



Community Funding Authority changes decision to reduce funds for service organisation following complaint

Legislation	Ombudsmen Act 1975
Agency	Community Funding Authority
Ombudsman	Anand Satyanand
Case number(s)	W39742
Date	1998

Decision-making process in respect of allocation of funding by Community Funding Authority to service provider not transparent—failure to conform to formal notice requirements in relation to a reduction in funding—failure to follow correct procedures in review of funding decision

The complainant was a service organisation, providing a number of national and regional services to the community. Over the years the complainant had been allocated significant funds by the New Zealand Community Funding Agency (NZCFA) to provide on-going programmes.

In 1997 NZCFA decided to reduce the level of funding to the complainant in a particular region by 34 percent for the 1998 fiscal year. The complainant sought a review of this decision for two reasons. The first related to the fact that the process on which the initial decision to reduce funding was based was not transparent. In particular, the complainant had been given ‘mixed messages’ as to why the funding had been reduced and NZCFA had not established clear criteria upon which to base its decision.

The complainant’s second reason for concern related to its view that NZCFA had failed to follow correct notification procedures in respect of the reduction in funding (because the reduction was greater than 25 percent) and had failed to compensate correctly for this reduction.

Two reviews of the complainant’s concerns had been undertaken, but the complainant contended that the review process had been flawed in that the second review (which had overturned the findings of the first review) had been initiated improperly.

As a result of the investigation of these complaints, the NZCFA supplied the complainant with a clear outline of the criteria upon which the initial funding decision had been based. The NZCFA also acknowledged that it had failed to follow the correct process in relation to notifying the complainant of the proposed reduction in funding, in that a full three-month notice had not been given. Further, it became clear that the complainant should have been contracted for a greater amount of service out-puts than had been provided for in the initial contract. Consequently, the NZCFA offered the complainant an additional \$10,611 for the services it had delivered.

NZCFA also gave an assurance that it had taken appropriate action in respect of addressing various issues raised by the investigation. In particular, it had clarified its procedures both in respect of communicating funding decisions to service providers and of the management of the three-month notice in the retrospective contract period. In addition, it had instigated training for members of the panels conducting reviews.

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