

Policy Type: **Board Work**
Policy Title: **Active Engagement Status/Concerned Status Policy**
Policy #: **II B - 6**

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Due Date:

II B - 6 ACTIVE ENGAGEMENT STATUS/CONCERNED STATUS POLICY

PURPOSE: To describe the policy, and the conditions under which an organization is placed on Active Engagement Status or Concerned Status.

Preamble

The Manitoba Arts Council awards operating grants to, or enters into funding agreements with, arts organizations that, as the base of a vibrant provincial arts sector, inspire, nurture, and support artistic creativity, innovation, and excellence. Accompanying this support for artistic excellence is the Council's commitment to the responsible stewardship of public funds, which ensures transparency, fairness, and accountability in the Council's funding decisions. The Council believes that organizations also have a responsibility to manage their artistic and financial performance in order to reflect the level of public trust given to them.

A fair and accountable evaluation process for awarding operating funding means that an organization's operating funding status depends upon the maintenance of certain artistic and financial performance standards. Renewal of operating funding is not automatic.

The Manitoba Arts Council recognizes that various factors can affect the artistic and financial performance of an arts organization. Leadership and board changes, funding fluctuations, and economic and artistic cycles can affect an organization profoundly. Organizations that meet a unique need in their community or that serve an isolated or rural audience base may face additional difficult challenges.

When the Council has concerns that an organization is facing internal or external challenges that might impact the organization's ability to maintain high artistic or management and governance standards, it implements a transparent, staged process of working with the organization to address those concerns.

Policy

The Manitoba Arts Council places an organization on Active Engagement Status or Concerned Status when an organization has significant management or governance changes; fails to fulfill a component of its funding agreement with the Council; demonstrates significant decline in its artistic standards or financial viability; or demonstrates current or impending major instability in management or governance practices. The process for placing an organization on Active Engagement Status or Concerned Status is staged, transparent, and undertaken in partnership with the organization. Organizations are notified of the Council's concern, are given the opportunity to work with the Council to design and implement a recovery plan with measurable outcomes, and are given a timeline during which to improve performance in the area of concern.

Procedure

1. Evaluation

Once an organization has been given operating funding status, it is assessed on the basis of its artistic and financial performance, its governance and management practices, and its overall direction within the context of the aims and objectives of the Council. After this evaluation, a funding agreement is signed between the organization and the Council, outlining performance requirements that serve as conditions for operating funding. If one or more of these performance requirements is not met, the organization will be informed of the Council's concerns. Separate funding agreements are developed for each organization, but an organization could be informed of Active Engagement or Concerned Status if it demonstrates one of the following:

- Significant changes in leadership or board governance
- A marked decline in artistic standards
- A decline in financial viability, demonstrated by, for example:
 - A significant deficit (more than 10% of operating budget)
 - Inability to build capacity or to seek out other funding sources
 - A significant drop in financial support such as public grants, private support, or sales (depending on the nature of the organization)
- A decline in or absence of best practices, including indicators such as:
 - Ongoing instability of governance or management
 - Inability to plan into the future (artistically, financially, or organizationally)
- Lack of alignment of the organization's overall direction with the aims and objectives of the Council.

2. Implementation

In most cases, the Council implements this policy in two stages. Active Engagement Status is the first stage. Organizations are given the opportunity to address the stated concerns. The Council may inform the organization of a decrease in funding support (up to 5%). If the concerns are remedied, the organization is removed from Active Engagement Status. If the organization fails to address the stated concerns within an agreed-upon time frame, it is then placed on Concerned Status, the second stage. An organization on Concerned Status will be required to provide more frequent reports to Council, may receive a decrease in operating support, or may be removed from receiving operating support. In cases where an organization demonstrates drastic and serious instability, or where an organization's mandate changes such that it no longer meets criteria for operating status, that organization may be placed on Concerned Status without the initial stage of Active Engagement Status.

Active Engagement Status

Step 1: Recovery plan

When an organization is placed on Active Engagement Status, it is notified in a preliminary letter identifying the area of concern. Council may also inform the organization of a decrease in funding (up to 5%). The letter also requests that the organization present a recovery plan to Council, designed to address the area of concern. The organization is invited to work together with Council staff in the planning and implementation process. In cases where an organization is placed on Active Engagement Status due to a significant change in management or leadership, but no recovery plan is required, the organization's performance and artistic and governance standards will be monitored by the Council staff for potential decreases in standards.

Step 2: Evaluation and adjustment based on performance against the recovery plan

If the organization fails to submit a recovery plan, or receives a second weak evaluation from Council staff or outside assessors/jurors, based on performance against the submitted recovery plan, the Council sends a second letter communicating the ongoing area of concern and notifying the organization of its being placed on Concerned Status.

If, however, the organization has demonstrated marked improvement through its implementation of the plan, the organization is restored to full operating status.

CONCERNED STATUS

Step 3: Concerned Status recovery plan

An organization on Concerned Status is required to submit a second recovery plan,

which requires significant actions to address the stated concerns. The organization is also required to report regularly and frequently on its progress in the context of the recovery plan, using metrics agreed upon with the Council at a preliminary Concerned Status meeting.

Step 4: Withholding of operating status or changes in funding support

In the event of a third weak evaluation, the organization is notified by letter that its operating status may be withheld; in that case, the organization may be given project funding status. The organization also may be retained on operating status, but may receive a more significant decrease in funding (more than 5%).

All correspondence with the organization may be copied to other funding bodies that support the organization. Representatives of other funding bodies may be invited to participate in the recovery planning process.

The Council is responsible to notify the organization when it is placed on either Active Engagement Status or Concerned Status, and when the organization is removed from either status.