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MEMORANDUM

To: Supervisor Sophie Maxwell

From: Office of Contract Administration
Human Services Agency
Controller's Office
Department of Children, Youth & Families
Department of Public Health
Mayor's Office of Community Development
San Francisco Human Services Network

Date: April 12, 2006

Subject: Milestones for City Nonprofit Contracting Task Force's Recommendations

Per your request at the October 20, 2005 Government Audit & Oversight Committee Hearings, the Nonprofit Review/Appellate Panel is submitting to the Board revised milestones and objectives for the City Nonprofit Contracting Task Force Report's thirteen recommendations. This report is a result of a major commitment and a collaborative effort on the part of both City departments and the nonprofit community to develop milestones and objectives with reasonable timeframes. It brought together everyone in trying to build a consensus on how best to streamline the City's contracting process.

The revised milestones are attached. If you have any questions, please contact Naomi Kelly at (415) 554-7738.

**MILESTONES FOR CITY NONPROFIT CONTRACTING TASK FORCE'S
RECOMMENDATIONS
APRIL 12, 2006**

1. CONSOLIDATE CONTRACTS, WHERE APPROPRIATE, ACROSS OR WITHIN DEPARTMENTS (CONSOLIDATE CONTRACTS)

Milestone: May 2006

- HSA/Aging, DPH, DCYF, MOCD (“Interdepartmental Working Group”) will report on the number of contracts consolidated to date within department and across departments and identify additional consolidations that are appropriate.

Milestone: Summer 2006

- DPH will provide separate timelines report for consolidation within department, and across divisions.

Milestone: TBD by Interdepartmental Working Group

- Interdepartmental Working Group will begin meeting to evaluate departments’ procedures to consolidate contracts and begin to draft a best practice model. .

Milestone: September 2006

- The Review/Appellate Panel will evaluate draft best practice model and consider nonprofit feedback.

Milestone: April 2006

- Mayor’s Office and OCA will send letter to nonprofit contracting departments that did not participate in the City Nonprofit Contracting Task Force, notifying these departments of the efforts to streamline the contracting process and encouraging them to adopt recommendations put forth by the Nonprofit Review/Appellate Panel. These departments include Sheriff, Juvenile Probation, Mayor’s Criminal Justice Council, Mayor’s Office of Housing, Department on the Status of Women,
- OCA will send e-mail to nonprofits requesting nonprofits to (1) provide view point on City’s efforts to consolidate contracts across and within departments, (2) give specific examples of late certification, (3) give specific examples of unnecessary requirements, and (4) give examples of what the City is doing right to streamline the contracting process.

Milestone: Fall 2006

- HSN will review with contractors and report back to the Review/Appellate Panel an evaluation of progress for the next report to the Board of Supervisors.

2. DEVELOP MENTODS TO STREAMLINE CONTRACT APPROVALS AND INCREASE AUTOMATION (STREAMLINE CONTRACT APPROVALS)

Milestone: February 2006 (Completed)

- OCA will widely distribute an e-mail update to nonprofits and City’s contracting staff regarding the use of DPH’s contracts online system (COOL) as a central data repository for shared nonprofit related documents. Only DPH, DCYF, HSA and Controller’s Office staff have access to this system at this time. A standard list of compliance documents and monitoring documents will be posted for shared use

among departments for their nonprofit contractors. Additionally, the City's Risk Manager established guidelines and procedures to allow non-profits to obtain a blanket insurance certificate from the non-profits insurance underwriter to indemnify the City and County of San Francisco as additionally insured.

- DTIS and OCA will present a cost/benefits analysis exploring the options for providing an enterprise-wide contract management system and/or contract development system, similar in concept to the DPH's COOL System.

Milestone: February/March 2006 (Completed)

- DTIS and OCA will present a budget proposal to Mayor's Office and Board of Supervisors for a citywide central data repository. The next milestone will depend on the political process. OCA will develop additional milestones after the FY 06-07 budget process.

Milestone: April 2006

- Controller will revise existing policies and procedures for electronic signatures to permit online submissions and approvals of required documents.

Milestone: June 2006

- DPH/HSA will facilitate refresher training for City staff regarding COOL's central data repository functions, and OCA will send an e-mail reminder to all nonprofit contractors to submit information electronically.

Milestone: Summer 2006

- Controller will explore the feasibility of electronic fund transfers to facilitate payments directly to contractors' bank accounts.

Milestone: To Be Determined

- The Controller's Office will facilitate a training of health and human service contracting staff regarding new and existing insurance procedures.
- Individual departments will develop their own systems for on-line submissions and approvals.

Milestone: Fall, 2006

- HSN will review with contractors and report back to the Review/Appellate Panel an evaluation of progress for the next report to the Board of Supervisors.

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

Milestone: May 2006

- Nonprofits and HSN will submit Review/Appellate Panel documented examples of late certification and late payments by City departments.
- The Review/Appellate Panel will begin to invite other City administrative/regulatory agencies (HRC, Risk Management, Civil Service Commission, etc.) to develop policies to streamline and facilitate timely contract certification or create exceptions for human services providers.
- The Review/Appellate Panel will convene a working group to review nonprofit reports and samples of nonprofit contracts to identify problems with late certification and payment.

Milestone: Fall 2006

- The Review/Appellate Panel will review recommendations and procedures to streamline contracts certification payments.

4. CREATE A REVIEW/APPELLATE PROCESS TO IMPLEMENT AND OVERSEE SUBSTANTIVE CHANGES TO STANDARDIZATION (REVIEW/APPELLATE PROCESS)

Completed in January 2005:

- OCA created the Review/Appellate Panel with City and nonprofit representation in January 2005. In its oversight role, the Panel has made a tremendous difference in ensuring that City departments continue to move forward with implementation and to communicate across departments to share ideas and standardize processes. This task has been completed and is ongoing, with some departments responding quickly and some not.

Completed in Summer 2005:

- Health and human services departments completed draft formal grievance procedures.

Milestone: April 2006

- HSN will review health and human services draft formal grievance procedures.
- The Review/Appellate Panel will review all drafts and proposals for a formal grievance procedure.
- The Review/Appellate Panel will approve model grievance procedures.

Milestone: May 2006

- OCA will work with City Attorney to determine appropriate place for model grievance procedure. Upon determining the final procedures, OCA will post the document on the Intranet web site at <http://intranet/> under Forms Center, with a strong recommendation that all departments use the model grievance procedures.

Milestone: June 2006

- OCA will e-mail update on new grievance procedures to nonprofits.

Milestone: Fall, 2006

- HSN will review with contractors and report back to the Review/Appellate Panel an evaluation of progress for the next report to the Board of Supervisors.

5. ELIMINATE UNNECESSARY REQUIREMENTS IMPOSED ON CONTRACTORS (ELIMINATE UNNECESSARY REQUIREMENTS)

Milestone: March 2006 (Completed)

- Departments will report to Review/Appellate Panel its plan to meet with contractors to discuss and identify requirements that may be unnecessary. This will occur upon contract renewal.

Milestone: April 2006

- OCA will send e-mail to nonprofits requesting nonprofits to (1) provide view point on City's efforts to consolidate contracts across and within departments, (2) give specific examples of late certification, (3) give specific examples of unnecessary requirements, and (4) give examples of what the City is doing right to streamline the contracting process.

Milestone: Spring 2006

- Mayor will send letter to nonprofit contracting Commissions requesting that they assist the Task Force objective to eliminate unnecessary requirements imposed on contractors.

Milestone: Summer 2006

- Departments will develop and submit a plan to the Review/Appellate Panel to eliminate requirements that may be unnecessary.

Milestone: Fall 2006

- HSN will review with contractors and report back to the Review/Appellate Panel an evaluation of progress for the next report to the Board of Supervisors.

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

- The tasks and milestones for achieving Recommendation #6 is the same for Recommendation #2.

7. CREATE STANDARDIZED AND SIMPLIFIED CONTRACT FORMS (STANDARDIZED AND SIMPLIFIED FORMS)

Milestone: TBD by Interdepartmental Working Group

- Interdepartmental Working Group will meet to begin evaluating standardized forms (scope of work, budget, invoice, monitoring reports), and begin drafting best practice models to be distributed to other City departments and posted on OCA's website.
- The Interdepartmental Working Group will develop contract format and forms for outcome driven services that define: (1) language and service definitions; (2) monitoring protocols; and (3) reporting requirements (recommendation #10).

Milestone: Fall 2006

- The Review/Appellate Panel will review the progress of implementing standardized forms (or development of alternative standardized forms) by other City departments.

Milestone: September 2006

- The Review/Appellate Panel will evaluate draft best practice model and consider nonprofit feedback.

Milestone: To Be Determined:

- The Interdepartmental Working Group will develop form for contractors to provide feedback on definitions and monitoring of outcome driven services (recommendation #10).

8. ESTABLISH ACCOUNTING STANDARDS FOR NONPROFITS CONTRACTORS (ACCOUNTING STANDARDS) - Completed

The Controller's Office has published and disseminated a *Finance Guide for Nonprofits* in November of 2004 and provided two training sessions on the *Finance Guide* for approximately 70 nonprofit contractors in April 2005. In June of 2005, the Controller's Office coordinated another training session on cost allocation procedures, which was attended by over 100 nonprofits. As a follow up to this training, and to further clarify the City's expectations regarding cost allocation practices, the Controller's Office has developed written cost allocation guidelines for nonprofits contracting with the City. The

Cost Allocation Guidelines, the *Finance Guide* and all related materials from these trainings are available online at www.sfgov.com/controller (see *Resources for Nonprofits*).

9. COORDINATE JOINT PROGRAM MONITORING (JOINT PROGRAM MONITORING)

Completed in September 2005

- Since September 2005, the Controller's Office has been facilitating monthly working group meetings with representatives from DCYF, DPH and HSA to discuss monitoring results and refine standard monitoring procedures. This process is ongoing.

Milestone: June 2006

- Sixty-seven organizations with multiple contracts across DCYF, DPH and HSA will undergo a standard fiscal and compliance monitoring by June 30, 2006. A similar or greater number of contractors will experience this standard monitoring in FY 06-07 with expanded participation from other City departments who were not participating in the efforts this fiscal year.

Milestone: FY 06-07

- The Controller's Office will transition the leadership/facilitation of the monthly working group meetings to the departments during FY 06-07.
- HSN will assist to provide feedback to the Appellate Panel from the contractors' perspective, on the experience and efficacy of the shared monitoring process.
- Coordinated monitoring will be further enhanced by a shared master calendar and shared access to monitoring forms and reports on COOL.
- Departments will provide timely written notice of at least 14 days prior to the monitoring visit date as well as a timely written report back on the results of the monitoring visit back to the contractor within 30 days, if possible, but not beyond 90 days. If the program report is not completed within 30 days, then the department conducting the monitoring will issue a notice indicating that the program report was not completed as scheduled.

10. DEVELOP STANDARD MONITORING PROTOCOLS, LANGUAGE AND DEFINITIONS TO CLEARLY DEFINE CONTRACT REQUIREMENTS (STANDARD MONITORING PROTOCOLS)

Milestone: FY 06-07

- Upon renewal, each contract will be revised to include clear language and service definitions, clearly defined monitoring protocols (specifically what will be monitored and when), and clearly specified reporting requirements.

The above will be contained in the scope of services document and will be mutually agreed upon by both the funding agency and the service provider. During the period following the renewal (fiscal year) the above revisions will be analyzed to develop outcome driven services to be implemented in subsequent renewals or RFPs. The lengthy service objectives narratives currently contained in many scopes of services shall be streamlined to contain the mutually agreed upon outcomes and methodology for measuring progress towards meeting those outcomes.

Protocols for standard fiscal & compliance monitoring were completed and are being used with multi-departmental contractors in FY 05-06; ongoing efforts are focused on program monitoring protocols.

The contract renewal/negotiation process should allow departments and contractors to determine what will be monitored and how. Departments should focus monitoring on what is specifically agreed to in the contract, and will adopt findings of Federal or State monitoring, when appropriate.

11. PROVIDE TRAINING FOR PERSONNEL WHO MONITOR CONTRACTS TO ENSURE ADEQUATE KNOWLEDGE AND UNDERSTANDING OF PROGRAMS, SERVICES AND MUTUALLY AGREED UPON PROTOCOLS (TRAINING FOR PERSONNEL)

Milestone: June 2006

- The Controller's Office, in collaboration with the monitoring working group, will conduct a year-end survey of the 67 multi-departmental contractors to get their feedback on their fiscal, compliance and program monitoring experience in FY 05-06. Findings from this survey will inform future trainings for City staff and/or contractors.

Milestone: FY 06-07

- Upon implementation of recommendation #10 (standard monitoring protocols) and results from surveys, Agency staff that perform monitoring activities will be instructed and trained at the department level during the first quarter of FY 06-07 to insure understanding of monitoring roles under the revised scopes of services.

Milestone: To Be Determined

- Departments will adopt Controller's year-end survey of 67 multi-departmental contractors on the three areas of monitoring (Fiscal, Compliance, and Program) to solicit similar feedback from their other contractors, to ensure that their staff has adequate knowledge of the programs they monitor.

12. CONDUCT TIERED ASSESSMENTS OF PROGRAMS TO EFFICIENTLY EVALUATE PROGRAM PERFORMANCE (TIERED ASSESSMENTS)

Milestone: June 2006

- Before June 30, 2006, each department will adopt the Controller's Office Risk Assessment Policy and format procedure for each jointly monitored contract and all other contracts that are applicable. Each fiscal year during the first quarter (July through September) the risk assessments for each department's contracted services will be performed and the monitoring schedules will be established as a result of the risk assessments. These criteria will be shared with contractors to facilitate ongoing dialogue between the City and nonprofits.

Service providers with no findings from the prior year's monitoring will be relieved of subsequent monitoring of a period of 1-2 years, or may be subject to a self-monitoring report.

This does not apply where State, Federal or other funding sources require more frequent monitoring.

At a minimum, all contractors will receive at least one physical site visit every three years.. Contractor may request justification of risk assessments and subsequent scheduled monitoring at any time.

Departments will continue to identify opportunities and resources for technical assistance for contractors. The Controller's Office coordinated several trainings in FY 04-05 (Finance Guide, Cost Allocation Procedures), and also maintains a *Resources for Nonprofits* link on its website. DCYF and MOCD also contract with Compass Point Nonprofit Services to provide further technical assistance to contractors.

13. COST OF LIVING INCREASES

In 2005, the Mayor approved a 2% cost of doing business increase for general fund contractors. Any future COLA's is a policy decision for the Mayor and the Board of Supervisors.