

Citywide Nonprofit Monitoring and Capacity Building Program

Monitoring 101

Fall Monitor Training Series

Office of the Controller

City Performance

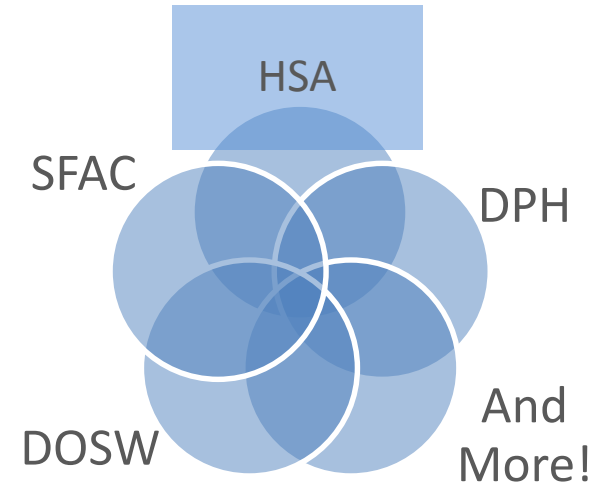
Overview

- **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**

What is the Program?

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

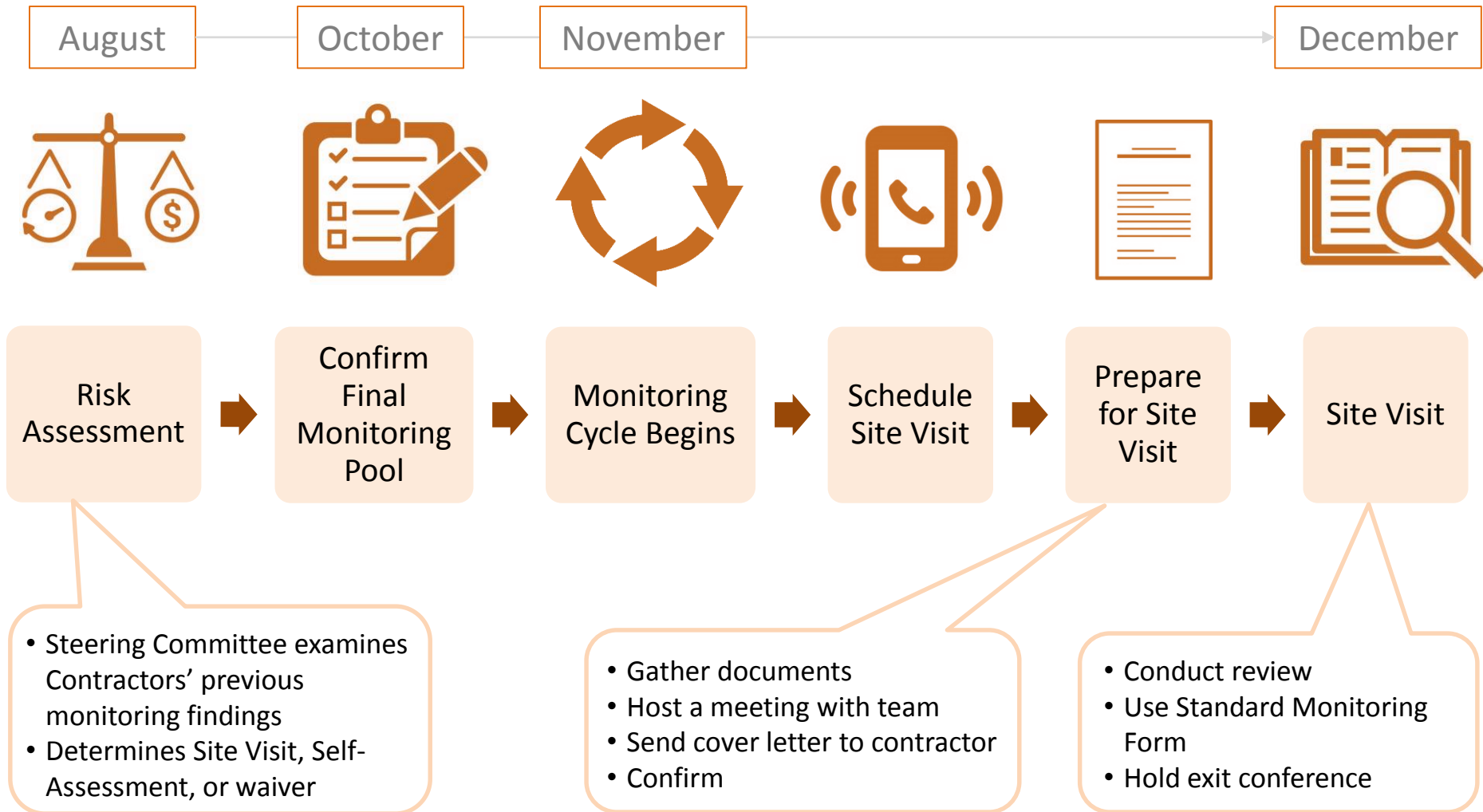
- Monitors conduct a desk review of a limited number of standards based on submitted documents

Waiver

15

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

Timeline



Timeline

December

June 30



Site Visit

Monitoring
Report Letter

Contractor
Submits
Response

Final Status
Letter to
Contractor

Post Final
Documents
Online

Findings =
Process
continues

Conformance =
Process ends
here

3 – 6 Weeks after Site Visit

- Lead enters findings, drafts Monitoring Report Letter (MRL), sends to monitoring team
- Incorporates feedback
- Sends to contractor

30 days after sending MRL

Contractor sends response to lead monitor, either addressing findings or sending action plan

30 days after Receiving Contractor's response

Lead monitor sends final letter to contractor, approving corrections or plan

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

Standard Monitoring Form

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

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.**)

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