sought out to determine if the Branch was effective. We defined effectiveness to mean that:

- The Branch has clearly defined its role, purpose, and outcomes;
- The Branch has communicated its role, purpose, and outcomes to stakeholders;
- The Branch has a process in place to ensure its activities align with its role, purpose, and outcomes; and
- The Branch has a process in place to evaluate the achievement of its outcomes.

What did we find?

We found that the Branch has clearly defined and communicated its purpose, role, and outcomes to stakeholders in the City's corporate documents. However, we cannot conclude if the Branch is effective for the following reasons:

- The Branch does not have an entity-wide process to ensure its activities consistently align with its role, purpose, and outcomes. Processes such as frameworks can enable the Branch to continually align, assess, and proactively respond to changing social conditions. They also clearly communicate an entity's role to stakeholders and clarify the activities the entity needs to perform in order to achieve its mandate. Some specific activities of the Branch have frameworks, however there is not one overarching framework.
- The Branch does not have a process that evaluates the achievement of its activities against its strategic outcomes. This is because the underlying processes to adequately collect, measure, and evaluate relevant data are inconsistent between business areas or do not exist in others. With relevant data, evaluation models can then be used at the entity level to compare investments in social activities against defined targets. In this way, an entity can objectively determine how effective it has been with using taxpayers' dollars (value-for-money).

Purpose, Roles, and Outcomes

The purpose, roles, and stated outcomes of the Social Development Branch have been clearly defined in the City's 2019 to 2022 Corporate Budget Document.

The purpose and intended outcomes of the Branch is to ensure that every individual regardless of age, gender, place of origin,

income or ability is engaged, included and afforded equitable opportunities to thrive.

The Branch fulfills its purposes through a variety of roles and activities. These roles and activities are consistent with our research into the social roles of local governments.

Table 1: Descriptions of the Common Social Roles of Local Government and the Activities of the Social Development Branch

Common Social Roles of Local Government (based on research)	Activities Performed by the Social Development Branch
Investor	
Provides funding to service providers (e.g., non-profit organizations) and/or individuals to address the social needs of the community.	Invests in activities that work to: <ul style="list-style-type: none"> • Increase the supply of affordable housing, • Address and eliminate poverty and homelessness, • Engage Indigenous and multicultural communities, and • Strengthen the capacity of non-for-profit organizations in Edmonton to serve.
Service Provider	
Provides front line delivery of social services related to public health, housing, access, and inclusion, etc.	<ul style="list-style-type: none"> • Community Safety Team • Family violence prevention Team • Community Social Work • Eviction Prevention • Financial empowerment support to low income Edmontonians accessing Ride Transit and Leisure Access passes
Convener	
Provides platforms for diverse community stakeholders to convene, address, and resolve local social issues.	<ul style="list-style-type: none"> • Engages and convenes with communities/organizations to address social issues and needs. • Facilitates Council advisory committees on Anti-Racism, Accessibility, Women's Advocacy, and Youth.. • Coordinates/participates in large multi-sectoral community partnerships including mental health, poverty alleviation, affordable housing, homelessness, immigration and settlement, domestic violence, suicide prevention, and others
Policy Developer/Advocator	
Development of policy, programs, and activities to address the social service needs of the community.	<ul style="list-style-type: none"> • The Branch's leadership consults and coordinates policy changes with City business areas and other orders of government.
Evaluator	
Collection and use of data to monitor, evaluate, and report on the activities of the organization and the community it serves.	<ul style="list-style-type: none"> • The Branch has established evaluation processes for its Affordable Housing activities and Family and Community Support Services (FCSS) program.

Aligning Activities to Roles, Purpose, and Outcomes

The Branch does not have an entity-wide process that enables it to continuously monitor and assess the alignment of all its activities to its roles, purpose and outcomes (mandate). Having one will enable the Branch to gauge how effective its activities are in achieving its mandate. As importantly, it will clarify its role to stakeholders and communicate the activities it needs to perform in order to achieve its mandate.

In Canada, municipal governments (Cities) are generally responsible for resolving urban challenges. A combination of funding from the municipal tax levy and funding from federal and provincial governments enable Cities to provide a range of social services in order to address these challenges. In the City of Edmonton, the Social Development Branch works to address challenges with homelessness, poverty, equity and inclusion, and immigration and settlement through a variety of activities.

Cities also work in environments that are constantly in flux and are subject to political influence. Per Branch management, because of these environments the Branch has had to perform activities that do not always align with its core mandate, can be duplicative in nature, and spread existing resources thinly rather than impactfully. This can negatively impact an entity's effectiveness. Another consequence is that stakeholders may hold different expectations of the activities the Branch should or should not be performing. This can compromise the clarity of the Branch's role and ultimately the City's role in Edmonton's social services sector.

Frameworks such as logic models are often used to formalize and organize an entity's purpose and responses to social challenges in the public sector. Frameworks also define and communicate the role of an entity, its social goals (i.e., outcomes), and the activities it will engage in to achieve those outcomes. We observed that some specific activities of the Branch have frameworks, however there is not one overarching framework.

We recommend that the Branch implement a process that aligns its activities to its role, purpose, and outcomes.

Recommendation 1

Align activities to role, purpose, and outcomes.

Recommendation

Implement and communicate a process that aligns the Branch's activities to its role, purpose and outcomes.



Responsible Party

Social Development Branch Manager



Accepted by Management

Management Response

In 2019, the branch Leadership undertook an extensive review of its work. With budget reductions and an ever increasing demand for services from community and the corporation, it was clear that we could not impactfully respond to every social issue. We determined that we could best serve Edmontonians by defining our business as: 1) reducing poverty and social inequity, 2) increasing the supply of affordable housing, 3) ending homelessness, 4) advancing reconciliation, 5), creating safe and healthy communities, and 6) investing in preventive social services.

At the same time, the branch committed to creating more robust evaluation and data processes. While evaluation has been part of the branch for many years, it was limited to certain activities and has not been resourced or prioritized to the degree required to determine impact. We also recognize that while we do gather some data we do not have rigour around the process and we don't always know how to use what we collect.

We accept and welcome the audit recommendation to create a branch wide framework. It validates the review we undertook in 2019 and the actions we planned to implement in 2020. The disruption of the pandemic and temporary layoffs have delayed our implementation timelines however we will continue our work to identify and define the branch impact and align branch activities to its role, purpose and outcomes.



Implementation Date
September 30, 2021

Evaluating the Effectiveness of Activities

The Branch does not have an entity-wide process to quantify, measure, and evaluate the effectiveness of its activities (value-for-money). As a result, we were not able to determine if the Branch is achieving value-for-money from its activities.

In the public sector, a variety of models exist that can quantify and evaluate the social impact of public sector activities. These models include the Social Return on Investment (SROI), Social and Accounting audits, logic models that incorporate measurement of outputs and outcomes, and self-developed reports that measure and quantify an entity's social activities (See Appendix A). To be useful however, these evaluation methods must be supported by processes that collect relevant data, and adequately measure and evaluate that data. This remains a significant challenge for the Branch.

We were unable to perform a value-for-money analysis of the Branch's activities. This is because an entity wide process that is designed to evaluate the Branch's financial contributions and non-financial contribution activities against their costs and the Branch's outcomes does not exist.

Since quantifiable data for the Branch's financial contributions was available we reviewed the Branch's financial contribution data across all five business areas. The objective was to identify common areas of funding and the existence of targets that were being used to measure and evaluate the outcomes of that funding. We identified that a process does exist to evaluate the cost and outcomes of financial contributions made towards the Branch's affordable housing strategy. Other areas of funding such as Seniors, Indigenous Relations, Homelessness, Diversity & Inclusion, and Culture & Recreation currently have no defined targets or processes to measure and evaluate the achievement of their outcomes.

Formal targets and corresponding measurement processes are not established for all financial contribution activities.

Financial Contribution Activity	Tax-Levy Financial Contribution (2017-2019)	Strategic Target
Affordable Housing	\$8.7M (15%)	2500 Units by 2022
Seniors	\$5.8M (10%)	Not defined
Indigenous Relations	\$0.5M (1%)	Not defined
Other ³	\$41.7M (74%)	Not defined
Total	\$56.7M	

Not having defined targets or underlying measurement processes for the Branch's key financial and non-financial contribution activities makes it difficult to perform an entity wide value-for-money assessment.

The following challenges have limited the Branch's ability to evaluate the outcomes of its activities:

Operating culture

Currently, the majority of business areas within the branch do not have defined targets and related measurement processes. This would help them evaluate the effectiveness of their work and achievement of their intended outcomes. We observed that this is due to the perception that performing versus evaluating the Branch's work are viewed as competing efforts rather than

³ Activities in the "Other" category include Homelessness, Diversity & Inclusion, Culture & Recreation. Better categorization of this data would enable the Branch to track these financial contribution activities separately and concisely.

complementary efforts. Documenting the results of activities with the objective to evaluate them against established targets can help direct and inform future work.

Not optimizing existing mechanisms

The Branch has several mechanisms that can be used more optimally to collect, record, and monitor meaningful data for evaluation. For example:

Agreements: Performance metrics can be incorporated as terms or conditions in agreements. Optimizing the use of this mechanism would enable the Branch to ensure that relevant and meaningful information for evaluation is collected from recipients.

Systems: The Branch's Customer Relationship Management system (CRM) Grantor can be used to centralize, manage, and monitor all of the Branch's financial contributions. This system can also be used to track important non-financial contribution activities such as community engagement and development (e.g., client hours spent).

Existing models: The housing section within the Housing & Homelessness business area has implemented a continuity schedule that quantifies, monitors, and evaluates its various financial contribution activities against a defined target. This schedule can be used as a template across the Branch.

To optimize the use of these mechanisms however, evaluation and its supporting processes must be viewed as a central business activity to the Branch's effectiveness. This includes establishing quality targets that effectively evaluate activities against intended outcomes. We recommend that the Branch implement a process that evaluates the achievement of its financial contribution and non-financial contribution activities.

Recommendation 2

Evaluate activities and outcomes

Recommendation

Implement a process that evaluates the achievement of the Branch's activities and outcomes.



Responsible Party

Social Development Branch Manager



Accepted

Management Response

The Branch is committed to an evaluation process for both financial and non-financial contributions. Over the years Social Development's strength has been responding to front line and immediate community issues.

The Branch recognizes the complexity of social impact measurement, particularly across a diverse branch that is working (in collaboration with many other stakeholders) towards large, complex social impacts that are not always easily quantified or measured in a simple “value for money” relationship. This is particularly true for measuring our non-financial contribution related work.

Evaluation is not a static method of measurement. The pandemic and the current social climate are challenging social systems, programs, policies and services to be anti-racist, it’s important to consider how these efforts will filter through our framework and evaluation plan for both contribution and non-contribution work within the branch. Thus, the branch’s approach may leverage “value for money” approaches, but not allow it to solely drive the process or the methodologies used within the framework. Work is underway to best determine how we will implement best practice in social impact measurement within our branch-wide evaluation framework.

Successful and meaningful completion of this recommendation will take a balanced approach, meeting the needs of the corporation, Branch, and community partners and ultimately focus on achieving the social outcomes that improve the life of Edmontonians.



Implementation Date
December 30, 2022



Administration of Grants and Other Financial Contributions

What did we do?

An important activity of the Branch is to deliver and administer grants and other financial contributions (financial contributions) to external stakeholders (recipients).

We assessed the adequacy of the Branch's administration practices for its financial contributions against best practice.⁴ This guidance prescribes a set of activities to ensure the adequacy of administering financial contributions. These activities are arranged in order and are grouped into stages. This is done to highlight that effective administration for financial contributions is an ongoing and continuing cycle.

From this guidance we identified seven essential activities that together support adequate administration of financial contributions. We used these activities as criteria for the assessment.

52 financial contributions with a value of \$16 million were selected and reviewed (i.e., 27.5% of total tax levy financial contributions made between 2017 to 2019).

What did we find?

Table 2, on the next page describes our findings.

⁴ We defined best practice to be guidance from the Institute of Internal Auditors' *Grantor Administration and Management Process* and the City's Administrative Directive A1460: *Grants and Other City financial contributions*.

Table 2: Assessing the Adequacy of the Branch's Grant Administration Practices

The Branch did not meet all of the criteria. The Branch needs to improve the adequacy of the administration processes for its financial contributions.

Grant Administration Stage and Key Activities	Percent of financial contributions Tested where Criteria was Met
Design and Planning Stage The Branch has clearly defined the objectives of each financial contribution program and ensures it aligns with the mandate.	88% (46 out of 52)
Pre-Award Stage An accountability mechanism(s) is used to hold the recipient(s) accountable.	81% (42 out of 52)
Agreements for each financial contribution program clearly define the objective and terms/conditions if applicable.	81% (42 out of 52)
Selection and Approval Stage Decisions for selected recipients are justified and properly documented.	63% (33 out of 52)
Payment and Records Management Stage Financial contributions are distributed in accordance with the financial contribution agreement.	75% (39 out of 52)
Performance Monitoring Stage The Branch has a system in place to track, monitor and support oversight of financial contributions made.	56% (29 out of 52)
Evaluation, Closing and Reporting Procedures Stage The Branch evaluates if the objective of the financial contribution program was achieved.	10% (5 out of 52)

We found that the Branch generally defines and communicates the objective and purpose of each financial contribution using the City's website, council reports, and/or agreements. Standard terms and conditions (e.g., repayment, audit clauses) are generally incorporated into financial contribution agreements. Also, accountability mechanisms, such as the requirement that recipients provide interim/final reports to the City, are generally incorporated into financial contribution agreements.

However, we also identified the following challenges that limit the adequacy of the Branch's grant administration practices:

1. Inconsistent administration practices

Different and inconsistent administration practices for the Branch's financial contributions exist between business areas and within business areas. This has led to:

- Sub-optimal monitoring processes of performance and compliance requirements of recipients;
- Inadequate use of systems to manage and monitor financial contributions;
- Missing documentation such as agreements and recipients' reports;
- Instances of duplicate payments; and
- Recording errors of recipient information.

The following three examples illustrate these points:

Example 1

The Branch partners with several organizations to address homelessness and vulnerable populations. We reviewed the financial contributions made to one of these service providers. We observed that between 2017 and 2019 three different business areas within the Branch contributed a combined total of \$4.4 million to this service provider.

We reviewed 5 of the financial contributions that amounted to \$1.6 million (36% of \$4.4 million). We observed that the grant administration practices for this provider were inconsistent and different between the business areas. Specifically:

1. The Branch could not find one of the financial contribution agreements. It is important to retain copies of the agreements as they validate the nature of the working relationship and authorize the payment to be made.
2. The payment information for one of the financial contributions could not be found. Retaining records of payment to recipients validates that a payment has been made.
3. For all five financial contributions, a system (e.g., spreadsheet) was not adequately or consistently used to document and monitor compliance and performance requirements (requirements). Using systems to monitor requirements can help identify and resolve issues with a recipient's performance in a timely manner. They can also be used to track and support the measurement of performance information.
4. A value-for-money assessment was not, or could not, be performed for all five financial contributions. This means that we could not objectively determine if the service provider had been effective in achieving the intended outcomes of the financial contributions. This was due to:

- a. The sub-optimal quality and design of performance metrics incorporated into the financial contribution agreements. Performance metrics should be designed to collect data that is specific, measurable, attainable, relevant, and timely.
 - b. Failure to evaluate performance information when it was provided by the service provider. Documented evaluations help support an objective assessment of recipients. More broadly, they help determine the overall effectiveness of an entity's activities and the intended outcomes they are meant to achieve.
5. The accounting for all five financial contributions was also inadequate. Based on guidance from Administrative Directive A1460, two financial contributions were recorded as grants (i.e., have application, eligibility and selection processes). In substance however they were subsidies (selection of recipient is to the sole discretion of the business area). Due to insufficient information we could not confirm if the remaining three financial contributions were recorded correctly. Recording financial contributions in accordance with their substance supports the City's larger accounting and reporting efforts. It also provides useful analysis into the type of financial contributions the Branch is making to achieve its goals.

Example 2

We observed that two duplicate payments amounting to \$293,000 had been made. Duplicate payments are additional payments made to a recipient that has already been paid. They are the result of processes that are not adequately designed to detect the existence of prior payments. The duplicate payments were subsequently recovered by the Branch from the recipients.

Example 3

A centralized masterfile list of all financial contributions does not currently exist in the Branch. A masterfile is a centralized list that contains important contact and payee information. It is essential to grant administration as its accuracy ensures that payments are made to legitimate and approved recipients.

The Branch compiled a listing of all financial contributions for us manually by combining information from the business areas and the City's financial system. From this list we identified 144 instances of recording errors that pertained to small differences in the recipients' names. Although small, such differences can conceal and facilitate fraudulent payments. They can also limit any meaningful analysis on total payments made to a single recipient.

2. Inadequate evaluation processes

For instance, we identified a recipient whose name was recorded in five different ways. A system check using the correct name would only identify \$125,000 of the total \$1.1 million of financial contributions given to this recipient.

The adequacy of the Branch's administration processes for its financial contributions are also limited by the adequacy of its evaluation processes.

The Branch generally incorporates requirements that recipients submit interim/final reports in financial contribution agreements. We observed that the Branch did not always collect these reports. In the instances where the reports were collected, we observed that the data from the reports was not always used to perform a documented evaluation of whether or not the recipient had achieved the intended objective of the financial contribution.

In some instances, metrics were also incorporated into financial contribution agreements. However, the metrics were rarely designed to collect information that could quantify and facilitate a meaningful value-for-money analysis. Metrics should be designed to be specific, measurable, attainable, relevant, and timely.

Ineffective administration practices for financial contributions have the following implications:

- Limits management oversight - Inadequately designed or inconsistent use of systems limit the ability to monitor financial contributions, compliance to terms, and performance requirements. They also limit risk management as they fail to identify and monitor "risky recipients", ineffective programs, and curtail potential acts of fraud.
- Creates productivity inefficiencies - Missing documentation or errors create "re-work" since staff have to locate and re-perform data entries.
- Facilitates instances of unintended cash-outlays - Inadequate administration practices for financial contributions can lead to duplicate or unauthorized payments.
- Limits accountability - Ineffective systems and poorly designed metrics cannot help evaluate and determine if value-for-money is being achieved.

To be effective, the Branch needs to address these challenges by improving the adequacy of the administration practices for its financial contributions.

Ineffective grant administration practices negatively affect accountability for taxpayers' dollars.

Recommendation 3

Improve the adequacy of the administration processes for financial contributions.

Recommendation

Improve the adequacy of the administration processes for the Branch's financial contributions by:

- a. Implementing a procedure that aligns with Administrative Directive A1460, defining how and what data will be collected, recorded, and reported for every type of financial contribution provided by the Branch.
- b. Implementing a single and common system/tool/spreadsheet to record and monitor the Branch's financial contributions.



Responsible Party

Social Development Branch Manager



Accepted

Management Response

Administration will use the Customer Relationship Management (CRM) Grantor program developed for grant and subsidy programs in the Community Resources section to centralize a single and common system to record and monitor all of the Branch contributions. Administration will begin this process in 2020, by manually entering all contributions into the system.

For 2021, Administration will automate this system through an online form each Director and/or contribution manager to complete every time a contribution is processed. The form will have standardized data collection fields and the ability to upload a scanned copy of the cheque requisition and supporting documentation as required. Any staff that approve contributions will undergo training to understand this new process as well as ensure the importance of following the standardized process and noting any differences required based on the contribution type (grant, subsidy, sponsorship or donation), including but not limited to, how each contribution is to be coded.

Centralizing the tracking of contributions in this way will allow the branch to strengthen record keeping, increase consistency in information collected, allow branch-wide reporting, and more efficient long-term data storage.

As referenced in the response to Recommendation #1, the Branch's efforts to align and focus its work into core areas will also lead to enhanced oversight

of contracted service providers. For example, the previous consolidation of work related to homelessness into the Housing and Homelessness section in 2019 will help address the challenges identified by Example 1 in the recommendation.



Implementation Date
December 30, 2021



Conclusion

The Branch has clearly defined its purpose, role, and outcomes in the City of Edmonton's corporate documents. The Branch fulfills its purpose through a variety of roles and activities. These roles and activities are critical to achieving the Branch's mandate to ensure that every individual regardless of gender, age, income, ability or place of origin, is engaged, included and afforded equitable opportunities to thrive in their community.

To ensure that it is effective the Branch needs to implement and communicate an entity-wide process that aligns the Branch's activities with its role, purpose and outcomes. Doing so would enable the Branch to continually assess the effectiveness of its work in Edmonton. It would also enable the Branch to clearly communicate and clarify its role to stakeholders and the activities it needs to perform in order to achieve its mandate.

The Branch also needs to implement an entity wide process that evaluates the achievement of its activities and outcomes. This means establishing processes to adequately collect, measure, and evaluate relevant data consistently and throughout the Branch. With relevant data, the Branch can use evaluation models to compare its investments in social activities against defined targets. This would allow the Branch to objectively determine how effective it has been with using taxpayers' dollars.

The Branch needs to improve the adequacy of the administration processes for its financial contributions. Since these activities form an important part of its work, the Branch needs to ensure that the administration processes are designed to support adequate management oversight, effective monitoring, and accountability of taxpayers' dollars through regular value for money assessments.

We would like to thank the Branch Manager, Senior Leadership, and staff at the Social Development Branch for their time, support, and assistance with completing this audit.



Appendix A - Public Sector Evaluation Models

In the public sector, common methods to measure and evaluate the achievement of outcomes includes:

- The Social Return on Investment (SROI);
- Outcome Reports; and
- Logic Models

The Social Return on Equity (SROI):

Measures the social benefit or improvements created for society due to the combination of inputs (i.e., investments) of people, process, policies, and resources. An SROI of 4:1 for example suggests that investments of \$1 have generated \$4 worth of social value to the community.

Self-Reporting (i.e., Outcome/Performance Reports)

Are reports that have a common objective of quantifying and discussing how resources have been used to achieve an entity's desired social outcomes and goals. They also provide the status of established performance targets.

Logic Models:

Communicate the relationship between an entity's resources (inputs), activities, outputs, desired outcomes/goals. As an evaluation tool, logic models enable the development of performance metrics that link resource use to activities, activities to outputs, and outputs to goals and desired outcomes. As such, logic models offer a clear, flexible, and continuous method for monitoring and assessing the achievement of social goals.