



**FUND DISTRIBUTION REVIEW COMMITTEE  
REPORT # 3: REVIEW OF FUND DISTRIBUTION PROCESS  
September 19, 2005**

1. Scope of the Review

The Fund Distribution Committee (“FDC”) of United Way of York Region (“UWYR”) always seeks feedback from agencies and Citizen Review Panel (“CRP”) volunteers on areas for improvement in the fund distribution review process. The Review Working Group has studied a summary of the evaluation of agencies and CRP members collected in the previous two years. An agency consultation meeting was held on November 24, 2004, and the results of the consultation were also studied.

The following areas of the fund distribution process have been reviewed by the Working Group:

- What is the fair level of effort of all parties, including agencies, CRPs, UWYR staff, FDC and Board of Directors, to invest in the preparation, review and approval of the funding applications?
- Do the funding application forms only ask for relevant information?
- Are agencies’ expectations of the outcomes of their applications managed?
- How to ensure consistency and uniformity of review process and results of CRPs?
- The current application for core funding process takes six months. Can it be streamlined and shortened?
- Do CRPs receive sufficient support from UWYR, especially staff?
- What is the best physical environment for agency interviews by CRPs to take place? UWYR office? Agencies?
- What is the most appropriate interval between agency applications? For an agency of good performance, the current interval is two years. Can it be extended?

After thorough review and deliberation, five (5) areas for improvement of the fund distribution process have been identified. **Recommendations are printed in bold for easy reference.**

## 2. Improvement of the Funding Application Forms / Package

### 2.1 Preparation and Delivery of Funding Application Forms

Currently, an agency has to file seven (7) hard copies of application forms and attachments, e.g. audited reports, marketing material, for Core Program and IMPACT Fundings. Soft files and faxed copies are not accepted. The copies are for the official record of UWYR and distribution to CRP members. Member agencies have expressed concern about the time, cost and use of paper for making numerous hard copies.

In the 2005-2006 New and Expansionary Funding application process, there was an experiment requiring agencies to submit applications in soft files by email. The application form, unlike the Core Program application, did not require any attachments. No concern was brought up by agencies, CRP volunteers and FDC members about the change.

**It is recommended that agencies be asked to submit soft files of funding application forms of all types of grant stream by email. Agencies will be required to send two sets of hard copy attachments to UWYR to support the applications, if needed. One copy of the attachment is for official UWYR record, and the other set is for the use of the CRP.**

As discovered in the 2005/2006 funding applications, all agencies and CRP volunteers had access to email. The recommended change will very unlikely cause barriers to agencies and volunteers. In case of special needs, hard copy will be used as an alternate.

Benefits of the improvement will be:

- Agencies will save time and cost to print and deliver the application.
- It is a more environmental approach.

However, agencies and CRP volunteers may face challenges resulting from the recommendation. UWYR would have to provide special assistance and support to agencies and CRP volunteers to overcome the following possible challenges:

- Access to reliable and compatible hardware and software.
- Software application skills.
- Barriers faced by CRP volunteers to receive/download application soft files.

### 2.2 Content of Funding Application Forms

Apart from streamlining the application submission process and manner, it is necessary to review the content of all existing funding application forms such that only information relevant to the consideration of funding criteria is collected. Many agencies have expressed their concerns about the length of the forms and relevancy of information asked for in the forms.

**It is recommended that the FDC audit and improve all UWYR funding application forms. The new and improved forms will be used in all 2006-2007 UWYR funding applications.**

3. Improved Communication with Agencies on the Amounts of Funds Available for Application

In the 2004/2005 funding applications for New and Expansionary Programs Funding, the total amount applied for was approximately \$2 million, but the actual amount available was only \$150,000. The decision to invite agencies to file applications was made in September 2003, four months before the end of the 2003 campaign. Although the 2003 campaign turned out to be a successful one, there was an unexpected increase of designated donations that significantly limited the amount of funding available to support New and Expansionary Program Funding.

Most agencies were disappointed that their applications were unsuccessful despite spending time and efforts to prepare the applications. FDC members and Community Resources staff were equally frustrated that they were unable to support more good programs. The timing to decide if agencies will be invited to apply for extra funding has to be changed. More information about the funding, especially the amount available, has to be communicated to agencies duly.

**In September/October, agencies will be invited to apply for the Community Fund, which is recommended as the top priority grant stream for UWYR.**

**Within two (2) months after the completion of the Campaign, the Board of Directors will consider the joint recommendations of FDC and Finance Committee, and decide if funds are available to support applications for other grant streams apart from the Community Fund.**

**If funds are available, the FDC will recommend to the Board of Directors which grant streams will be available for applications and the total amount of each grant stream streams with reference to:**

- **Priorities of the grant streams as proposed in Report # 2;**
- **Results of an environmental scan to identify emerging community needs;**
- **Review of the trends of allocations of grant streams in recent years so that funding gaps will be identified for consideration as priorities for new funding.**

**The recommendations will be submitted to the Board in April each year. Once the Board's approval is obtained, agencies will be invited to apply for funding.**

4. Improvement of the Efficiency of the Application Review Process

4.1 Interval Between Applications

Agencies Core Program Funding (renamed to Community Fund) and IMPACT applications are usually reviewed once every two years. However, if there are concerns about the performance of any agency, UWYR Board of Directors may review the agency more frequently. Some agencies are concerned about the workload arising from preparing the applications and review by UWYR.

**It is recommended that agency performance will determine the intervals of application for Community Fund and review by UWYR.**

**If an agency achieves Level 3 in all four (4) funding criteria (please refer to Review Report # 2 for details), the interval is three (3) years. During the interval, the agency is entitled to apply for extra grant streams, i.e. IMPACT Fund, Enhancement Fund and New and Expansionary Program Fund, that are available.**

**If an agency achieves a combination of Level 3 and 2 in the four (4) funding criteria, the interval is two (2) years. In the year which the agency applies for Community Fund, the agency is entitled to apply for extra grant streams, i.e. IMPACT Fund, Enhancement Fund and New and Expansionary Program Fund, that are available. In the following year when the agency is not required to apply for Community Fund, it is not entitled to apply for extra funding.**

**If an agency has one or more Level 1 score in any of the four (4) funding criteria, the interval is one (1) year. As recommended in Review Report # 2, the agency is not entitled to apply for the following extra funding: IMPACT Fund, Enhancement Fund and New and Expansionary Program Fund.**

The above recommendation will reduce the workload of agencies that perform well. Agencies with identified areas for improvement will be monitored more closely. The review process is more efficient without compromising member agencies' accountability to UWYR.

#### 4.2 Citizen Review Panel

In the 2005-2006 funding application process, all Core Program Funding and IMPACT were reviewed by CRPs. A total of 35 volunteers, including FDC members, participated as CRP members. The whole process, including CRP training, CRP meetings to review applications, agency interviews and CRP meetings to deliberate recommendations, lasted three months. Each volunteer contributed fifteen to twenty hours of service to the review process. It is a labour intensive process. A lot of effort is needed to recruit more volunteers to handle the increasing number of applications.

Although most United Ways are using community volunteers to interview agencies and recommend allocations, at least one United Way in the Greater Toronto area assigns staff to review applications and recommend allocations for consideration of its Allocation Cabinet and the Board of Directors. In fact, UWYR used the same method a few years ago until CRPs became a critical part of the review process.

However, agencies are very positive about the involvement of community volunteers in the funding review process as indicated in their evaluation forms. The participation of third party neutral volunteers with a variety of professional backgrounds adds credibility and transparency to the review process.

CRP volunteers are also very positive about their experiences in reviewing agencies' applications. The review process provides opportunities to volunteers to gain first hand

knowledge of community needs. Some UWYR donors step up their support as a result of their involvement as a CRP volunteer.

It is always a privilege for UWYR to be assisted by CRP members in making good and fair decisions on fund distribution. However, volunteers need sufficient support from UWYR to fulfill their duties and attain fruitful volunteer experience. Therefore, UWYR has to ensure sufficient support is available to volunteers. The number of member agencies is growing, and the number of volunteers and CRPs will increase correspondingly.

**Given the merits of involvement of community volunteers in reviewing funding applications and making allocation recommendations to UWYR, it is recommended to continue to assign CRPs to review funding applications for the Community Fund.**

#### 4.3 Fund Distribution Sub-Committee

In recent years, agencies' applications for extra funding, e.g. IMPACT, New and Expansionary Program Funding, were included in the Core Program Funding application form. The whole package was reviewed by a CRP. However, in the 2005-2006 funding application, the applications for New and Expansionary Program Funding were separated from the Core Program Funding and IMPACT applications. Agencies that applied for New and Expansionary Program Funding had already submitted detailed information regarding their organizations and core competency when they applied for Core Program Funding, and were reviewed by CRPs. Their New and Expansionary Program Funding applications, which only contained program information, were reviewed by UWYR staff. Staff review results and allocation recommendations were considered by the FDC and the Board for final decision making. The process was efficient and effective. It also saved the time and effort of the CRPs in the review process. CRP volunteers were able to focus on examining the agencies' core competency and the success/challenges to deliver the funded services.

**It is recommended that a sub-committee be established under the FDC to review applications for all grant streams aside from the Community Fund and recommend to the FDC and Board of Directors for allocation decisions. Membership of the Sub-Committee includes FDC members, CRP volunteers and community members with staff support.**

#### 5. More Effective Monitoring of Agencies

Agencies are currently required to submit Annual Agency Reports to UWYR covering the following major topics:

- Success and challenges to deliver the proposed programs in the funding agreement;
- Significant opportunities and challenges;
- Progress in fulfilling funding conditions, if any;
- Submission of the most recent audited financial report.

Staff review the Annual Agency Reports and report to the FDC if there are any significant findings.

**It is recommended that the involvement of the FDC be formalized in the review of the Annual Agency Reports by:**

- **Requiring all funded agencies to submit their Annual Agency Reports to UWYR before July 31 each year. The reporting period is April 1 of the previous calendar year to March 31 of the current calendar year.**
- **Requiring staff to submit their review reports of all Annual Agency Reports received to the FDC before the end of September.**