

**Citywide Nonprofit Monitoring and Capacity Building Program  
FY19-20 Standard Monitoring Form Summary of Changes**

<b>Category</b>	<b>FY19-20 Standard</b>	<b>What's Different</b>	<b>Explanation</b>
ALL	Reordered Standards	The Standard Monitoring Form has been reordered to reflect the priorities of departments. In particular, invoice and payroll review has been moved to the top of the form. All numbers included in this document reflect the FY19-20 version.	Monitors expressed concern that contractors have not adequately prepared invoice documentation in recent years, and may not understand the priority of this element of the monitoring. Reordering the form may help staff at monitored contractors understand the importance of invoice and payroll documentation.
2. Payroll	d. If employee time is paid by more than one source, it is recorded by funding source or program on timesheets, or tracked separately via time study	<p>New guidance added instructing contractors to provide a Staffing Allocation Plan and functional timesheets with employee time broken down by program rather than a summary reporting of total hours worked.</p> <p>New guidance added instructing contractors to provide copies of the time study conducted if functional timesheets are not used. Monitors should test whether timesheets are truly functional (show time by program), and if not, whether the contractor provided a valid time study to support cost allocation and invoicing.</p>	<p>One purpose of monitoring is to verify that no double-billing occurred, but monitors experience difficulty determining whether funded staff are being charged to multiple programs. To support this, contractors are being asked to provide a staffing allocation plan (which may be a component of a cost allocation plan) to describe how staff should be billed, and departments will use this source material to test invoices.</p> <p>Additionally, timesheets provided are often not truly functional, meaning they do not divide hours by program. In these cases, a time study is required to ensure appropriate allocation and no double-billing. New guidance ensures contractors know to provide copies of time studies when they do not have functional timesheets.</p>
3. Agency-Wide Budget	e. Clearly identifies all revenue sources	New guidance clarifies that budgets should list revenue sources at a detailed contract or grant level, not consolidated by department or grantor.	Some contractors roll up revenue sources by department, which makes it difficult for departments to understand how different contracts are managed by the nonprofit.
5. Audited Financial Statements	k. Total unrestricted net income (change in net assets) is positive over the sum of 2 consecutive years, or the contractor provides a reasonable explanation for how it will be positive by the	This item was a pilot standard in FY18-19. In FY19-20, it will be made a best practice in the first year this standard is not met. However, if the contractor fails to meet the standard in the subsequent year, it will be treated as a formal finding, as this reflects three years of negative net assets. In the first year of the issue,	This standard is an important indicator of financial health. There may be legitimate reasons for why a contractor may have negative net assets over the sum of 2 years (e.g., investing in capital), but a third year would be an indicator of structural deficiencies. There is already a standard to test mid-year working capital, but it may not always reflect true issues given patterns

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	end of the fiscal year [best practice as k., standard as l.]	monitors will mark item k. In the second year of the issue, monitors will mark item l. and this will require corrective action.	in spending at mid-year. Treating this standard as a finding will be a longer-term trend assessment of the contractors.
7. Fiscal Policies and Procedures	c. Complete (contains policies and procedures related to: - Conflict of Interest [pilot] - Subcontracts and Monitoring [pilot] - Record Retention [pilot]	The standard already included a list of required components for the fiscal policies and procedures. The Steering Committee added three new components. Because they are new, these new components will be treated as pilots in the first year of this change to provide adequate time for contractors to come into conformance. In the next monitoring cycle, these components will be required, and it will be a finding if they are not present.	The Steering Committee considers these components to be common policies that should exist or be addressed by all contractors. To support adoption, the Program will develop templates or examples.
11. Subcontracts	c. Documentation that the Contractor follows its policy related to regularly monitoring fiscal and programmatic performance of subcontractors	The standard has been updated to state that the contractor follows its policy about subcontractor monitoring. This aligns with Category 7 policy requirements.  Additionally, a pilot standard (d.) from the prior year requiring the contractor to provide financial reports and information about subcontractors has been removed. Instead, guidance is updated to reflect that contractors must have a policy indicating how subcontractors must be monitored, must show evidence they are following their policy, and if that policy includes collection of financial documents from subcontractors, should share these financial documents.	Steering Committee members requested a pilot in FY18-19 that required prime contractors to provide financial documents of subcontractors. However, in review of the outcomes of this pilot, the Steering Committee determined the documents themselves did not prove as useful as the description of the oversight the prime contractor has over its sponsored programs. Instead of requiring collection of documents, the Steering Committee will use the updated standard to verify that contractors have and follow a policy for oversight of subcontractors and to test that these oversight practices are sufficient.
12. Personnel Policies	a. Current written personnel/ employee manual, including: - Protecting Personally Identifiable Information [pilot] - Whistleblower Policy [pilot] - Drug and Alcohol Policy [pilot]	The standard already included a list of required components for the personnel policies. The Steering Committee added four new components. Because they are new, these new components will be treated as pilots in the first year of this change to provide adequate time for contractors to come into conformance. In the next monitoring cycle, these components	The Steering Committee considers these components to be common policies that should exist or be addressed by all contractors. To support adoption, the Program will develop templates or examples.

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	- Travel Policy [pilot]	will be required, and it will be a finding if they are not present.	
14. Preparedness [NEW]	a. Contractor was prepared with documents requested in Site Visit Checklist upon monitoring team's arrival [best practice]	The Steering Committee added a new best practice standard associated with preparedness for site visits. If a contractor receives this finding, staff must respond, but it will not count as a formal finding at final status.	Monitors expressed concern about a general lack of preparedness for site visits on the part of contractors in recent years. Examples include waiting for long periods for required documents or never receiving the documents at the visit itself and needing post-visit follow-up. To increase preparedness, monitors will send a reminder email to the contractor two weeks prior to the visit with information about required documents.