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# Monitoring 101

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# Today's Session

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- Welcome & Introductions
- Overview of Citywide Fiscal & Compliance Nonprofit Monitoring Program
- Overview of Capacity Building Program
- Monitoring Process
- Monitoring Standards
- Q & A

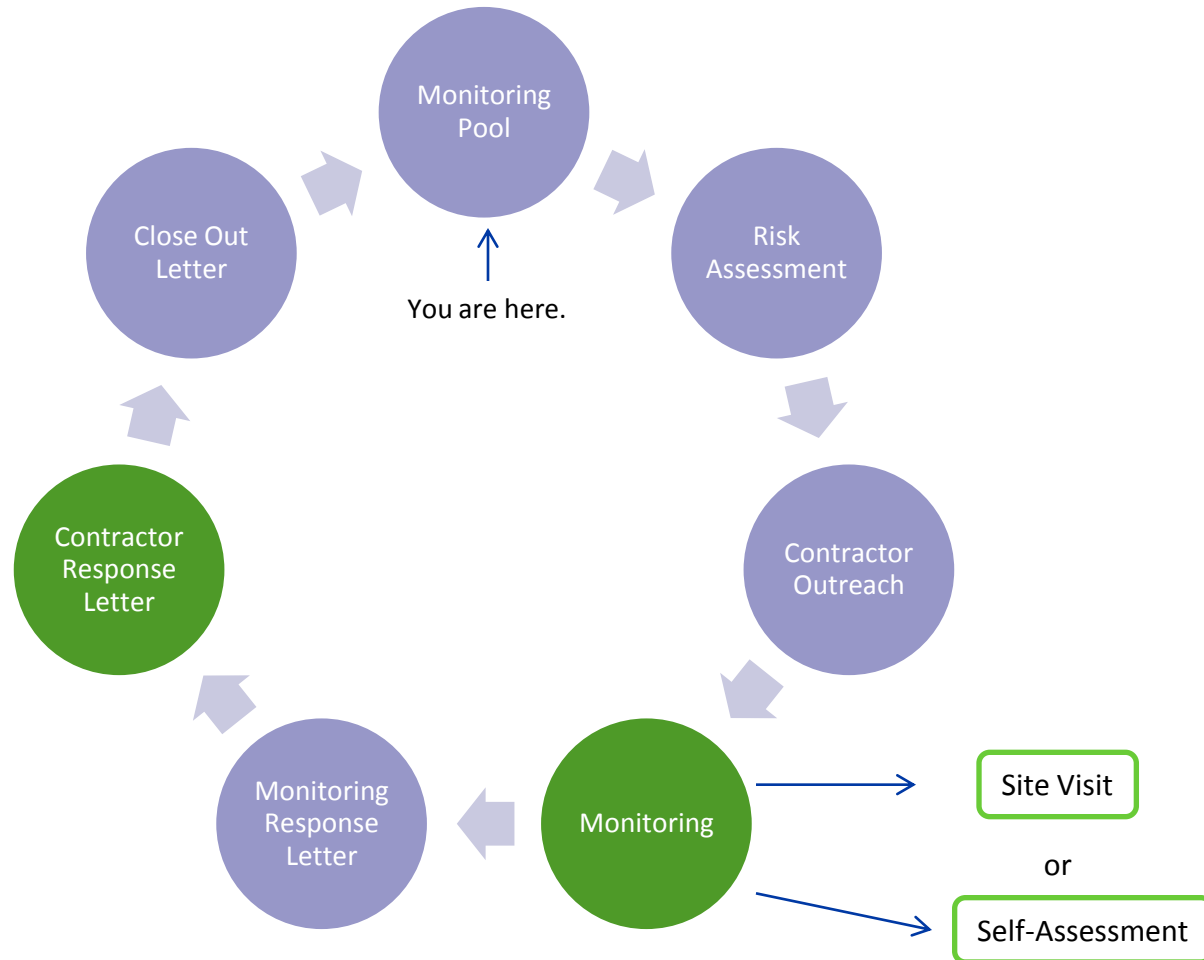
# Citywide Nonprofit Monitoring & Capacity Building Program: What Is It?

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- Joint monitoring program for non-profits receiving funding from 2 or more City departments
- Saves taxpayers and nonprofits time and money by consolidating fiscal and compliance monitoring
- Decreases administrative burden and eliminates duplication
- Support nonprofits' ability to implement sustainable financial practices and achieve greater mission impact
- Provides training and technical assistance to “at-risk” nonprofit contractors

# The Monitoring Process

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# Overview: Site Visits

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## Site Visit

- Receive cover letter from City Monitoring Team
- Receive confirmation of site visit logistics, including date, time, location and Monitoring Team information
- Receive Monitoring Report approximately 6 weeks after site visit
- Submit response (if requested) to Monitoring Report 1 month after receiving report

# Overview: Self-Assessments

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## Self-Assessment

- Submit self-assessment to City 6 weeks after receiving notice
- Receive Monitoring Report approximately 6 weeks after assessment submission
- Submit response (if requested) to Monitoring Report 1 month after receiving report

# Overview: Capacity Building

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*Goal: Help non-profits improve their financial health before crisis*

## Training Topics

- Fiscal Policies and Procedures, Financial Reports
- Cost Allocation
- Board Development and Governance

## Technical Assistance

- Fiscal and Organizational assessments
- One-on-One Coaching
- Small Group Trainings
- Organizational Change Management



# Overview: Capacity Building - Want Help?

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Contact:

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(415) 554-6126

Or your Contract Monitor





# Monitoring Form Overview

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Changes from last year:

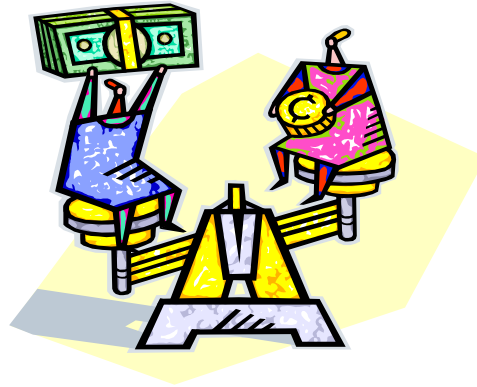
- DUNS number is required under Compliance section
- Governance section mandatory (was optional last year)



# Section 1: Fiscal Review

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Agency-wide Budget,  
Cost Allocation Procedures



# Related Compliance Form Boxes

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## 1A. Agency-wide Budget

- a. Current (fiscal or calendar year)
- b. Shows income and expense by program
- c. Shows allocation of shared and indirect costs by program
- d. Shows fundraising separate from program expense
- e. Clearly identifies revenue sources (City, state federal)
- f. 15% of funding from non-City sources

## 1B. Cost Allocation Procedures

- a. Process for cost allocation procedures and plan for shared costs is documented in a written narrative or in the footnotes of the current approved agency-wide budget
- b. Process for allocating shared program costs is consistent and reasonable
- c. Process for cost allocation procedures and plan for indirect costs is documented in a written narrative or in the footnotes of the current approved agency-wide budget
- d. Process for allocating indirect costs is consistent and reasonable

# Section 1: Fiscal Review

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## Audited Financial Statements and Tax Forms



# Related Compliance Form Boxes

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## 1C. Audited Financial Statements As Applicable (Per Departmental Requirements)

### *For All Organizations:*

- a. Complete: all sections and statements included; opinion and other audit letters are signed
- b. Unqualified opinion

### *For Organizations that received a Management Letter:*

- c. Management letter has been signed by the audit firm
- d. For any prior year findings, the Contractor has provided you with a reasonable explanation of how the Contractor has corrected all the findings

### *For Organizations that had A-133 Audit:*

- e. No material weaknesses mentioned
- f. No current findings and/or questioned costs
- g. For any prior year findings, the Contractor has provided you with a reasonable explanation of how the Contractor has corrected all the findings

## 1D. Tax Form

- a. Federal 990 return filed for most recent tax year or request for extension submitted on time

# Section 1: Fiscal Review

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## Fiscal Policies & Procedures, Financial Reports



# Related Compliance Form Boxes

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## 1E. Fiscal Policies & Procedures

a. Current (updated within the past two years or to reflect monitoring/audit recommendations)

In writing, contains at a minimum:

- b. Internal controls (safeguarding of assets, authorization of transactions, reconciliation of accounting records)
- c. Financial reporting
- d. Accounts payable
- e. Accounts receivable
- f. Petty cash
- g. Payroll

**Sample NPO Fiscal Policies and Procedures available at:**

<http://www.sfcontroller.org/modules/showdocument.aspx?documentid=3230>

# Related Compliance Form Boxes

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## 1F. Financial Reports

### Balance Sheet (a.k.a. Statement of Financial Position):

- a. Current (as of the last four months, at least)
- b. Overall cash balance is positive
- c. Current assets exceed current liabilities by 2 to 1
- d. Current bank reconciliation (as of the last four months, at least)

### Profit and Loss Statement (a.k.a. Statement of Activity):

- e. Current (as of the last four months, at least)
- f. Shows year-to-date (YTD) income and expense by program/ contract/ funding source, including indirect costs
- g. Year-to-date net income is either a positive number or the Contractor provides a sound explanation of how it will be positive by the end of the fiscal year



# Section 1: Fiscal Review

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Invoices,  
Payroll and Timesheets



# Related Compliance Form Boxes

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## 1G. Invoices

### Expenses:

- a. Expenses tested on invoices have supporting documentation: credit card charges and/or petty cash expenditures are all documented with an original receipt and reasonably tie to the cost allocation plan.
- b. Contractor follows its policies for writing checks, credit card use, petty cash use, and/or reimbursement for expenses tested on invoices
- c. Tested expenses on invoices appear to be reasonably associated with the program budget

### If Units of service contract (usually DPH contracts only):

- d. Units of service provided are documented and agree with invoices

### If payments to subcontractors are included on invoices:

- e. Subcontractor authorized by contract
- f. Contractor paid its subcontractors' invoices per the schedule established in the subcontracting agreement and/or prior to receiving City reimbursement for the services delivered
- g. Subcontractor invoices show basis for work billed as performed (units of service, hours, reimbursable costs)

# Related Compliance Form Boxes

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## 1H. Payroll

- a. State (DE9 and DE9C) and federal (941) payroll tax returns were filed by the end of the month following the end of the quarter for monitoring months under review
- b. Employees paid with City funds listed on invoices checked in Section 1G above are listed on the DE9 and DE9C for the quarter(s) that includes the monitoring months under review
- c. Documentation that payroll taxes due were actually paid

### Timesheets:

- d. If employee time is paid by more than one source, it is recorded by funding source or program on timesheets
- e. Employee & supervisor signatures on timesheets in ink (e-timesheets are acceptable)
- f. All changes to timesheet are initialed by supervisor and employee in ink (e-timesheets are acceptable)
- g. Timesheets of employees paid with City funds listed on invoices checked in Section 1G above list hours worked that are consistent with invoices

## Section 2: Compliance Review

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Board Minutes, Board Meetings,  
Public Access to Records and Client  
Representation on the Board



# Related Compliance Form Boxes

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## 2A. Board Minutes

- a. Minutes show that if a paid City employee or City commission member is on the Board, he or she did not vote on items related to City contracts with their affiliated City department (excluding vote on Agency-Wide Budget)
- b. Minutes show that if the Executive Director is a member of the Board, he or she is a non-voting member
- c. Minutes show current agency-wide budget approved
- d. Minutes show that financial reports are shared with the Board on a regular basis

## 2B. Board Meetings

- a. At least two meetings with quorum status are open to the public each year
- b. These two meetings are announced to the general public at least 30 days in advance through the SF Public Library and the Clerk of the Board

# Related Compliance Form Boxes

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## 2C. Public Access to Records

- a. Contractor acknowledges, per the Sunshine Ordinance, it must maintain and make available for public inspection (1) most recent budget, (2) most recently filed State and federal tax returns, and (3) any financial audits and performance evaluations performed by or for the City pursuant to a City contract”

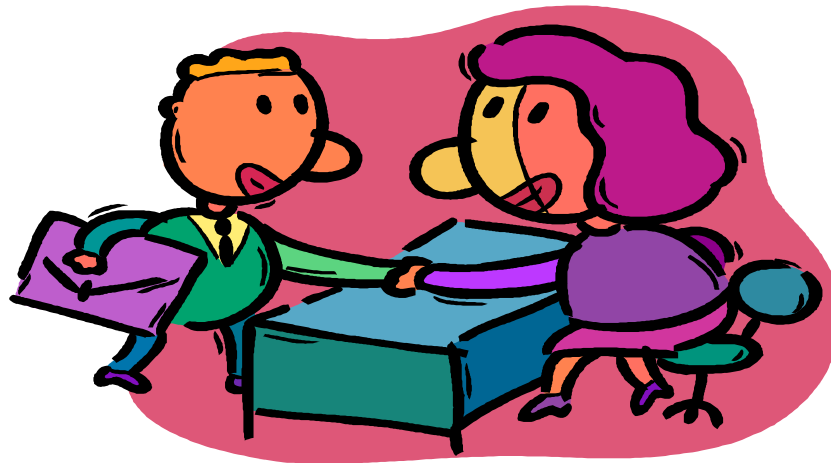
## 2D. Client Representation on Board

- a. By-laws include requirements for client representation on Board, or, Contractor makes other efforts to ensure client representation

## Section 2: Compliance Review

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Subcontracts, Licenses,  
and Personnel Policies



# Related Compliance Form Boxes

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## 2E. Subcontracts (includes fiscal sponsors & fiscal intermediaries)

- a. Documentation that procurement procedures in the Contractor's fiscal policies and procedures were followed by Contractor to select subcontractors (if applicable)
- b. Legally binding agreements between Contractor and subcontractors are valid and current and include scope of work/deliverables
- c. Documentation that contractor regularly monitors fiscal and programmatic performance of subcontractor (e.g. copies of sub-contractor's fiscal documents & invoices)

## 2F. Licenses

- a. Site licenses required by City contracts are available, verified and current
- b. Staff licenses required by City contracts are available, verified and current



# Related Compliance Form Boxes

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## 2G. Personnel Policies

### a. Written and current personnel/employee manual, including

- Equal Employment Opportunity
- Harassment and Discrimination
- Reasonable Accommodation – ADA
- Grievance Procedures

### b. Evidence that staff were trained regarding personnel policies

### c. Documentation of the following is maintained on file:

- Job description
- Employment application or résumé
- Employment confirmation or letter of hire
- Salary information including adjustments
- Verification of employee orientation
- Annual TB clearance (required for some City contracts; Check with funding departments services)
- Fingerprinting (required for children's services)

## Section 2: Compliance Review

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Emergency Operations Plan,  
Americans with Disabilities Act and DUNS

# Related Compliance Form Boxes

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## 2H. Emergency Operations Plan

- a. Written emergency operations plan
- b. Plan contains contingency planning, including an alternate site, if needed
- c. Staff and volunteers were trained within the last year on the emergency plan
- d. At least one fire drill and one earthquake drill have been conducted in last year
- e. Elevator permit is current (if building owned by the Contractor)
- f. All sites have received fire inspections (if required)

## 2I. Americans with Disabilities Act (ADA)

- a. Written policies and procedures to allow people with disabilities to benefit from services and containing an agency-wide ADA grievance procedure
- b. Staff is trained regarding Contractor's ADA policies and procedures

## 2J. Data Universal Numbering System (DUNS)

- a. Demonstration of registered DUNS number



# Section 3: Governance Review

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## Board of Directors Best Practice



# Related Compliance Form Boxes

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## 3A. Board of Directors Best Practices

- a. Assist with the raising of funds
- b. Participate in annual giving to agency
- c. Achieve quorum at every meeting
- d. Conduct an Executive Director performance review annually
- e. Bylaws define term limits, quorum, committee structures, and voting/decision-making process
- f. Board leadership positions filled
- g. Conduct recruitment (including identifying and recruiting potential board members) at least once in the past year



**Required; no  
longer optional**

# Questions?

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# Resources

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## Citywide Nonprofit Monitoring and Capacity Building Program

<http://www.sfgov.org/controller/nonprofits>

- Standard Fiscal & Compliance Monitoring Form
- Citywide Fiscal & Compliance Monitoring Guidelines
- Training Materials

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## Questions about Today's Presentation:

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