



# The Community Building Initiative





VICTORIA

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Victorian  
Auditor-General

# The Community Building Initiative

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Victorian Auditor-General's Office  
*Auditing in the Public Interest*

The Hon. Robert Smith MLC  
President  
Legislative Council  
Parliament House  
Melbourne

The Hon. Jenny Lindell MP  
Speaker  
Legislative Assembly  
Parliament House  
Melbourne

Dear Presiding Officers

Under the provisions of section 16AB of the *Audit Act 1994*, I transmit my performance report on *The Community Building Initiative*.

Yours faithfully



D D R PEARSON  
*Auditor-General*

26 May 2010



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# Audit summary

The Community Building Initiative (CBI) is a \$10 million, four-year program running from 2006 to 2010 that aims to strengthen small rural Victorian communities, and assist them to take control of their futures. It is managed by the Department of Planning and Community Development (DPCD), and provides funding and support for 19 diverse community projects covering 102 towns.

The CBI targets areas of socio-economic disadvantage, communities with declining populations, and rural areas experiencing growth. It relies on partnerships with business, all levels of government, philanthropy, the community sector and volunteers to attract additional funds to deliver outcomes and achieve success.

The partnership approach adopted for this community strengthening initiative is a new approach to traditional modes of service delivery. According to Victoria's 2005 social policy statement, *A Fairer Victoria*, a key aim of such programs involves adopting innovative approaches to service delivery to address inequality and make it easier for people to deal with government. Actions identified in *A Fairer Victoria* relevant to community building include:

- a focus on capacity building and enabling individuals, families and local communities to make decisions for themselves
- cutting bureaucratic red tape, making guidelines and business rules more flexible and providing a streamlined, single 'face' for dealing with government.

This audit considered how effective the framework for managing the CBI has been, and whether the intended outcomes of the program are being achieved. We examined DPCD's planning for and oversight of the CBI since 2006, and a sample of three CBI projects with grants administered by:

- East Gippsland Shire Council
- Golden Plains Shire Council
- Terang and Mortlake Health Service.

## Conclusions

DPCD adopted a flexible approach to managing the CBI in order to better support and simplify the way it works with disadvantaged communities, but has not effectively balanced this approach with sufficient transparency and accountability for decisions and actions.

While a degree of flexibility is appropriate for empowering local communities, and in principle is consistent with the government's policy *A Fairer Victoria*, DPCD did not apply this judiciously to the CBI and has allowed 'flexibility' to at times inappropriately override prudent management practice. This has compromised its capacity to enforce compliance with funding agreements, to take timely action to address issues between project partners, and to maximise value from the government's investment in the CBI.

Notwithstanding this, the CBI has created significant opportunities to strengthen the capacity of funded communities and to improve local infrastructure and skills. The above issues, however, coupled with limitations in the CBI evaluation and reporting framework mean that the extent to which these opportunities have translated into positive outcomes cannot presently be reliably assessed.

## Findings

### Balancing 'flexibility' against the need for accountability

Consistent with the aims of *A Fairer Victoria*, DPCD actively encouraged funded communities to resolve local performance and governance issues themselves. In so doing, DPCD sought to foster partnerships between stakeholders and empower them to address common challenges.

While this may be appropriate in principle, in practice DPCD did not effectively moderate its 'flexible' approach with timely and appropriate intervention when needed, or through appropriately holding communities to account for the use of public funds.

More timely action from DPCD to mediate ongoing issues between project partners at the Golden Plains and East Gippsland CBI projects could have improved local outcomes. For a period of time, both projects had substantial delays and difficulties due to strained relationships between project partners.

At Golden Plains, DPCD maintained ongoing negotiations with the council to address its concerns. However, it did not engage the other project partners in mediation until almost two years after the issues first emerged, and only after the project was in hiatus for 11 months due to poor progress.

Similarly, while there is evidence that DPCD attempted to assist project partners at East Gippsland to resolve their difficulties, local issues nevertheless persisted for several months and it was at council's own initiative that the project partners eventually came together to determine how to move forward cooperatively following the resignation of the facilitator. The fact that the local partners managed to resolve their issues is a positive outcome, but this occurred almost 18 months after the project was initiated. More timely and direct intervention by DPCD to mediate issues between the project partners would likely have resolved the issues sooner.

Funding agreements with CBI grant recipients contain sound accountability mechanisms. However, DPCD did not enforce them consistently thereby defeating their purpose, and thereby establishing an undesirable precedent in some cases of accepting and funding inadequate performance. These deficiencies prevented DPCD from effectively discharging its responsibility to enforce accountability requirements and to promote efficiency in the use of public funds.

DPCD advised that enforcing strict compliance with funding agreements is counter-productive for achieving community strengthening objectives and is contrary to *A Fairer Victoria's* pursuit of flexibility and innovation in service delivery.

However, this advice is at odds with DPCD's own terms and conditions of funding for the CBI. Funding agreements with CBI grant recipients do not provide for flexibility with compliance with agreed performance measures and requirements. DPCD's advice is also inconsistent with its own governance responsibilities as defined within its *CBI Implementation Guidelines*, and with public sector accountability standards.

CBI funding was provided in two phases, with phase-two funds being conditional on satisfactorily meeting phase one requirements. The aim of this approach was to drive performance at the project level and to maximise the effectiveness of the government's investment.

However, despite this intention second phase funding was provided to each of the three projects examined without critical analysis of their past performance, and before all phase-one requirements had been fully acquitted. This is not good practice and resulted in the objectives of the phased funding approach not being achieved.

Furthermore, persistently late reports from grant recipients and deficiencies in DPCD's own performance monitoring meant that the progress of individual projects could not be accurately assessed.

## Assuring transparency in funding decisions

The CBI was launched in September 2005 and received 67 expressions of interest (EOIs) for funding from various communities. Of these, 19 were successful. However, the basis for DPCD's recommendations to the Minister in support of funding the 19 CBI projects is unclear. While DPCD assessed all funding applications and gave them a score, it was unable to demonstrate how the scores in each case were determined and how it had evaluated and applied its assessment criteria to formulate its priorities for funding. DPCD advised that EOIs were extensively scrutinised, however this is not adequately documented.

It was also unclear how DPCD assessed the readiness of some communities to undertake a CBI project—a critical success factor for community building activities. While for some applications the strength of community support was clear, there are indications it was not adequately considered for some CBI projects, particularly for those arising from negotiated grants. Such grants arise outside of the usual application process and follow negotiations by DPCD with multiple applicants or other parties on the arrangements for administering a funded project.

Five of the 19 CBI projects, including the Golden Plains and East Gippsland CBI, were the result of negotiated grants. There was no evidence, however, that these negotiated grants were systematically assessed against the selection criteria, or that DPCD had sought assurance from prospective partners that they held a common vision of what the program would achieve and that an effective partnership could be formed.

In the case of Golden Plains, DPCD established a memorandum of understanding (MOU) between the project partners that assured it they understood and were committed to their respective governance roles. This was a positive step. However, while the MOU meant that they understood their governance roles, it did not provide assurance that they shared a common vision of what the CBI would actually achieve.

The Golden Plains CBI is an example where there was clear evidence that some project partners were not ready to successfully implement a CBI project. The council was initially reluctant to participate in the CBI, and ongoing differences between the project partners adversely affected achievement of project outcomes.

## Evaluating CBI outcomes

Evaluating community strengthening programs is generally recognised as a highly challenging task. Many of the outcomes sought, such as increased capacity, social capital, including community resilience and partnerships are often intangible, difficult to measure, and hard to attribute to specific initiatives—especially in the short-term.

In the case of the CBI, the task is even more difficult as the initiative is being implemented by 19 different communities—each of which has its own issues, needs and priorities.

DPCD developed an evaluation framework for the CBI at the outset of the program, but its capacity to provide meaningful insights into the impact of local projects is limited by its focus on activities rather than outcomes. It is further limited by the lack of regular monitoring and reporting on both the progress of individual CBI projects, and the performance of the CBI overall.

While recent reviews of the CBI have inherent limitations, they nevertheless indicate that it has created substantial opportunities for participation and involvement in local decision making, for skills development and volunteering, and for leveraging funds from other sources. These are encouraging results, however further work is needed to explore their impact on achieving desired outcomes.

## Recommendations

Number	Recommendation	Page
1.	<p>DPCD should strengthen the grant assessment and selection processes for the CBI to provide sufficient assurance that:</p> <ul style="list-style-type: none"> <li>the rationale and criteria for funding priorities are adequately documented, appropriately and consistently applied to all funding decisions</li> <li>risks relating to partnership issues are assessed and mitigated prior to recommending funding.</li> </ul>	21
2.	<p>DPCD should further develop its oversight of CBI funded projects by:</p> <ul style="list-style-type: none"> <li>developing a more effective and transparent decision-making framework for intervening in local matters when partnership issues affect project outcomes</li> <li>enforcing accountability requirements established in funding agreements with grant recipients.</li> </ul>	21
3.	<p>DPCD should strengthen the CBI evaluation framework by:</p> <ul style="list-style-type: none"> <li>developing effective arrangements for assessing the medium- and long-term outcomes of the CBI</li> <li>regularly monitoring and reporting publicly on the progress of CBI projects against their Community Action Plans and the CBI objectives.</li> </ul>	30



# Audit Act 1994 section 16— submissions and comments

## Introduction

In accordance with section 16(3) of the *Audit Act 1994* a copy of this report, or relevant extracts from the report, was provided to the Department of Planning and Community Development, East Gippsland Shire Council, Golden Plains Shire and the Terang and Mortlake Health Service with a request for comments or submissions.

The comments and submissions provided are not subject to audit nor the evidentiary standards required to reach an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

## Submissions and comments received

### ***RESPONSE provided by the Secretary, Department of Planning and Community Development***

The following is an extract of the response by the Secretary, Department of Planning and Community Development. The full response is provided in Appendix A of this report.

*The Department of Planning and Community Development (DPCD) welcomes the audit's acknowledgement of the value of this new approach taken by DPCD which includes government's role as enabler rather than gatekeeper and the critical partnerships associated with place based projects.*

*In line with the audit recommendations, DPCD has made a number of significant changes to the way we work with communities.*

*The Department notes the findings in relation to strengthening oversight of funded projects. Improvements have been made to DPCD's regular quality assurance and risk assessments to better monitor place based programs. A number of changes have been made to grant management practices through the Better Grant Making project across the Department.*





# 1 Background

## 1.1 The challenge of community building

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Community building focuses on engaging the community to identify, prioritise and address local needs, and on fostering local ownership of the solutions. Developing effective solutions requires building on existing community assets, systematic planning and a shared understanding of what is required to achieve stronger communities. This 'place-based' approach aims to enhance the capacity and skills of community members, empower them to address local issues, and to develop stronger relationships and linkages across community organisations and groups.

Community building programs attempt to provide new approaches to more traditional modes of service delivery. The social policy statement, *A Fairer Victoria*, first released in 2005 identifies adopting innovative approaches to service delivery as a key aim of such programs, to address inequality and make it easier for people to interact with government. The policy aims to reduce disadvantage by building stronger and more inclusive communities through partnerships between government, community services, businesses and communities themselves. Key actions identified in *A Fairer Victoria* relevant to community building include:

- a focus on capacity building and enabling individuals, families and local communities to make decisions for themselves
- cutting bureaucratic red tape, making guidelines and business rules more flexible and providing a streamlined, single 'face' for dealing with government.

A key focus of the role of government in the context of community building is that of 'enabler' rather than 'gate keeper' due to the shift away from the traditional purchaser/provider arrangement to that of a partnership model. This model requires a more flexible, innovative approach to program delivery, particularly when partnering with disadvantaged communities with limited local capacity.

Community building, therefore, requires the right balance to be struck between the need to be flexible with local communities whilst holding them to account for the use of public funds.

## 1.2 The Community Building Initiative

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The Community Building Initiative (CBI) is a \$10 million, four-year program from 2006 to 2010. The CBI aims to strengthen small rural Victorian communities, and to assist them to take control of their futures. It was announced in 2005 as part of *A Fairer Victoria* as an initiative of the former Department of Victorian Communities, and is now managed by the Department of Planning and Community Development (DPCD).

The CBI builds on two preceding place-based community development programs—the Community Capacity Building Initiative (CCBI) which ran from 2000 to 2004, and Community Building Demonstration Projects which ran from 2001 to 2005.

The CCBI was a joint initiative between Regional Development Victoria and the Department for Victorian Communities supported by the Victorian Farmers Federation and was launched in May 2000. It involved more than 55 small towns in regional Victoria and aimed to build people capacity, relationships between existing organisations and people in the community, enhance the local economy, and involve outside organisations where there were skill gaps.

The Community Building Demonstration Projects were designed to assist government and communities work through community building processes to inform changes to government programs and services. Ten project locations were selected on the basis of social, economic or geographical disadvantage and the potential to adopt a community building approach.

Over four years, each project tested new ways of identifying and addressing priority community issues, mobilising local skills and resources, and developing community leadership and partnerships. The CBI builds on the experiences of the CCBI and demonstration projects and adopts the same locally driven model of community development.

### 1.2.1 Objectives of the CBI

The CBI targets areas of socio-economic disadvantage, communities with declining populations, and rural areas experiencing growth. It aims to address this disadvantage by creating opportunities for active participation in local events and activities that build community capacity and leadership. The specific objectives of the CBI are to:

- build skills and knowledge
- involve diverse groups and individuals
- build relationships within, and across, communities and organisations
- plan for the future
- build on local strengths and assets
- grow local economies and enhance employment opportunities
- identify opportunities for new and improved community infrastructure.

The CBI explores new ways of addressing disadvantage through community driven projects which aim to energise and strengthen local communities. It relies on partnerships with business, all levels of government, philanthropy, the community sector and volunteers to attract additional funds to deliver outcomes and achieve success.

## 1.2.2 The CBI model

The CBI requires all projects to follow a structured process. Each CBI project is supported by a community facilitator and managed by a local steering committee made up of community members and state and local government representatives working in partnership to identify and deliver agreed community projects and activities.

CBI projects are monitored by DPCD through its participation on local steering committees and through project reporting required under funding agreements. Each project is auspiced by an incorporated fund manager organisation, typically the local council. The fund manager organisations administer the grant and employ the facilitators. They are also responsible for complying with the funding agreement and for providing assurance that agreed milestones and outcomes are delivered for communities. Figure 1A outlines the main stages of the CBI.

**Figure 1A**  
**Stages of the Community Building Initiative**



Source: Victorian Auditor-General's Office.

Following the appointment of the facilitator and the interim steering-committee, **Asset Mapping** is the next major stage of the CBI. This involves documenting, in consultation with community members, existing community assets and other attributes, including infrastructure, community networks and organisations, and natural resources. The purpose of this stage is to identify what capacity the community has, and can build on.

The **Community Opportunity Workshop (COW)** follows. COWs are facilitated meetings open to all community members to voice ideas and identify a shared vision for their future. Through the COWs, communities reach agreement on priority projects and identify the skills they will need to deliver them. A local steering committee is formed to take-over from the interim steering committee, and community members form project teams to progress priority projects.

As a result of the COWs, a **Community Action Plan (CAP)** is prepared which turns the community's ideas into project plans that set out 'what' will be achieved, 'who' will achieve it and 'when' it will be achieved. The CAP also outlines the Community Learning Program, including specific training workshops required to build the skills needed by communities to deliver local projects.

### 1.2.3 Overview of CBI expenditure

#### Grants to agencies

Funds were allocated to 19 CBI projects, according to the number of communities and size of the CBI site. The funds provided were for employing the community facilitator, project operational costs and CBI activities. Projects identified in CAP's are then funded through partnerships and leveraged funds.

Figure 1B provides a summary of CBI expenditure since 2005, as at April 2010.

**Figure 1B**  
**Summary of Community Building Initiative funding (2006–2010)**

Item	Phase 1: 2006–08		Phase 2: 2008–10		Total (\$)
	Project funding (\$)	Other funding <sup>(a)</sup> (\$)	Project funding (\$)	Other funding <sup>(a)</sup> (\$)	
<b>CBI grants by fund manager organisation</b>					
Alpine Shire Council	140 580	20 000	140 580	11 000	<b>312 160</b>
Buloke Shire Council	140 580	20 000	140 580	11 000	<b>312 160</b>
Cardinia Shire Council	110 580	12 000	110 580	7 000	<b>240 160</b>
City of Casey	140 580	20 000	140 580	11 000	<b>312 160</b>
City of Greater Geelong	110 580	12 000	110 580	7 000	<b>240 160</b>
City of Whittlesea	110 580	12 000	110 580	7 000	<b>240 160</b>
East Gippsland Shire Council	185 580	20 000	185 580	11 000	<b>402 160</b>
Gannawarra Shire Council	110 580	12 000	110 580	7 000	<b>240 160</b>
Golden Plains Shire Council	185 580	20 000	185 580	11 000	<b>402 160</b>
Horsham Rural Council	386 160	36 000	386 160	20 000	<b>828 320</b>
La Trobe City Council	152 580	20 000	152 580	11 000	<b>336 160</b>
Loddon Shire Council	110 580	12 000	110 580	7 000	<b>240 160</b>
Lorne Country Fire Authority	110 580	12 000	110 580	7 000	<b>240 160</b>
Moirra Shire Council	110 580	12 000	110 580	7 000	<b>240 160</b>
Moyne Shire Council	140 580	20 000	140 580	11 000	<b>312 160</b>
Murrindindi Shire Council	140 580	20 000	140 580	11 000	<b>312 160</b>
South Gippsland Shire Council	140 580	20 000	140 580	11 000	<b>312 160</b>
Terang and Mortlake Health Service	140 580	20 000	140 580	11 000	<b>312 160</b>
Upper Yarra Community House	110 580	12 000	110 580	7 000	<b>240 160</b>
<b>Total CBI grant funding</b>	<b>2 778 600</b>	<b>332 000</b>	<b>2 778 600</b>	<b>186 000</b>	<b>6 075 200</b>
<b>Total grant expenditure to date</b>	-	-	-	-	<b>5 097 761</b>
<b>Administrative and operating costs</b>					
Allocated to DPCD Central office					2 609 195
Allocated to DPCD Local teams					682 000
Refund to Demonstration Grant					78 000
<b>Total allocated administrative and operating costs</b>					<b>3 369 195</b>
<b>Total administrative and operating costs expenditure to date</b>					<b>2 616 215</b>
<b>Total grants, administrative and operating expenditure to date</b>					<b>7 713 976</b>

(a) Includes allocated budget for Quick Actions/Wins; Community Opportunity Workshops; Community Learning Programs.

Source: Department of Planning and Community Development.

Funding of \$3.3 million was allocated to cover administrative and operating costs for DPCD central office and local teams in managing and supporting the CBI. DPCD estimates that actual administrative and operating expenditure will be around \$2.9 million.

The administrative costs incurred by DPCD's central office cover:

- developing, monitoring and reporting on the CBI
- managing the statewide operating funds
- developing a CBI project network and cross project communication opportunities
- provision of information, support and resources to support CBI communities.

Operating funds cover the cost of statewide forums and workshops, the production of documents, surveys and evaluation of the CBI. Local team CBI operating funds similarly supported implementation of the CBI and covered the cost of activities and events associated with the COWs, such as consultation, advertising and promotion.

### Macpherson Smith Community Alliance

In addition to the grant each CBI project received as outlined in Figure 1B, a \$2 million pool of funds was established in June 2007 by DPCD in partnership with the Helen Macpherson Smith Trust, which all projects can apply for. Figure 1C provides a summary of additional funding to CBI projects under this arrangement since its establishment.

Grants are recommended to the Trustees and Minister for Community Development for approval by a joint partnership committee comprising members of the Macpherson Smith Community Alliance—originally established in 2004 to further support projects identified by the Community Capacity Building Initiative.

The alliance is a partnership between the Helen Macpherson Smith Trust, the Victorian Council of Social Services and the Department of Planning and Community Development formed to consider project proposals and to monitor and review project progress.

The grants are provided in a series of funding rounds, and cover the cost of delivering initiatives and are targeted to CBI projects that promote and increase the capacity for economic and social development, those which involve other potential funding partners, CBI areas affected by the 2009 Bushfires, and those which assist in building a sustainable future for the community.

With the exception of Moira Shire Council, all CBI communities have received funding through the alliance.

**Figure 1C**  
**Macpherson Smith Community Alliance funding to CBI projects**

<b>CBI fund manager organisation</b>	<b>Number of projects funded</b>	<b>Total funding provided (\$)</b>
Alpine Shire Council	8	140 350
Buloke Shire Council	7	210 040
Cardina Shire Council	1	100 000
City of Casey	3	23 700
City of Greater Geelong	1	22 600
City of Whittlesea	2	58 000
East Gippsland Shire Council	1	5 000
Gannawarra Shire Council	3	32 409
Golden Plains Shire Council	1	21 902
Horsham Rural City Council	19	366 446
Latrobe City	1	5 000
Loddon Shire Council	4	51 705
Lorne CFA	1	15 000
Moyne Shire Council	1	29 000
Murrindindi Shire Council	3	105 000
Shire of Yarra Ranges	2	80 000
South Gippsland Shire Council	5	74 027
Terang and Mortlake Health Service	2	80 000
<b>Total</b>	<b>65</b>	<b>1 420 179</b>

Source: Department of Planning and Community Development.

## 1.2.4 Roles and responsibilities of key players

The roles and responsibilities of key players within the CBI governance framework are outlined in Figure 1D.

**Figure 1D**  
**Roles and responsibilities of CBI partners**

Role	Responsibilities
<b>Local steering committee</b>	Oversees and manages each CBI project. The committee meets once a month, and must consist of 50 per cent community membership as well as state and local government representatives.  It works with the facilitator to deliver key project activities including the COW, community action plan and asset mapping, and to achieve broad community participation in the CBI. It also provides local advice and builds relationships with stakeholders.
<b>CBI facilitator</b>	Facilitates the project and supports the steering committee, including delivery of key project activities. Each facilitator is employed by the fund manager organisation, and completes the reporting required under the funding agreement.
<b>Fund manager organisations</b>	Hires the facilitator and participates on the steering committee. Fund managers need to comply with the conditions of the funding agreement, including the reporting and financial management obligations. In sixteen of the nineteen CBI projects, the fund manager organisation is the local municipal council.
<b>DPCD regional office</b>	DPCD's regional offices lead implementation of the CBI at the regional level. They work closely with CBI projects to provide support and direction to both facilitators and steering committees. Representatives from DPCD regional offices attend all steering committee meetings and monitor the progress of each project through quarterly reports and approve CBI payment instalments.
<b>DPCD head office</b>	DPCD head office is responsible for program management and for monitoring the CBI across Victoria. This includes managing operational costs, providing guidance to support regional offices, managing funding agreement variations and coordinating program review and evaluation activities.

Source: Community Building Initiative, Implementation Guidelines 2006–2010, Department of Planning and Community Development.

## 1.3 Audit of the Community Building Initiative

### 1.3.1 Objective

The objective of this audit was to determine whether the CBI management framework was effective, and whether intended outcomes are being achieved. Specifically, the audit assessed whether:

- the CBI model and associated governance arrangements support the achievement of effective partnerships between stakeholders, and the development of appropriate solutions to local community needs
- the intended outcomes of the overall CBI and funded projects are being achieved.



### 1.3.2 Scope

The audit examined a sample of three CBI projects and whether individual project and overall CBI outcomes have been achieved. The audit also examined DPCD's planning and oversight of the CBI, and its role in providing support to funded projects. The sample consisted of CBI projects with grants administered by:

- East Gippsland Shire Council
- Golden Plains Shire Council
- Terang and Mortlake Health Service.

Figure 1E provides a brief overview of each of the three CBI projects we examined.

**Figure 1E**  
**Overview of CBI projects audited**

The **East Gippsland CBI** grant of \$402 160 is administered by the East Gippsland Shire Council. It combines two separate applications from the Cann River Community Centre and the East Gippsland Shire.

The project experienced some difficulties in its early stages, such as hiring a skilled facilitator, and delays due to the effects of bushfires and floods in the region which prevented council from focussing attention on the progress of the CBI. Distance between the participating communities was a challenge for steering committee members, and has affected the project's momentum. Council recommitted to the project in late 2007 and partners have had a more positive view of the CBI since then.

Of the forty two projects identified by the community, fourteen have been completed, including upgraded equipment at the Bemm River recreation reserve, production of a Cann River tourism brochure and establishment of the Noorinbee Trail bike track. Seventeen projects are still in-progress, nine are on hold awaiting resources and four are not being pursued due to changing community priorities.

The **Golden Plains CBI** grant of \$402 160 is administered by the Golden Plains Shire Council. It combines separate applications from Meredith and Haddon Community Houses and the Ross Creek Recreation Reserve Committee of Management. Golden Plains Shire assumed fund management responsibilities after negotiation with DPCD.

The project experienced difficulties related to council's concerns about integrating the CBI with its own community development program, which delayed the project's progress, and prompted DPCD to initiate mediation between the partners in April 2008.

Few outcomes have been achieved to date—a community noticeboard, a local movie night event, and a community website.

The **Terang CBI** grant of \$312 160 is administered by the Terang and Mortlake Health Service. It is one of only three CBI projects where local government is not the auspice agency, however the local government supports the CBI, and is represented on the steering committee.

Several large infrastructure projects were identified as community priorities at the COW, including a community fitness centre, retirement village and CBD redevelopment.

Each of the projects has made progress. The community fitness centre project is soon to advertise for tender, a site for the retirement village has been negotiated with the Department of Sustainability and Environment, and Corangamite Shire has donated resources for the CBD redevelopment.

Source: Victorian Auditor-General's Office.

### 1.3.3 Method

The audit was performed in accordance with the Australian auditing standards.  
The period under review was 2006–2010.

## 1.4 Cost of the audit

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The audit cost \$300 000.

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# 2 Management framework

## At a glance

### Background

A sound framework for managing the Community Building Initiative (CBI) is needed to help maintain effective partnerships between project stakeholders and assure local initiatives are implemented effectively.

### Conclusion

The Department of Planning and Community Development DPCD adopted a flexible approach to managing the CBI in order to simplify the way it works with communities and fulfil the principles of *A Fairer Victoria*. However, weaknesses in its oversight and monitoring of the CBI have impaired its capacity to respond to emerging issues, and to effectively discharge its accountability obligations.

### Findings

- The rationale supporting the recommendation to fund the 19 approved CBI projects is not adequately documented.
- There is insufficient assurance that implementation risks arising from partnerships issues were adequately considered.
- The governance and financial management framework articulated for the CBI is sound, however, core elements of its implementation were ineffective and led to some adverse project outcomes.
- Project accountability has not been adequately enforced and in consequence the CBI can not be reliably monitored.

### Recommendations

DPCD should:

- strengthen its grant assessment and selection processes
- enforce its oversight of CBI funded projects.

## 2.1 Introduction

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The success of the Community Building Initiative (CBI) depends on the effectiveness of partnerships between a range of stakeholders including all three tiers of government, community groups, business, philanthropy local CBI facilitators, steering committees and the Department of Planning and Community Development (DPCD). A sound governance and management framework for the CBI is therefore needed to assure partnerships remain strong and local initiatives are implemented effectively.

We assessed the CBI management framework by reviewing whether:

- adequate arrangements existed to assure that the funded initiatives meet community needs
- sound project governance and financial management oversight was in place
- effective evaluation and reporting of outcomes of individual projects and the CBI overall had been established.

## 2.2 Selection of initiatives

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### 2.2.1 Conclusion

The lack of adequately documented analysis supporting recommendations to award the 19 CBI grants means there is not a reliable basis to review whether funding decisions were consistent and soundly based.

Consequently, there is also insufficient assurance that implementation risks arising from potential partnership issues were sufficiently considered or addressed.

### 2.2.2 Adequacy of grant assessment processes

A total of 67 expressions of interest (EOI) were received by DPCD and assessed with input from a review panel comprising representatives of other government departments, the Municipal Association of Victoria (MAV) and the Ministerial Advisory Committee for Victorian Communities. Funding was approved in January 2006 for 19 diverse community projects covering 102 towns.

The rationale supporting the recommendation to fund the 19 approved CBI projects is not clear. DPCD advised that applications were extensively scrutinised and that this included analysis of qualitative and quantitative information and in some cases negotiation between parties, however, this was not adequately documented.

Figure 2A summarises the process and criteria used for evaluating EOIs.

**Figure 2A**  
**Process for assessing EOIs**

<p>To submit an EOI applicants had to provide information on:</p> <ul style="list-style-type: none"> <li>• why there is a need to do something in the community</li> <li>• how the community is planning to address the issues it faces</li> <li>• who will carry out the program</li> <li>• what the CBI will achieve.</li> </ul> <p>DPCD's guidelines to the EOI also established its intention to give priority consideration to significantly disadvantaged communities or to those experiencing:</p> <ul style="list-style-type: none"> <li>• rapid population growth or decline</li> <li>• drought</li> <li>• bushfire recovery</li> <li>• industry restructure</li> <li>• social disadvantage, including hardship and barriers to accessing opportunities.</li> </ul> <p>The selection process involved the following phases:</p> <ul style="list-style-type: none"> <li>• reviewing submitted EOIs to assess eligibility</li> <li>• assessment to determine relative merit and priority, and recommendations to the Minister for Victorian Communities</li> <li>• decision making and notification.</li> </ul> <p>Information supplied by DPCD also indicates that the assessment process gave preference to communities that demonstrated an understanding of:</p> <ul style="list-style-type: none"> <li>• why there is a need to try new things in the community</li> <li>• the key issues or opportunities facing their community</li> <li>• how their community currently works together</li> <li>• what could be achieved through the initiative</li> <li>• how they will know if they have been successful.</li> </ul> <p>For key communities DPCD also advised it considered local demographics, natural disasters, existing community supports and characteristics impacting on local disadvantage.</p>
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Source: The Victorian Auditor-General's Office.

While this process provides comprehensive criteria, audit review of files revealed there was insufficient information to demonstrate how the scores in each case were determined, and how DPCD had evaluated and applied the assessment criteria to arrive at the priorities for funding. DPCD was unable to provide evidence of the review panel's deliberations and how this influenced the scoring and selection of projects.

The lack of information on how EOIs were assessed means there is an insufficient basis to demonstrate whether the prioritisation, merit and selection of funded projects was soundly determined.

### 2.2.3 Obtaining assurance of effective partnerships

The lack of documentation about how the assessment criteria were applied to funding submissions also meant it was unclear how the readiness of some communities to undertake a CBI project was assessed.

While the strength of wider community support for some applications was clearly evident, this was not adequately considered for other CBI projects. This was particularly notable with negotiated grants, which arise outside of the usual application process and following negotiations by DPCD with multiple parties on the arrangements for administering a funded project. For CBI, this meant bringing separate applicants together to form a joint partnership arrangement, and in some cases bringing in additional parties to assume fund management responsibilities for the original applicants.

Five of the 19 CBI projects, including the Golden Plains and East Gippsland CBI, were the result of negotiated grants. There was no evidence in these cases that DPCD sought assurance from prospective partners that they held a common vision of what the program would achieve, and that an effective partnership could be formed. Such assurance could have been obtained by requiring the project partners to demonstrate that they had reached agreement on what the project would achieve and how they would accomplish this together, for example, by re-submitting a joint application, before awarding them CBI funding.

Figure 2B highlights ongoing partnership issues at Golden Plains and the importance of obtaining such assurance at the outset of a project.

**Figure 2B**  
**Negotiated partnership at Golden Plains**

DPCD approached the Golden Plains Shire to be the auspice agency for a combined funding application from two community groups within the municipality in recognition of the importance of local government's support to the success of the CBI.

One of the community groups had previously asked Golden Plains to provide a letter of support for their application but the council declined because it had concerns that the CBI overlapped with its existing community development process and advised DPCD of this. This led to some tensions between the council and the community groups.

DPCD subsequently negotiated with the parties leading to Golden Plains agreeing to auspice the project and to a mutual agreement between council and the community groups to enter into a partnership arrangement for a combined CBI project. Golden Plains subsequently signed the funding agreement with DPCD in May 2006.

DPCD established a Memorandum of Understanding (MOU) with the project partners that provided it with assurance they understood and were committed to their respective governance roles and responsibilities.

These actions were positive. However, while the MOU between the partners meant they understood their governance roles, it did not provide assurance that they shared a common vision of what the CBI would actually achieve.

Golden Plains' initial reluctance to participate in the CBI, coupled with the fact that there were tensions between the council and the original applicants meant that there was a real risk that the community was not ready to successfully implement a CBI project.

Notwithstanding that these sensitivities were known at the time, specific assurance that Golden Plains Shire and the original applicants had agreed to a common vision for the CBI was not obtained before funds were granted under the new partnership arrangement.

Such assurance could have been facilitated by requesting them to re-submit a revised, combined application covering the new partnership. DPCD did not request this as it did not consider it necessary, nor did it formally document the rationale underpinning its recommendation to fund the negotiated grant. This situation limits transparency and accountability and demonstrates a lack of risk management. Avoidable risks materialised at Golden Plains as a result, and are detailed in Figure 2C.

*Source: Victorian Auditor-General's Office.*

## 2.3 Sound governance and financial oversight

### 2.3.1 Conclusion

While the governance and financial management framework articulated for the CBI is sound, core elements of its implementation were ineffective. The CBI accountability framework was not adequately enforced, and this impaired DPCD's ability to effectively monitor CBI projects and maximise the government's investment in the CBI.

### 2.3.2 The impact of partnerships issues on governance

The CBI governance framework promotes and provides guidance on fostering community ownership of local projects.

DPCD's central office is responsible for overall program management, including statewide direction and monitoring of the CBI. At the local level, fund manager organisations, CBI facilitators, local steering committees and DPCD's local teams, work together to form strategic partnerships and to put into action locally determined priorities.

Strong partnerships between all local stakeholders are necessary for the success of the CBI. Key tests of their effectiveness are that they take timely action to address emerging issues impacting on their relationships and the achievement of outcomes and that DPCD intervenes when partnership difficulties are preventing local stakeholders from effectively resolving issues.

Partnership difficulties at two of the three sites studied adversely affected local project governance. This in turn delayed achievement of outcomes. This was most evident at Golden Plains, but difficulties also occurred to a lesser degree at East Gippsland.

DPCD intentionally adopted a less interventionist model of dealing with local performance and governance issues, and this is consistent with the *A Fairer Victoria* strategy. The intention was to cultivate partnerships so communities would be empowered to solve issues locally.

DPCD's approach of limited intervention worked in Terang, where the partnerships were fundamentally sound. However, it did not work well at Golden Plains where tensions were known to exist or at East Gippsland. For some time, neither were operating effectively. While all project partners share responsibility for implementing the CBI locally, DPCD as overall program manager, has an imperative to act when outcomes may be compromised by ineffective partnerships.

More timely identification of tensions and targeted action at Golden Plains and East Gippsland to mediate partnership issues would likely have improved local outcomes. Figures 2C and 2D highlight key partnership issues at each of these sites and how they impacted on local governance arrangements.



**Figure 2C**  
**Governance issues at Golden Plains**

Golden Plains signed the funding agreement in May 2006 giving them financial responsibility for the local CBI project despite its initial concerns about whether the CBI could work in tandem with its own community development program. In signing the funding agreement Golden Plains was obliged to discharge its governance responsibilities effectively.

Golden Plains maintained its concerns throughout the project and repeatedly raised them with the local steering committee and DPCD regional office. They were never satisfactorily resolved. This led to ongoing tensions between the various project partners and subsequent delays in achievement of milestones.

DPCD attempted to resolve the issue by negotiating directly with Golden Plains, but in the process, by-passed the local steering committee, the primary governance body for the CBI responsible for overseeing and implementing the local project.

Council's concerns persisted, and they sought to manage the operations of the CBI by exerting greater control over the facilitator than their role in the governance framework allowed. Tensions between council and the steering committee continued, compromising the facilitator's ability to implement the CBI. The facilitator resigned in December 2007.

At that time, the original grant applicants wrote to DPCD requesting that the project be suspended. The project was subsequently put on hold, and in April 2008 a mediator was engaged by DPCD to work through the issues with project partners. This occurred almost two years after the original funding agreement was signed.

These issues first emerged in 2006 and while DPCD made ongoing efforts to resolve them, it would have been preferable to initiate mediation when tensions arose rather than maintaining separate, unsuccessful and protracted negotiations with the Council.

*Source:* Victorian Auditor-General's Office.

**Figure 2D**  
**Governance issues at East Gippsland**

The East Gippsland project commenced in May 2006 and soon after, the steering committee became frustrated by the lack of support from the fund manager organisation, the East Gippsland Shire. It was unable to devote sufficient attention to the CBI due to its focus on bushfire recovery activities in early 2007 and flood recovery activities in June 2007. As a result, the CBI facilitator struggled to perform the role and resigned in September 2007.

As a key project partner and member of the local governance framework, council's participation was crucial to the CBI's success. DPCD developed a plan in April 2007 that included attempts to support the project partners work through the issues and get the CBI process functioning again.

However, local difficulties persisted for several months and It took council's own initiative in October 2007 for the partners to come together to determine how to move forward cooperatively and with a common purpose, resulting in a new facilitator being appointed in February 2008. Although this demonstrates the partners were able to eventually resolve the issue, this occurred in late 2007 almost 18 months after the project was initiated. More timely and direct intervention by DPCD to mediate these partnership issues would likely have improved local outcomes.

Due to the lack of progress with the CBI up to that point, original timeframes could not be met and a variation to the funding agreement was necessary. Council approached DPCD to negotiate this variation in early 2008 and the CBI is now scheduled to finish in August 2010—5 months after its original completion date.

*Source:* Victorian Auditor-General's Office.

To balance its flexible approach with more prudent risk management, DPCD needs to better assess the potential impact of emerging issues between project partners and take more timely action when these obstacles become significant enough to prevent outcomes from being achieved. The circumstances at East Gippsland and Golden Plains show that ongoing partnership difficulties can significantly impede project progress and affect project outcomes if not resolved effectively.

### 2.3.3 Performance monitoring and financial oversight

#### Enforcing accountability mechanisms at selected sites

Funding agreements with CBI grant recipients contained sound accountability mechanisms. These included the requirement for payments to be made in accordance with agreed performance measures and obligations to submit quarterly performance reports to DPCD prior to receiving subsequent payments.

As designed, this accountability framework gives assurance that projects are effectively progressing through the structured community building process, and that funds are being used appropriately in accordance with the terms and conditions of funding. While these accountability measures were appropriate, they were not enforced adequately. This is not a reliable basis for monitoring the CBI.

DPCD considers that requiring strict compliance with funding agreements is counter-productive for achieving community strengthening objectives, as the CBI's focus is to encourage partnerships rather than to strictly impose the traditional purchaser/provider model. As a result DPCD contends that they should afford communities a greater degree of flexibility, especially given that CBI communities are mainly poor, disadvantaged and have low capacity. This principle of flexibility, however, is not reflected in DPCD's own funding agreements with grant recipients, which prescribe defined performance measures and reporting requirements.

DPCD advised it achieved sufficient assurance of project performance by monitoring project reports and supplementing this with knowledge gathered by its local teams who attend all project steering committee meetings. This belief, however, does not meet public sector accountability standards.

DPCD's approach to managing the CBI indicates that it has misinterpreted *A Fairer Victoria's* pursuit of 'flexibility' and 'innovation' in program delivery, as giving it the authority to relax accountability. This approach needs to be revisited so that DPCD achieves a more appropriate balance between these competing priorities. For example, DPCD could have achieved greater flexibility without compromising accountability by more actively managing and, where appropriate, varying funding agreements with communities instead of simply accommodating on-going non-compliance or poor performance.

DPCD advised that it worked intensively with project partners to build their capacity to meet project milestones, but acknowledges these activities were not adequately documented.

Though DPCD had worked with fund manager agencies to encourage timely submission of reports, we nevertheless found that over the four years reports were consistently, and in many cases, substantially late. Without timely submission of performance reports, DPCD's capacity to effectively monitor projects and identify emerging issues was necessarily limited. In addition, DPCD did not keep accurate records of submission dates and as a consequence it is not possible to establish when many reports were received.

This situation, coupled with the lack of enforcement of accountability measures means there is an inadequate level of assurance that resulting funding decisions were sound, or that DPCD has effectively managed the government's investment in the CBI.

### Financial management of the CBI

Funding to CBI projects was provided in two phases, with eligibility for phase-two funding being conditional on projects satisfactorily meeting phase-one requirements. The intent of this approach was to motivate performance at the project level and maximise value from the government's investment.

Despite this intention, second phase funding was provided to each of the three projects we examined before all phase-one requirements had been acquitted, and without evidence of critical analysis of their performance. These deficiencies in DPCD's project monitoring coupled with the persistent lateness of reports meant that the progress of projects could not be accurately assessed.

DPCD withheld payment of funds in some cases until all relevant performance criteria were met, however this was not done consistently. For example, in November 2007 the Minister for Community Development, on DPCD's advice, approved phase-two funding of \$196 580 to the Golden Plains CBI. The letter to Golden Plains at the time advised them the offer was being made in recognition of the project's achievements to-date.

Golden Plains accepted this offer in January 2008—one month before DPCD suspended the project due to poor performance, and despite the fact that it was aware of ongoing and significant partnership issues that had resulted in the project previously failing to meet milestones.

Similarly, at both East Gippsland and Terang, phase-two funding was provided before all phase-one requirements had been met, and at Golden Plains key phase-one payments were also paid despite the fact that associated performance requirements were not fully satisfied. Furthermore, there is no indication prior to payment in these cases that there was an appropriate reconsideration of the circumstances and a deliberate decision by DPCD to vary the funding agreement.

The funding agreements with Terang, Golden Plains and East Gippsland identify submission of 'sustainability plans' by the end of 2008 as an additional performance measure for phase-two funding. DPCD made this payment to each site in 2009 even though none of the three projects had met this requirement.

DPCD advised that while quarterly reports were persistently late it had sufficient evidence indicating that the majority of CBI projects were making good progress in actioning their priorities, in setting up networks and partnerships, and in generally gaining support to implement the CBI. In light of this, payments were made despite the lateness of reports in order to sustain the momentum of initiatives underway and to maximise the opportunities and achievements of projects as much as possible.

DPCD stated that much of this evidence was based on undocumented advice from local teams. Without documentation of this advice, there is no assurance these decisions were reasonable. Furthermore, issues at East Gippsland and particularly at Golden Plains show that for a substantial time period DPCD should have had evidence from its local teams that these projects were not progressing well yet approved progress payments, and recommended they receive additional funding.

DPCD advised that these payments were made to support the continued employment of facilitators and their work with local partners. In so doing, it compromised its own grant administration and accountability processes for its expenditure of public funds.

DPCD advised that at no stage did it reduce its funding accountabilities to be flexible. Instead, it worked with agencies to strengthen their capacity to meet their accountability obligations, but acknowledges this work is not adequately documented.

Nevertheless DPCD continued to fund agencies knowing they had not fully met all of their funding obligations. By failing to consistently enforce its own accountability standards, DPCD was being flexible in practice with accountability.

## 2.4 Conclusion

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DPCD's flexible approach to managing the CBI is motivated by a desire to fulfil the principles of *A Fairer Victoria*, to support and enhance the capacity of disadvantaged communities, and by its commitment to simplifying the way communities work with government. These are good intentions.

However, lack of transparency in grant assessment, and weaknesses in program accountability compromised its capacity to effectively manage the CBI, to take timely action in response to emerging issues, and to hold communities accountable for the use of public funds.

More effective arrangements within DPCD for monitoring project performance and for identifying, assessing and mitigating implementation risks arising from partnership issues are needed. Additionally, greater transparency and accountability for CBI funding decisions is also required to assure that these decisions are appropriate.

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## Recommendations

1. DPCD should strengthen the grant assessment and selection processes for the CBI to provide sufficient assurance that:
    - the rationale and criteria for funding priorities are adequately documented, appropriately and consistently applied to all funding decisions
    - risks relating to partnership issues are assessed and mitigated prior to recommending funding.
  2. DPCD should further develop its oversight of CBI funded projects by:
    - developing a more effective and transparent decision-making framework for intervening in local matters when partnership issues affect project outcomes
    - enforcing accountability requirements established in funding agreements with grant recipients.
-



# 3 Evaluating outcomes

## At a glance

### Background

Effective arrangements for evaluating the Community Building Initiative (CBI) are important for assessing its impact and for driving continuous improvement, particularly given the innovative approach adopted by the Department of Planning and Community Development (DPCD).

### Conclusion

The CBI has sought to build community capacity but limitations of the CBI evaluation framework mean it is not currently possible to assess the achievement of outcomes.

### Findings

- The CBI evaluation framework is limited by a focus on activities rather than outcomes.
- The framework's capacity to provide useful insights on local projects is further limited by DPCD's lack of regular analysis of submitted performance reports.
- Recent reviews of the CBI indicate that it has had some impact on all 19 communities.

### Recommendation

DPCD should strengthen the CBI evaluation framework by developing arrangements for measuring and reporting on the achievement of CBI objectives.

## 3.1 Introduction

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A sound framework for evaluating the Community Building Initiative (CBI) is important so that success against its objectives can be measured and continuous improvement in program delivery can be achieved. This framework should include effective arrangements for:

- measuring the outcomes of funded projects and the CBI overall
- assessing the achievement of objectives by reference to meaningful targets and benchmarks
- regularly monitoring and publicly reporting on the CBI's achievements.

## 3.2 Evaluating the effectiveness of the Community Building Initiative

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### 3.2.1 Conclusion

The CBI evaluation framework is limited in its capacity to assess the CBI's achievements as it relies primarily on quantitative information about project activities and gives little insight into the real outcomes achieved.

### 3.2.2 The challenge of measuring outcomes

Evaluating community strengthening programs is generally recognised as a highly challenging task. Much of the difficulty lies in the fact that the intangible outcomes sought by these programs such as increased capacity, social capital, including community resilience and partnerships are often difficult to measure and attribute to specific initiatives. A further challenge is that in some cases the impact of these initiatives can only be seen in the longer-term.

In the case of the CBI, the task is further complicated by the fact that the CBI is being implemented by 19 different communities—each of which has its own unique social and economic issues, including its own history, needs and objectives. Any subsequent evaluation of the CBI, therefore needs to recognise these differences.

### 3.2.3 Overview of the CBI evaluation framework

The Department of Planning and Community Development (DPCD) developed an evaluation framework for the CBI at the outset of the program. It consists of two streams involving benchmarking through data collection and analysis, and monitoring outcome indicators. Each of these is outlined below.



## Benchmarking through data collection and analysis

This stream aims to collect benchmarking data at project commencement and then annually for the life of local projects for comparison and analysis of success against the CBI objectives. The tools for doing this are outlined in Figure 3A.

**Figure 3A**

### **Stream One: Tools for benchmarking through data collection and analysis**

#### **Asset mapping**

Knowledge gained through the initial asset mapping process should be used to form a benchmark of where the community is at during the commencement of CBI, so that the community's achievements in building new capacity and relationships, and in better harnessing existing resources can be assessed over time.

#### **Community Survey**

DPCD conducted a telephone survey at all CBI sites before the commencement of the CBI to establish a baseline against which the impact of associated activities could be assessed. The survey consists of a core component of questions used in compiling DPCDs' Indicators of Community Strength that measure a range of factors including peoples' attitudes about the quality of local community supports and resources, including opportunities to participate in local governance or decision-making.

#### **Community Opportunity Workshops:**

The Community Opportunity Workshop (COW) conducted at the outset of the CBI, involves the community developing a shared vision for the future and planning the direction of the project. It therefore sets the benchmark for communities to compare at the end of the CBI.

*Source:* Department of Planning and Community Development.

## Monitoring outcome indicators

Each CBI location manages numerous projects identified locally in their Community Action Plans. The purpose of Stream Two of the evaluation framework is to capture the outcomes achieved from these projects, including lessons learned, to support future planning and review processes.

The outcome indicators developed for the CBI aim to assess the achievement of CBI objectives and local community priorities, including:

- systematic change at the community level—for example, levels of investment, decision-making processes, collaborative partnering and information sharing practices
- organisational change—for example, shifts in skills, governance structures, knowledge and resources.

The CBI's outcome indicators were to be monitored at the planning and implementation stage as well as at the final evaluation stage. Figure 3B outlines the tools provided by the framework for evaluating specific projects, and for defining, monitoring and analysing outcome and process indicators.

**Figure 3B**  
**Stream Two: Tools for monitoring outcome indicators**

**Community Action Plans**

The Community Action Plan (CAP) details how the vision and ideas articulated by the community at the COW will be achieved. It also identifies the benchmarks and outcome indicators for the priority projects that link to the achievement of the CBI objectives. Progress towards achieving the CAP was to be reviewed through quarterly reports and the annual review, based on data about local achievements compiled with the assistance of the local steering committee and the project teams.

**Quarterly reports**

Quarterly reports document the development of each CBI project including local governance arrangements and achievements, connections and relationships, additional funding secured, good news stories as well as risks and emerging issues. This information was to be used to monitor the progress of the projects, present reports to government and to the broader community.

**Annual review and report**

Each CBI location is required to conduct an annual review to better understand what has been achieved and changed in the community during this period and to plan the way forward about how the initiative should proceed.

The reviews aim to determine progress made during the year in achieving the community's goals and priority projects, the factors contributing to or impeding success, the lessons learned and any resulting changes to priorities moving forward. An annual report was to be prepared based on the results of annual reviews.

**Community stories/Case studies**

For each CBI location, a series of stories was to be prepared annually charting the evolution of the initiative to be provided with the annual report. These stories were intended to support communication and learning among all participants in Community Building Initiatives, and with other interested groups and individuals across the country, including funders, policy makers and community practitioners.

Source: Department of Planning and Community Development.

### 3.2.4 Limitations of the CBI evaluation framework

The CBI evaluation framework is limited by a focus on activities rather than outcomes, and by predominantly relying on quantitative information.

The CBI's outcome indicators are derived from data relating to project activities and as a result provide little insights into what outcomes are being achieved. While most of the CBI's objectives are covered by these indicators, no indicators were developed to assess the two key CBI objectives of 'involving diverse groups and individuals' and 'building on local strengths and assets'. This situation, coupled with the absence of targets for existing indicators means it is not possible to fully assess project activities or the overall impact of the CBI.

There was a perception among some CBI stakeholders that as a result of these limitations, the experiences and achievements of the CBI—both positive and negative—may not be effectively captured. The evaluation framework does permit some qualitative analysis through the case studies and annual review. These documents can provide rich, qualitative insights to complement activity data, which can be critical for developing an accurate understanding of the impact of local activities. Their usefulness has been limited however as the majority have been submitted late, and for Golden Plains, no case studies have been submitted at all.

Results from DPCD's community survey in 2007 and 2009 indicate how community strength or wellbeing within CBI communities has changed during this period. Comparison of results between the two time periods, however, demonstrates that it is not possible to disentangle the effects of the CBI.

For example results in East Gippsland and Golden Plains show that more people were involved in a decision-making board or committee in 2007 than in 2009. Similarly, in Golden Plains, volunteer participation was greater in 2007 compared to 2009 however more people in 2009 reported that they liked living in the area compared to when the CBI began. The opposite was observed in Terang, where volunteer participation had increased since 2007 however fewer people in 2009 liked living in the area.

The evaluation framework's capacity to provide useful insights on the performance of local projects is limited further by DPCD's lack of enforcement of reporting requirements, including regular analysis of quarterly and annual reports to progressively track project progress against community action plans, or against the CBI objectives overall.

Similarly, although important as a component of the evaluation framework's benchmarking stream, the need to repeat the asset mapping process has not been established as a condition of funding. It is therefore unclear how DPCD will assure this occurs. Without revisiting asset mapping, there will be little concrete evidence of how the communities have changed since the CBI began.

### Initiatives to improve evaluations

Recent enhancements to its evaluation processes will support continued improvements to DPCD's evaluation approach. These improvements will include the:

- development of an evaluation step-by-step guide to assist programs in planning and designing evaluations
- release of DPCD's evaluation policy which outlines the departments requirements for evaluation
- appointment of an evaluation support advisor to assist programs improve the quality of their evaluations.

### 3.2.5 Recent evaluations of the CBI

#### Mid-term report

In 2008, DPCD collated information from quarterly reports to produce a mid-term report on the CBI. This report examined achievements against eight outcome areas for community strengthening linked with CBI objectives.

The report appropriately acknowledged it provides limited insights into understanding outcomes, however nevertheless concluded that the CBI has delivered significant benefits for participant communities.

Key CBI achievements noted by the report as at 2008 were:

- 6 733 people had participated in community consultation, planning, decision making
- 2 913 people had been involved in steering committees or project teams
- \$10 814 643 of additional funds had been leveraged from other sources
- 2 535 volunteers were involved with the program between 2006–08 who contributed 71 326 hours of time
- 41 community events had been planned involving 114 volunteers
- 77 training and skills development opportunities had been undertaken involving over 1 000 people
- 56 initiatives focussed directly on economic and employment development
- 112 initiatives focused on new or upgraded infrastructure, including 88 focused on improving civic pride or safety.

The report also concludes that the CBI is well placed to fulfil its objectives and shows particular potential to increase its impact. It is important, however, to balance this conclusion against the limitations of the underlying data which focuses primarily on activities. The midterm report represents a positive initiative by DPCD to assess the CBI's progress. In subsequent evaluations, however, DPCD should balance its current reliance on activity-based data with a more thorough qualitative assessment in order to enhance its understanding of outcomes achieved.

#### Assessment of economic benefits and implementation model

In October 2009 DPCD commissioned an external evaluation of the CBI that focused on examining its economic benefits including identifying key achievements, outcomes and lessons learned.

The evaluation reviewed information in quarterly reports, the mid-term report, and involved limited consultations with stakeholders and a survey of CEOs of fund manager organisations. In summary the evaluation found:

- qualitative evidence from consultations with program participants shows the CBI has largely met its objectives
- CBI has built up skills and organisational capacity in participating communities
- CBI will leave a substantial legacy.

These conclusions, however, are subject to the following limitations:

- quarterly report data is limited by its focus on activities, and has little capacity to convey what outcomes are being achieved through the CBI
- the survey methodology relied on the participants' perceptions of matters such as the reduction in anti-social behaviour or economic impact of the CBI
- there was no independent verification, or any other substantiation of the reasonableness, of these perceptions or the estimates of economic impact provided by the participants.

While these issues reinforce the limitations of the review's conclusions, we found it nevertheless highlighted a number of implementation issues that correspond closely with issues raised by stakeholders during the audit, and which warrant further attention by the department. Specifically:

- the difficulty of recruiting skilled facilitators and the need for better training and support
- managing expectations of the community who see the CBI as a program that will fund community priorities rather than a program that will build capacity
- ambiguity around the roles of stakeholders
- issues emerging from co ordination of CBI with councils' community building activity.

## Other achievements

Notwithstanding the acknowledged issues with evaluation, it is evident that the CBI has had a positive impact on all 19 communities. Aside from the three CBI sites audited, DPCD could demonstrate that numerous projects have been completed across these communities. Some of these include:

- construction of new community assets, such as a skate park in Nyora and multi-purpose auditorium on Bunyip
- upgrade of existing community assets, such as tennis courts, netball courts and cricket nets at Goroke, and the playground in Serviceton
- strengthening community resources, such as the creation of a local skills directory for the Wartook and Laharum communities, and a community noticeboard in Tawonga
- conducting events, such as an annual two-day festival in Toolangi and an annual arts event in Kerang.

These are tangible achievements that have occurred as a result of CBI investment, and there are numerous other examples of projects that have been completed or have made significant progress.

### 3.2.6 Reporting on the CBI

Public reporting on the achievements of the CBI is limited. While DPCD has a web page dedicated to the CBI, it does not provide a breakdown of the funding allocated to each project, nor does it comprehensively report on their progress and achievements relative to their CAPs. References to the CBI in DPCD's annual reports are also very brief.

An overview of CBI results was presented in a regional newspaper in January 2009. It identified communities involved in all 19 CBI projects and selectively highlighted key achievements. Although useful, we found the report's value is limited as it does not constitute a comprehensive assessment of the CBI.

## 3.3 Conclusion

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The CBI has enhanced community capacity by creating opportunities to develop new skills and relationships, and by encouraging greater resourcefulness and participation in local governance.

However, weaknesses in the design and implementation of the CBI evaluation framework, coupled with its limited focus on project activities mean it is not possible to assess the extent to which these opportunities have achieved intended outcomes.

A stronger focus on monitoring and reporting to the community, and on assessing what impact these achievements have had on delivering the outcomes sought by the CBI is required.

### Recommendation

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3. DPCD should strengthen the CBI evaluation framework by:
    - developing effective arrangements for assessing the medium- and long-term outcomes of the CBI
    - regularly monitoring and reporting publicly on the progress of CBI projects against their Community Action Plans and the CBI objectives.
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## Appendix A.

# *Audit Act 1994* section 16— submissions and comments

### Introduction

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In accordance with section 16(3) of the *Audit Act 1994* a copy of this report, or relevant extracts from the report, was provided to the Department of Planning and Community Development, East Gippsland Shire Council, Golden Plains Shire and the Terang and Mortlake Health Service with a request for comments or submissions.

The comments and submissions provided are not subject to audit nor the evidentiary standards required to reach an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

## Submissions and comments received

### **RESPONSE provided by the Secretary, Department of Planning and Community Development**



### **Department of Planning and Community Development**

Ref CSEC001729

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Mr D D R Pearson  
Auditor-General  
Victorian Auditor General's Office  
Level 24, 35 Collins Street  
MELBOURNE VIC 3000

Dear Mr Pearson

#### **AUDIT ACT 1994 S16(3) - PROPOSED AUDIT REPORT - THE COMMUNITY BUILDING INITIATIVE**

I write in response to your letter dated 29 April 2010 regarding the Proposed Audit Report on the Community Building Initiative.

The Department is pleased the report acknowledges the new approach of CBI which emphasises the need for government to develop new ways of working with communities to address inequality. The audit has provided valuable insight into our place based approaches.

Please find enclosed a written submission, as per section 16(3) of the *Audit Act 1994*, for inclusion in the final report to be tabled in Parliament. As requested, an electronic copy will be emailed to Steven Vlahos.

Thank you for the opportunity to provide a submission.

Yours sincerely

**Yehudi Blacher  
SECRETARY**





**RESPONSE provided by the Secretary, Department of Planning and Community Development – continued**

**Department of Planning and Community Development submission to the Victorian Auditor-General's Office Community Building Initiative Report**

Response provided by the Secretary, Department of Planning and Community Development

The Department of Planning and Community Development (DPCD) welcomes the audit's acknowledgement of the value of this new approach taken by DPCD which includes government's role as enabler rather than gatekeeper and the critical partnerships associated with place based projects.

The evidence base that underpins place based approaches recognises that groups with complex needs and experiencing entrenched disadvantage require more targeted, innovative responses from government. This new approach relies on involvement across sectors and partnerships with business, community groups and philanthropy.

As noted by the audit, CBI's new approach aims to make it easier for communities to work with government, as outlined in *A Fairer Victoria 2005*.

In line with the audit recommendations, DPCD has made a number of significant changes to the way we work with communities.

Prior to the audit, DPCD developed the *Community Investment Framework*, a shift from traditional grants management to a community investment approach. This best practice approach identifies and aligns the government and the communities' resources to realise strategic outcomes for Victorian communities.

DPCD had also progressed work on evaluating place based programs through *DPCD's Evaluation Policy* and *Step-by-Step Guide* which embed strategic and evidence-based performance monitoring in the development stages of place based programs.

The Department notes the findings in relation to strengthening oversight of funded projects. Improvements have been made to DPCD's regular quality assurance and risk assessments to better monitor place based programs. A number of changes have been made to grant management practices through the *Better Grant Making* project across the Department.

DPCD appreciates the efforts of community members and local partners involved in CBI who work collaboratively to improve outcomes in their local communities. CBI has reinforced the importance of engaging local people and local governments in place based approaches for long term sustainability. We have also learnt that strong partnerships with businesses, community organisations and philanthropy provide much needed investment and drive.







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Towards a 'smart grid'— <i>the roll-out of Advanced Metering Infrastructure</i> (2009–10:3)	November 2009
Responding to Mental Health Crises in the Community (2009–10:4)	November 2009
Management of the Community Support Fund (2009–10:5)	November 2009
Auditor-General's Report on the Annual Financial Report of the State of Victoria, 2008–2009 (2009–10:6)	November 2009
Water Entities: Results of the 2008–09 Audits (2009–10:7)	November 2009
Maintaining the Integrity and Confidentiality of Personal Information (2009–10:8)	November 2009
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Portfolio Departments and Associated Entities: Results of the 2008–09 Audits (2009–10:11)	December 2009
Making Public Transport More Accessible for People Who Face Mobility Challenges (2009–10:12)	December 2009
Use of Development Contributions by Local Government (2009–10:13)	December 2009
The Effectiveness of Student Wellbeing Programs and Services (2009–10:14)	February 2010
Tendering and Contracting in Local Government (2009–10:15)	February 2010
Management of Concessions by the Department of Human Services (2009–10:16)	February 2010
Irrigation Water Stores: Lake Mokoan and Tarago Reservoir (2009–10:17)	March 2010
Management of Safety Risks at Level Crossings (2009–10:18)	March 2010
Fees and Charges—cost recovery by local government (2009–10:19)	April 2010
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## Reports tabled during 2009–10

Report title	Date tabled
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