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## MEMORANDUM

To: Supervisor Sophie Maxwell

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

Date: March 12, 2007

Subject: Report on Accomplishments for Nonprofit Contracting

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The Nonprofit Review/Appellate Panel, consisting of City departments and representatives from nonprofit organizations reviewed progress by city departments to streamline contracting. Below is a summary of department efforts and remarks from HSN.

### **Office of Contract Administration**

Last year, OCA compiled a survey of nonprofit contractors to find areas of improvements for the departments. The survey identified some problem areas that some departments have such as late certification and unnecessary requirements. Those departments have initiated some follow-up activities with the contractors to alleviate some problems. The Panel will continue to monitor progress made on those issues. Departments also intend to use the best practice procedures to reduce and eliminate some of the problems.

The Risk Manager now accepts a blanket insurance certificate. The Risk Manager, in partnership with the Controller's Office and an independent insurance broker, provided a workshop on insurance to nonprofits in June 2006.

### **Human Services Agency**

In FY 06-07, HSA continued with the consolidation of contracts into master agreements both internally and across departments in conjunction with DPH, DCYF, MOCD, and MOH. HSA's focus this year has been in working with the DAAS contractors in streamlining the contract process and ensuing timely certification and payments. HSA continues to be in compliance with the taskforce's recommendations, and upon the upcoming renewals, HSA will be working with the CBOs to ensure clarity of roles and responsibilities regarding all monitoring activities including programmatic, fiscal, and compliance monitoring. HSA is in the process of compiling

survey data from CBOs to document the increases in the cost of doing business and look forward to reporting those results in the near future.

### **Controller's Office**

In FY 05-06, DCYF, DPH, and HSA worked closely with the Controller's Office to successfully pilot a joint fiscal and compliance monitoring process. In FY 06-07, 66 nonprofit contractors are in the shared monitoring pool and five new City departments are now participating: First Five, Department on the Status of Women, Juvenile Probation Department (JPD), MOCD, and Sheriff. A Steering Committee made up of representatives of all participating departments is responsible for developing guidelines and leading the joint monitoring work. The Controller's Office is continuing to coordinate training for City staff and contractors on the City's fiscal guidelines (e.g., cost allocation and insurance requirements) and standard fiscal and compliance monitoring protocols. Although these protocols improved the quality and consistency of the City's contract monitoring practices and reduced duplicative efforts, the interdepartmental coordination remains a challenge. The Controller's FY 05-06 pilot year survey indicated that there were problems on the timely notification to contractors of monitoring visits and posting of documents on the central data repository system. Participating departments are working to make improvements in response to this feedback.

The Treasurer and Controller's Office have begun a pilot program allowing the City's contractors and vendors to receive electronic payments directly to their bank accounts. Three nonprofit vendors are currently in the pilot group, and the Controller's Office is beginning to expand the program.

### **Department of Children, Youth and Their Families**

DCYF continues to work with MOCD, HSA, First Five, and DPH to consolidate contracts where appropriate. DCYF, HSA, and First Five will issue a joint Early Care and Education RFP for services to children 0-5 and the contract/grant agreements will be consolidated. MOCD work ordered CDBG/HUD funds for youth services to DCYF for FY 06-07 and plans to continue the work order for FY 07-08. DCYF is also working with JPD and Rec & Park to consolidate Summer Youth Employment programs.

DCYF will continue to streamline contracts within the department with a master grant agreement for grantees who receive funding for more than one program. Its Contract Management System (CMS) has been upgraded to allow grantees to generate reports to assist with their service delivery as well as complete online surveys. JPD and MOCJ are now using the DCYF's CMS. DCYF will continue to use CMS to develop work plans and approve invoices online to help nonprofit organizations expedite their work. In most cases, grantees receive payment of an invoice within 3-5 business days. Currently it uses the COOL system to view shared documents, and the Program Officers were given refresher training on using COOL.

DCYF is also participating with the Controller's Office on the joint monitoring project.

### **Department of Public Health**

The Health Commission, led by Commission President Monfredini and Budget Committee Chair Sanchez, met with representatives of HSN, Dr. Katz, and DPH staff to discuss contracting issues. A number of contract concerns were discussed and action items were identified.

Progress to date by DPH on the agreed-upon action items has been good. A number of items have been addressed or are in progress. Highlights of progress to date are (1) DPH has been reaching out to contractors for feedback on policy and contracting changes; (2) contractors routinely will be offered face-to-face contract negotiations; (3) a contractor satisfaction survey was conducted and additional surveys will be developed; (4) contract documents will be streamlined and contractors will be consulted on revisions; (5) training for DPH staff has been conducted to communicate contractor concerns and other contract issues; and (6) the Health Commission will be monitoring progress on a regular basis. DPH will obtain feedback from contractors on a work plan to address concerns identified in the contractor survey.

### **Mayor's Office of Community Development**

In FY 07-08, MOCD will continue the work-order process with DCYF to support programs for low and moderate income families. The \$850,000 will be integrated to DCYF's three-year RFP cycle, allowing agencies to apply only once to access both DCYF General Fund and Community Development Block Grant funds. MOCD also identifies agencies with multiple contracts within one funding area (economic development) and combines workplans and budgets into one grant, reducing the number of site visits and documents required from each agency.

MOCD is in its second year of using an electronic online reporting system, known as 7c2. This paperless system allows agencies to enter relevant program and financial data directly for their monthly invoicing. The RFP process is entirely online this year, and data entered into the RFP for FY 07-08 will automatically be transported into the workplan and budget documents for contract negotiation, reducing the amount of input time for the agencies. MOCD streamlined its contract negotiations in 2006. As a result, over 95% of the FY 06-07 contracts were fully executed by August 31, 2006.

MOCD eliminated the procedure that requires a member of the board of directors to sign all monthly invoices. Now the Executive Director or his/her designee may sign an electronic signature. MOCD requires all agencies to submit board minutes. It has now changed its policy to require that only certain agencies that display risk factors submit board minutes monthly. All other agencies would only be required to produce board minutes during the annual site visit.

### **San Francisco Human Services Network**

HSN noted that significant progress has occurred in City departments. It applauded the Controller's Office for their leadership in facilitating implementation of the recommendations, and offered kudos to DCYF, DHS and DAAS. Additionally, it acknowledged that OCA led many of these efforts. It also appreciated recent changes in MOCD's practices. HSN is cautiously optimistic about the recent developments in the DPH.

DPH, as the largest and most partitioned department, has faced the greatest number of challenges

in implementing contract reforms. However, the recent meetings, agreements, and follow-up actions constitute very positive news. The commitment of both the Health Commission and the department leadership is encouraging. HSN is looking forward to the next six months as changes are implemented, and will evaluate the success of these measures during this year's contracting process. HSN is hopeful to see improvements in the negotiation process and the experience of contractors, including responsiveness to contractor concerns, consistent training of and implementation by frontline contract and program managers, timely certification, mutually agreed-upon contract objectives, and other agreements that are honored by all.

To ensure ongoing progress, HSN recommends the following next steps:

- Review/Appellate Panel reevaluates its role and function, sets goals and priorities, and continues to meet on a regular basis as needed to carry out its work.
- Departments self-assess their progress in implementing the original 13 recommendations and develop a workplan to complete the streamlining process.
- HSN and departments continue to seek regular feedback from contractors.
- HSN and individual departments work together to review and evaluate this year's contracting process in order to identify and address issues, and to measure the progress in achieving goals and agreements.
- The Board of Supervisors continues its oversight with another progress report and hearing in six months.