Citywide Nonprofit Monitoring and Capacity Building Program

Monitoring 101

Fall Monitor Training Series

Office of the Controller
City Performance
Overview

• Background
• Purpose and Goals
• Participants and Roles
• The Monitoring Process
• Timeline
• The Standard Monitoring Form
• Corrective Action Policy
• Technical Assistance
• Systems Overview
• Controller’s Office Team
The **Citywide Nonprofit Monitoring and Capacity Building Program** began in FY05-06 in response to recommendations from a 2003 report of the Nonprofit Contracting Task Force.

**Nonprofit contractors** funded by at least two City departments receive an **annual monitoring** for conformance with fiscal and compliance standards that act as indicators of organizational health.
Monitoring Program Purpose

The City formed the Monitoring Program to ensure:

- Public funds are spent in alignment with the City’s financial and administrative standards
- Nonprofit contractors have strong, sustainable fiscal operations
Monitoring Program Goals

Fiscal and compliance monitoring of nonprofit contractors is:
• Consistent across City departments
• Efficient and reduces duplication across City departments and nonprofit contractors
• High quality
• Aligned with best practices in financial management

Deliver capacity building services that are:
• High quality
• Responsive to City and nonprofit needs
• Coordinated among City departments
Participants - Nonprofits

Nonprofits
In FY17-18, we had **153** nonprofit providers with funding from 11 City departments and approximately $600 million in City funding

Responsibilities
- Participate in site visit or self-assessment
- Provide requested documents prior to the site visit and make hard copies available during the site visit
- Completes self-assessment if appropriate
Participants – Steering Committee

Steering Committee
Representatives from City Departments jointly funding nonprofit contractors

Responsibilities
- Citywide monitoring policy and coordination
- Conducts risk assessment
- Assigns lead department representatives
- Balances departmental workload
- Revises forms and guidelines
- Supports annual training program

Departments in FY18-19: ART, APD, DCYF, DOSW, DPH, First 5, HRC, HSA, HSH, MOHCD, OEWD, SHF
Participants – Controller’s Office

Controller’s Office

Four staff in City Performance Unit coordinate the Monitoring Program

- Chairs the Steering Committee and facilitates meetings
- Provides policy recommendations
- Provides training, quality assurance, and oversight
- Reports to senior managers on department performance
- Produces reports on monitoring outcomes
- Oversees Corrective Action Policy
Participants – Monitoring Team

Monitoring Team
City staff in participating departments that manage contracts or grants with the nonprofit being monitored

Responsibilities
- **Lead monitor** is responsible for coordinating all aspects of site visit or self-assessment
  - Maintains online database
  - Sends communications
  - Uploads documentation
- **Team** participates in all monitoring
  - Attends site visits
  - Provides input about potential findings
Monitoring Process Definitions

Risk Assessment – Annual process through which departments determine if nonprofit contractors receive a site visit or self-assessment.

Site Visit
- 99
  - Contractors visited by interdepartmental monitoring team (at least every 3 years)
  - Monitors review financial and compliance materials provided by contractor
  - Monitors use Standard Monitoring Form

Self-Assessment
- 39
  - Monitors conduct a desk review of a limited number of standards based on submitted documents

Waiver
- 15
  - Contractors granted one-year waiver from monitoring based on past performance
Timeline

August

Risk Assessment
- Steering Committee examines Contractors’ previous monitoring findings
- Determines Site Visit, Self-Assessment, or waiver

October

Confirm Final Monitoring Pool
- Gather documents
- Host a meeting with team
- Send cover letter to contractor
- Confirm

November

Monitoring Cycle Begins

Schedule Site Visit
- Conduct review
- Use Standard Monitoring Form
- Hold exit conference

December

Prepare for Site Visit

Site Visit
Timeline

**December**

- **Site Visit**

**3 – 6 Weeks after Site Visit**
- Lead enters findings, drafts Monitoring Report Letter (MRL), sends to monitoring team
- Incorporates feedback
- Sends to contractor

**Monitoring Report Letter**

**Contractor Submits Response**

30 days after sending MRL
- Contractor sends response to lead monitor, either addressing findings or sending action plan

**Final Status Letter to Contractor**

30 days after Receiving Contractor’s response
- Lead monitor sends final letter to contractor, approving corrections or plan

**June 30**

- **Post Final Documents Online**

**Findings = Process continues**

**Conformance = Process ends here**
Monitoring Process Overview

- Group Activity
Standard Monitoring Form

- **Standard Monitoring Form** – Set of fiscal and compliance criteria and instructions for determining contractor’s compliance with standards. Noncompliance with criteria results in a “finding.”

Majority of nonprofits **have zero findings**

- 51% Had zero findings at initial monitoring
- 80% Had zero findings at close of monitoring cycle
Standard Monitoring Form

Fiscal Review
During our fiscal review, we want to verify:

- That there is a logical explanation for an organization’s financial activities
- That the organization has the resources it needs to be sustainable and continue to deliver services
- That the organization’s policies are clear, logical, documented, and reliably carried out
- That the organization is complying with applicable legal filing requirements
Compliance Review

We want to verify the following essential principles:

- Oversight
- Transparency
- Sustainability
Break!
Corrective Action Policy

Ensures the City acts appropriately when a nonprofit contractor fails to meet standards and nonprofit has a plan/work in place to correct deficiencies.

Nonprofit placed on **elevated concern** or **red flag status** when it has not responded to monitoring requests, or not implemented a corrective action plan by department deadlines.

**Elevated Concern**
- Mandatory technical assistance
- Will not result in defunding
- If nonprofit remains out of compliance, status can be heightened to red flag

**Red Flag Status**
- Determined by City department head
- Nonprofits at imminent risk of being unable to perform contracted services
- Department heads also prescribe specific corrective action.

Placement on either status is documented in the Monitoring Program’s Annual Report.
Technical Assistance

Nonprofits can receive financial management, board development and governance, and strategic planning coaching from qualified vendors.

The Monitoring Team refers nonprofit contractors for coaching.
- Usually related to monitoring findings.
- Vendor creates action plan tailored to nonprofit’s needs.
- Action plan approved by department and CON.

Coaching projects are generally short-term with around 30 hours of support.
- Activities may include strengthening internal controls, refining a cost allocation plan, or developing financial reports.
- Often related to cost allocation and budgeting.
Systems Overview

www.sfcontroller.org/nonprofits

Public-facing resources

• Annual report
• Guide for nonprofits receiving monitoring
• Capacity building resources
  – Financial and governance guides
  – Training series
  – Other opportunities
Systems Overview

Online Platform
Facilitates monitoring workflow, documentation, and reporting

Automates monitoring workflow
• Schedule monitoring
• Record results
• Make modifications

Documents:
• Contractor information
• Correspondence
• Dates
• Summary
• Monitoring teams

Templates and Tools
• Letters
• Corrective Action Policy
• Standard Monitoring Form

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POP QUIZ!

• During which stage of the monitoring process do we establish the pool of nonprofits to be monitored?
  — RISK ASSESSMENT

• True/False: A nonprofit can be monitored by the Program if it is just funded by one city department.
  — FALSE

• How many departments are in the Nonprofit Monitoring Program this Fiscal year?
  — 12

• What are the three types of monitoring?
  — Waiver, Self Assessment, Site Visit
What’s Happening this Fall?

• Important Dates (handout)
• Monitor Training Series
  – Nonprofit Budgeting (November 8th)
  – Financial Reports and Audits (November 29th)
• New System Development
• Monitoring process (begins Nov./Dec.)
Controller’s Office Team

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