

Operating Grant Program Fair Notice Policy

This policy has been updated as of January 1, 2023

Calgary Arts Development stewards public dollars for the public good on behalf of the citizens of Calgary (known as Mohkingsstsis in Blackfoot). We have a responsibility to ensure the security and value of the investments we make on their behalf.

This policy ensures that organizations that receive annual operational funding from Calgary Arts Development have the opportunity to address risks related to the investment they receive. These processes are intended to encourage those organizations to be transparent and work with Calgary Arts Development to create strategies and remedy high-risk conditions without being subject to major fluctuations in their grants in a single year.

Calgary Arts Development reserves the right to flag, reduce, delay, suspend or withdraw an organization's grant based on critical or high-risk concerns at any time.

- Calgary Arts Development may raise a flag based on any of the conditions outlined throughout this policy.
- Flags are carried from the previous operating grant cycle, regardless of whether it is an application or a reporting year. For example, organizations that received a flag in 2022 will carry that flag to the 2023 application process.
- Flags which result in a reduction, suspension or withdrawal of a grant must be recommended by a peer committee. In non-assessment years (2024), a special resiliency committee will be convened to make recommendations.
- Calgary Arts Development's suspension or withdrawal of an organization's grant requires majority approval by Calgary Arts Development's board of directors.
- Organizations that are removed or choose not to reapply or submit their reporting in any grant year will be considered a new applicant in subsequent years. They will only be eligible to receive operational funding if the program is open to new applicants.
- Should Calgary Arts Development's funding from The City of Calgary be reduced, grant reductions may occur outside of this policy.

Operating Grant Flagging Process

Calgary Arts Development reserves the right to apply any of the below flags for critical, high-risk concerns based on the information provided in the application or report, or as we become aware of organizational circumstances or events that may present a risk at any point through the funding cycle.

Calgary Arts Development staff review organizations' interim reports and may apply a financial flag for any of the below.

- Deficits over 10% for the last two consecutive fiscal years.
- More liabilities than assets on the balance sheet for the last completed fiscal year.
- There is reliable evidence obtained by Calgary Arts Development staff that indicates an organization presents a risk to default on the obligations stated in its Investment Agreement. In Calgary Arts Development's sole discretion, a third-party audit of the organization may be required to determine if the organization is an acceptable investment risk. The cost of the audit will be deducted from that organization's subsequent grant (if any).

Assessment committees will be asked to consider the below conditions and identify any critical or high-risk circumstances that may present a risk to the annual investment on behalf of the community. The majority of the committee must agree to the risk assessment in order for a flag to be applied.

- A significant and unexplained reduction to artistic or community impact compared to previous years, including serious issues that may arise related to equity, diversity and inclusion.
- A demonstrated lack of capacity to complete core programming, or achieve key organizational goals.
- A demonstrated lack of capacity in resource management or organizational governance.
- The need for future planning to address the current level of risk or to mitigate previous resiliency flags.
- A significant lack of transparency and information in the application such that the assessors are unable to determine whether the organization merits their investment.

Organizations that receive a flag will be asked to meet with Calgary Arts Development or submit a written update outlining a plan to address their flag conditions before their funding is released. If the flag conditions indicate that the organization presents a risk to default on the obligations stated in its investment agreement, a special assessment committee may be convened to make recommendations as outlined below.

- **First Year of Flagging:**
 - Reduction of grant up to 10%
- **Second Year of Consecutive Flagging:**
 - Reduction of grant up to 25%
- **Three or More Years of Consecutive Flagging:**
 - Reduction of grant up to 50%

- Removal of organization from Operating Grant Program.

If the special assessment committee recommends a reduction to an organization's grant over 25%, organizations may submit an appeal according to the [Appeals Policy](#). If the special assessment committee recommends the removal of an organization from the Operating Grant Program, this will launch a secondary peer assessment process governed by the Appeals Policy and requires majority approval by Calgary Arts Development's board of directors.

Appeals Policy

The Appeals Policy outlines the process for organizations to appeal changes to their Operating Grant funding levels.

Calgary Arts Development will hear a case for appeal and follow the appeals process only in the below circumstances:

Eligible Appeal Cases

- Organizations that received an assessor flag through the Fair Notice Policy resulting in a reduction over 25% to their total grant (please see the reduction of grant process below).
- Organizations that were recommended to be removed from the Operating Grant Program through the Fair Notice Policy (please see the removal of grant process below).

Ineligible Appeal Cases

- Changes made to Operating Grant amounts resulting from a decrease in Calgary Arts Development's total budget from The City of Calgary.
- Changes made to Operating Grant amounts resulting from adjustments to program goals, criteria and eligibility requirements.

Reduction of Grant – Appeals Process

Eligible Reasons for Appeal

Appeals will be heard in cases only where it can be demonstrated that:

- The reduction to the grant amount was over 25%.
- The special assessment committee materially and fundamentally misunderstood the flag conditions and information provided by the organization such that recommendations were made in error.

- Due process as outlined by the Fair Notice Policy was not followed.

Ineligible Reasons for Appeal

The following matters will not be considered grounds for appeal:

- The reduction to the grant amount was under 25%.
- The reduction to the grant amount was as a result of the published program eligibility requirements, application guidelines, and assessment process.
- The appeal must be limited to the content of the original information supplied to the special assessment committee, not facts or circumstances occurring after the date of submission.

These include but are not limited to:

- External circumstances or variables that have affected the organization's ability to achieve their mandate
- Changes in the information since it was provided
- Information not originally included

Appeal Procedures

- Applicants will have 10 working days from the date that special assessment notification letters are emailed to notify Calgary Arts Development in writing of their intent to appeal the assessment committee's decision.
- The organization will be given the opportunity to respond to the recommendation and comments in writing, stating the basis of their appeal.
- Staff will review the written case for appeal and determine if the organization has made an eligible case.
- If the case is eligible, staff will convene a secondary peer assessment panel comprising members of the previous assessment committee and new members, who will review in full the interim report, response from the organization and case for appeal, and make a final recommendation:
 - Uphold the decision to reduce the grant amount
 - Recommend an alternate reduction to the grant amount
 - Restore the grant amount in full

Removal of Grant — Secondary Peer Assessment

If the special assessment committee recommends complete removal of a grant amount after three years or more of consecutive flagging, the following process will automatically be applied.

Organizations do not need to request an appeal.

- The organization will receive a written notice of the recommendation in addition to the compiled feedback and comments from the assessment committee.
- The organization will be given the opportunity to respond to the recommendation and comments in writing, outlining the conditions contributing to the flag and plans to mitigate those conditions.
- If appropriate, the organization may provide evidence demonstrating that the assessment committee fundamentally and materially misunderstood the content of the application such that the recommendation to remove funding was made in error.
- Staff will convene a secondary peer assessment panel comprising members of the previous assessment committee and new members, who will review in full the interim report, application and response from the organization, and make a final recommendation:
 - Uphold the decision to remove funding entirely
 - Suspend the grant for one year
 - Recommend a reduction of the grant
 - Restore the organization to their funding level in full
- Calgary Arts Development's suspension or withdrawal of an organization's grant requires majority approval by Calgary Arts Development's board of directors.
- Decisions made through the secondary peer assessment process and approved by Calgary Arts Development's board of directors cannot be appealed.