



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

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NONPROFIT OVERSIGHT POLICY DEVELOPMENT

Summary of Stakeholder Engagement and Feedback

December 9, 2024

INTRODUCTION

On December 9, 2024, the San Francisco Controller's Office issued four new or updated policies related to the monitoring of nonprofit organizations who contract with the City to provide services to the public. In more than a year of work to develop these policies, the Controller's Office engaged hundreds of individuals from City departments and nonprofit organizations in a robust and thorough input process. This document summarizes the Controller's stakeholder engagement process, the input received, and policy changes made as a result.

These policies fulfill a legislative mandate articulated in [Section 10.6-1 of the San Francisco Administrative Code](#) and are part of a broader suite of products which include new webpages and web-based tools that enhance public transparency on nonprofit contracting. [This memo](#) summarizes all of the products issued today and how they relate to one another. The Controller's Office publishes comprehensive information about its programs, policies, and information on nonprofit contracting at sf.gov/nonprofitpolicy.

INITIAL POLICY DEVELOPMENT

The Controller's Office initiated work to develop new policies on nonprofit oversight in July 2023 and aligned this work to the Board of Supervisors' legislation when it was introduced in September 2023 and again when it passed in March 2024. Between July 2023 and June 2024, the Controller's Office engaged hundreds of staff from City departments and nonprofit organizations to gather input and to iteratively develop the new, published policies.

During initial policy development, the Controller's Office engaged the departments that conduct the largest volume of nonprofit contracting. Staff also outreached to a diverse array of nonprofits to invite them to participate in the policy development process, considering nonprofit size, service area, funding departments, demographic mix, and other factors in identifying organizations to include.

From July 2023 through June 2024, the Controller's Office engaged these stakeholders from departments and nonprofits in a collaborative and iterative approach to policy development, using

smaller group discussions to work through ideas and consider options and approaches. This approach included the following activities:

- **Interviews with program and executive staff from six City departments** to understand their current contract monitoring policies and procedures, including challenges and promising practices.
- **Input sessions with program and executive staff from 18 nonprofits** to understand their current experiences being monitored by the City, including challenges and promising practices.
- **Workshops with program, finance and executive staff from 17 nonprofits** to gather input on specific contract monitoring and corrective action policy content.
- **Workshops with program staff from six City departments** to gather input on contract monitoring and develop content and criteria for the corrective action policy.
- **Workshops with finance staff from 12 City departments** to develop content and criteria for the corrective action policy.

BROAD STAKEHOLDER ENGAGEMENT

The Controller's Office used this considerable feedback process to develop draft versions of the policies. By July 2024, the Controller's Office pivoted our approach to focus on broad community engagement, using three strategies.

In August 2024, the Controller's Office conducted **three in-person input sessions** with nonprofit staff hosted at nonprofit organizations in the Tenderloin, Outer Mission, and Bayview neighborhoods. The sessions included a presentation about the draft Contract Monitoring Policy and the draft Corrective Action Policy followed by small group discussion and feedback from all attendees.

- Overall, 90 nonprofit staff from 72 different organizations attended these sessions.

In addition to in-person events, the Controller's Office held **two virtual information sessions** in September 2024 – one for City departments and another for nonprofit staff and the general public.

- The nonprofit information session included 162 attendees.
- The City department information session included 216 attendees from 22 City departments.

As a requirement of the legislation, the Controller's Office conducted a three-week **public comment period** from September 9 to September 30, 2024. The Controller's Office [created a website](#) to publicly post the draft policies, a feedback submission form for each policy, and helpful resources on the policy development process. The public comment period allowed any member of the public, including nonprofit staff and/or City employees, to provide anonymous feedback on the three draft policies. The form received 45 submissions with 207 total comments over the three-week period, plus some additional written feedback sent via email.

Consistent with the legislation requiring these policies, the Controller's Office conducted broad outreach to organizations reflecting the experiences of diverse communities. The virtual information

session registration form and the public comment form both allowed commenters to select the communities they represent.

- Attendees at the virtual information session included individuals representing a variety of groups, including Asian American (38%), African American (31%), and Latinx communities (31%).
- Public comment form submissions similarly came from individuals representing a wide variety of communities including LGBTQIA+ (27%), Women (22%), and Latinx communities (16%).

FEEDBACK RECEIVED

Several themes emerged throughout the broad community engagement phase:

- Participants across these settings asked a number of clarifying questions related to each policy, especially around policy applicability.
- Staff from both nonprofits and City departments expressed concern about the amount of time and resources it would take to implement these new policies, especially for new or small nonprofits and City departments that do not do a significant amount of nonprofit contracting.
- Most people who commented on the policies expressed some degree of support or agreement with one or more components of the documents (64%), such as indicating a policy component is clear, appropriate and/or fair.
- Some staff from nonprofits worried that these policies may result in a punitive response from departments for issues they perceive as outside of their control. Nonprofit staff expressed a need for a fair and balanced process for evaluating performance and responding to issues.
- Numerous nonprofit respondents indicated a need for more robust changes and improvements to City procurement and contracting processes, including commenting on the time it takes to get into contract, delays in invoicing while contracts are being modified or amended, operational constraints such as having to use multiple data systems or contracting information in multiple ways, etc. Several nonprofit respondents commented on the need for more accountability for City staff in contract management and execution.

POLICY UPDATES

The Controller's Office made a number of policy changes as a result of this feedback, including:

- Numerous minor text changes to clarify the intent and requirements of certain provisions in the Contract Monitoring, Citywide Nonprofit Corrective Action, and CPA Audit Policies. For example, updates clarified the following:
 - That departments should provide a complete list of required documentation prior to a monitoring visit.
 - That departments must make relevant program monitoring and reporting requirements available to nonprofits during solicitations.

- That the Controller's Office will evaluate nonprofits for de-designation from corrective action on the mutually agreed-upon timeline established in the corrective action plan, or annually at a minimum.
- Adding "Questions and Current Guidance" sections to each of these policies to answer frequently asked questions and clarify areas of confusion.
- Making it explicit that City departments may establish different levels of monitoring based on past performance (e.g., establishing a "core" set of monitoring standards for all contractors and an "expanded" set of standards based on risk factors).
- Aligning the timeline requirements for departments to provide reasonable notice of a contract monitoring and fiscal monitoring, with four weeks as the benchmark.
- Adding a requirement that departments communicate monitoring results within 60 days of a monitoring activity, and a recommendation that departments communicate results within 30 days.
- Reassessing every recommended component of the Contract Monitoring Policy aimed at limiting burden on nonprofits to determine whether any may be made required policy items. In many cases, the Controller's Office determined it was not possible due to necessary variation in department processes based on funding source requirements, different program goals, or other considerations. However, throughout program implementation, the Controller's Office commits to assessing whether departments are adhering to the recommended activities and whether there is further opportunity to expand requirements that limit burden on contractors and City staff.
- Updating the dates by which departments must begin implementing the Contract Monitoring Policy from March 31, 2025 to June 30, 2025.