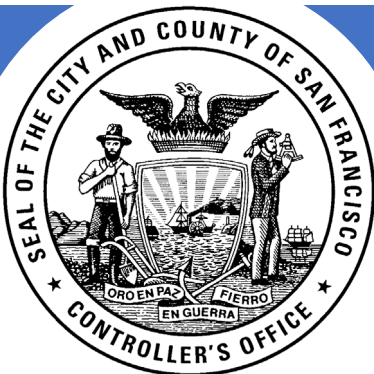


Citywide Nonprofit Monitoring and Capacity Building Program

Overview of FY21-22 Annual Report



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller
City Performance Unit

Wendy Lee, Project Manager

02.16.2023

Program Overview

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Program Goals:

- Streamline and standardize City's nonprofit fiscal and compliance monitoring
- Ensure public funds are spent in alignment with the City's financial and administrative standards
- Nonprofit contractors have strong fiscal operations to ensure sustainable service delivery



The City and County of San Francisco expends over \$1 billion each year in grants/ contracts with nonprofit service providers.



The Controller's Office launched the Program in 2005 in response to the 2003 report of the Nonprofit Contracting Task Force, which included recommendations for improving how the City does business in this sector.



The Citywide Nonprofit Monitoring and Capacity Building Program streamlines and standardizes the City's nonprofit contract monitoring among departments with shared contractors and high-value contracts.



It promotes high quality and efficient service delivery by ensuring proper use of funds, compliance with regulations, accountability, and fiscal capacity of nonprofit service providers.

CON Team: Administers and manages program activities through

- Managing coordination and facilitating decision making across 12 City departments
- Creating tools and provide guidance to facilitate the monitoring process
- Evaluate program and monitoring outcomes
- Providing training and coaching services for City staff and nonprofit providers

City Departments:

- Conduct annual fiscal/compliance monitoring of nonprofits in pool
- Coordinate amongst funding departments to share context, flag potential issues, and align on communications with nonprofit and final monitoring results
- Provide input on Program and monitoring processes through Steering Committee



Mayor's Office of Housing & Community Development (MOHCD)

192 Contractors in Pool Received 85% of City Funding



Which nonprofits are included in the Monitoring Pool?



Nonprofits receiving \$1M+ from a single department are included in the pool regardless of whether they are jointly funded by another City department.

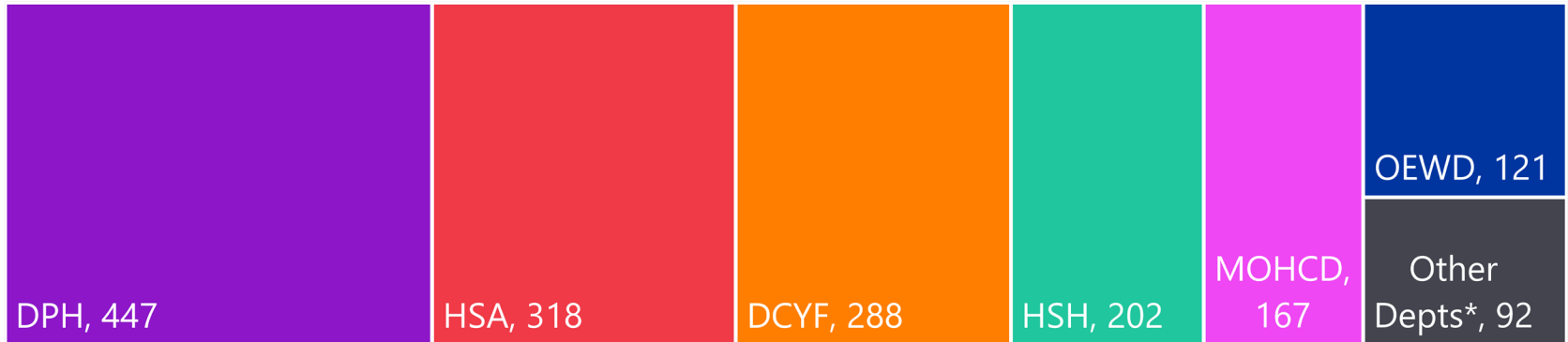


To be considered "jointly funded," nonprofits must receive at least \$50,000 from each funding department.



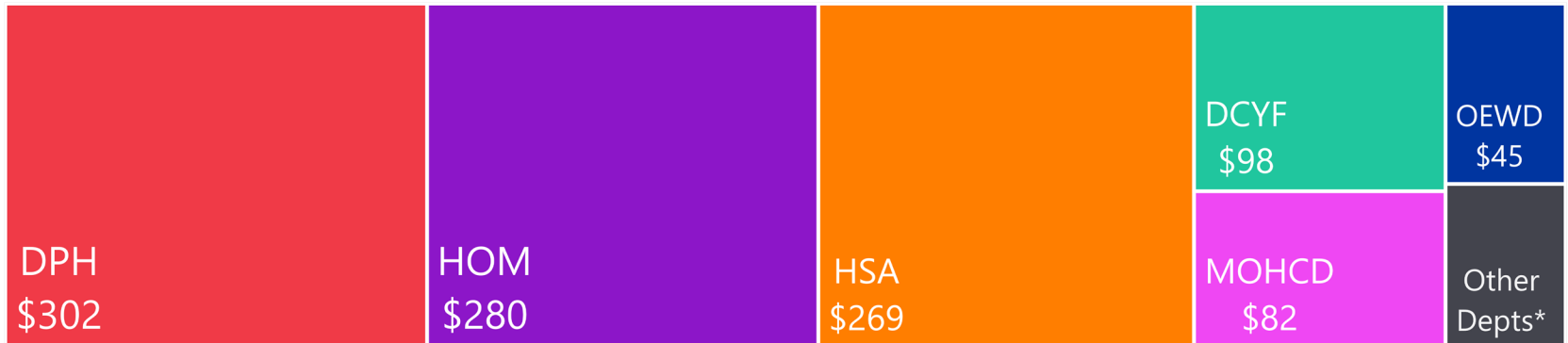
Jointly funded nonprofits with total City funding from participating departments greater than \$200,000 are included in the pool.

Number of Contracts in Joint Monitoring Pool by Department



* DOSW (23), First 5 (19), SHF (16), ADP (14), ART (12) and DPW (8).

City Funding for Nonprofits in the Joint Monitoring Pool (in Millions)

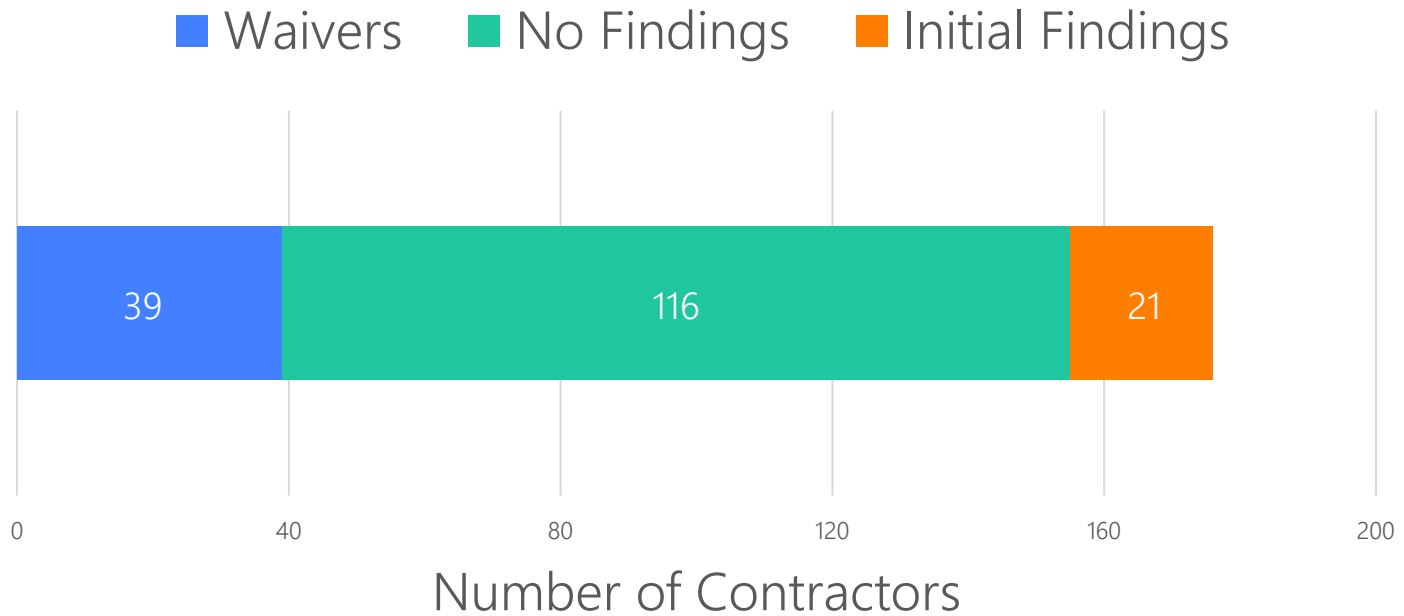


*First 5 (\$26M), DPW (\$13M), ADP (\$6M), DOSW (\$6M), ART (\$4M), and SHF (\$4M).

FY21-22 Annual Report Highlights

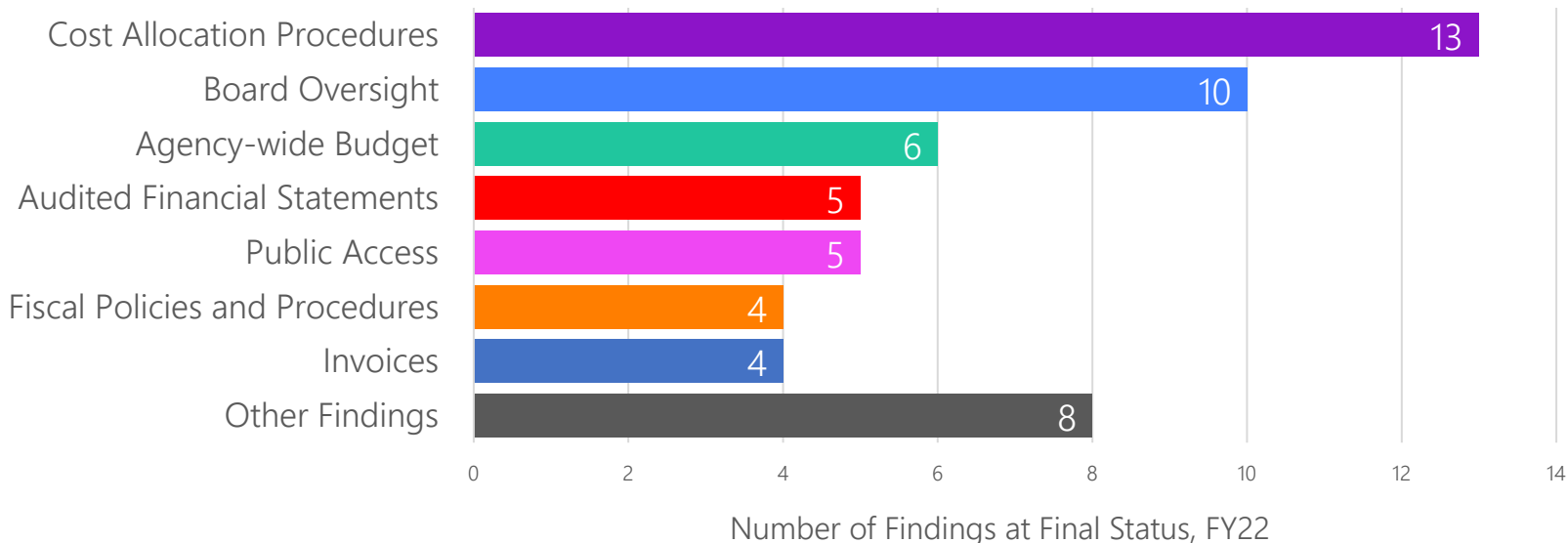
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- 89% in conformance with standards at initial monitoring
- 95% in conformance with standards at close of cycle
- 15 contractors had unresolved findings at close of cycle



FY21-22 Annual Report Highlights

In FY21-22, most findings were related to Cost Allocation Procedures.



| ACCOUNTING & BUDGETING | FINANCIAL STATEMENTS | POLICY & OPERATIONS | GOVERNANCE |
|---|--|--|--|
| <p>12 standards</p> <ul style="list-style-type: none"> • Agency-wide Budget • Cost Allocation Procedures | <p>21 standards</p> <ul style="list-style-type: none"> • Audited Financial Statements • Financial Reports • Tax Form | <p>28 standards</p> <ul style="list-style-type: none"> • Fiscal Policies and Procedures • Invoices • Payroll • Public Access • Personnel Policies • Emergency Operations Plan • Preparedness | <p>19 standards</p> <ul style="list-style-type: none"> • Board Oversight • Subcontracts |

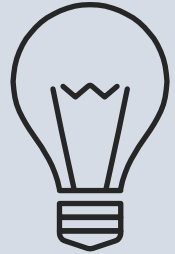
Elevated Concern Status

- Contractors where administrative and financial management practices pose risk to sustainable service delivery in San Francisco
 - Contractors can receive technical assistance from City to support action plan
 - Ensure that technical assistance and enhanced coordination by City departments support contractors to implement action plan to address
-
- Bayview Hunters Point Foundation for Community Improvement
 - HomeRise (formerly Community Housing Partnership)

Red Flag Status

- Identifies contractors at imminent risk of being unable to perform services for their contract and/or losing funding for mismanagement
 - May result in mandatory technical assistance or fiscal sponsorship to correct the financial and management issues identified
 - Organizations on Red Flag status are less competitive (or may be ineligible) for new RFPs
 - De-funding may also be option
-
- PRC and Baker Places, Inc.
 - United Council of Human Services

- Review standards to better flag risk of deteriorating financial health.
- Work with participating departments to develop uniform citywide audited financial statements policy.
- Include monitoring of contractors' charitable nonprofit status.
- Assess the impact of the Program's activities and citywide coordination.
- Implement system enhancements for internal monitoring tracking portal.
- Ramp back up monitor trainings and resources for department monitors.





Thank you.