

BOARD of SUPERVISORS



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November 18, 2013

The Honorable Cynthia Ming-Mei Lee
Presiding Judge
Superior Court of California, County of San Francisco
400 McAllister Street
San Francisco, CA 94102

Dear Judge Lee:

The following is a report on the 2012-2013 Civil Grand Jury Report, "Use of Nonprofit Community-Based Organizations: Measuring Outcomes."

The Board of Supervisors' Government Audit and Oversight Committee conducted a public hearing on October 24, 2013, to discuss the findings and recommendations of the Civil Grand Jury and the departments' responses to the report.

The following City Departments submitted responses to the Civil Grand Jury (copy enclosed):

- ☐ Mayor's Office, dated August 29, 2013, submitted a consolidated response for:
 - a. Department of Public Health
 - b. Controller's Office(Findings 1, 2, and 3 and Recommendations 1, 2.1, 2.2, and 3)

The Report was heard in Committee and Resolution No. 394-13, prepared and approved by the Board of Supervisors formally accepting or rejecting the findings and recommendations, is enclosed.

If you have any questions, please contact me at (415) 554-5184.

Sincerely,

A handwritten signature in black ink, appearing to read "Angela Calvillo".

Angela Calvillo
Clerk of the Board

C:
Edwin Lee, Mayor
Members, Board of Supervisors
Martha Mangold, Foreperson, 2012-2013 Civil Grand Jury
Pat Kilkenny, Court Coordinator, Civil Grand Jury
Ben Rosenfield, City Controller
Jon Givner, Deputy City Attorney
Severin Campbell, Budget and Legislative Analyst's Office
Katherine Short, Budget and Legislative Analyst's Office
Antonio Guerra, Mayor's Office
Peg Stevenson, Controller's Office
Barbara Garcia, Department of Public Health
Greg Wagner, Department of Public Health

Kellee Hom, Department of Public Health



City and County of San Francisco

Certified Copy

Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

130610

[Board Response - Civil Grand Jury Report - "Use of Nonprofit Community-Based Organizations: Measuring Outcomes"]

Resolution responding to the Presiding Judge of the Superior Court on the findings and recommendations contained in the 2012-2013 Civil Grand Jury Report entitled "Use of Nonprofit Community-Based Organizations: Measuring Outcomes" and urging the Mayor to cause the implementation of accepted findings and recommendations through his department heads and through the development of the annual budget. (Government Audit and Oversight Committee)

11/5/2013 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO

CLERK'S CERTIFICATE

I do hereby certify that the foregoing Resolution is a full, true, and correct copy of the original thereof on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City and County of San Francisco.

November 15, 2013

Date

Angela Calvillo

Angela Calvillo

Clerk of the Board

1 [Response to the 2012-2013 Civil Grand Jury Report Entitled "Use of Nonprofit Community-
2 Based Organizations: Measuring Outcomes"]

3 **Resolution responding to the Presiding Judge of the Superior Court on the findings**
4 **and recommendations contained in the 2012-2013 Civil Grand Jury Report entitled "Use**
5 **of Nonprofit Community-Based Organizations: Measuring Outcomes" and urging the**
6 **Mayor to cause the implementation of accepted findings and recommendations**
7 **through his department heads and through the development of the annual budget.**

8
9 WHEREAS, Under California Penal Code Section 933 et seq., the Board of
10 Supervisors must respond, within 90 days of receipt, to the Presiding Judge of the Superior
11 Court on the findings and recommendations contained in Civil Grand Jury Reports; and

12 WHEREAS, In accordance with Penal Code Section 933.05(c), if a finding or
13 recommendation of the Civil Grand Jury addresses budgetary or personnel matters of a
14 county agency or a department headed by an elected officer, the agency or department head
15 and the Board of Supervisors shall respond if requested by the Civil Grand Jury, but the
16 response of the Board of Supervisors shall address only budgetary or personnel matters over
17 which it has some decision making authority; and

18 WHEREAS, The 2012-2013 Civil Grand Jury Report entitled "Use of Nonprofit
19 Community-Based Organizations: Measuring Outcomes" is on file with the Clerk of the Board
20 of Supervisors in File No. 130610, which is hereby declared to be a part of this resolution as if
21 set forth fully herein; and

22 WHEREAS, The Civil Grand Jury has requested that the Board of Supervisors respond
23 to Finding Nos. 2 and 3 as well as Recommendations 2.1, 2.2, and 3 contained in the subject
24 Civil Grand Jury report; and
25

1 WHEREAS, Finding No. 2 states: "City services provided by CBO grants/contracts
2 have great value in helping underserved groups, but there is no systematic monitoring of the
3 outcomes of effectiveness of the services delivered. It is important to know the value of these
4 services over the long-term and to have a comprehensive strategy for optimizing the long-
5 term effectiveness of the grants and contracts;" and

6 WHEREAS, Finding No. 3 states: "The DPH has not been able to take full advantage of
7 the Avatar electronic information management system;" and

8 WHEREAS, the Recommendation No. 2.1 states: "The Mayor and Board of
9 Supervisors should take the important step of developing an overarching strategy, as
10 recommended by the San Francisco Community-Based Organizations Task Force in 2009, for
11 evaluating the long-term effect of services provided by CBOs and use the results of that
12 examination to set priorities and eliminate ineffective (or wasteful) programs;" and

13 WHEREAS, the Recommendation No. 2.2 states: "The Mayor and the Board of
14 Supervisors should consider taking a percentage of the total monies devoted to the provision
15 of services by CBOs and use it to engage professional assistance to conduct this evaluation;"
16 and

17 WHEREAS, the Recommendation No. 3 states: "The Department should provide
18 additional resources to bring the Avatar system to a level that fully supports the Department's
19 performance objective program. The Mayor and the Board of Supervisors should ensure that
20 sufficient resources are available to implement this recommendation;" and

21 WHEREAS, in accordance with Penal Code Section 933.05(c), the Board of
22 Supervisors must respond, within 90 days of receipt, to the Presiding Judge of the Superior
23 Court on Finding Nos. 2 and 3 as well as Recommendations 2.1, 2.2, and 3 contained in the
24 subject Civil Grand Jury report; now, therefore, be it
25

1 RESOLVED, That the Board of Supervisors reports to the Presiding Judge of the
2 Superior Court that it disagrees partially with Finding 2 for reasons as follows: Individual
3 departments do monitor the effectiveness of the services delivered based on programmatic
4 needs and objectives; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors reports that it agrees with
6 Finding 3; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
8 2.1 has already been implemented: There is currently a citywide joint fiscal monitoring
9 protocol in place that produces corrective action policies, and currently, the City has formal
10 Requests for Proposal processes for ensuring the City utilizes the most effective providers;
11 and, be it

12 FURTHER RESOLVED, That the Board of Supervisors reports that it will not
13 implement Recommendation 2.2 for reasons as follows: Professional staff currently
14 continually monitor the performance of community-based organizations; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors reports that it requires further
16 analysis for Recommendation 3 for reasons as follows: The Department of Public Health will
17 report to the Board on the hiring of necessary staff to support the Avatar system within six
18 months of the publication of the Civil Grand Jury report, from June 27, 2013, to no later than
19 December 27, 2013; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors urges the Mayor to cause the
21 implementation of accepted findings and the recommendation through his/her department
22 heads and through the development of the annual budget.



City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 130610

Date Passed: November 05, 2013

Resolution responding to the Presiding Judge of the Superior Court on the findings and recommendations contained in the 2012-2013 Civil Grand Jury Report entitled "Use of Nonprofit Community-Based Organizations: Measuring Outcomes" and urging the Mayor to cause the implementation of accepted findings and recommendations through his department heads and through the development of the annual budget.

October 24, 2013 Government Audit and Oversight Committee - AMENDED, AN
AMENDMENT OF THE WHOLE BEARING SAME TITLE


October 24, 2013 Government Audit and Oversight Committee - RECOMMENDED AS
AMENDED

November 05, 2013 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener
and Yee

File No. 130610


I hereby certify that the foregoing
Resolution was ADOPTED on 11/5/2013 by
the Board of Supervisors of the City and
County of San Francisco.


Angela Calvillo
Clerk of the Board

Unsigned
Mayor

November 15, 2013
Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.


Angela Calvillo
Clerk of the Board



August 29, 2013

The Honorable Cynthia Ming-mei Lee
Presiding Judge
Superior Court of California, County of San Francisco
400 McAllister Street
San Francisco, CA 94102

Dear Judge Lee:

The following is in response to the 2012-2013 Civil Grand Jury report, *Use of Nonprofit Community-Based Organizations, Measuring Outcomes*. We would like to thank the members of the Civil Grand Jury for their interest in the complex subject of outcome measurement of community based services.

By way of background, in Fiscal Year 2012-13, city contracts with nonprofits totaled nearly \$500 million. Without the work of these partner organizations, the City would be unable to offer the comprehensive range of diverse services which our community has come to depend upon. Community-based organizations are known to be culturally competent and flexible, and are innovative partners in the provision of services alongside the City

The City of San Francisco has shown a commitment to providing as much information possible regarding the selection, funding, and services provided by community-based organizations. Actual contract funding information is posted online on the Controller's SFOpenBook portal for current and previous years. Request for proposals to community-based organizations are posted on the internet for the public to view. Many departments post voluminous information online detailing the scoring criteria and stated goals for the award of grant funding. Any member of the public with an interest in nonprofit spending has a wealth of information available to them.

Citywide fiscal and compliance monitoring is coordinated by the City Services Auditor Division within the Controller's Office as part of its *Citywide Nonprofit Monitoring and Capacity Building Program*. The goals of citywide nonprofit fiscal and compliance monitoring are to standardize procedures across departments, eliminate duplication of efforts for both contractors and City departments, and promote nonprofit sustainability.

The City must also verify that nonprofits are effective in providing programs and services. On this point, the Jury has recommended systematic monitoring of outcomes in an effort to evaluate nonprofit services. We respectfully disagree that this is not already taking place. In response to the 2009 Community-Based Organization Task Force Report, City departments and nonprofits collaboratively drafted and adopted a corrective action policy in November 2010, which was revised in 2013. The revised policy offers a guide for use by City departments for situations when nonprofit contractors consistently fail to meet City monitoring standards or performance measures agreed upon by contract. In addition, departments individually and jointly monitor the outcomes and effectiveness of nonprofit services. There are overarching strategies to evaluating nonprofit services based on program area, and

this structure provides for outcomes to be appropriately targeted and measured in relation to the type of service rendered and target population served. Hiring professional consultants to evaluate community-based organization effectiveness would be duplicative of the work done by departmental staff.

The Mayor's Office, Department of Public Health, and Controller's Office response to the Civil Grand Jury's findings is as follows:

Finding 1. Although the City and County of San Francisco disburses substantial dollars - close to half a billion dollars annually - in grants and contracts to CBOs for services, information concerning these grants and contracts is not easily accessible by the public.

Response: *Disagree.* The City and County of San Francisco has prioritized financial transparency as a way of doing business. For example, the SFOpenBook transparency portal has a clear link to all vendor payments made by the City. This tool allows users to review all payments made to nonprofit organizations as well as other vendors. The *Vendor Payment Summaries Report* lists nonprofit vendor payment information and can be downloaded as a pdf. or csv. file. This site can be found at www.openbook.sfgov.org.

In addition, the City Bids and Contracts Database lists all current Request for Proposals (RFPs) online, and is located at <http://mission.sfgov.org/OCABidPublication>. Often, departments also post RFPs on their own websites.

Information on specific vendors is not listed in budget documents because the City does not and cannot budget at the vendor level. Before awarding a contract for services, departments must go through a selection process. However, budgeted spending on services procured through nonprofits can be viewed by reviewing departmental budgeted spending on grants (character 038) and for the Department of Public Health (character 027). This information can be found in a number of places (SFOpenbook, in the Annual Appropriation Ordinance, and in the Mayor's Budget Book) all of which are accessible through the City's website.

Finding 2. City services provided by CBO grants/contracts have great value in helping underserved groups, but there is no systematic monitoring of the outcomes or effectiveness of the services delivered. It is important to know the value of these services over the long-term and to have a comprehensive strategy for optimizing the long-term effectiveness of the grants and contracts.

Response: *Agree in part, Disagree in part.* We agree that it is important to know the value and effectiveness of all nonprofit services. However, we disagree that there is no monitoring of outcomes. Individual departments monitor the effectiveness of contracted services based on specific programmatic needs and objectives. These results inform future funding decisions. Further, City departments and nonprofits collaboratively drafted and adopted a corrective action policy that is used as a tool by departments to work with nonprofit contractors that are underperforming. The Controller's Office maintains a comprehensive website of materials with guidelines and standards that nonprofits must meet for fiscal and compliance purposes. It also provides training materials and templates for nonprofits seeking to improve the capacity of their organization. These materials can be viewed on the City's website at: <http://www.sfcontroller.org/index.aspx?page=412>.

In FY 2012-13, the City contracted with over 800 nonprofit vendors to provide everything from art education to homeless shelter services to litter abatement. The populations served, type of service rendered, and objectives of services rendered by nonprofit contractors vary immensely. In addition, many departments grant funds to nonprofit community-based organizations as a pass-through from other funding agencies, such as the state or federal governments. These funding agencies have their own outcome measurement and reporting requirements that the City must pass along to grantees. Given this diversity of program needs and reporting requirements, a single, one-size-fits-all systematic strategy for the provision of nonprofit services would be ineffective.

Finding 3. The DPH has not been able to take full advantage of the Avatar electronic information management system.

Response: *Agree.* DPH - Behavioral Health Information Systems acknowledges the finding of the Civil Grand Jury. The fast pace of the technology industry has been hit by the rapidly increasing demands of Affordable Care Act, Meaningful Use and Health Information Exchange. The industry as a whole has been understaffed to meet new and emerging requirements. However, as mentioned in the recommendation response, DPH has added staff resources in order to ensure the Avatar electronic information system performs to expectations.

The Mayor's Office, Department of Public Health, and Controller's Office response to the Civil Grand Jury's recommendations is as follows:

Recommendation 1: To ensure adequate public awareness, access to CBO grant and contract information should be more explicitly communicated to the public. For example, the Mayor should consider specifically highlighting during the budget process that this dollar amount is devoted to grant and contract awards to CBOs to provide services the City/County believes to be critical.

Response: *Recommendation already implemented.* Total budgeted departmental City grant spending is listed in the character summary in the Annual Appropriation Ordinance, (character 038). This document is adopted by the Board of Supervisors and is posted online for viewing by members of the public. Additionally, the Mayor's Proposed Budget Book provides the amount budgeted for "Aid Assistance/Grants" in each department section. Information on specific vendors is not listed in budget documents because the City cannot budget at the vendor level, as all vendors must go through a competitive process to be granted budgeted funds. The public has been able to view and download current and historical vendor payments including payments made to all community based organizations for many years. In addition, the Controller's Office recently launched SFOpenBook, a web portal designed to provide easy access to a number of interactive tools, reports and other content to shed light on the City's economy, finances, and operational performance.

Recommendation 2.1: The Mayor and the Board of Supervisors should take the important step of developing an overarching strategy, as recommended by the San Francisco Community-Based Organizations Task Force in 2009, for evaluating the long-term effect of services provided by CBOs and use the results of that examination to set priorities and eliminate ineffective (or wasteful) programs.

Response: *Recommendation already implemented.* With respect to ensuring that CBO's are performing, and that ineffective or wasteful programs are eliminated, the City has taken several steps in response to

the recommendations to the 2009 Community Based Organizations Task-Force. For example, the Controller's Office City Services Auditor Division, as part of its *Citywide Nonprofit Monitoring and Capacity Building Program*, coordinated the development and implementation of a Citywide Joint Fiscal and Compliance Monitoring Protocol, where agencies funded by two or more City departments are reviewed utilizing the same protocol by a joint City team. This practice to standardizes procedures across departments, eliminates duplication of efforts for both contractors and City departments, and promotes nonprofit sustainability.

The following departments participated in Fiscal Year 2012-13:

- Children and Families Commission (CFC)
- Department of Children, Youth & Families (DCYF)
- Department on the Status of Women (DOSW)
- Department of Public Health (DPH)
- Department of Technology (DT)
- Human Services Agency (HSA)
- Office of Economic and Workforce Development (OEWD)
- Mayor's Office of Housing (MOH)
- Sheriff (SHF)

Many departments have also implemented the same protocol for organizations that are not jointly funded to ensure standardization in fiscal and compliance monitoring among all contractors. The Fiscal and Compliance Monitoring protocol is typically accompanied by a programmatic performance monitoring protocol conducted by each department that has been tailored to the unique services delivered by that department.

If an agency performs poorly in a category of its standard Fiscal and Compliance Monitoring, or Programmatic Monitoring, it has an opportunity through that process to remediate the problem. However, if the problem becomes more serious, or remains unaddressed, City departments now utilize a standardized Corrective Action Policy process and model to address concerns. Nonprofits with multiple or repeated findings that they are not in compliance with City standards can be deemed ineligible for new or renewed City funding. Nonprofits that fail to perform for program-related reasons will be less competitive in RFP scoring processes. Additional information can be found in the Controller's "Citywide Fiscal and Compliance Nonprofit Monitoring Guidelines, August 2011."

In addition to utilizing the Corrective Action Policy guidelines, departments granting funds to nonprofit contractors regularly hold Request for Proposal (RFP) processes for the purpose of ensuring that the City is utilizing the most effective providers and offering the highest quality services within the available resources.

While many departments follow the corrective action policy guidelines for underperforming nonprofit contractors, each department also individually and collectively monitors the effectiveness of contracted services based on program-specific needs and funding agency requirements. The flexibility to adapt performance metrics to program area is necessary given the diversity of services required to achieve large, overarching outcomes. For example, DCYF's tri-annual, charter mandated Children's Services Allocation Plan currently targets twenty-nine strategies in six different service areas, all geared at

improving outcomes for children and youth. However, the specific metrics measured for providers working on the "Ensure Access to High-Quality Child Care" strategy are understandably distinct from those measured from those working on the "Aftercare/Reentry" strategy.

The City has undertaken a number of initiatives to develop a comprehensive strategy around nonprofit service-provider effectiveness, particularly with regard to serving the neediest populations. Examples of these initiatives include the Crisis Response Network, the Health Services Master Plan, and HopeSF. However, the City also acknowledges that the populations served, type of service rendered, and objectives of services rendered by nonprofit contractors vary immensely, which leads to the need for distinct strategies and outcome monitoring as established by individual program or service areas.

Recommendation 2.2: The Mayor and the Board of Supervisors should consider taking a percentage of the total monies devoted to the provision of services by CBOs and use it to engage professional assistance to conduct this evaluation.

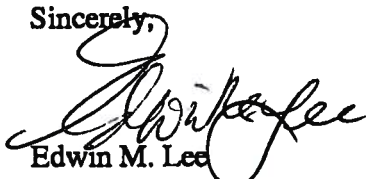
Response: *Recommendation will not be implemented.* This recommendation would be duplicative and unwarranted. As mentioned in the response to recommendation 2.1, professional staff continually monitor the performance of community-based organizations.

Recommendation 3: The Department should provide additional resources to bring the Avatar system to a level that fully supports the Department's performance objective program. The Mayor and the Board of Supervisors should ensure that sufficient resources are available to implement this recommendation.

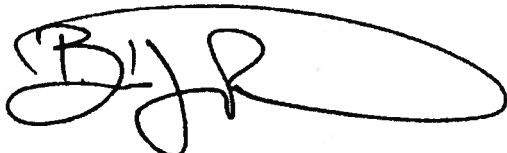
Response: *Recommendation already implemented.* DPH - Behavioral Health Information Systems has been diligently providing ongoing support to end users. Within the last year, an additional IS Manager, an IS Business Analyst, and a Senior IS Business Analyst have been hired. Additionally, DPH is in the process of hiring an IS Principal Programmer Analyst.

Thank you again for the opportunity to comment on this Civil Grand Jury report.


Sincerely,



Edwin M. Lee
Mayor



Ben Rosenfield
Controller



Barbara Garcia
Director of Health
Department of Public Health