



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

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Policy Establishing Nonprofit Contract Monitoring Standards and Guidelines

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Overview

This policy establishes Citywide requirements and guidance for departments in monitoring the performance of contracts with nonprofit service providers. This policy applies to all departments who enter into agreements (including both contracts and grants) with nonprofits to deliver services to the public.

Background and Definitions

In Fiscal Year 2022-2023 (FY22-23), nonprofit organizations delivered approximately \$1.5 billion in services on behalf of the City and County of San Francisco (City). More than 700 nonprofits contract with numerous City departments to deliver an array of services, including, but not limited to, health services, early education services, family support services, and homelessness and housing services. City departments contracting with nonprofits are responsible for monitoring the delivery and quality of services under the terms of the contract. Moreover, City departments are stewards of public funds and have a responsibility to ensure nonprofits provide high-quality services to the public.

The Controller's Office has previously developed policy to standardize and coordinate fiscal and compliance monitoring practices across departments that contract with nonprofits to support the sustainability of providers and ensure sound financial management and appropriate use of public funds. The goal of this policy is to provide similar standardized requirements and guidance related to programmatic monitoring practices across departments, to strengthen the partnership between contractors and departments delivering services to the public, and to increase accountability between contractors and departments.

The policy consists of both **required** and **recommended** components. Required components are expected to be carried out by all contracting departments across contract portfolios, with minor exceptions. Recommended components are best practices the Controller's Office strongly encourages departments to implement, but they may not be appropriate or feasible in all cases. For more information about when recommended components may not be applicable, see the companion Implementation Guidelines in Appendix A.

Definitions

Contractors: Throughout this document, the term contractors refer to any nonprofit that has a contract or grant agreement with the City to deliver services to the public. These may also be called community-based organizations (CBOs), nonprofits, or grantees.

Agreements: The City uses several types of legal agreements with nonprofits, including professional services contracts and grant agreements. For simplicity, this policy uses the terms agreement and contract interchangeably to refer to both professional services contracts and grant agreements with nonprofits.

Policy Components

a. Performance Measures and Targets

Performance measures are foundational when contracting with nonprofits to deliver services. They outline what the department aims to achieve through the contract and provide clear expectations for both the contractor and contracting department.

Definitions

Performance Measures: A way to demonstrate the results of funded activities. Includes both service objectives and outcome measures. Performance measures generally include targets for the specific level of services or outcomes contractors should meet during a contract term.

Service Objectives: The amount of products or services that are provided under a contract. The data collected for services objectives broadly answers the question: "how much did the contractor do?" Departments may use different terms for service objectives, such as program activities, units of service, or outputs.

Outcome Measures: The results, benefits, or effectiveness of an activity or program. Outcome measures assess what the program hopes to achieve. The data collected for outcome measures broadly answers the questions: "how well did the contractor perform?" or "what was the result of the contractor's activities?"

For examples of performance measures with targets, please see the Implementation Guidelines in Appendix A.

Required Components

- Departments must establish performance measures for each nonprofit contract.
- Each contract must have a sufficient number of performance measures to adequately assess the breadth of services provided, while not placing an undue reporting burden on the contractor.
 - The appropriate number of performance measures will differ based on service area, program scope, contract size, funding sources, etc. For further support in

developing performance measures, please refer to the Implementation Guidelines in Appendix A.

- As a general framework, each contract should include at least one service objective and at least one outcome measure.
 - There may be limited circumstances where outcome measures are not appropriate, such as with contracts that do not provide direct services. Please refer to the implementation guidelines for additional information for when exceptions may be appropriate.
- Departments must establish performance measures that are reasonably within the contractor's control to meet.
 - For example, if a program relies on departmental referrals, then a performance measure could be the percentage of referrals served timely rather than the number of clients served.
- Departments must clearly and explicitly outline all performance measures they expect to hold contractors accountable to in delivering services under the contract. These may be documented within the contract itself or via other documentation provided to a contractor during the contracting process.
- Performance measures must include targets.
 - Targets should be meaningful, achievable, and used to set expectations for what the department is paying to receive via the contract.
 - Departments should engage contractors to provide input regarding feasibility, program design and cost when developing targets.
 - Targets may be adjusted as needed, such as due to approved budget changes, contracting delays, or changing circumstances in program implementation. If contracting delays affect the duration of a program, targets should be updated accordingly.
 - Targets may not be appropriate in limited situations, such as when launching a pilot program where a department does not have enough information to determine what targets may be achievable and reasonable.

Recommended Components

- Performance measures should align with broader system priorities outlined in departmental strategic plans, annual plans and/or with departments' annual performance measures.
- When feasible, departments should create consistent performance measures across contracts within the same service area.
 - For example, if multiple contractors provide rapid rehousing services, the types of performance measures applied should be consistent across those contracts (though targets may differ based on funding levels, e.g.).
- When feasible, departments should include anticipated performance measures and/or expectations about the type of data and reporting that may be required in solicitations to allow contractors to develop appropriate scope and budget proposals.

b. Reporting

Reporting provides insight into a contractor's performance during a contract period. The goal of reporting is to show progress toward meeting performance measures and other performance goals and to provide regular insight into program operations. Reporting may be required with invoicing, or at other intervals during the contract term. It may include structured templates for contractors to use to submit narrative and/or performance data at regular intervals.

Definitions

Reporting: Departments may require monthly, quarterly, or annual reporting of their contractors related to monitoring a contractor's performance and progress in meeting performance measures. Reporting may include submitting data on performance measures and/or a narrative report on the reporting period's activities, successes, and/or challenges. The goal of regular reporting is to help department staff assess ongoing progress towards performance targets, highlight successes that support the department's overall mission, understand broader program performance and operations, and identify potential problems before they become larger issues. Certain reporting may also be required with invoicing.

In this policy, reporting does not refer to real-time or regular entry of client or service data into a department's client management system (though such data about clients may inform subsequent performance measure reporting).

Required Components

- Departments must require reports documenting contractor performance against the terms of the contract annually, at a minimum. If there is a clear rationale, departments may require more frequent reporting.
 - At a minimum, reports must include both performance measure data and a narrative component, though these components may be linked or separated by the department and may be required at different intervals.
 - In cases where contractors must submit real-time data about client services into a department's data system in lieu of standalone reporting, departments must review such data to monitor a contractor's performance against the terms of the contract annually at a minimum.
- For departments that use information management systems for reporting, departments must provide timely access to appropriate contractor staff responsible for reporting and training in how to use those systems. If the department is unable to provide timely access to systems after the contract has been finalized or there are gaps in access during the contract term, departments must consider whether adjustments to performance measure targets may be needed (e.g., if data cannot be comprehensively tracked or managed without such access) and/or develop alternative reporting options in consultation with the contractor.
- Departments must document expected reporting requirements during the contract development and negotiation stage, either by explicitly stating requirements in the

appendices of a contract or by discussing requirements during negotiations. This should include sufficient detail to allow the contractor to evaluate its capacity to meet the reporting requirements and ensure that the expectations are achievable.

- Reporting should be a tool to assess ongoing performance, progress towards targets and operational considerations for the contracted services. Departments must develop internal protocols for review of reports, including timelines for staff review and guidelines for how staff should use the information to assess contractor performance and when and how staff should engage the contractor if a report shows the contractor is not meeting performance expectations.

Recommended Components

- Departments should acknowledge the receipt of reports which may include approval for the purposes of invoicing.
- Where feasible based on funding source requirements and programmatic considerations, departments should calibrate the frequency and scale of reporting based on their expectation of staff capacity to review and respond to reports timely. For example, if the department requires monthly progress reports but does not review all submitted reports monthly due to staff capacity constraints, the department should consider reducing the frequency of reports to ensure the content can be appropriately assessed and addressed if there are issues reported.
- Departments should consider ways to mitigate burden when instituting new or changed reporting requirements, including ensuring accessibility of systems, maintaining ease of access and use, minimizing any duplicative data entry requirements within a single department, if feasible, and other considerations. See the implementation guidelines in the Appendix for more challenges and options related to reporting.
- When feasible, departments should include expectations about the type and scale of data and reporting that may be required within solicitations to allow contractors to develop appropriate scope and budget proposals.

c. Program Monitoring Practices

Program monitoring activities accomplish three primary goals:

1. Validating the contractor's performance data, such as by reviewing client records or satisfaction survey raw data.
2. Evaluating the quality of programs and services, such as by observing program operations or assessing the program space.
3. Ensuring compliance with program requirements, such as by ensuring that appropriate signage and policies are posted or evaluating if organizations are following requirements around client document retention and review.

Monitoring these elements together allows a department to comprehensively assess the services being delivered. Monitoring is a point-in-time review during the contract term that creates a venue for partnership and dialogue between department staff and contractors. When there are issues, a real-time assessment can help initiate programmatic adjustments during the year that

ensure that the contractor meets the terms of its contract before the year ends and resulting in the delivery of high-quality services to the public.

Department program monitoring activities may include site visits, desk reviews, self-assessments, or other practices the department may develop to achieve this purpose.

Definitions

Program Monitoring: The process of evaluating how well an organization is delivering the services outlined in a contract. This may include reviewing performance measure data and/or reviewing compliance with program and contract requirements. While ongoing oversight such as reporting and regular engagement and one-time monitoring activities such as site visits or desk reviews may all fall under the umbrella of program monitoring, this section and definition focus on point-in-time monitoring activities.

Site Visit: When a department visits the program site(s) where the contracted services occur. The department performs activities to review programmatic compliance and performance such as a tour of the site for applicable requirements, review of administrative documentation, review of a sample of client files, review of documentation of deliverables and invoices, review of documentation of performance objectives and/or review of client satisfaction process and documentation.

Desk Review: When a department performs activities remotely to review programmatic compliance and performance including but not limited review of administrative documentation, review of a sample of client files, review of documentation of deliverables and invoices, review of documentation of performance objectives and review client satisfaction process & documentation.

Required Components

- Departments must develop standard checklists, templates, and/or protocols for monitors to use while conducting program monitoring activities to ensure consistency in monitoring approach and practices across staff. The specific standards and documents needed depend on each department's programmatic and operational needs and practices. Checklists and protocols should consider required compliance elements as well as programmatic performance assessments. See the implementation guidelines for examples and options for program monitoring protocols.
- Departments must review program monitoring requirements during the contract development and negotiation process, either by explicitly stating requirements in the appendices or by discussing requirements during negotiations. This must include sufficient detail to allow the contractor to evaluate the capacity for meeting those requirements and ensure that the expectations are achievable.
- Departments must conduct at least one program monitoring activity each year of the contract term. At the discretion of the department and based on assessment of risk and operational need, annual program monitoring activities may include a site visit, desk

review and/or some other monitoring activity as designed by the department to achieve this purpose.

- Departments may establish monitoring protocols that apply different levels of monitoring and/or a variable set of standards based on good performance or operational timelines. For example, departments may establish a “core” set of standards applied to all contractors and an “expanded” set of standards applied based on a risk assessment framework or at intervals (e.g., every other year). If departments establish variable levels of monitoring or sets of standards, departments must establish internal policies that document the criteria used to apply these variations across the contract portfolio.
- Departments may adopt a “good performance waiver” to allow for a waiver of an annual monitoring for contractors that demonstrate consistently strong performance against the terms of the contract. If departments establish a “good performance waiver” then departments must also establish internal policies that document the criteria to allow for such a waiver. Departments may not issue waivers for two consecutive years and must perform a monitoring activity in any year following the granting of a good performance waiver. See the implementation guidelines for examples and options for good performance waivers.
- Departments must conduct a site visit at least once during the contract term.
 - This policy assumes that departments are developing multi-year contracts for services expected to extend beyond a single year and assumes a majority of contracts will have terms ranging from two to five years.
 - If departments extend the term of a contract or if a contract term is longer than 5 years, departments must conduct a site visit at minimum every three years.
 - Departments may require more frequent site visits based on their assessment of the risk for a given contract or based on funding source requirements. For more examples on how a department may assess risk, see the implementation guidelines.
 - Departments should conduct site visits at program locations where contractors serve clients, and site visits at multiple locations may be necessary if a contract includes multiple service sites.
- Departments must schedule monitoring activities in advance and provide the contractor with notice about the standards to be reviewed and a complete list of documentation to prepare for the visit. Departments must provide reasonable notice for such preparation, and no less than four weeks.
 - While an annual monitoring visit must be scheduled in advance, this policy does not limit a department’s authority to conduct drop-in visits to observe and inspect programming.
 - This policy does not limit a department’s ability to provide limited notice for specific documents that may be sampled during monitoring (e.g., client case files, staff personnel files, invoice documentation). In such cases, departments must inform the contractor as part of initial noticing about the types of files that will be sampled, and must provide the date when the department will send the specific list of sampled files for the contractor to prepare or make available.

- Departments must communicate any findings or recommendations with contractors in writing following any program monitoring activities and must include the timeframe for the contractor to address any findings, as well as actions that will be taken if the contractor does not address the findings. Departments must also communicate in writing to document if there were no findings.
 - Communication about monitoring results must occur within 60 days following the monitoring activity. Departments may establish internal protocols to communicate more timely. As a recommendation, departments should communicate monitoring results within 30 days.
- **Policy Exceptions:** Departments may exclude deliverables-based contracts from the monitoring activities they perform per the requirements above. These include agreements for nonprofits to deliver special events (e.g., a cultural celebration), technical assistance services (e.g., coaching contracts billed hourly), and/or art installations or media production grants. For these types of deliverables-based contracts, departments must ensure contracts include sufficient planning milestones and must validate that deliverables and products meet contracted expectations prior to approving deliverables for invoicing. This review may include requesting detailed progress reports, reviewing event sign-in sheets, and evaluating the quality of products provided by the contractor.

Recommended Components

- If a department holds multiple contracts with the same contractor, the department should consider ways to coordinate program monitoring efforts, including streamlining requests for required documentation (e.g., program policies or grievance procedures), storing requested documents in a shared location for access across departmental programs, and/or coordinating site visits if feasible.
- Departments should establish annual monitoring schedules that create consistent expectations across staff and contractors for the time of year when monitoring will initiate and conclude and the timeframes for noticing and response within the monitoring process. Department should not consistently plan for monitoring to occur at or near fiscal year-end (e.g., May – June) or as programs are launching (e.g., July – August), and as feasible, departments should work with contractors to schedule monitoring outside of periods of high workload and with enough time left during the year for the contractor to make adjustments to address issues or meet performance targets before year-end.
- Departments should offer written guidelines, orientation sessions and/or trainings about their monitoring procedures and expectations, such as a group training for all contractors or new contractors, at the start of each year or the start of a grant cycle.

d. Ongoing Engagement

Building strong relationships between department staff and contractor staff supports the success of programs and bolsters the strength of the partnerships between the City and its nonprofit contractors. For that reason, regular and ongoing engagement outside of reporting and program monitoring requirements is a key component of contract management and oversight.

Definitions

Department Engagement: Strategies departments use to help nonprofit contractors understand and meet expectations, including regular communication (such as email or phone check-ins), regular operational meetings, drop-in visits to program locations and/or technical assistance.

Technical Assistance: Formal targeted support to address a need or problem designed to build the capacity of an organization. Technical assistance such as individualized coaching or group training may be delivered by consultants, though it may also be delivered by department staff, such as providing support to help nonprofit staff to understand and align to program requirements.

Required Components

- Each department must establish protocols to ensure department staff engage with each contractor at least once per quarter on program operations or performance and distinct from any necessary communication regarding contract execution or invoicing.
 - Departments should prioritize in-person visits, phone calls, one-on-one virtual meetings and/or the provision of technical assistance as key methods for engagement. However, quarterly engagement may also include email exchanges, all-contractor informational meetings, and/or program monitoring activities.
 - Department staff must visit program locations where contractors serve clients at least once annually. If a program monitoring site visit will not occur in a given year, departments should ensure engagement activities include an informal or formal visit to the program location that year.

Recommended Components

- If a department holds multiple contracts with one contractor, the department should create internal operational procedures that streamline contractor engagement to ensure that appropriate communication occurs quarterly while mitigating effort.
- Departments should conduct more frequent engagement with contractors new to contracting with the City, new to contracting with that department, delivering a new program or service, and/or those which have been determined to be higher risk based on a department's risk assessment criteria or based on monitoring results.
- Department staff who are new to the department, new to the contract oversight role or new to the contractor or service area should also conduct more frequent engagement.
- Departments should consider what technical assistance may be needed to support contractors to be in compliance with program policies and/or achieve performance goals. If there are findings or recommendations issued following program monitoring activities, departments should refer contractors to the appropriate supports, either delivered directly by department program staff or via consultants or training providers.

e. Departmental Policies and Procedures

Program monitoring and oversight processes will necessarily differ between departments based on the services provided and the requirements of State, Federal, or other local funding sources. This policy is intended to provide a set of requirements and recommended practices that each department should use to develop or update each department's own program monitoring policies and procedures. For further guidance and examples of manuals and policies, see Appendix A Implementation Guidelines.

Required Components

- Departments must maintain written program monitoring and oversight procedures aligned to this policy and to internal departmental operational needs and requirements in order to provide clear expectations for both contractors and the department staff in contract oversight roles.
 - Departments must make relevant policies and procedures available to existing contractors and during solicitations to support understanding of expectations and the department's oversight practices.
 - As needed, departments may maintain separate, internal procedures designed specifically for staff in addition to policies shared to contractors.
- While departmental procedures may vary to some degree across a department's program portfolio, departments should prioritize consistency and develop a single protocol with documented adaptations or variations where necessary, such as to align to a specific funding source.
 - For example, a department should standardize its basic principles and timeframes for program monitoring, including developing a "baseline" checklist for program monitoring. When a program needs to include additional standards, it should adapt the baseline checklist to meet program needs, and the adapted checklists for each of the department's programs should be included within the department's written procedures.
- Departments must establish consistent, clear, and achievable standards for monitoring, including objective guidelines for when a standard reviewed through monitoring has been achieved or when there is a finding or a recommendation. See the implementation guidelines for more information on establishing monitoring standards.
- If a department adopts a policy allowing good performance waivers and/or an approach that applies a core or expanded set of monitoring standards, the department must include the criteria and processes for applying each approach within its policies and procedures.
- Department procedures must outline reporting requirements, and if the department will require the contractor to use standardized reporting templates, the procedures must include or describe such templates.
- Department procedures must outline how the department will approach corrective actions when the department identifies issues through monitoring or other oversight activities. Departments must establish a minimum standard of communication to determine contractor non-responsiveness related to corrective actions.

- Department corrective action policies and procedures must generally align with the Citywide Nonprofit Corrective Action Policy. Internal policies must include a process for identifying contractors that consistently do not meet performance expectations or demonstrate other serious or severe performance challenges, as well as a process to escalate such contractors to the Controller’s Office for Citywide review and coordination.

Recommended Components

- When a department has explicit expectations for required documentation contractors must maintain, departments should provide examples, templates or guidance documents to support contractor adherence to these requirements. For example, if the department (or a funding source) requires contractors to maintain a specific policy that must include certain elements (e.g., a grievance policy, program manual, etc.), departments should offer examples of required policies or required elements to all contractors receiving funding for that program.
- As a best practice, department monitoring procedures may also include instructions for department staff regarding the department’s monitoring priorities and how to manage staff transitions so that monitoring practices remain consistent and knowledge is transferred to new staff.
- Departments should consider what technical assistance and other support options may help contractors of varying sizes and capacities meet the requirements outlined in this policy and any department-specific policies, including whether to deliver such supports internally or via consultant resources, if feasible.

Policy Applicability

This policy applies to:

- All departments that contract with nonprofits to deliver services to the public.
- All nonprofit contracts for services to the public and for services intended to be delivered by a nonprofit valued at \$200,000 per year or greater.
- All agreement types including grant agreements per Chapter 21G of the Administrative Code and professional service agreements per Chapter 21 of the Administrative Code.

Departments may develop risk assessment criteria to determine whether and when to apply this policy and monitoring standards to contracts of less than \$200,000 annually. For example, a department may choose to apply the monitoring policy to a contractor with multiple small contracts with the department that total over \$200,000 annually. Every department must clearly communicate contractual expectations with nonprofits during initial contract negotiations, including whether contract monitoring standards will apply.

Implementation and Oversight

This policy takes effect as of December 9, 2024 and establishes the following implementation requirements:

- Departments must establish or update internal protocols and policies where applicable by June 30, 2025.
- Departments must incorporate any required elements into contracts executed or amended after June 30, 2025.
 - Departments do not need to update or amend existing contracts solely to include required elements of this policy.

Beginning December 2024, the Controller's Office will initiate program design for oversight of the policy. Per the authorizing legislation, the Controller's Office must conduct an annual review of department compliance with this policy and submit a report each fiscal year summarizing the results of that review. The Controller's Office will design an oversight process as of the launch of this policy. The review may be limited to specific departments, service areas or contracts as the Controller's Office deems appropriate to achieve the goal of ensuring adequate Citywide programmatic and performance monitoring of nonprofits. The first review will occur in Fiscal Year 2025-2026.

QUESTIONS AND CURRENT GUIDANCE

Policy Applicability

1. Does this policy apply to all professional services contracts, including those where the procurement process was not explicitly targeted toward nonprofits?

Departments may use both grant agreements and professional services agreements to deliver community-based services, and this policy applies to all agreements for community-based services explicitly intended to be delivered by nonprofit organizations. However, this policy does not apply to contracts for professional services that are not intended to deliver services to the community and/or are not intended to be delivered by nonprofits. For example, if a department conducts a general solicitation for consulting or other professional services for the department and a nonprofit applies among other for-profit firms, these performance monitoring provisions are not applicable.

2. Do the provisions of this policy apply to nonprofit subcontractors or fiscally sponsored programs?

In general, departments have contract privity with the prime contractor, and via the contract, the prime contractor is accountable to the performance of any subcontractors. However, the Controller's Office anticipates releasing policy regarding oversight practices in cases of fiscal sponsorship in the coming months and may update this policy with new guidelines related to subcontracting in the future.

3. Will the Controller's Office administer a grievance process related to City departments' contract monitoring procedures and/or arbitrate disputes over contracting and oversight?

The Controller's Office has a role in broad oversight of contract monitoring through our legislatively required public reporting process; however, the Controller's Office should not be regulating individual disputes as a matter of policy or standard practice. Grievances regarding contract terms or specific actions related to a department's contract monitoring should follow the procedures established within a given contract.

Policy Components

4. Can a department monitor a nonprofit if a contract has not yet been signed or an amendment or budget modification is still being processed?

The Controller's Office strongly discourages departments and contractors from initiating services before a contract has been executed. However, if this does occur, departments should not conduct formal monitoring activities before contract execution. Once a contract has been signed, if a nonprofit is paid for the work they did prior to the contract being signed then any subsequent monitoring may account for all work performed (i.e., the department may look at client files from that period or ask for data about services delivered during the funded period. they are able to and should be monitored for that work.

Departments may amend or modify multi-year contracts during the contract term. To the extent that departments pause invoicing while an amendment or modification is in progress, departments should not conduct formal monitoring while invoicing is paused.

5. Why are some elements of the policy recommended instead of required? Why doesn't the policy standardize and consolidate all performance measures, monitoring and reporting requirements across departments?

City departments design programs based on their mission, strategic goals and priorities. While one department may coordinate with another department on areas of programmatic overlap, each department necessarily develops its business decisions based its own unique mandate. These internal decisions may impact the types of performance measures the department uses to evaluate its services, the types of state and federal funding it may seek for those services, and the ways it must report on and monitor those services. Thus, in many cases, it is infeasible to fully standardize practices, standards or policies Citywide. Where possible, this policy does so, and as more departments establish and publish their own monitoring procedures, the Controller's Office will perform reviews to determine whether and how to further standardize and streamline processes within and across departments.

City departments may solicit for a variety of services aligned to program goals and priorities and may establish contracts with nonprofits to deliver components of programs or entire programs. Nonprofit organizations are key partners in service delivery. Nonprofits offer an array of services and programs, and they must choose which solicitations to submit proposals for, and when and how to expand existing services or build new lines of service. Nonprofits that wish to expand by seeking funding should do so with the understanding that departments may require tracking of services in systems designed by that department, that departments may set performance goals that do not directly align to how a nonprofit may track those goals for other funders, that departments may set compliance standards that differ from other funders' standards, etc.

City departments are expected to follow these policies and fully inform nonprofit organizations of the performance monitoring and compliance elements associated with that department during negotiations and make program manuals with this content available publicly for bidders. Departments should make all efforts to minimize burden, and where possible, should work to streamline protocols and processes internally.

6. How do the reporting and monitoring requirements in this policy account for client confidentiality and the sharing of sensitive client information?

The City has clear policies around protecting confidential information, including PHI and PII, and departments that contract for client services generally establish business associate agreements (BAAs) or other contractual agreements with organizations that will be using and sharing protected information. Department staff that work with protected information are required to take regular trainings about how to work with and protect client information, including information shared or reviewed during monitoring and reporting activities. In general, departments should not require confidential data to be shared outside of protected systems. For example, in most cases where client-level data must be shared, departments require it to be

shared via direct entry into their own data systems. Nonprofits that maintain separate systems for tracking and managing client records should continue to ensure that any sharing of this data be protected and treated appropriately.

7. Why is engagement included as a component of contract monitoring? Does this mean the purpose of engagement is evaluative, not supportive?

Ongoing engagement between departments and nonprofit contractors is an essential tool in ensuring high-quality service delivery. Regular collaboration and engagement between department and nonprofit staff adds value by ensuring that all parties have an avenue to raise questions and concerns and hear feedback about program or department operations. Where needed, engagement can support a nonprofit to understand expectations and ensure services align in real-time. While the primary goal of engagement is not explicitly tied to monitoring, having regular engagement and touchpoints ensures that when course-correcting is needed or when there are performance concerns, there is a path to begin to address these issues outside of an annual monitoring visit, including ensuring contractors receive the support they need from departments to address those issues.

APPENDIX: IMPLEMENTATION GUIDELINES

Guidance and Tools aligned to Policy Components

This Controller's Office developed this document as a companion to the Policy Establishing Nonprofit Contract Monitoring Standards and Guidelines (Policy). The Policy provides options and promising practices to guide departments in implementing the required and recommended elements of the Policy. This document helps departments assess if their current practices meet the Policy requirements and develop or revise practices and tools as needed to comply with the Policy. The Controller's Office may expand this guidance as departments implement the Policy and as we identify areas for improvement.

This guidance includes practical examples, tools, and resources to support departments to implement the required Policy components. It will also assist with documenting all elements into a comprehensive contract monitoring manual. There is no requirement to adopt the examples shared in this appendix. Additionally, because each department has its own approach to monitoring, contract monitoring manuals will likely differ. Each section of this document includes considerations for which practices should be included in the manual, as shown in a grey box at the end of each section.

a. **Developing Performance Measures**

Departments should use their mission statement, goals, and/or strategic plan to help in developing performance measures for contracted services. When developing or updating a strategic plan or action plan, include a comprehensive and balanced set of performance measures tied to the plan's goals and objectives. These performance measures can then be included in Requests for Proposals and subsequently within agreements.

Example:

DCYF department staff members start their grantmaking cycle by collecting data and engaging with San Francisco's communities directly to understand the status of the City's children, youth and families and their needs. The data collected informs the department's Service Allocation Plan (SAP) which identifies strategic funding priorities for the types of programs that can best address San Franciscans' needs and disparities. For each funding priority DCYF has identified performance measures and documents these within the solicitation for related services. This allows potential contractors to understand what they will be held accountable to, and how it aligns to the department's overall goals and objectives.

Performance Measures

The following table lists the outcomes prioritized for Academic Supports in FY24-29. Programs will be required to administer participant surveys or other evaluation instruments to examine the outcome measures listed below.

Name	Measure	Target
Youth Actuals vs. Projections	Number of participants served as a percentage of the program's projected number of participants.	90%+
Program Quality Assessment (PQA)	Grantee participates in Program Quality Assessment (PQA) process.	Yes - Participated in PQA Process
SEL Plan	Grantee identifies a plan for incorporating social-emotional learning into their programs and practices.	Yes - Has an SEL Plan
Individual Learning Plan	Percent of participants with completed individual learning plans.	85%+
Caring Adult	Percent of surveyed participants or caregivers who report that participants have an adult in the program who understood and really cared about them.	75%+
Education/Career Goals	Percent of surveyed participants who report developing education or career goals and understanding the steps needed to achieve their goals as a result of the program.	75%+
Agency Health	Fiscal health of grantee agency based on DCYF's Fiscal and Compliance Monitoring efforts.	Strong

Service Objectives and Outcome Measures

There are two types of performance measures referenced in the Policy: Service Objectives and Outcome Measures. It is likely that departments already have these types of measures in their contracts, but departments may use different names for them, such as goals, outputs, activities, etc. The Policy does not require renaming of any existing measures but does explicitly require that departments establish service objectives and outcome measures for each agreement.

Before developing or updating measures, department staff should first review data currently being collected. The following questions can then help with determining next steps:

- Is the information currently being collected useful?
- Is the information available or able to be collected by the contractor?
 - If data is currently unavailable and a new data collection process is needed are additional resources provided to develop a new process?
 - If client data is required for the measure, how difficult will it be for providers to collect that data?
- Is the measure simple enough to be understood?
- Is the measure meaningful? Does it tell a story or explain an important element of the story?
- Is it cost effective to collect and report the data needed to track the performance measure?
- Can the data be compared over time?

If the answer is no to any of the above, department staff may consider revising or developing alternative measures that better align to these principles.

Departments should consider some or all of the following strategies to ensure clarity and consistency of performance measures:

- Develop and refer to a set of definitions for common phrases used in contracts (e.g., youth).
- Develop a shared set of potential measures by service area.
 - Measures should not be too granular in that they would only apply to a very small proportion of contracts.
- Incorporate performance measures in Requests for Proposals.
- Develop criteria for determining targets depending on funding.
- Review contracts with similar services and develop criteria for when measures may differ across contracts.

Service Objectives

Performance measures categorized as “service objectives” measure a variable amount of service that a contractor is accountable to deliver.

Some departments use the phrase “service objective” to describe the scope or type of services as well performance measures describing the amount of service. For example, a contract scope may require the provider to operate a 24-hour shelter with 50 total beds and specific amenities offered on-site. These are not performance measures; rather, they are numbers describing the contract scope.

Instead, service objective performance measures should document the *amount* of service a contractor must provide, such as maintaining a nightly occupancy rate for the 50 beds or total clients served for the year. Service objectives must be reasonably within the contractor’s control to achieve. When developing **service objectives**, departments can consider the following options for their measure(s):

- Labor, e.g.:
 - Number of volunteer hours staffing a community center
 - Number of hours per youth per program cycle
- Materials or supplies, e.g.:
 - Number of meals provided
 - Number of naloxone (Narcan) doses distributed
- Units produced, e.g.:
 - Number of works of art produced
- Services provided, e.g.:
 - Number of interview prep sessions provided
 - Percent of projected participants who must receive a number of hours of counseling
 - Number of clients enrolled in an after school program
- Demand for services, e.g.:
 - Maintain a specific minimum program occupancy rate

A service objective can include a raw number or a percentage. The service objective below is an example of labor based on referrals, paired with additional contract scope descriptions describing expectations for the service.

Qualified Employment Training service providers will provide 32 hours per week of structured and supervised activities in order to comply with CalWORKs and PAES welfare-to-work requirements. This includes the post training, job search and placement period. Employment training programs that lead to employment are preferred. 32 hours per week of structured activities are expected to be provided Monday through Friday except on the following holidays: New Year's Day, Martin Luther King Jr. Day, President's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, Day after Thanksgiving, and Christmas Day.

Outcome Measures

When developing **outcome measures**, it can be helpful to think about the intended results of the service objective(s). The measures should assess the quality, effectiveness or impact of the service objective(s). Current contracts likely have outcome measures, including under a different name such as goals, deliverables, etc.

Examples:

- % of youth that report they can solve personal problems
- % of program participants that have successfully completed the training, or exited the program early due to employment, transferring to another training/internship program, or enrolled in education
- % of families who receive case management services retain housing 9 months after housing placement
- % of participants will remain stably housed 3 months after receiving assistance
- % of households that obtained, preserved or increased benefits
- % of clients referred to financial coaching program
- % of households reporting satisfaction ("excellent" or "good") with services

When developing outcome measure(s) it can be helpful to think about the long-term impact of the services and the elements of that impact that can be measured in the short-term. Using the contract language below as an example, the desired results of this program or outcome measures are participants completing the program and securing living wage employment.

Briefly describe the desired results of this project, at a client and/or community level, and how effectiveness in achieving these results will be measured and evaluated.

The programs desired result is that each participant remove barriers to employment and develop the skills necessary for them to secure and retain living wage employment, reduce recidivism and strengthen the family. we will measure the program by the number of participants who successfully enter and complete the program, reduce barriers and secure living wage employment.

As another example, a contract providing case management may have the desired long-term impact of improved quality of life but in the short-term, the program can measure clients that retained housing while receiving services or met certain milestones of stability while receiving services.

In many cases, a contract may include multiple outcome measures to assess both the quality of the services and the impact or effectiveness of the services.

Setting Targets

Without a **target** for the service objective or outcome measure, it is difficult for departments to objectively track progress and assess contractor performance. When developing targets, departments can ask the following questions:

- What has past performance been?
- What is expected in the future?
- Are there system performance goals that can be referenced?
- If this is a pilot program or a new service area, what are appropriate expectations? Can alternative markers of progress be used as the program starts?
- Is there an established methodology by service area that helps with determining targets or target ranges?

Targets should be ambitious but realistic. Targets should be evaluated with contract renewals to determine if adjustments are needed. If performance is far off from the targets it can indicate that targets are not ambitious enough, the needs of the population served have changed over time, the contractor's capacity and resources vary from what was anticipated, or the contractor needs technical assistance to help achieve the targets. It is recommended that for each of the Department's core service areas, staff develop a shared methodology determining targets based on these guiding principles.

Examples of Targets in Service Objectives:

- 500 volunteer hours staffing a community center
- 5,000 of meals provided
- 500 naloxone (Narcan) doses distributed
- Two murals completed at the affordable housing site
- 28 interview prep sessions provided
- 80% of projected participants must receive 2 hours of counseling
- Minimum of 45 clients must be enrolled in an after school program
- Maintain a minimum 90% occupancy rate

Examples of Targets in Outcome Measures:

- 50% of youth that report they are able to solve personal problems
- 80% of program participants that have successfully completed the training, or exited the program early due to employment, transferring to another training/internship program, or enrolled in education
- 80% of families who receive case management services retain housing 9 months after housing placement
- 30% of participants will remain stably housed 3 months after receiving assistance
- 20% of households that obtained, preserved or increased benefits
- 70% of clients referred to financial coaching program
- 90% of households reporting satisfaction ("excellent" or "good") with services

Depending on the outcome measure, some targets will require more time to fully understand. Therefore, departments should be clear on any expectations of timing to meet the target(s). For example: 50% of youth that report they are able to solve personal problems *by end of a 12-week program*.

A way to provide more flexibility around targets is to modify the language. For example: the contractor agrees to provide *up to* 100 units of service at a rate of \$X per unit.

If the department has a desire to serve more vulnerable populations that take more resources to serve, department staff can consider developing a tiered performance measure structure. For example, of the 50% of youth that report they are able to solve personal problems by end of a 12-week program, 20% have a history of housing insecurity. Because this population might be more difficult to serve, the agreement could reflect lower targets for that specific target population.

Putting It All Together

Performance measures and targets will vary depending on funding sources, type of services, and department priorities. Below are some examples of performance measures and how they can work together in a department’s agreement with a provider.

In the example below, the measures under “enrollments” are functioning as service objectives while the measures under “completion” are functioning as outcome measures. The last two columns provide the ability to track against annual targets.

Work Plan Outcomes and Major Objectives	July	August	September	October	November	December	January	February	March	April	May	June	Contract Goal	YTD Total	YTD %
Enrollments:															
Carryover enrollments (previous month)	1	2	5	7	8	5	3	3	2	5	4	3		48	
New enrollments (current month)	2	6	3	2		1	3		4	1	1		35	23	66%
Total # of enrollment at end of month	3	8	8	9	8	6	6	3	6	6	5	3			
Completion															
# of Program Completion (A)	1	3	1	1	3	3	3	1	1	2	2			21	92%
# of Program Non-completion (B)	1	2	6	7	2			1	4	2	1	3			
Total # Participants at End of Month (A + B)	2	5	7	8	5	3	3	2	5	4	3	3			

As noted above, contracts may include multiple performance measures. The example below shows how, in addition to completion, the department collects outcome measures within two additional categories: “placements” and “participants survey.” In this example, the “contract goal” column documents the target for clear tracking.

JOB PREP B MONTHLY REPORT SUMMARY																
Program Name: Job Prep B Fiscal Year: 2017 - 2018		Prepared by: [REDACTED]										Submission Date: 7/30/2018 Updated by: E Iraheta: 01/24/18				
Work Plan Outcomes and Major Objectives	July	August	September	October	November	December	January	February	March	April	May	June	Contract Goal	YTD Total	YTD %	
Enrollments:																
Carryover enrollments (previous month)	2	0	0	0	0	0	0	0	0	3	13	8				
New enrollments (current month)	49	49	34	46	34	30	35	21	41	40	49	54		482		
Total # of enrollment at end of month	0	0	0	0	0	0	0	0	3	13	8	16	300	482	161%	
Completions:																
# of Program Completion (A)	51	49	34	46	34	30	35	21	36	29	30	38	60%	433	95%	
# of Program Non-completion (B)	0	0	0	0	0	0	0	0	5	11	19	16		51		
Total # Participants at End of Month (A + B)	0	0	0	0	0	0	0	0	3	13	8	16		40		
Placements:																
# Placements in Subsidized Job	1	8	19	1	0	7	2	6	10	9	14	12		89		
# Placements in Unsubsidized Job	0	0	0	0	0	0	0	0	0	0	0	0		0		
Total # Placement at End of Month	1	8	19	1	0	7	2	6	10	9	14	5	50%	89	18%	
Participants Survey:																
Total # of survey questions received	25	65	95	295	240	124	220	80	260	270	70	35		1779		
# of survey reporting 3-5 rating	25	65	95	285	238	120	220	79	252	265	70	35	75%	1749	98.50%	

* NOTES:
Completion Types: Obtained Employment, CCS Referral, Dropped-No Show/No Call, Dropped-Client Opt. out of Program, Dropped-Other

The next example shows a contractor providing multiple services (outreach and engagement, screening and assessment, wellness promotion, individual and group therapeutic sessions, and service linkage). The summary provides service objectives and outcome measures with targets for each integrated within the description.

Pop-Focused Modality

1. OUTREACH AND ENGAGEMENT: Activities intended to establish/maintain relationships with individuals and introduce them to available services; raise awareness about mental health.

Process Objective

By the end of Fiscal Year 2017-2018, 190 A&PI individuals will be contacted through continuous Drop-in Center operations and individual school outreach as shown by the outreach log, located in the Monthly Report Binder.

Outcome Objective (if applicable)

N/A

By the end of Fiscal Year 2017-2018, 350 A&PI individuals (including youths' families) will be contacted through outreach at schools and community events (i.e., Health and Cultural Fairs, Back-to-School Nights, etc.), as shown by the outreach summary report from APIYFCSS agencies, located in the Monthly Report Binder.

2. SCREENING AND ASSESSMENT: Activities intended to identify individual strengths and needs; result in a better understanding of the physical, psychological, and social concerns impacting individuals, families and communities.

By the end of Fiscal Year 2017-2018, 50 A&PI youth will be screened for behavioral health concerns using the agency's assessment tool, as shown in the client folders and summarized in the Annual Program Report.

Of those screened in Fiscal Year 2017-2018, 80% of the clients screened will be referred to mental health and other services, as summarized in the Annual Program Report.

3. WELLNESS PROMOTION: Activities for individuals or groups intended to enhance protective factors, reduce risk-factors and/or support individuals in their recovery; promote healthy behaviors (e.g. mindfulness, physical activity); increase the awareness and understanding of healing effects of cultural, spiritual and/or traditional healing practices.

By the end of Fiscal Year 2017-2018, 100 A&PI youth will participate in educational workshops related to behavioral health, as evidenced in the workshop attendance sheets from APIYFCSS agencies, located in the Workshop Tracking Binder.

For Fiscal Year 2017-2018, 80% of workshop participants will demonstrate increase in quality of life (QOL), as measured by a QOL survey, summarized in the Annual Program Report.

4. INDIVIDUAL AND GROUP THERAPEUTIC SERVICES: Short-term (less than 18 months) therapeutic activities with the goal of addressing an identified behavioral health concern or barrier to wellness. These services refer to both pre-treatment and treatment.

By the end of Fiscal Year 2017-2018, 50 A&PI youth will receive 1-on-1 individual case management and clinical services, as evidenced and located in the agencies' case management tracking logs.

By the end of Fiscal Year 2017-2017, 50 A&PI youth will have developed at least one individual treatment goal as evidenced by the agencies' case management tracking log and reported in the MHSA Annual Report.

5. SERVICE LINKAGE: Non-clinical case management, service coordination with family members; facilitate referrals and successful linkages to health and social services.

By the end of Fiscal Year 2017-2018, 15 A&PI youth receiving case management services will be referred to behavioral health and social services, as evidenced by the agencies' case management tracking log, located in MHSA Annual Report.

By the end of Fiscal Year 2017-2018, 15 A&PI youth will complete at least one individual treatment goal in their plan, as evidenced by the agencies' case management log, located in MHSA Annual Report.

By the end of Fiscal Year 2017-2018, 15 A&PI youth will have a written case care plan with up-to-date progress notes, as evidenced by the agencies' case management tracking log and reported in MHSA Annual Report.

Aligning Measures

If possible, measures should be aligned within similar service areas. For example, all contracts for rapid rehousing services ideally include the same performance measure(s) to compare performance across contracts.

Departments should establish a methodology for setting targets associated with each performance measure dependent on funding levels and use that methodology consistently across contracts for the same service area. For example, the department may create “rate per unit filled” for rapid rehousing programs that ties funding level (rate) to the expected service objectives (units filled).

However, it may not always be feasible to use the same method for establishing targets, e.g., in cases where program design and funding differ significantly across contracts.

As recommended, measures should also align with broader system priorities outlined in departmental strategic plan, annual plan and/or with departments’ annual performance measures. For example, a contract that has the performance measure of “500 naloxone (Narcan) doses distributed” aligns with the strategic priority of “Improve the health of people we serve.”

For further information on developing performance measures, please see The Controller’s Office’s [*Guide to Good Measures*](#).

Narrative Summary of Performance

Performance measures may not tell the full story of what is happening at the program level. Departments should provide space and opportunity for contractors to share explanatory information and commentary that adds meaning to the data. A narrative also provides the opportunity to identify challenges or concerns, including potential changes needed to improve how the data is collected or calculated for enhanced data quality. Departments may determine whether to offer a measure-specific narrative in their reporting templates, or simply provide space for overall commentary by providers on the measures during reporting.

Exceptions

The policy has both required components and recommended components. In some cases, the recommendations listed in the performance development section may not be relevant. For example, a pilot program may not have the historical data to set outcome measures with targets. Instead, department staff may consider beginning the contract with start-up deliverables that are specifically related to startup service objectives.

Contract Monitoring Manual Content: Performance Measures

The departmental policies and procedures currently in place or implemented based on this Policy should be included in each department's contract monitoring manual. For developing performance measures, this broadly includes:

- Guidance for how to create targets for programs and align measures across similar programs
- Trainings and/or resources available (can be external) for staff on developing performance measures and negotiating with contractors

b. Reporting

This section provides guidance on determining reporting requirements, determining reporting cadence, and best practices to minimize administrative burden where possible.

Determining Reporting Requirements

Reporting requirements should be designed to help department staff assess ongoing progress towards performance targets, highlight successes that support the department's overall mission, understand broader program performance and operations, and identify potential problems before they become larger issues. With these goals in mind, departments' reporting requirements may include:

- Performance Data:
 - Reports may require data on progress toward any performance measures that can be collected at the same cadence as reporting. This may include service objectives, such as the number of clients served in the fiscal year thus far, and/or outcome measures as applicable.
 - If reporting is required more frequently than once per year, it may not make sense to report on all performance measures in each required report. Examples of this include data collected once per year (such as one-time survey results) or results intended to be measured at the close of a program term or fiscal year (such as retention rates or outcomes upon program completion).
 - Departments should use their discretion when determining which performance measures make sense to collect on the same cadence as required reporting. This is heavily dependent on service area and program type.
- Narrative Responses:
 - Questions included in the narrative portion should be designed to give the contracting department more insight into program performance and operations and provide the contractor with an opportunity to add more qualitative detail or explanation to the performance data.
 - Examples of questions from department narrative report templates include:
 - Please list any highlights or bright spots from the reporting period.

- What challenges did the contractor face within the reporting period?
- Were there any changes made to key staff?
- Describe your staff's participation in technical assistance, capacity building, or professional development (trainings, conferences, coaching, etc.) efforts from this month.
- Please provide specific and detailed information on the progress of the activities and outcomes funded through this specific grant. Be sure to include why you are ahead or behind in performance to date. If you are behind in meeting any activity or outcome goals, please address both the reasons why and your plans to address any obstacles to meet these goals.
- Please provide us with examples of the impact and/or successes the funded project has had in the lives of your clients (including the impacts and results of collaborations with other agencies and groups).

Departments currently use a variety of tools to collect required reports depending on internal systems, any of which can be effective for receiving reporting. Examples include but are not limited to:

- Both narrative and data can be submitted via a department's contract management system.
- Data can be submitted via a contract management system while narrative information is submitted as a separate document.
- Both narrative and data can be submitted as a document.

Determining Required Reporting Cadence

This policy requires contractors to submit reports annually, at a minimum. However, a department may require more frequent reporting based on programmatic, contract or staff capacity considerations.

Programmatic Considerations

When determining if specific program areas should require contractors to submit more frequent reports, departments should take the following factors into consideration:

- Reporting requirements from local, State, or Federal funders. If the department needs more frequent reports from contractors in order to fulfill its own obligations to funders, then departments should require more frequent reporting.
- Population served. If the program served vulnerable populations, does it make sense for the department to have closer oversight into program operations?
- Strategic approach to program management. Does the department have the capacity to review data and reporting on a more frequent basis and can use the reports to work closely with the contract to make adjustments to service delivery or program strategies over the contract period? If so, then it could be appropriate to require more frequent reporting.

Contract Considerations

Generally, departments should not determine reporting cadence on a contract level. However, in cases where the department assesses the contract to be higher risk or where past performance of the contractor indicates it is necessary, the department may require more frequent reporting for that specific contract, e.g., as part of a department's corrective action plan for a specific contractor.

Departments should use their own discretion to determine the level of risk and need for more frequent reporting, but considerations may include:

- **Contract value.** Often, the larger the contract, the more potential risk to the City.
- The contract is for a **new program or a pilot program.** More frequent reporting may be needed to assess how the new program is going and determine if programmatic adjustments need to be made.
- Contractors who have **no prior experience** working with the department or the City.
- Contractors who have **a history of underperformance** or a history of requiring departmental support to meet performance goals. In this situation, more frequent reporting should likely be a part of a department's own corrective action efforts.

Staff Capacity Considerations

The purpose of reporting is to give the department insight into program operations so the department can monitor progress towards performance targets. As a result, it is important that department staff (typically program managers) engage with the reports they receive.

Departments should provide clear guidance for how their staff should acknowledge receipt of reports and what actions they should take upon reviewing the information submitted. This could include following up to ask questions, schedule a meeting, offer technical assistance and/or develop an action plan if the report indicates the contractor will not meet performance targets or the contractor flags a challenge they are facing.

Departments should consider their own staff capacity to review and use submitted reports and should not require more frequent reporting than they are able to review. Departments that require frequent reports that staff do not have capacity to review should assess whether the contract or programmatic considerations noted above require such reporting and, if not, consider minimizing reporting requirements to a level staff have capacity to manage.

Other Data Submissions

It is important to note that this guidance around reporting cadence refers to submitted reports that include both performance data and a narrative component. Departments may necessarily have different requirements around the frequency of data entry into systems. This is often the case with programs that have data entry requirements for client data, such as DPH tracking patient data, HSH collecting client data in the ONE System, or DCYF grantees entering their client data in CMS, among others. In many cases, there is a clear need for this data entry to be ongoing as clients are enrolled or served and this need should be treated separately from the other reporting requirements discussed in this section.

However, departments may want to consider whether and how performance measure reporting overlaps with real-time data entry, and identify ways to streamline reporting, e.g., if the department already has access to data within their own data systems that demonstrates progress toward contract performance measures.

Best Practices to Minimize Burden

Required reporting should be robust enough to give the department insight into ongoing operations and progress, but departments should also consider the burden both on nonprofits to produce reports and on the department staff reviewing those reports when determining frequency and size of reports required. There are two areas where departments should evaluate burden: systems and data entry and required reporting components.

- Systems and Data Entry
 - Ensure that contractors have access to necessary systems prior to the first reporting submission deadline.
 - Provide training on how to use the systems. Training should be easily available and follow accessibility standards, such as providing subtitles on any videos, making sure text can be read via a screen reader, etc. For more information or support on accessibility, please see the "[Web Content Accessibility Guidelines](#)" or contact the Mayor's Office on Disability.
 - Evaluate systems for accessibility (such as being able to be read by a screen reader) to ensure contractors are able to equitably use any systems required to be used through City contracts.
 - Avoid changing systems in the middle of a contract term without a clear and compelling reason (e.g. a new requirement from a State, Federal, or other local funding source).
 - If systems do have to be changed midway through the contract term, develop processes to minimize data entry into multiple systems during the transition (i.e., a clean cut-over).
 - Ideally, departments should find automated solutions to transfer data between old and new systems and not require contractors perform this task.
 - A department with multiple systems for data entry by contractors should assess whether these systems may be consolidated, and/or whether data can be shared between systems where relevant.
 - Departments should be cognizant of data entry requirements and avoid requiring duplicative data entry across multiple department systems, particularly for a single contract.
- Reporting Requirements
 - Avoid changing reporting requirements in the middle of a contract term without a clear and compelling reason (e.g. if there is a new requirement from a State, Federal, or other local funding source).
 - If new reporting requires contractors to submit data and information not previously provided, departments should offer support and technical

assistance in helping the contractor understand and meet this new requirement in advance of the first required report.

- If reporting is required on multiple cadences (e.g. a contractor is required to submit both monthly and annual reports), departments should make efforts to consolidate reports due in the same period into a single expected submission (e.g., the annual report also serves as the final invoice report) and reduce requirements that the contractor submits duplicate information.

Report Template Examples

Report templates can take many different forms, depending on a department's own practices and systems, and many formats can effectively meet this Policy's reporting requirements. Below are a few examples, although these only represent a few options.

DCYF Monthly Narratives in Contract Management System (CMS)

The Department of Children, Youth and Their Families (DCYF) generates monthly reporting using its CMS. In this process, contractors both input data and answer a set of questions each month. Below is a redacted example of the narrative portion of the monthly reports, as pulled from CMS.

9/14/2018

DCYF Contract Management System

MONTHLY NARRATIVE

Has the Executive Director, Fiscal Manager, or person running your program changed since last month?

No Yes

Describe program activities and highlights from this month.

List any upcoming events for your program.

Identify any challenges affecting your program's ability to meet the expectations for your grant. (If your program faces serious or confidential challenges, please call your program specialist to inform them).

Please list any materials (curriculum, video, brochures, flyers, etc.) and how you are sending them to DCYF (email, fax, U.S. mail, delivery, etc.).

Describe your staff's participation in technical assistance, capacity building, or professional development (trainings, conferences, coaching, etc.) efforts from this month.

OEWD Monthly Reports

Some contractors submit their reports to the Office of Economic and Workforce Development (OEWD) by completing a template in a document. Here is an excerpt of one template as an example of a format that can take. This example includes a table for contractors to complete with their performance measures and a few questions to answer.

5th MONTHLY NARRATIVE REPORT

Report Submitted By:	Program Area: CCDS Report Date: August 2017
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1. Summary of key accomplishments this quarter:

ACTIVITY	GOAL	DESCRIPTION	CURRENT PROGRESS
Program Outcomes			
Outreach	725	Number of individuals reached through outreach efforts and tracking of the efforts. Should make contact with graduates at least once a quarter.	
Workshops	14	At least 14 Workshops	

2. Summary of challenges (please explain any underperformance and include a brief description of corrective action taken throughout this month):

3. Discuss and analyze your current progress and achievements, including what factors have contributed to increases or decreases in Outreach and Follow-Up, and successful or unsuccessful Career Development Services Workshops

Contract Monitoring Manual Content: Reporting

The departmental policies and procedures currently in place or implemented based on this Policy should be included in each department’s contract monitoring manual. For reporting, this broadly includes:

- Guidance on supporting contractor staff with reporting systems, including steps to take to ensure access, guidance for minimizing burden, and how to refer contractors for any training they need to use the required reporting systems.
- Expectations for program staff on how to engage with contractors upon receipt of reports, including guidance on when to escalate evidence of underperformance to supervisors.

c. Program Monitoring Practices

This section provides guidance on how to assess risk to determine the frequency and depth of program monitoring, how to determine what types of program monitoring activities to implement, considerations for multi-year contracts, and how to develop program monitoring tools with relevant examples.

Guidance on Assessing Risk

This policy requires departments to conduct a program monitoring activity once per year and a formal site visit once per contract term. Program monitoring activities may be a formal site visit, a desk audit (where the monitor reviews files and information remotely), or a self-assessment (where a contractor completes a set of questions about their performance against the terms of the contract).

There are some situations where more frequent program monitoring may be appropriate. Departments should determine the level of risk in a contract and use that determination to inform how frequent and extensive monitoring practices should be for each contract. Contracts with more risk should have a higher level of oversight, which may include more frequent monitoring, more frequent site visits specifically or more robust levels of monitoring (e.g., reviewing more documents, assessing more components of the program). Departments should use their own discretion to determine risk, but considerations may include:

- **Contract value.** For example, a contract of \$1 million or more per year could be considered higher risk, though a contract of \$250,000 per year paired with other risk factors could also be identified as higher risk.
- If the contractor is providing a **new program or a pilot program**. Pilot programs are designed to test a concept, and more frequent program monitoring activities may be needed to get a better qualitative assessment of program successes and adjust program model as needed.
- **Contractor history** with the City, including:
 - Contractors who have no prior experience working with the contracting department, or
 - Contractors who had significant findings on their last program monitoring activity
- **Current contractor performance.** Monitors should review performance data throughout the current year (either through data systems or submitted reporting) and flag concerns about the contractor meeting their service objectives or outcome measure targets for the year.

Other funding sources may require more frequent monitoring activities, and departments should follow those protocols where applicable.

Guidance on Multi-Year Contracts

Recent legislation requires departments to establish multi-year contracts where nonprofit services are expected to continue beyond a single year, codifying a practice that is common across many departments and service areas. As it relates to monitoring, there are some program

components that may only need to be reviewed once per contract term. Departments should consider establishing protocols that adjust the components reviewed in a given year of a multi-year contract. For example:

- If a department requires that the organization have a program manual, grievance policy, or other policies that do not change, the department should consider if it makes sense to require contractors to re-submit copies of those policies in the second or third year of monitoring for that contract.
- If a contractor has a history of successful program delivery and has had no findings on the last site visit, a less intensive program monitoring practice such as a desk audit may be more appropriate in a subsequent year of the contract.

Contractor Engagement and Communication

Regular communication with contractors throughout the program monitoring process sets monitoring up for better success by clarifying expectations for the contractor. Strong communication and regular opportunities for engagement can also help reduce anxiety on the contractor's side.

- Departments should explicitly discuss program monitoring requirements during contract development, either by including program monitoring requirements in the contract terms or appendices or explicitly discussing monitoring requirements during contract negotiation.
- Departments should provide sufficient notice to the contractor about when monitoring activities will occur, four weeks at a minimum.
- Departments should provide opportunities for contractors to ask questions prior to the monitoring activity.
- Departments should provide contractors with copies of monitoring tools and forms so that they know what they are being evaluated on prior to the monitoring activity occurring.
- Departments should communicate clearly about when and how findings and results will be communicated, and define a follow-up timeline (e.g., sending results within 30 days of the monitoring).
- Departments should explicitly outline what the contractor should do to address findings and recommendations, the timeline to do so, and potential consequences for not meeting that deadline. This may range from revisiting the recommendations in the next program monitoring cycle, to requesting that contractors follow-up within 30 days with proof they have redressed more serious findings. Findings may also lead to departmental corrective action or to escalation to the Controller's Office. For further examples of post-monitoring communication, please see the "Monitoring Determination and Monitoring Report" subsection below.

Developing Departmental Policies and Procedures

A robust set of program monitoring tools helps to reduce the amount of variation and subjectivity in monitoring, supports staff to conduct effective monitoring that meets baseline requirements, and leads to clearer expectations for both the contractor and the department staff conducting monitoring. Which tools should be employed and what those tools should look like is dependent on each department's existing practices and structure, other funding requirements, and services/programs funded.

Point in time program monitoring activities have three primary goals:

1. Validating the contractor's performance data, such as by reviewing client records, sign-in sheets, or satisfaction survey raw data,
2. Evaluating the quality of programs and services, such as by observing program operations or assessing the program space, and
3. Ensuring compliance with program requirements, such as by ensuring that appropriate signage and policies are posted or evaluating if organizations are following requirements around client document retention and review.

Departments should design policies, procedures, and tools to guide department contract monitors to meet these three goals during the contract term. These policies, procedures, and tools should be explicitly outlined in each department's contract monitoring manual.

By necessity, a department may evaluate a contractor's performance in service delivery after the close of a year, but we do not recommend this approach as it limits the department's ability to collaborate with the nonprofit contractor on adjustments or changes needed to ensure it is delivering high-quality services. Real-time monitoring is more effective at ensuring services meet the expectations of the department.

Criteria for Types of Monitoring and Good Performance Waivers

Departments may choose to establish variable types of monitoring (e.g., a "light-touch" monitoring vs. an expanded review of standards) based on risk factors or good performance. Departments may also choose to establish good performance waivers. In both cases, should departments choose to employ these approaches, they should establish clear policies and criteria for when and how these approaches may be used.

For example, a department may establish good performance waiver criteria that includes the following factors:

- The contractor did not have any findings in the prior two years of monitoring.
- The contractor met all performance targets in the prior two years of a contract term.
- The contractor had no significant risk factors, including no turnover in executive leadership in the prior year.

Departments may also establish different levels of monitoring to account for either risk or good performance. For example, the Fiscal Monitoring Program has established a "[core monitoring](#)"

template and an “[expanded monitoring](#)” template. The program has also established a risk assessment framework within the [Fiscal Monitoring Guidelines](#) that outline how frequently an organization can receive a core monitoring before requiring an expanded monitoring and what risk factors may lead to requiring an expanded monitoring before the timeline requires it.

If creating variations in monitoring tools and templates, departments should closely consider what information must be reviewed each year to ensure good performance, and what information might only need to be reviewed once in a contract term. For example, in the first year of monitoring, staff may need to validate that the program has all required policies and procedures documents up to date, but once validated, these documents may not need to be reviewed in subsequent monitoring visits during the contract term. However, it may be required to validate that client files have been regularly maintained each year of the contract term, if that is an element of the monitoring. Departments should clearly document the standards that will be reviewed in each type of monitoring established and ensure nonprofit contractors know which monitoring will be conducted at least four weeks prior to the activity.

Site Visit Tool/Checklist and Examples

Site visit tools and checklists should ensure that monitors know what to evaluate during a site visit and how they should be evaluating it. It provides consistency and helps there be less subjectivity in assessing the programs. Tools may differ within a department based on program areas or services, or tools may be more general and applicable to all program areas.

Checklists should include:

- List of what documentation to review and what the documentation should include in order to meet departmental standards
- Protocol for reviewing client files, including a checklist of what should be included in each file
- Explanation of what site features or program activities should be observed
- Rubric(s) to evaluate key components of the program, which may apply to:
 - Performance measures outlined in the contract, providing space to compare results to targets
 - Program quality, providing consistent standards that staff should use to evaluate all program components observed or assessed
 - Program compliance, providing consistent standards to evaluate if required documentation and policies are in place and include all required components
- Additional items as needed, which may include:
 - Program staff interview questions, if interviews are a component of the site visit
 - Space to summarize overall observations

These tools should also include clear guidance for department staff conducting the monitoring for how to assess if an issue should be considered a finding versus a recommendation and next steps to take once the monitoring activity is complete.

Examples of site visit tools and checklists:

DCYF Site Visit Tool

This tool includes the specific components the monitor is expected to review and examples of what ratings mean for each component, plus space for department staff to note the evidence and reasoning for their rating. DCYF’s process to develop its site visit tool included collaboration with grantees and is grounded in research.

7. How well does your program connect youth with the community outside the doors of the program, including subject-matter experts or potential employers? (Select the answer that best applies)		
1	3	5
<i>Program does not include opportunities to connect to the community, subject-matter experts or potential employers.</i>	<i>Program includes sporadic opportunities to connect with the outside community or subject-matter experts, but opportunities are not formalized into program design.</i>	<i>Program intentionally connects youth with the outside community, including subject-matter experts or potential employers.</i>
Evidence		Rating

MOHCD Program Monitoring Visit Tool

Among other components, MOHCD’s tool includes a grid to track if components of client files are complete.

MONITORING STANDARDS								
1. Client files are complete. <input type="checkbox"/> Yes <input type="checkbox"/> No								
File #	Client # or Initials	File Found?	Eligibility Form?	Signed by Client and Staff?	Low-Mod Client?	Income Certification?	Service Notes?	All Required Info Recorded?
1								
2								
3								
4								
5								

These two examples represent only two components of many different successful approaches departments may take in creating a site visit monitoring tool.

Desk Audit and Self-Assessment Tools and Checklists

Departments may choose to conduct a desk audit or a self-assessment in place of or in addition to a site visit. Often, checklists for desk audits and self-assessments are subsets of the complete

site visit checklist. In its program manual and guidelines, departments should clarify which monitoring elements apply to each type of monitoring activity, as well as if there are any new elements or elements specific to desk audits or self-assessments.

Monitoring Determination and Monitoring Reports

Per the Policy, departments must aggregate information from the monitoring activity and provide results to the contractor within a reasonable timeframe, typically 30 days but no more than 60 days. Monitoring determination or reports should summarize the results of the program monitoring, clearly outline next steps, and be sent to the contractor in a timely manner. Summarized results should clearly distinguish between findings and recommendations and come with clear expectations about what next steps the contractor should take. Next steps may include a timeline for addressing findings or recommendations or may lead to department-driven corrective action.

Many departments use a Word document or paper form during the monitoring to track notes and findings and manually translate this information into a letter to the contractor. While this manual process meets the standard set forth in the Policy, ideally, departments should establish processes to document results from the monitoring in a structured format that can be tracked over time and reported on in aggregate.

Structured tracking of results (e.g., number of findings, types of findings) allows the department to develop streamlined tools for tracking contractor performance over time, aggregate results for one contractor across multiple contracts held by the department for a more comprehensive view of the contractor’s performance, and monitor trends in all contractors’ performance over time to plan capacity building efforts or take more targeted approaches to support contractors where needed.

Examples:

DPH Program Monitoring Report

DPH currently uses an Access database to record the results of program monitoring activities and to generate monitoring reports for contractors after staff complete the monitoring. This report summarizes the results of program monitoring and provides an example of how monitoring assesses compliance, data, and program operations together. It also provides an example of a process to evaluate results, using a point system.

Below is an example of the subcategories that DPH reviews through program monitoring.

Sub-Categories Reviewed:

Program Performance	Program Deliverables	Program Compliance	Client Satisfaction
Achievement of Performance Objectives	Units of Service Delivered Unduplicated Clients (Unscored)	Declaration of Compliance Administrative Binder Site/Premise Compliance Chart Documentation Plan of Action (if applicable)	Satisfaction Survey Completed and Analyzed

This is an example of using a point system to determine program monitoring results. The image below is a subset of the points system DPH used for its compliance components.

3. Program Compliance (40 points possible):

A. Declaration of Compliance Score (5 pts):		5	Submitted Declaration		
B. Administrative Binder Complete (0-10 pts):		10	100% of items in compliance		
C. Site/Premises Compliance (0-10 pts):		10	100% items in compliance		
D. Chart Documentation Compliance (0-10 pts):		10	100% of Chart Documentation in compliance		
E. Plan of Action (if applicable) (5 pts):		5	<input checked="" type="checkbox"/> No FY15-16 POA was required <input type="checkbox"/> FY15-16 POA was submitted, accepted and implemented <input type="checkbox"/> FY15-16 POA submitted, not fully implemented <input type="checkbox"/> FY15-16 POA required, not submitted		
Program Compliance Points:		40			
Points Given:	40/40	Category Score:	100%	Compliance Rating:	Commendable/ Exceeds Standards

HSA Monitoring Results Letter

Human Services Agency (HSA) sends contractors a “Monitoring Results Letter” upon completion and review of program monitoring activities. This letter is a short (2-3 page maximum) summary of what the program monitor reviewed and any bright spots or deficiencies seen. It also includes a summary table of the performance measures and results for the fiscal year. Finally, it includes a short, bulleted list of any findings and recommendations and the next steps that HSA and the contractor should take as a result.

Examples of next steps and follow-up include:

- “We will revisit these recommendations during the next programmatic monitoring.”
- “Until performance objectives have been brought up to acceptable levels, beginning [date] HSA is temporarily halting referrals to [program].”

These results letters are concise and allow the contractor to easily understand what is going well, what needs to be improved, and what the expected next steps are.

Note: because the letters contain detailed information on specific contractors, we are unable to include a visual here.

Templates and Examples of Mandated Documents

Many departments require that contractors have written policies and procedures or other documentation, such as a posted grievance policy or a program manual. If a finding from the program monitoring activity requires contractors to create or revise any of these documents, where feasible, departments should provide a template or an example to guide the contractor in making corrections.

Contract Monitoring Manual Content: Program Monitoring

The departmental policies and procedures currently in place or implemented based on this Policy should be included in each department's contract monitoring manual. For the program monitoring sections, this broadly includes:

- Guidance on determining what program monitoring components should be completed each fiscal year.
- Step by step instructions for completing program monitoring requirements, from initial outreach, preparing for the monitoring, how to conduct the monitoring, guidance for determining the monitoring results, and required follow-up to the monitoring.
- Links to templates, tools, and checklists needed to complete the monitoring.

d. Ongoing Engagement

Ongoing engagement provides the opportunity for departments and contractors to provide relevant information in real-time, support mutual learning, solicit feedback, and amend contract deliverables or targets (if necessary). As a result, departments and contractors strengthen their relationship through shared understanding, and can work together to shape effective solutions to challenges.

Departments benefit from ongoing engagement because they have a better understanding of:

- Contractor successes and challenges in real-time
- Capacity building needs
- Technical assistance needs
- Environmental shifts (change in demand for services, staff turnover, increased need for a different type of service, changes in client population needs)

Contractors benefit from ongoing engagement because they have a better understanding of:

- Department priorities
- Contract expectations
- Technical assistance offerings when needed

For example, a contractor may be showing they are significantly below the target of the contract as indicated by the first three months of data. The engagement is an opportunity to understand what might be impacting the data and if changes are needed to the contract or the contractor needs additional support.

Nonprofit Support and Equity Considerations

Not all contractors have the same background, experience and/or infrastructure. In particular, smaller nonprofits (i.e., those with annual budgets of less than \$1 million) will not have the same level of capacity to respond to extensive reporting requirements, program monitoring activities, and compliance needs.

A smaller nonprofit may need additional resources in the form of technical assistance, capacity building or connections to other funding opportunities in order to meet the various expectations of programmatic oversight as outlined here.

Departments should consider what types of support they can provide to contractors in order to make it more feasible for smaller nonprofits to successfully meet monitoring requirements when contracting with the City. This may range from department staff providing one-on-one support to help contractors complete reporting templates or departments providing ongoing support in using departmental systems to more intensive or formal technical assistance provided by outside contractors, if feasible within a department's budget.

For example, MOHCD released an RFP for capacity building resources for their grantees that included board development, leadership development and financial systems and management.

Types of Engagement and Frequency

Engagement can occur in several forms and range in formality and length. Some examples of engagement include:

- Email exchanges to confirm receipt of monthly reporting data and ask follow-up questions
- Drop in on the program to talk to staff and observe operations quarterly
- One-on-one meetings with the program director
- Department staff hold monthly provider group meetings to explain changes in program policy and engage providers in giving feedback
- Follow up with technical assistance on how to modify client intake forms for best data collection
- Conduct monitoring site visit to review compliance and performance
- Hold one meeting per year between program staff and contractor staff to discuss programming outside of an annual monitoring
- Monthly operational meetings to review data and discuss challenges
- Hold midyear meeting to review results of the midyear progress report even if the program is on track to meet performance goals
- Program staff and finance/contract staff meet with contractor to discuss budget adjustments and how it will impact programming

The type and cadence of engagement may vary based on department and contractor needs and program design, though it is important for both parties to have clear, transparent, and shared expectations for the type and cadence of engagement.

Some questions for departments to ask when deciding on the type and cadence of engagement include:

- Is there already an existing forum for engagement? Is it the right level? Are the right individuals included?

- Is this a new contractor? Are they new to City funding? Would the contractor benefit from increased engagement while learning how to do business with the department or the City?
- Is the department staff managing the contract new? Would the new staff benefit from increased engagement?
- Have there been significant changes in reports or program data that could indicate the contractor is experiencing challenges?
- What is the contract size? Is the contract value growing significantly from prior years?
- Does the submitted performance measurement data make sense? Does the data raise questions that need to be resolved?

Newer organizations or organizations that are new to City funding often benefit from increased levels of engagement. A contract's size may also shape the type and level of engagement. If the contract is large (e.g., large compared to a department's portfolio) or if the contract is growing significantly larger with more services added, more frequent engagement is recommended.

If a department holds multiple contracts with one contractor, the department may create internal operational procedures that streamline expectations for contractor engagement to ensure that appropriate communication occurs quarterly while mitigating effort.

Staff Training

It is a best practice for departments to develop training manuals to guide staff newly assigned to contracts. Manuals help with reducing the variance in contract management because they provide a baseline level of expectations. Manuals should include actions to follow in the event of staff transitions. Ideally, the department facilitates a warm hand-off, providing contractors with updated contact information and introducing new department staff to the contractor. However, this might not always be possible as not all transitions are planned. Ideally, new department staffing taking over a contract should introduce themselves to the relevant contractor staff within three months of the handoff.

Quarterly Meeting Framework Example

Below is a general framework of what engagement in the form of a quarterly meeting could look like.

After scheduling, and at least a week prior to the meeting, department staff should prepare and send an agenda including a primary goal for the meeting, specific questions related to recent program reports or relevant topics, and an opportunity for the contractor to provide their own agenda items.

Department staff should prepare for the meeting by reviewing the contract and any current reporting and documenting questions to discuss with the contractor. Examples of questions program staff may ask could include:

- Did anything unexpected happen since we last spoke?

- What has contributed to the high staff turnover mentioned in the recent reports? Which positions have been most impacted?
- It looks like client satisfaction is down 10% from last year, what has contributed to the change?
- Do you anticipate any challenges in meeting the target of 70% in the current contract? Currently you are at 60%.
- Are there any successes you want to highlight?

Department staff should provide these questions in advance to ensure that the contractor staff who can answer the questions are invited to the meeting.

Follow-up on any identified next steps including any information to be shared or problems to investigate.

Contract Monitoring Manual Content: Engagement

The departmental policies and procedures in place or implemented based on this Policy should be included in each department's contract monitoring manual. For contractor engagement, this broadly includes:

- Guidance for quarterly engagement requirements and any additional engagement, including the type(s) of engagement, frequency and expectations of outcome(s).