



# OFFICE OF THE CONTROLLER

## CITY AND COUNTY OF SAN FRANCISCO

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### Complying with Executive Directive 24-04 on Nonprofit Grant Administration Reform

Controller's Office Guidance, October 2024

On September 3, 2024, Mayor London Breed issued [Executive Directive 24-04](#) on Nonprofit Grant Administration Reform. This document directs City departments who issue grant agreements to nonprofit suppliers to follow Controller's Office policies and guidelines in a few areas. The summary below highlights the relevant sections of the Executive Directive, provides information about the Controller's Office's work in this area, and highlights what departments should do next.

**1. Compliance with Controller's Standards.** Administrative Code Section 10.6-1 requires the Controller to adopt Citywide standards for agreements with nonprofit organizations...Beginning November 1, 2024, all departments must ensure that any staff that is involved with the grant solicitation process, grant agreement preparation, or grant performance monitoring is familiar with, and complies with the Controller's standards.

In November 2024, the Controller's Office will publish a suite of policies as outlined by Administrative Code Section 10.6-1, including a new **Contract Monitoring Policy** to provide instructions to departments on required monitoring activities. Following the publication of these policies, City departments that issue grants should develop internal procedures aligned to these policies and ensure staff are trained on expectations regarding contract monitoring and oversight practices.

In September 2024, the Controller's Office published updated [Fiscal Monitoring Guidelines](#) for FY24-25. These guidelines clarify that departments must conduct fiscal monitoring of applicable nonprofits each year using the risk assessment framework provided as well as the Controller's Office's Standard Monitoring Form. Departments with a high number of nonprofit agreements should participate in the joint monitoring process.

**Action Item for Departments:** Each department should assign point of contacts to receive updates and information from the Controller's Office about Contract Monitoring and Fiscal Monitoring, and email [nonprofit.monitoring@sfgov.org](mailto:nonprofit.monitoring@sfgov.org) with contact details. The Controller's Office may issue additional guidance and instruction to departments over time while developing internal protocols.

**2. Documentation:** Departments must provide grantees written instructions about the City's expectations for the content and timeliness of invoices or other requests for payment, following guidance from the Controller's Office about appropriate standards.

The Controller's Office's [Fiscal Monitoring Guidelines](#) for FY24-25 state that City departments are **required to perform invoice documentation review** of at least two months of invoices for every contract anticipated to expend \$200,000 or more in a fiscal year. See Section 1 of the [Standard Monitoring Form](#) for the standards to assess. Departments participating in the Fiscal Monitoring Program may use the automated system to document results of the invoice review and generate letters of any issues or findings. In the coming months, the Controller's Office will release additional guidance and training to departments on how to conduct invoice documentation reviews.

**Action Item for Departments:** To receive more details and training about Fiscal Monitoring, including invoice documentation review, please email [nonprofit.monitoring@sfgov.org](mailto:nonprofit.monitoring@sfgov.org) with a point of contact to receive updates and information.

**3. Advance Payments.** Any department making payment with City funds to a grantee in advance of the grantee performing work and submitting an invoice must follow the procedures in the Controller's Accounting Policy and Procedures.

The Controller's Office routinely updates our [Accounting Policies and Procedures Manual](#) to provide general guidelines to City departments on how to properly process accounting transactions. In the current version, section **4.4.4 Advance Payment** provides information about the procedures departments must follow when choosing to issue advances for goods or services provided by community based organizations under contract. Departments must obtain approval from the Controller's Office before entering into a contract or making a purchase involving advance payment.

**Action Item for Departments:** Please review the policy and contact your Fund Accountant at the Controller's Office if you have questions or would like to begin making advance payments on grants.

**7. Record-Keeping in the PeopleSoft System.** To improve the City's recordkeeping, departments must upload to the City's PeopleSoft system copies of any grant agreements executed or amended by the departments on or after September 15, 2024.

Many departments do not create, and process grant agreements within SF Procurement, and departments do not consistently include full grant agreements in a contract record in SF Procurement, the Citywide System of Record for Supplier Contracts. In thousands of cases, departments upload a single page document that states that the department processed the grant agreement outside of SF Procurement. With this new directive, departments are now **required to provide the complete, signed grant agreement within the Supplier Contracts Module of SF Procurement.**

The Controller's Office has updated and published a new [Uploading Nonprofit Grant Agreements to PeopleSoft](#) job aid to support departments to comply with this directive. The job aid provides instructions for how to upload a file to PeopleSoft and use DocuSign to sign the agreement. Additionally, the Controller's Office created a new Contract Document Type called "Nonprofit Grant Agreement." When relevant, departments should select this document type to improve data tracking and search functionality.

**Action Item for Departments:** Departments should review the job aid and must post the complete, signed grant agreement in SF Procurement for any grant signed as of September 15, 2024, or after.

**8. Fiscal Sponsorship.** To provide uniform standards for the use of fiscal sponsors and fiscal intermediaries in grant agreements, the Controller must provide written guidance regarding standards for agreements with those entities, and standards or minimum qualifications for selection of those entities...The Controller must begin preparing this guidance immediately and issue it to departments by February 15, 2025.

The Controller's Office has begun preparing this guidance, and plans to publish by the due date.