

Follow up Summary: Community Service Funds

Grand Jury Reports: “The Community Service Funds: A Revisit after 12 Years” (issued on January 7, 2013) and the follow-up report “The Community Service Funds-The Supplement” (issued on May 21, 2013). This follow up covers the following topics:

- Summaries of both Grand Jury Reports
- Report Recommendations
- Responses to Reports
- IRC Evaluation and Response

Summary of the Initial Report

Every year, Marin County allocates money to County Supervisors that can then be granted to various not for profit organizations within their individual districts. This resultant fund has had several names but is currently referred to as the Community Services Funds (CSF). In 2001, the CSF was the subject of a Marin County Civil Grand Jury Report which recommended discontinuing the CSF given the lack of transparency, limited public knowledge, absence of an audit and often vague description of its uses. Although the Supervisors disagreed with most of the Grand Jury’s findings, several changes were implemented to improve transparency and accountability.

As a result of continuing criticism of the CSF, the Grand Jury in 2012-13 decided to revisit the CSF. Having conducted a detailed review, The Grand Jury found a number of troubling procedural and process issues. These included: limited public knowledge of the CSF, lack of records regarding denied requests, organizations receiving funds over multiple fiscal periods and organizations receiving several grants in the same fiscal period. In addition, no minimum or maximum amounts were established for individual grants and no spot audits were made of the disbursements. Equally disturbing was that individual Supervisors were able to control both the approval of applications and the subsequent associated disbursements.

Report Recommendations and Responses

As a result of these various findings, the Grand Jury made the recommendations listed below. All responses were provided by the Marin County Board of Supervisors.

R1. The process to apply for grants and criteria used to approve or reject potential projects should be readily found on the County’s website with an explanation. A link to the website should be included in each Supervisor’s web page. This should be done promptly and in any event prior to the beginning of F2014.

Response: This recommendation was implemented. Beginning in FY 2013-14, community service request forms and a description of the program guidelines will be posted on the County website

R2. Information regarding organizations receiving funds and those denied funds, with the amounts requested, should be made available on the County's website. Ideally, this would be included in the CSF link recommended above in R1. This, too, should be done prior to the beginning of FY 2014

Response: The recommendation was partially implemented. As part of the revised program, funding recommendations will come to the Board as a policy item. The staff report will include the amount of all sponsored requests and staff recommendations for funding.

R3. To foster broadening of the CSF grants, entities receiving grants should not be eligible to receive a grant in the next fiscal year. Additionally, only one distribution should be made to an organization in any fiscal year.

Response: This recommendation was not implemented.

R4. A supervisor should not recommend that any organization of which the Supervisor or a family member is an officer, director, or otherwise plays a policy role, request or receive a grant.

Response: The recommendation was implemented as part of the revised program guidelines.

R5. A minimum and a maximum amount for individual grants should be established. The Grand Jury recommends a minimum of \$500, in order to defray government administrative cost of \$400 per distribution. A limit of \$5,000 per grant is recommended as this maximum would help insure that grants are awarded to more recipient organizations.

Response: This recommendation was partially implemented. The revised program will include a minimum of \$1,000 and a maximum of \$10,000 to improve program efficiency.

R6. CSF funds presently carried over from prior fiscal years (approximately \$530,000 when the Grand Jury Report was issued) should not be used in this year's CSF program, and instead should be returned to the County General Fund. Similarly, funds allocated to a fiscal year that are unused should be returned to the general fund. CSF rollovers to the following year should be eliminated.

Response: This recommendation was partially implemented. Starting in FY 2013-14, we will not carry forward unused community service funds. However, the carry forward funds from prior years will be set aside for future consideration by the Board for one time community needs.

R7. Funds should not be allocated to the CSF if there was a deficit in the general fund the previous year or if other County Departments are asked to cut their budget for the next fiscal year.

Response: The recommendation was not implemented. But over the past several years, to respond to budget challenges, the Board has reduced the program by approximately 36% from \$550,000 to \$350,000 in FY2012-13. The revised program that was approved by the Board for the next fiscal year will be reduced by an additional \$50,000 to \$300,000.

R8. No CSF funds should be used for any recipient's ongoing program. These grants should be "one time" disbursements by the County's own description.

Response: This recommendation was not implemented.

R9. CSF grants should be restricted to not-for-profit entities.

Response: This recommendation will be implemented with the inclusion of other governmental agencies.

R10. The County Auditor-Controller should conduct spot audits of at least five randomly selected recipient entities each fiscal year to confirm and document that grants are used as requested.

Response: This recommendation requires further analysis. Over the next six months, the Director of Finance will report to the Grand Jury regarding the scope and frequency of spot audits that the staff will provide. (To the knowledge of the 2013-13 Grand Jury, this report has not been provided).

R11. Control of both the approval of applications and the associated disbursement should be removed from the Supervisors and assigned either to newly established district committees or the appropriate County administrative office (e.g. HHS or CAO).

Response: This recommendation was partially implemented. Given that the community service allocations are for small dollar amounts, it would not be cost effective, or meet our goal of being responsive to emerging needs, if the Board of Supervisors and their aides were completely removed from providing input on funding request. Therefore, under the revised program for FY2013-14, the Supervisors would need to sponsor a request for it to be considered by the County Administrator for funding.

R12. If the Supervisors cannot agree to implement the above recommendations, then the Grand Jury recommends that immediate steps be taken to terminate the CSF.

Response: This recommendation was not implemented.

Summary of Supplemental Report

Since the initial CSF report was issued early in its term, the Grand Jury was provided with a unique opportunity to respond to the actual actions taken by the Board of Supervisors and the County Administrator's Office (CAO) on the recommendations made in that earlier report. The report provides a summary of steps taken since the CSF report was issued and made further recommendations to ensure that the Fund, as well as the processes to manage the Fund, remain fully transparent and meet the needs of all Marin County citizens. Based on interviews with the Supervisors and staff of the CAO, the Grand Jury concluded that County officials were making a genuine effort to improve the CSF program and seemed open to grand jury suggestions for further improvement of the program.

Supplemental Report Recommendations and Responses:

The Marin County Civil Grand Jury issued the recommendations listed below. All the responses were provided by the Marin County Board of Supervisors. Specifically, the Grand Jury recommended that...

R1. The revised CSF Program prioritizes countywide projects and grants that have an impact on more than one Supervisor's District.

Response: This recommendation will not be implemented. Given the size of the grants, many of the allocations that have substantial merit are for a specific community and may not have countywide impact. With that said, countywide projects will also receive serious consideration for funding.

R2. The new CSF program provides grants that are truly for one-time needs, and not for ongoing recipient programs.

Response: This recommendation will not be implemented. Although the program is not limited to one-time allocations, most of the allocations will be one-time in nature. In addition, as stated on our website,

allocations are approved for the current fiscal year only and do not indicate any support for future year funding.

R3. The revised CSF provides objective criteria that will be used to rank applicants' requests. Suggested criteria, for instance, might include consistency with the County's "4-E's" goals (i.e. Economy, Equity, Environment, and Education) and the promotion of that fiscal year's County budget theme.

Response: This recommendation will not be formally implemented, but clearly countywide goals will inform staff recommendations for funding.

R4. The Board of Supervisors launches a publicity campaign well before the start of the Fiscal Year 2013-14 that explains the revised CSF program. Its application process and the criteria to be considered for grant monies under the Program.

Response: This recommendation has been implemented. We have issued a press release concerning the revised program. In addition, the revised program guidelines and the program request form have been highlighted on a redesigned page of the County's website.

R5. the CAO (and/or the Director of Finance, if appropriate) provide an explanation of the "One-Time Fund" account. That explanation should make clear that the Supervisors have no preferential District-specific rights to the portion of that account comprised of the \$530,000 "surrendered" by the Board of Supervisors from the cumulative unspent CSF monies. The BOS should review and endorse this explanation.

Response: This recommendation will not be implemented. At this point, there are \$72,000 unspent funds remaining. These funds will be allocated by the full Board at a regularly scheduled meeting for one-time community needs. For example, \$25,000 of these funds was approved by the full Board to be allocated to the Law Library at the Board meeting of July 16th.

R6. The revised CSF Program to be inaugurated in Fiscal 2013-14 be evaluated by the CAO at the end of that Fiscal Year and a report on its operation be provided to the BOS and posted on the County's website. This report should summarize number of applicants, number of applicants rejected and reasons for rejection, number of applications granted broken down by sectors that include non-profits, local governments and any other appropriate categories, and range of dollars granted pursuant to applications received during the Fiscal Year.

Response: This recommendation will not be implemented, but staff will monitor the effectiveness of the revised program and recommend program revisions as necessary.

IRC Evaluation and response

Given the legal obligations spelled out in California Penal Code Section 933.5, it should first be noted that BOS responses to both reports can be characterized as "adequate". It should also be noted that from a practical standpoint, the CSF- Report Assessment Team judged the overall responses to both reports to be inadequate and therefore requiring follow-up by the IRC.

The BOS indicated in their response to the first CSF report that 6 out of our 12 recommendations would be implemented, 5 would not be implemented and one (the need for spot audits) needed further analysis. Recommendations they agreed to implement included posting forms and instructions on the

County website, providing the public with information on all recommended grants, establishing grant minimum/maximum amounts, eliminating fund rollovers to the next fiscal year, making organizations of which the supervisor is a member or an officer ineligible for grants, and restricting grants to non-profits.

The BOS rejected Grand Jury recommendations that recipients should be eligible to receive only one grant per fiscal year, that such recipients should not be eligible to receive a grant the following year, that no grants should be made if the County is in a deficit position or facing financial shortfalls elsewhere, and that grants should be for emergencies or one time disbursements.

In addition, the BOS only partially (and in our opinion, inadequately) implemented the most important recommendation the GJ made in the first report: the removal of control over the grant funding process away from the individual supervisors. Instead the BOS assigned this responsibility to the CAO once grant request were vetted and “sponsored” by individual supervisors.

The Grand Jury posture in the follow-up report, “The CSF- The Supplement”, was to ignore the various recommendations that were rejected by the BOS in the first report and instead focus on making recommendations which would, if not eliminate, at least lessen the influence of the individual supervisors over the grant funding process. The Grand Jury’s apparent strategy was to encourage the BOS to act as a group rather than as individuals in making grants. In addition Grand Jury encouraged the BOS to lessen the chance of favoritism by suggesting (a) the use of objective and explicit criteria for successful grants, (b) an emphasis on emergency/one-time grants and(c) the elimination of grants to ongoing programs. The Grand Jury specifically recommended that:

- The revised CSF prioritize county wide projects that would have an impact on more than one district
- The new CSF program provide grants for one time needs, not for ongoing programs
- Objective criteria rather than subjective evaluations be used to judge the merit of potential grants
- To improve transparency, an annual summary of both grant acceptances and rejections be published for public review

All these recommendation were rejected by the BOS (the only recommendation accepted was the need to publicize the new program- the actual publicity at the program roll-out was minimal).

Conclusion and Present Situation

In the response to the first CSF report, the BOS indicated that “although the Board is not agreeing with every recommendation that the GJ recommends, the Board’s revisions to the program do address the concerns of the Grand Jury while allowing the many community benefits of the program to continue.” Under pressure from the first GJ report, from various news reports and editorials in the Marin IJ and general community unhappiness with the CSF, the BOS made the minimum amount of changes the Board thought was necessary for the Fund to survive. Therefore it is not surprising that the Board rejected almost all of the recommendations of the second report.

In evaluating the response of the BOS to the various recommendations from the Grand Jury, the members of the IRC initially believed that further changes in the CSF were called for, including not only the improvements recommended in the first report but not implemented but also, and more importantly, the changes called for in the second report to lessen the continued influence that the individual supervisors appear to have over grant funding. The IRC believed, however, that actions spoke louder than words and therefore decided to wait and see what the BOS would do during the Fiscal Year 2013-14 cycle of CSF grant funding. Once the grant requests were approved (or rejected), The IRC proposed to analyze the results and gather data to determine to what extent grants continued to be allocated to individual districts rather than to county wide projects, whether multiple grants to the same recipient or to ongoing programs occurred, and in general would try to determine whether individual supervisors continued to control grant disbursements. Once the IRC had up to date data, the committee would be in a better position to support the position that the CSF should be terminated.

Subsequent analysis by the IRC indicated that the majority of grants continued to be allocated to individual districts and that grants continued to be allocated to ongoing programs. Moreover, contrary to the recommendation that unspent "rollover" amounts of the original CSF be spent not in individual supervisor districts but instead for County-wide projects, the BOS used the \$530,000 unspent amount as a way of avoiding the CSF budget limits of the past two years. Three members of the IRC were sufficiently dismayed that they wrote a letter to the Marin IJ stating that, contrary to the earlier grand jury position that the CSF served a worthy purpose if a number of weaknesses could be corrected, they agreed with those in the community calling for the CSF to be eliminated in the name of good government.