MEMORADUM

MEMO TO: SUPERVISOR SOPHIE MAXWELL

FROM: **OFFICE OF CONTRACT ADMINISTRATION**
                DEPARTMENT OF HUMAN SERVICES/AGING & ADULT SERVICES
                CONTROLLER
                DEPARTMENT OF CHILDREN, YOUTH & THEIR FAMILIES
                DEPARTMENT OF PUBLIC HEALTH
                MAYOR'S OFFICE OF COMMUNITY DEVELOPMENT

DATE: **OCTOBER 13, 2004**

SUBJECT: NON-PROFIT CONTRACTING TASK FORCE PROGRESS REPORT

Pursuant to Board of Supervisor Resolution 835-02, the Office of Contract Administration has convened a panel to oversee the implementation of the Non-Profit Contracting Task Force recommendations. This panel meets periodically, and is on-going. The panel consists of representatives from the City departments that participated on the Non-Profit Contracting Task Force including; Office of Contract Administration ("OCA"), Department of Human Services ("DHS"), Department of Aging & Adult Services ("DAAS"), Controller, Department of Children Youth & Their Families ("DCYF"), the Department of Public Health ("DPH") and the Mayor's Office of Community Development ("MOCD").

OCA consolidated each non-profit contracting department's progress report into one document. Following is a preliminary progress report on the thirteen recommendations.

1. **CONSOLIDATE CONTRACTS, WHERE APPROPRIATE, ACROSS OR WITHIN DEPARTMENTS.**

DHS: The Human Services Agency ("HSA") has consolidated contracts internally starting with public agencies, universities, community colleges, quasi-public agencies, Private Industry Council, and Public Authority. During FY-04-05 HSA will continue to consolidate non-profit agencies where appropriate. 12-15 target consolidations are scheduled for non-profit Community Based Organizations ("CBOs"). Currently, HSA has merged with DAAS and is in the process of modifying the administrative procedures regarding the DAAS grants with CBOs. This effort will align the grant administration and monitoring protocols with the current HSA procedures. Additionally, HSA has consolidated services with external agencies, DPH and DCYF, via work-orders to place contracted services to a lead agency model. Examples include work ordering homeless services from DPH to HSA, and work ordering domestic violence services from HSA to DCYF.

DCYF: DCYF has consolidated many contracts with agencies that have more than one program. Thus,

DCYF has one master contract with an agency that is operating several programs.

DPH: In FY 03-04, DPH began the integration of mental health and substance contracts. This process is on going. Additionally, DPH completed its plan to consolidate prevention and HIV Services contracts. In FY 04-05, DPH will commence its implementation plan to consolidate prevention and HIV services contracts.

MOCD: A number of MOCD's non public service contracts have been consolidated with the Redevelopment Agency. MOCD has consolidated the public service grantees by function and into clusters. In the next program year, contracts will be consolidated geographic district.

2. DEVELOP METHODS TO STREAMLINE CONTRACT APPROVALS AND INCREASE AUTOMATION.

Standardizing Forms:

OCA: OCA has been facilitating periodic meetings to discuss which forms required by different City departments can be standardized, and determine the most efficient method of tracking and accessing the common list of compliance documents. According to the Non-Profit Contracting Task Force Report, the Best Practice was DPH's "COOL" system. Most of the non-profit contracting departments have been trained on the system. Departments will be able to enter documents directly and review and retrieve documents that other contracting departments have entered.

DPH: In FY 03-04, DPH offered access to Contracts On-Line system (COOL) to other city departments to view DPH contract documents and forms for insurance, HRC, OCA, etc. In FY 04-05, DPH completed installation and training for DHS and DCYF to use COOL to view insurance, HRC, OCA, and other documents for shared contractors. As a result, DHS and DCYF will be implementing COOL system for contract development.

MOCD: In FY 04-05, MOCD moved to having the RFP available on line with submission the RFP required on line. To date some invoicing has been automated with further refinements to occur in coming fiscal year.

Establish policies and procedures for electronic signatures to permit on-line submission and approvals of required documents and explore feasibility of electronic funds transfers to facilitate payments directly to contractors' bank accounts.

Controller: The Controller's Office will be implementing an upgrade to the City's accounting system software, FAMIS/ADPICS, which will be capable of processing electronic transactions, including online submission of documents such as invoices and electronic payments to contractors, including nonprofit contractors (see below). The upgrade will begin at the end of fiscal year 2004-05 and continue into the beginning of fiscal year 05-06. Policies and procedures for electronic submission of documents will be developed after the new upgraded system is in place and the processes for conducting electronic transactions are implemented. Electronic signature capability is already available for selected organizations that contract with some departments. The Office of Contract Administration is pursuing extending this capability across a larger number of departments. With respect to electronic funds transfers, short-term enhancements are possible with the current system. For example, in the next few

months, the Controller's Office will be conducting a pilot program for electronic payments with some contractors using an automated clearinghouse.

Once financial accounting systems have been upgraded, on-line approvals and electronic funds transfers will be implemented (due date not determined):

Controller: As described above, the upgrade to FAMIS/ADPICS will take place in late fiscal year 2004-05 and early 2005-06. The upgrade will make possible electronic transactions, including document approvals and electronic funds transfers.

3. **DEVELOP AND PROCESS CONTRACT DOCUMENTS EARLY IN THE CYCLE TO ASSURE TIMELY PAYMENT**

DPH: In FYs 03-04 and 04-05, DPH has worked to streamline contracting procedures in order to process documents early in the cycle to assure timely payments including:
- FY 03-04 --piloted contingency contract model in Community Behavioral Health Services. Model will streamline contract modifications.
- FY 04-05 - implemented contingency contract model department-wide. Delegation of Authority for Professional Services Contracts – applied for delegation authority.
- FY 03-04 - collaborated with Human Rights Commission to develop procedures to expedite sole source waivers.
- FY 04-05 - HRC implemented new procedures to approve DPH waivers prospectively.
- FY 04-05 - met with Risk Manager and Administrative Services manager to develop procedures to streamline risk management review. The process is on going.
- FY 03-04 - met with Deputy Director to develop procedures to streamline contracting blanket purchase orders. Have fully implemented recommendations.

4. **CREATE A REVIEW/APPELLATE PROCESS TO IMPLEMENT AND OVERSEE SUBSTANTIVE CHANGES TO STADARDIZATION**

5. **ELIMINATE UNNECESSARY REQUIREMENTS IMPOSED ON CONTRACTORS**

DPH: In FY 03-04, DPH developed methods to streamline Community Programs and AIDS Office contract forms to eliminate unnecessary requirements. In FY 04-05, DPH is in the process of developing guidelines for Community Program contractors that will streamline contract revisions. Additionally, DPH implemented recommendations to streamline AIDS Office contract forms.

DCYF: DCYF has work ordered funds to other city departments (MOCD, MOCJ and DHS) to jointly fund programs. One department has been identified to be the lead.

6. **DEVELOP METHODS TO FACILITATE ELECTRONIC PROCESSING OF CONTRACTS AND PAYMENTS.**

DPH: DPH began department wide implementation of the COOL system thereby processing all contracts through COOL.

MOCD: MOCD is currently in the process of converting to an on-line system that will allow all reporting functions to occur.

Develop policies to facilitate electronic invoicing. Review and revise accounting and post-audit procedures to facilitate electronic processes whenever possible:

Controller: Electronic invoicing will be available after the FAMIS/ADPICS system is upgraded. At that time, the necessary accounting and post-audit policies and procedures will be developed to support the online functionalities of the upgraded system.

Develop policies to facilitate electronic invoicing. When upgrading the City's accounting system (FAMIS) consider systems that will facilitate electronic processes across City departments. New systems should interface or support departmental contracting systems that process invoices and payments whenever possible:

Controller: All payments to contractors and other vendors must be processed through FAMIS/ADPICS. Separate electronic invoicing or payment systems used by departments would have to interface with the City's upgraded FAMIS/ADPICS system for payments to be processed electronically. The Controller's Office plans to ensure that separate systems used by departments will be compatible with the City's upgraded FAMIS/ADPICS system.

DCYF: DCYF has been using an on-line contract management system since 1999 to approve invoices. DCYF has electronic signatures in place and does not deal with paper invoices. DCYF also collects the Annual Work Plan and the monthly reports on-line.

7. CREATE STANDARDIZED AN SIMPLIFIED CONTRACT FORMS

DPH: DPH simplified and standardized contract boilerplate to streamline contract development process, and reviewed and standardized contract forms (scope of work, budget, and other forms) within Community Programs. This process is on-going.

DHS: HSA has sought delegation of purchasing authority from the Office of Contracts Administration in an effort to streamline the certification process. Working in conjunction with the Controller's office a revision to ADPICS to allow NP grants to be processed in ADPICs in lieu of FAMIS will enhance reporting capabilities and allow for faster certification times.

8. ESTABLISH ACCOUNTING STANDARDS FOR NON-PROFIT CONTRACTORS

Produce a finance guide for city contractors with a recommendation that all CBOs have an annual, independent audit. The guide will set accounting standards that are acceptable to all City departments. The guide is to be distributed to departments to assist in the process of standardizing fiscal monitoring in the City. Departments should adopt the guide as part of fiscal monitoring procedures:

Controller: The *Finance Guide* is in final draft form. Currently, the Controller's Office is in the process of vetting the draft with department contract managers, and some nonprofit agencies, particularly those represented on the Task Force, so they can give us their feedback. Once this process is completed, the document will be reproduced and distribute to departments and to CBOs. We anticipate the distribution will occur in October 2004.

9.   **COORDINATE JOINT PROGRAM MONITORING, WHENEVER POSSIBLE.**

DCYF: DCYF and the San Francisco Unified School District jointly monitor the SF Team contracts. Staffs from both departments visit the agencies together. This eliminates two site visits to any one agency.

DPH: DPH standardized monitoring cycle department-wide. This process is on going. Additionally, DPH developed a joint narrative template for prevention and CARE contracts.

10. **DEVELOP STARDARD MONITORING PROTOCOLS, LANGUAGE AND DEFINITIONS TO MORE CLEARLY DEFINE CONTRACT REQUIREMENTS.**

DCYF: DCYF and the San Francisco Unified School District collaborated to design program site visit forms and attendance sheets that would satisfy both entities for the SF Team contracts.

DPH: DPH convened department-wide group to review and standardize format and timeframe for monitoring reports and will continue standardization of monitoring reports.

DHS: HSA processed all of the DHS contracts early in the renewal cycle to ensure that contracts are certified early in the fiscal year (July 30). The DAAS grants will follow this procedure beginning in FY-05-06. This process enabled nonprofit contact advance payments and July invoicing to be processed in a timely manner.

11. **PROVIDE TRAINING FOR PERSONNEL WHO MONITOR CONTRACTS TO ENSURE ADEQUATE KNOWLEDGE AND UNDERSTANDING OF PROGRAMS AND SERVICES.**

DPH: DPH provided initial training to personnel that monitor AIDS Office contracts.

MOCD: MOCD is currently undergoing reorganization and training and retraining is being given to all staff.

OCA: OCA, in consultation with the City Attorney's Office, is providing a Scope of Work Training for all City Departments that cover professional services and grant contracts.

12. **CONDUCT TIERED ASSESSMENT OF PROGRAMS TO MORE EFFICIENTLY EVALUATE PROGRAM PERFORMANCE.**

In the future we plan to establish a working group of City Departments and nonprofits to establish a plan and protocols.

13. **FUND ANNUAL COST OF LIVING INCREASES FOR NON-PROFIT CONTRACTORS.**

This is a policy matter to be discussed during the budget process.