

**SAN FRANCISCO HUMAN SERVICES NETWORK
SUMMARY OF NONPROFIT CONTRACTING PROCESS SURVEY
October 3, 2006**

1. CONTRACT CONSOLIDATION

41% of the 51 responding agencies now have consolidated contracts.

Of these, 62% (13 of 21) found that consolidation is helpful.

Only one organization with a unique set of circumstances found the consolidation to be detrimental - their contract for a longstanding program was consolidated with one for a separate collaborative organization of which they are a member and serve as fiscal sponsor.

50% (12 of 24) believe they have contracts that should be consolidated. These include contracts within and between/among Departments.

50% (12 of 24) don't have contracts that are appropriate to consolidate.

2. PROCESSING CONTRACTS TO ASSURE TIMELY PAYMENT

FY 05-06 contracts, 57% (29 of 51) of the nonprofits reported problems with late certification and/or payments.

Specific Problems & Comments:

- MOCD's new 7c² computer system - 8 complaints--major impediment, confusing, many glitches.
- Complexity of forms, use of acronyms cited by several.
- DHS contracts passed through Private Industry Council take 5-6 months to pay invoices.
- AIDS Office consistently late certifying and paying. AO says due to (1) federal, state awards process; (2) HIV Health Services Planning Council process.
- Nonprofits incur interest charges on funds needed to pay bills due to late payments.
- Almost all contracts late last year: one had to lay off two staff in July, re-hire them in August with added-back money. Subsequently, lost one staff due to uncertainty of funding.
- Extremely challenging to reconcile (DPH) full-year contract with interim agreement at year-end, often requiring amendments or full budget modifications.
- CBHS did not issue the six-month interim agreement until December 2005 for contract that began July 1, and one agency did not receive their certified full-year contract until March 2006.
- DPH had problems during summer of 2006 - many received late payments, and experienced difficulties contacting department staff.
- One agency routinely provides a full year of service before one of their DPH contracts is even certified. The program continues only because it is a relatively small contract within a large agency.
- DAAS was acknowledged for timely payments and contract certification.
- One nonprofit reported great support from contracts staff in DPH Primary Care office helping with 06-07 contract.

FY 06-07 contracts:

46% (17 of 37) are already experiencing or are anticipating problems with timely certification of their contracts. Agencies anticipate most problems with DPH and MOCD.

Specific Problems & Comments:

- HIV Health Services contract expired June 30th; at June 20th no award letter; contract would not be certified by start date.
- Had not heard from MOCJ and Juvenile Probation Department whether proposals submitted for 06-07 will be funded. Agency has no funds to pay staff for the month of July while contracts are being processed. City could advance 2/12 of the contract amount to offset cash flow problems for new awards and renewals.
- Significant late payments due to delayed certification and lost/mislaid invoices by DPH. Problem has not been resolved at a "systems level".
- Late payments from DPH; reserves depleted over the last few difficult years. Inefficient to go through a contract amendment process twice a year.

3. ELIMINATE UNNECESSARY REQUIREMENTS

Despite attempts to reduce unnecessary requirements over the last several years, 30% of the 50 responding agencies still believe they have contract requirements that exceed the requirements of the funding source.

Specific Examples:

- MOCD's 7c² online report system, including time it takes to input data and amount of excessive information requested.
- DCYF's computer system is also cited as inefficient.
- The Private Industry Council inconsistent in communication of requirements associated with Workforce Investment Act funds and its oversight of these funds.
- Lack of clarity at all departments with regard to federal grant restrictions:
 - Some departments impose their own restrictions on taxes and benefits caps of 25%,
 - Mandated adherence to a line item budget rather than a budget category; federal grant has no such restriction (e.g. case manager vs. total supportive services budget).
 - Individual agencies wavered when persistent, but no consistent knowledge or application of rules among DPH, MOCD, HSA staff.
- DPH cultural competency reporting format extensive, overly burdensome. Brief annual update for agencies with 25+ year records of strong compliance should be enough.
- Requiring separate Insurance Certificates for each contract.
- Different information from different funders about requirements for payment.
- No uniformity in site audit and fiscal reviews. Different departments have different requirements
- Monitors sometimes lack knowledge of the systems they are monitoring, which makes it difficult to prepare and, in some cases, explain procedures.
- MOCD requires DAILY demographics of shelter clients
- Requiring that the Board chair and ED sign off on billings, beyond the requirements of other departments.

4. MONITORING

Number of program and fiscal monitoring visits per organization in FY 05-06 led by a City Department:

- 0-1 program visit; maximum of 2 fiscal visits: 36% (18 of 50 responses)
- 2 program visits; maximum of 2 fiscal visits: 22% (11 of 50)
- 3-4 program visits; maximum of 4 fiscal visits: 28% (14 of 50)
- 5+ program visits; up to 5 fiscal visits: 14% (7 of 50)
- One agency had 14 program visits; 4 fiscal visits.)

Monitoring Notice & Reports:

- Almost 75% of the 43 responding agencies received notice of monitoring visits within 14 days as well as a written report back within 90days.
- Additional agencies received advance notice but did not receive the written report.
- Several agencies acknowledged DAAS and DCYF for complying with these guidelines.
- MOCD noted for not providing written reports within 90 days.

Development of program monitoring criteria and goals:

- In advance; mutually agreed upon when service commenced: 52% (24 of 46)
- After the contract was certified: 22% (10 of 46)
- 15% (7 of 46): the city just sends the monitoring criteria and goals.
- Several noted that DPH added monitoring criteria not included in the original contract; data not collected & had to negotiate not to be penalized.

5. OTHER

Examples of positive City efforts to streamline the contracting and monitoring process:

- Kudos to DCYF for changes: joint monitoring, reporting and invoicing in electronic format, no delays waiting for signatures, clear expectations, fast payments, and responsive staff.
- Likewise, improvement of joint program/fiscal monitoring by DHS, DCYF, and DPH.
- Online COOL system works well for some transmitting documents. One complaint about excessive hierarchy of folders, illogical to navigate.
- Time-saving self audit, including the clarity of the form.
- MOCD got rid of requirement of Board Chair signature on invoices.
- 18-month contracts, advance payments, reduced paperwork.
- DAAS significantly simplified assessment and monitoring process, provided the opportunity to help shape program outcome goals and measurements, bring together service providers to work collaboratively, share issues and best practices.
- DAAS has fewer forms to complete each year. True also for budget process and invoice. Fiscal monitoring waived in view of outstanding prior year performance. Suggest doing same for program monitoring.
- HSA generally very good at certifying and monitoring in a timely fashion.
- HSA training preparation for FY 06-07 contract was helpful, clarified the department's expectations, provided detailed folder, CD ROM to work from. Contract manager helpful and available.

- HSA fiscal process greatly improved:
 - 1) Reduced number of required invoices/documents from 4 to 2 pages monthly;
 - 2) Reduced number of budget revisions from 3-4 to 1 annually;
 - 3) Audit previously outsourced, now conducted by DHS staff;
 - 4) Reduced number of required pages for end-of-year closeout reports;
 - 5) E-mail or electronic submissions--faster and cost effective;
 - 6) Assessment process improved--focuses on key operational areas for review; no longer includes internal operational details with no real bearing on capacity and capability to administer and provide services to clients.
- The City asks every non-profit to submit one Annual Economic Statement to the Dept. of Administrative Services and that information is accessible to every department.

Additional Comments

- Issues at MOCD: Numerous complaints about MOCD's 7c² online system.
- Attempts to communicate with MOCD grant staff (by phone, e-mail and in-person) were trying and difficult at best.
- Face to face meetings for individual contractors and department staff needed to review the contents of all Exhibits; allow contractors to illustrate burdensome requirements and inquire as to the rationale for their continued inclusion. This could eliminate more unnecessary items; or, if they are truly necessary, contractors would understand why. This has never occurred; instead, the departments talk to themselves and come up with their answers in a vacuum, and nothing changes, or the process gets even more cumbersome.
- One agency should be responsible for collecting all the updated insurance forms and organizational info such as bylaws, article of incorporation, financial audits, board of director info, etc. for all contracts so to avoid multiple submissions.
- Need consistent reporting and budget forms, to the extent possible. Some agencies have online systems, some don't.
- DHS and DCYF staff have been extremely helpful, keeping bureaucracy as stress free as possible.
- Please find a way to pay me back when I incur costs borrowing money because City payments are late! And don't cap fringe benefits. Health insurance keeps going up, and our fringe rate will soon exceed the DPH cap.
- When programs are in a high level of compliance there should not need to be so much unnecessary monitoring each and every year. In addition, the monthly cost control report should be changed to a less frequent report. Perhaps quarterly.
- As the City increases its focus on outcomes-based reporting, they seem to be reinventing the wheel in terms of reporting mechanisms. While we applaud the movement toward increased accountability in terms of showing program impacts, it is increasingly challenging to manage multiple reporting systems that are cumbersome and duplicative. This contributes to administrative costs that the City is unwilling or unable to cover. The ongoing issue regarding COLAs that are reflective of the actual costs of doing business in S.F. remains critical to maintaining a robust and thriving nonprofit network.
- If departments retained and regularly trained staff to provide hands on technical assistance on site, it would be extremely helpful in building rapport and understanding the capabilities of a particular non-profit agency.
- Non-profits that contract with the City should be able to purchase health insurance and benefits as a group either through the City or as a separate, larger pool.