

**Citywide Nonprofit Monitoring and Capacity Building Program
FY18-19 Standard Monitoring Form Summary of Changes**

Category	FY18-19 Standard	What's Different	Explanation
3. Audited Financial Statements	<p>a. Completed and complete</p> <p>e. Audit completed within six months of the close of the contractor's fiscal year</p>	<p>Guidance clarifies how monitors should apply the standards: If Contractor has been required to receive a formal audit but has not done so, monitors should mark 3a and 3e as findings; no other standards in this category apply. If Contractor has been required to receive an audit but is still in process (i.e., is late), monitors should mark 3e as a finding; no other standards in this category apply. All other standards in this category apply only when reviewing actual audit documents.</p>	<p>A review of recent monitoring showed variation in how monitors account for a "missing" audit. Additional guidance is needed to ensure that all monitors capture information about the lack of a required audit in the same way.</p>
6. Financial Reports	<p>a. Balance Sheet is current (as of the last three months, at least)</p> <p>c. Current bank reconciliation (as of the last three months, at least)</p> <p>d. Profit and Loss Statement is current (as of the last three months, at least)</p>	<p>The standard for "current" has been changed from four months to three months in all three items. In all cases, guidance reflects that only the most recent YTD documents are needed, and these should be updated within the prior three months.</p>	<p>Contractors should be reconciling and closing books at least quarterly, though more frequently is recommended. Reviewing a balance sheet or profit and loss statement that is four months old does not give monitors a clear and accurate picture of the contractor's current fiscal health.</p>
8. Payroll	<p>c. Documentation that payroll taxes due were actually paid</p>	<p>Guidance updated to reflect that evidence uncovered elsewhere in financial documents showing payroll taxes had not been paid for quarters other than the one being reviewed could be used to apply a finding to this standard. Guidance also notes that failure to pay payroll taxes is criteria for placement on Elevated Concern Status.</p>	<p>Monitors typically sample two months of payroll during the monitoring, and assess 8c through this sample. However, monitors may occasionally identify a failure to pay payroll tax through other financial documents (e.g., a liability on audited financial statements), and this evidence should also justify a finding. Though monitors won't have to investigate every quarter, any evidence of unpaid payroll tax found in the normal course of monitoring will count as a finding.</p>

9. Board Oversight	a. Minutes show that the Board approved the current agency-wide budget within at least three months of the start of the fiscal year	Standard has been changed to incorporate a timeline requiring a board to approve a budget within the first quarter of a contractor's fiscal year. Previously, there was no time parameter for this standard.	Budgets are best used as planning tools, and should be adopted early in the year in order to support effective program operations. Contractors that delay finalization of a budget past the first quarter typically have difficulty managing cash flow. Adding time parameters for board approval may support a timely budgeting process.
9. Board Oversight	e. If a paid City employee or City commission member is on the Board, Contractor provides documentation showing that board member signed a Conflict of Interest Policy	New standard added. New guidance on how to comply has also been included in the Standard Monitoring Form.	The City requires an extra layer of transparency for board members who are also City employees or commissioners to ensure there is no conflict of interest associated with the use of City funding.
9. Board Oversight	i. Participate in annual giving to agency with either money or in-kind contributions	Best practice has been changed to allow for in-kind contributions to apply when considering board member annual giving practices.	While it is a best practice that board members contribute to the agency financially, this may be more challenging for smaller, developing boards. In-kind contributions may also meet this best practice.
11. Subcontracts	d. Is Contractor a fiscal agent for one or more sponsored programs?	New pilot standard and process added. If the contractor is a fiscal agent or fiscal sponsor, selecting this pilot standard indicates that the contractor is part of the "Fiscal Agent Pilot" (this does not indicate a finding). Fiscal agents should provide the following documentation regarding sponsored programs they oversee: current agency-wide budget; current YTD profit and loss statement; current YTD balance sheet; most recent audit, if one was performed. If the Prime Contractor cannot provide these documents on behalf of the sponsored program, 11c may be a finding.	City departments frequently fund programs via a prime contractor, but the existing monitoring practices do not allow for in-depth review of the financial stability of the sponsored program. This new pilot tests a process for collecting a small number of financial documents from the prime about the sponsored program, but does not expect these documents to meet current City standards. Departments will assess the learnings from this pilot at the close of the FY18-19 monitoring cycle and determine whether and how to improve monitoring of sponsored programs.