

What do different methods say about grant performance?

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Abstract

The Office of Auditor the General Norway published a performance audit on the effects of public grants aimed at ensuring biodiversity and enhancing outdoor recreational activity in June 2013.¹ The audit examines whether the public grants contribute to goal achievement, and whether these grants are soundly managed by the various actors on central and regional levels of the public sector. The paper asks what kind of information is obtained through three different methods of data collection used in the performance audit and lessons learned after using these methods. The paper discusses what kind of information is obtained from case studies, case file reviews and questionnaires to administrators. The paper examines the strengths and weaknesses of the different methods of data collection, and in the types of evidence yielded, and what conclusions might be drawn based on the information obtained.

Introduction

The paper is based on a performance audit conducted by the Office of the Auditor General Norway in 2012/13. I will give a brief overview on the background, scope, analytical framework and findings. The main focus however will be on methodological issues. A wide range of methods were used to collect data. In this paper I will elaborate on how case studies, case file reviews and questionnaires to administrators contributed to results in the audit, and strengths and weaknesses experienced in the performance audit on the use of the methods in this regard.

When introducing the three methods I will both talk about what we did, but also about lessons learned on each single method. I will sum up my presentation by drawing some lines between the methods and conclude on some strengths and weaknesses in the methodological setup. I will link this conclusion and the results of the methods back to our analytical framework. What do the different designs allow us to conclude?

Audit questions

The objective of the performance audit was to consider to what extent grants for biodiversity and outdoor recreation contribute to goal achievement and are managed in line with the Storting's (Parliament's) decisions and intentions. The objective was singled out in three different audit questions:

1. To what extent is the Ministry of the Environment's management of the grant schemes designed to ensure goal achievement?
2. To what extent are the grant schemes managed in line with the Storting's decisions and intentions?

¹ <http://www.riksrevisjonen.no/en/Formedia/PressReleases/Pages/NaturalOutdoor.aspx>

The full report will shortly be available in English

3. To what extent do the grant schemes contribute to goal achievement?

Audit criteria

The analytical framework is an important part of discussion of methodology because it sets the parameters for the judgments made. In the case of performance audit, the audit criteria are an important part of the analytical framework. Audit criteria are defined as *the norms and standards that are relevant in the area for the performance audit in question* (Office of the Auditor General Norway 2005, 2012)². The audit criteria represent the decisions and intentions of the Parliament, and they should be relevant, understandable, operational, consistent, complete, and agreed upon between the OAG and the relevant Ministry (ibid).

In performance auditing, as in research, assumption in forms of theories and models are important prerequisites for analysis of data. In contrast to research, however, performance auditing is more directly occupied with data than with a theoretical framework. Analysis has in this case a normative point of the departure as data are analyzed in relation to the audit criteria. At the same time, the audit criteria represent models for understanding and interpreting data, and assumptions in these models are explicit in the audits as a combination of audit criteria and audit questions. These expressions need to be clearly stated in as much as the tacit of the models and their pre-assumptions may threaten both the validity and the reliability of the conclusions. In the specific performance audit discussed in this paper the main audit criteria are related to goal achievement and sound management.

The audit criteria *goal achievement* is reflected in the objective of the audit *to consider to what extent grants for biodiversity and outdoor recreation contribute to goal achievement and are managed in line with the Storting's (Parliament's) decisions and intentions*. Furthermore, an assumption about a relationship between the grants and goal achievement is also reflected in the audit questions, more specifically in audit question 1; *To what extent is the Ministry of the Environment's management of the grant schemes designed to ensure goal achievement?* and question 3; *To what extent do the grant schemes contribute to goal achievement?* The audit criteria of sound management are reflected both in the objective and in audit question number 2; *To what extent are the grant schemes managed in line with the Storting's (Parliament) decisions and intentions?*

One might ask whether these assumptions are valid or not. One of the main assumptions in the audit is based on management by objectives. From the audit criteria: *Management by objective and results is an overall management principle for state agencies, cf. Section 4 of the Regulations on Financial Management in Central Government (the Finance Regulations). The Ministry shall follow up the Storting's(Parliament) decisions and intentions in the annual allocation letter to the agencies.*

The assumptions about management by objectives are more prone to discussion than the second. In the second – what is being evaluated – is whether grants are managed by quite specific rules spelled out in different regulations. Sound management should be easy to get to terms with. The assumption about management by objectives is more controversial, as this is reflected in the public debate in

² The standards are updated in 2012, but the updated version is not available in English.

Norway and also in the debate about the role of the supreme audit institution (Østtveiten 2012, Reichborn-Kjennerud 2012).

In the performance audit discussed in this paper the most relevant question to ask relates to management by objective and the assumed link between goals for a grant scheme in relation to the overall, national goals. This link is established in Ministry of the Environment's annual budget, but is not directly reported on. The Ministry has reported on spent resources and activities, and it has also partly reported on goal achievement for the individual grant schemes. However, the Ministry of the Environment has not reported on results from the grant schemes related to national goals. Challenges related to this reporting is pinpointed by the Ministry as they emphasize that measuring the exact contribution made by the individual scheme towards national goals in a fiscal year is demanding. The Ministry of the Environment also raised questions about what the expectations regarding establishing and reporting on a causal link between grant performance and overall, national goals on for instance biodiversity are. The Ministry asks how this is resolved by other Ministries.

About the grants

Game related purposes

The grants for game and fishing-related measures shall support that all animal and plant populations that can be harvested shall be harvested in an ecosystem-based and sustainable manner to ensure that the species exist in viable populations within their natural range by 2020, cf. Proposition 1 S (2011–2012). The grants for game-related purposes aim to contribute to implementing tasks within game management and measures organized by private individuals, clubs and organizations where the measures are of a regional, inter-municipal, or national nature. The goal achievement criterion is whether the scheme contributes to achieving the overall goal of a harvestable regional and national surplus.

Outdoor recreation

Outdoor recreation policy shall promote outdoor recreation for all citizens. The funding shall be used for work with and specific measures for the promotion of outdoor recreation as the basis for sound health habits and good environmental attitudes, primarily directed at children, young people, people with disabilities, and ethnic minorities. The primary target groups are clubs and organizations involved in activity-promoting measures for outdoor recreation. Goal achievement must be documented through the performance indicators pertaining to active outdoor recreation area.

Priority species and selected habitats

The management of priority species and selected habitats is a soft protection measure set out in the Nature Diversity Act. The deliberations on the Nature Diversity Act resulted in the establishment of two grant schemes for priority species and selected habitats, cf. Recommendation O No. 100 (2008–2009) and Resolution O No. 105 (2008–2009). The purpose of the grant scheme was to ensure active measures that would guarantee that the intention of the legislation is implemented in this field, cf. Recommendation O No. 100 (2008–2009). Goal achievement is assessed on the basis of the number of granted measures.

When we designed the audit we wanted to look into the questions on goal achievement. The Office of the Auditor General found that:

- Weaknesses in reporting and lack of evaluation result in insufficient information regarding regards goal achievement.
- The grants management complies with the principles for sound administration principles only to a limited extent.
- The grant schemes generate increased activity and added value.

In the following paragraphs how these conclusions could be drawn and on what basis are discussed.

Case studies

The purpose of the case studies was to shed light on goal achievement. In the audit five allocations of grants in three different grant schemes were selected. The cases were selected because they represented the main groups of allocation schemes investigated. The size of the allocations varied and so did their governance; the grants chosen for the study were allocated through county governors and county authorities. For enhancing outdoor recreation the grants were allocated through a NGO that further allocated grants to other NGOs. All together, the cases represent a variety of topics and a diversity of organizational structures both on the governmental side and among the grant recipients.

The case studies were accomplished through field visits and interviews of grantees and users of the relevant initiative. The accomplishment of the initiative was observed, and photos were used to document the actives and their outcome. The grant managers were interviewed either by letter or directly.

Case studies differ from other types of studies because they take place in their real context (Yin 1994). GAO defines case studies as methods for learning about a complex instance based on comprehensive understanding of that instance obtained by extensive description and analysis of that instance taken as a whole and in its context (GAO 1990: 15). Thagaard (1998: 187) underlines that the purpose of case studies is to obtain knowledge that is relevant outside the specific entity the case is concentrated on. The cases in our audit are solely used to identify mechanisms related to goal achievement and how grants work.

Our main findings through this method were that the grant schemes generate increased activity and added value. Initially, we wanted to be more specific on the grants contribution to the overall goal achievement; an analysis of the terms of references in white papers, in allocations letters, and in relevant reporting revealed that this link between the purpose of the specific grant schemes and the overall goals was to a varying degree established in the Terms of Reference. This made it hard to evaluate performance in the audit as well. Through the case studies, and with some support from other methods in the study, we were able to conclude the following:

- Grants contribute to goal achievement on the purposes for the specific grant scheme
- Grants release voluntary work and other financial resources
- Small grants can generate substantial activity
- Grants are often a prerequisite for this activity
- The grants are important to grantees both as an acceptance from the society and an economical contribution

Lessons learned - case studies

The 'bottom-up' perspective obtained places the single grantee in focus. This gave the grantees a voice, and the audit a possibility to see how the world looked like from a completely different perspective than the administrators. The challenge is one of generalizability– what general understanding can this bottom-up perspective provide? The answer to this question lies within the concept of analytical generalization. Through abstractions done in the process of analyzing the cases the purpose of case studies is that they should feed into an analysis that is relevant in other cases (Solli 2005).

The audit team spent time on field-work in each specific case. Prior to this we had done a substantial work on further defining the analytical model with concrete sub-questions to the audit-questions. This process of defining, redefining, and further specifying our audit questions was useful for two reasons. Firstly; we looked at the same questions in all cases, and secondly; the analytical process started prior to the field work. The understanding we obtained through this process made it possible to do an analysis that could be analytically generalized, as the understanding was tested through the field work. The analysis is verifiable to the degree that it creates a recognizable understanding of a reality for those reading the study. In so far as in the audit this understanding is verified through the responses of the Ministry of the Environment. For the future, the analysis can also be tested in field work in other cases and be either verified or weakened through this.

Case field reviews

Case field reviews were conducted for all grants under one specific scheme - grants stimulating to game management by NGOs or individuals - in one specific year. The main purpose with the case field reviews was to analyze whether the applicants of the grants received a response within an acceptable time frame, and whether the grant award letter complied with the relevant regulations.

In order to analyze the content of the case files systematically, an online questionnaire was developed. The review was done on the entire population of cases (349 cases) allocated from county governors and county authorities. As the cases were so many, we had to define questions to the case fields that were easy to review in order to make the workload manageable and to be able to conduct analysis that could say something relevant about the grant administration that was generally applicable. The development of the questionnaire allowed us to systemize what we were looking for. In this manner the data were structured through the reviews. This provided the audit with statistical data on grant administration.

The method was quantitative and the questions pertained to compliance. I will give you one example of what we found using this method. On the general level we concluded that: *The grants management complies with the principles for sound administration principles only to a limited extent.* This was based on the finding that applicants to the grant schemes rarely receive a reply within the set deadline, cf. Figure 1.

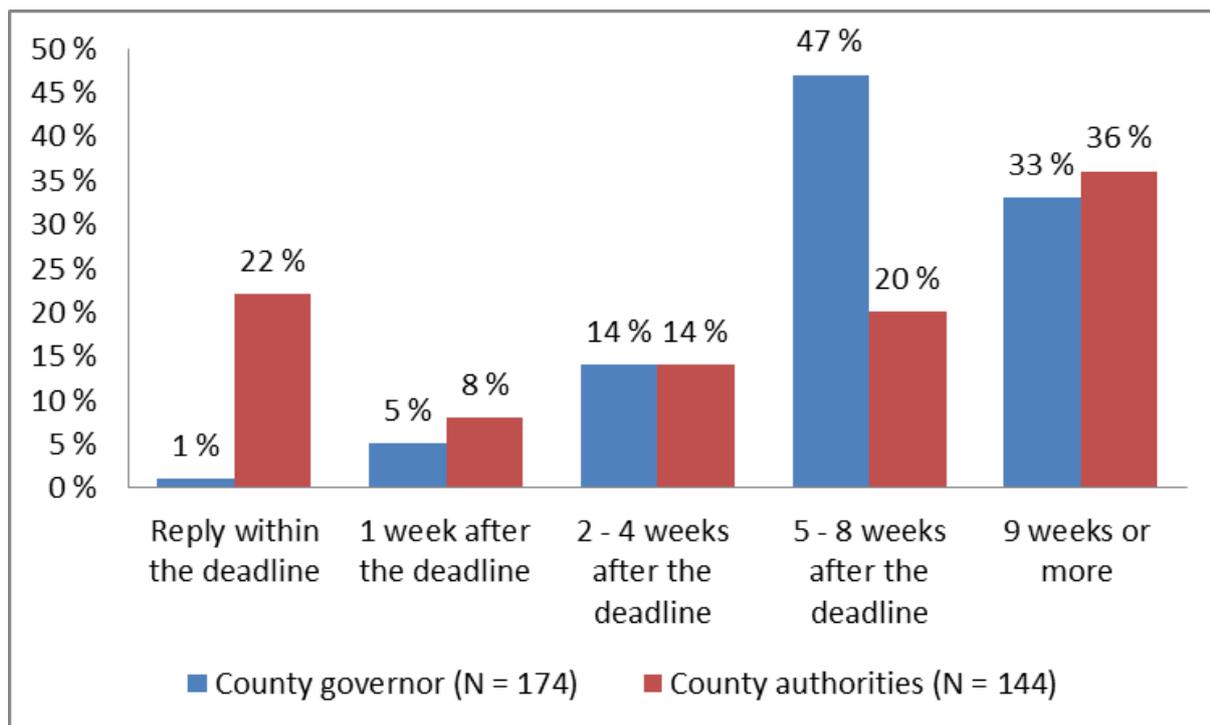


Figure 1: Application processing times. From Document 3:13 (2012-2013), Office of the Auditor General Norway

In 2011, only 1 per cent of those who applied to the county governors for grants for game-related purposes received a reply within the deadline. The corresponding percentage for applicants to the county authorities was 22. 69 per cent of applicants received a reply five weeks or more after the deadline. This makes the process unpredictable for the applicants and can result in measures not being implemented as planned (Document 3:13 (2012-2013)).

Lessoned learned - case file reviews

There are a number of lessons learned. A review of more than 300 case files is time consuming, and to make it manageable it was necessary to structure the questions for the analyses in a manner that made the judgment for each single case possible. It was therefore necessary with a quantitative analysis scheme where the categories for each question were mutually exclusive, thereby making it easy for the auditor to answer within the analytic scheme. It was necessary for the auditors in the team to work on the case files (???) simultaneously, because this gave us the opportunity to review the process and questions as the work progressed. Through this, the deliberations from the different auditors were harmonized.

Through this method we could obtain a quantitative picture of the entire grant (applicant) population – in this case field from one specific grant scheme. The structured analyzes of data gave robust findings. The slide is a good example of this – when the grants were allocated were compared to the deadline in the regulatory framework

I would like to clarify that the results of this analysis are mainly those of compliance, and not of performance as such. Performance was in this case not possible to evaluate through the case files, mainly because this would have been a much more time-consuming process and therefore not appropriate to do in our sample. At the same time, for our particular case files the information of

performance was only partly available in the case files. For example it was a challenge to obtain the reports produced by the grantees from the different projects.

Furthermore, I would like to stress that the case file review does not only provide you and your team with a substantial workload of sorting, analyzing, and punching data. It is also an administrative burden for public administrators to find the case files and mail them to you. The costs and benefits evaluation therefore needs to be carefully considered throughout before proceeding with the method.

Questionnaires

A questionnaire was sent to local administrators in order to obtain information on their administration of the different grants. The main purpose with the questionnaire was triangulation of methodology and thereby confirming or disconfirming what was found through the other methods of data collection. The questionnaire was developed towards the end of the audit; this enabled us to include and triangulate the findings from other methods. Moreover, it provided the administrators with a voice in the audit. These voices from the local administrators were supplemented by the perspectives of the Ministry of the Environment and Directorate for Nature Management.

The questionnaires provided us with support and explanations regarding findings through the other methods. An example: as Figure 1 showed, grants are often not allocated as a timely response to the grant applicants. In the questionnaires the county governors and authorities were asked why this was so. Through these open replies the local authorities stated that it was challenging to comply with the deadline for responding to the applicants for the schemes they administrate. Most pointed to late award of funding from the Directorate for Nature Management as the major cause of not complying with the deadline. Heavy workload is also mentioned. In the county authorities, political processing is also stated as a possible reason for not complying with the deadline.

We turned to lessons learned through questionnaires late in the process. This gave us the opportunity to anticipate relevant questions:

- It gave us the opportunity to test what was problematic – or to test the issues we wanted to raise in the audit
- Because of a fairly small population we had the opportunity to also ask open questions and this gave us explanations on some identified problems
- To problematize some core issues related to goal achievement.

Conclusion

The analytical process in the performance audit consists of linking the data with the audit criteria - and other assumptions. Assumptions not formalized in the audit criteria were spelled out when we planned the audit and specifically when detailing the different methods. In the audits the audit criteria represent our analytical framework. Through the formulation of the audit criteria - together with the audit questions - we clearly expressed our expectations, that is, what we measured against.

As explained in the beginning of the paper, the analytical framework has been more problematic when it comes to goal achievement than to sound management. Before concluding, allows us to take a step back and see what we found. Through the case studies we found that grants give increased activity and added value. We also found that what contribute to goal achievement for the purposes

for the specific grant scheme. At the same time we were not able to conclude that grants overall contributes to goal achievement. Worded differently, mechanisms that contribute to goal achievement were identified in the audit, but it was not possible to quantify their contribution to goal achievement. Even though the mechanisms on how grants contribute are identified, they may not be working in every case. The existence of these mechanisms is supported by the view of the administrators, but only that the grants are important to goal achievement not a quantification of the contribution.

Case file reviews are very useful when looking at administration of grants, but they are time consuming. In our case they could not support the findings on goal achievement, but gave a very clear-cut analysis on sound management. These findings were also supported by the administrator's voice as this was heard through the questionnaires. The questionnaires served as a useful point of departure, but had to be supplemented by other methods.

When it comes to whether our audit questions on goal achievement are problematic or not; the answer to this is twofold. From one perspective it is not problematic at all; the Storting (Parliament) has decided that governmental bodies have management by objectives. The Ministry of the Environment does, however, not report adequately on this. This is mainly because the Ministry finds it demanding to measure the exact contribution made by the individual scheme towards national goals in a fiscal year, and that a range of factors influence those goals. From another perspective, the audit institution did not ask for a measurement of the exact contribution in each fiscal year. Reporting has in the audit report been seen in relation to evaluation, which should give the Ministry the opportunity to report more thoroughly on goal contribution without being restricted to a fiscal year.

Another perspective is what degree is the level of goal contribution on national goals something that the government need to measure and quantify? The performance audit has shown that grants contribute to goal achievement. Maybe that is that sufficient. The Storting (Parliament) has also emphasized that volunteer work has a value in itself. A better solution for the Ministry when formulating the policies of grant management is maybe not to further specify how these grants should contribute to goal achievement, but to point directly to this what. The answers to this question may be different for different grant scheme, - and it also linked to how the Ministry works towards goal achievement all together.,

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