Contract Monitoring Standards and Guidelines

Fall 2025 Nonprofit Training Series

Office of the Controller

October 16, 2025

Agenda

1	Welcome, Introductions, and Ice Breaker	**2:20-2:40pm**
2	Contract Monitoring Program Overview and Q & A	**2:40-3:10pm**
3	***BREAK***	**3:10-3:20pm**
4	Translating Policy Into Practice with SGS	**3:35-4:05pm**
5	Discussion: Challenges, Bright Spots, and Practical Application	**4:05-4:25pm**
6	Session Wrap-Up and Questions	**4:25-4:30pm**

Introduction to the Controller’s Office

About the Controller’s Office

The Controller is the chief financial officer and auditor for the City and County of San Francisco. We produce regular reports on the City's financial condition, economic condition, and the performance of City government. We are also responsible for key aspects of the City's financial operations — from processing payroll for City employees to processing and monitoring the City’s budget.

Our team includes financial, tech, accounting, analytical and other professionals who work hard to secure the City's financial integrity and promote efficient, effective, and accountable government. We strive to be a model for good government and to make the City a better place to live and work.

About the City Performance Division

The City Performance team is part of the City Services Auditor (CSA) within the Controller’s Office. CSA’s mandate, shared with the Audits Division, is to monitor and improve the overall performance and efficiency of City Government. The team works with City departments across a range of subject areas, including transportation, public health, human services, homelessness, capital planning, and public safety.

The Controller’s Office is charter-mandated (under Sec. 10.6-1) to:

- Create and oversee compliance with standards related to nonprofit contracting and monitoring
- Lead formal oversight over departments through compliance reviews and nonprofits through audits and corrective action
- Publicly report information on standards.

Controller’s Office – City Performance Team

Laura Marshall
Citywide Nonprofit
Policy Manager

Jontae Clapp
Nonprofit Monitoring
Specialist

Oksana Shcherba
Analyst,
Capacity Building

Arjun Paul
Analyst,
Nonprofit Monitoring
Annual Report

Angela Pride
Analyst,
Fiscal Monitoring

Introduction and Ice Breaker

1. Please stand up if you have worked with the City for…

- 1 year or less
- 2-5 years
- 10 years

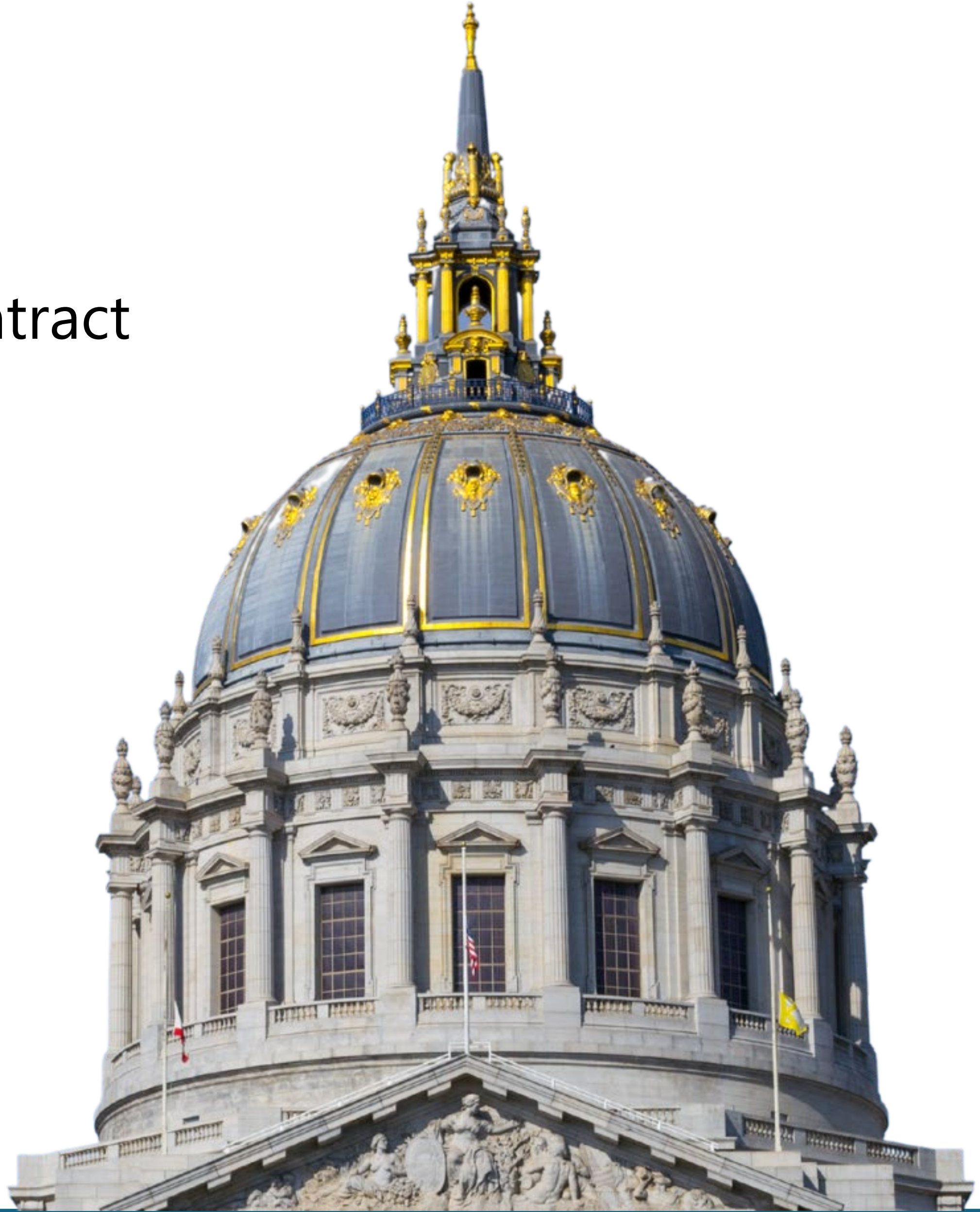
2. Raise your hand if you would like to share a big milestone (e.g., achieving a performance goal or a key client outcome) that occurred in one of your City-funded programs.

Today’s Training Goals

1. Build awareness of the new Citywide Contract Monitoring Policy

2. Ensure nonprofits are clear on expectations

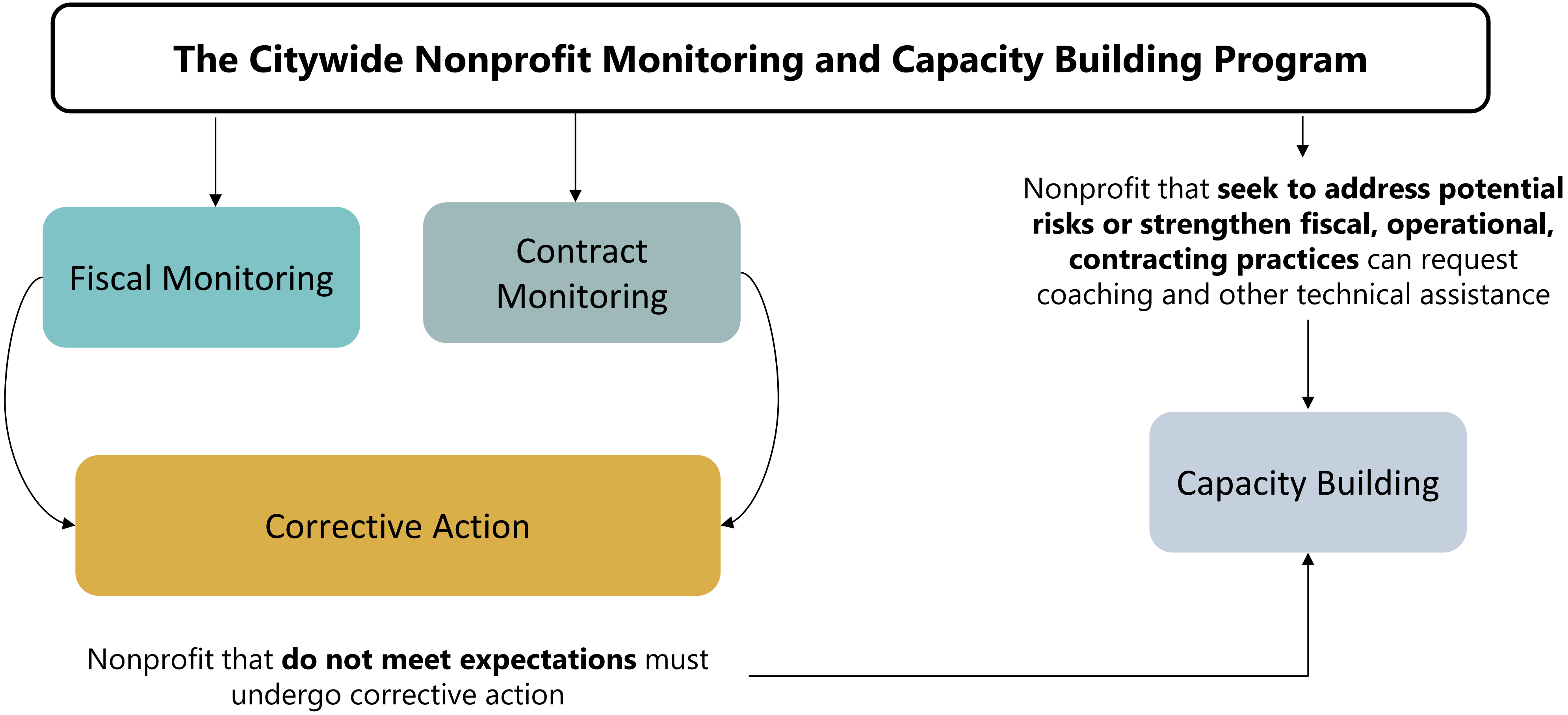
3. Hear best practices for compliance and partnership



Program Overview and Q & A

The Citywide Nonprofit Monitoring and Capacity Building Program

There are **four components** to the Citywide Nonprofit Monitoring and Capacity Building Program.



Start of Nonprofit Contract Monitoring Policy and Program

The Controller's Office developed the Contract Monitoring Policy by reviewing and elevating the best practices among various departments' existing contract monitoring activities.

In **2005,** the Controller's Office launched the **Citywide Nonprofit Monitoring and Capacity Building Program** (focused on Fiscal Monitoring) in response to a 2003 City task force on nonprofit contracting.

The Program's goals, both originally and ongoing, are to:

- Reduce duplicative monitoring across departments
- Standardize fiscal expectations
- Ensure that nonprofits had strong financial and governance practices to support City-funded services

In **2024,** the Controller's Office developed the **Nonprofit Contract Monitoring Standards and Guidelines** in response to authorizing legislation passed by the Board of Supervisors requiring the Controller to set Citywide standards for nonprofit contract monitoring.

The policy standardizes Citywide expectations for how departments manage contracted services, **program quality, and outcomes**.

What is the New Policy and Why Does it Matter?

This policy establishes Citywide requirements for how departments monitor nonprofit organizations that provide services to the public, making sure services are carried out as established in contracts.

This policy applies to all contracts with nonprofits that deliver services to the community, valued at **$200,000** per year or greater. Departments may apply **exclusions** to short-term, deliverable-based, and other types of projects from monitoring requirements.

Why this matters:

- ✓ Ensures transparent and accountable use of public funds and program quality
- ✓ Sets consistent expectations across City departments
- ✓ Helps nonprofits strengthen compliance and operations

Implementation Timeline

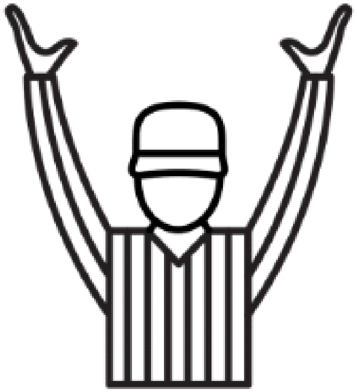
Key dates and why they matter for City departments and nonprofits

	June 30, 2025	July 1, 2025	January 1, 2026-> onward
For City Departments	City departments finished writing their internal contract monitoring policies and procedures, aligned to Citywide standards.	Any new or amended contracts must include at least one **service objective** and one **outcome measure** with clear targets.	Any new contracts must include **all other required monitoring policy elements** (site visits, reporting, quarterly engagement, fiscal/compliance reviews).
Nonprofits	Nonprofits will soon be able to see each department's exact approach and tools.	Nonprofits should plan to negotiate and report on performance measures in all new/amended contracts after this date.	From this date forward, all new contracts will carry the **full set** of monitoring expectations.

Summary of Roles in the Contract Monitoring Program

Nonprofits – Team Players

Nonprofits deliver services to the community under City contracts and policies, track and share performance data, participate in monitoring, and resolve challenges with support from funding departments when needed.

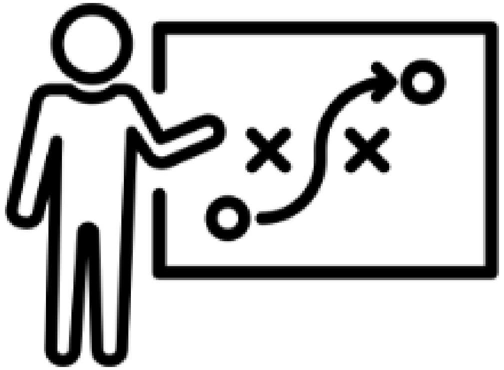


Departments – General Managers and Coaches

City departments implement the policy through their contracts, manage and monitor nonprofit performance, review data for compliance, and address issues by escalating or applying corrective actions as needed.

Controller's Office - Referee

The Controller's Office sets Citywide standards, oversees policy compliance, reviews and reports on departmental monitoring, provides tools and guidance, and applies corrective action to ensure consistency and accountability.



Clarifying Roles - Nonprofits

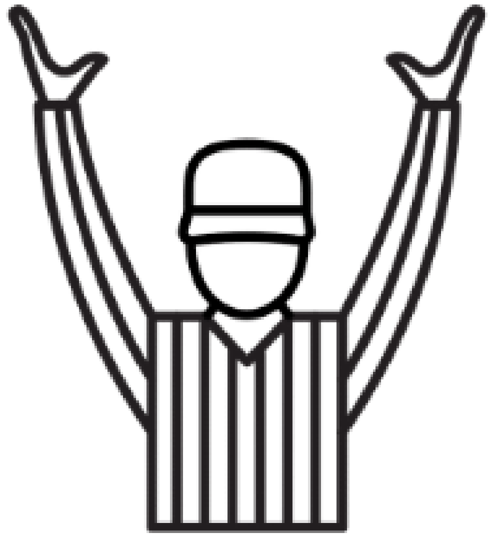
Nonprofits (you!) are the **Team Players** out in the field:

- **Policy and Standards**. You incorporate the City's expectations into your day-to-day service delivery and internal policies.
- **Contracting**. You provide services to the community funded by and according to the terms of City contracts.
- **Monitoring and Accountability**. You prepare for and participate in site visits, audits, and desk reviews to show your community work and contract adherence.
- **Tools, Data, and Reporting**. You collect and track performance data, sharing the data and reports with your funding departments such that they can be easily understood by funding departments.
- **Corrective Action and Follow-up.** You are responsible for resolving audit or monitoring findings and seeking technical assistance when needed.

Clarifying Roles - Controller's Office (City Performance)

The **Controller’s Office** administers the policy. Think of the Controller’s Office as the **Referee**:

- **Policy and Standards**. We wrote the policy and set the baseline standards that every City department must follow, and our role is one of broad oversight.
- **Contracting.** The Controller’s Office does not have a role in negotiating or managing departments’ contracts but does work to ensure departments are holding nonprofits accountable in a fair and consistent way.
- **Monitoring and Accountability**. Each year, we review how departments are implementing the policy and must (per legislation) publish a public report about the program. This may include whether the policy is being followed and/or monitoring results.
- **Tools, Data, and Reporting**. We also provide tools, templates, and best practices that departments and nonprofits can use through our Capacity-Building Program.
- **Corrective Action and Follow-up.** We establish rules and implement the corrective action policy to ensure consistency across departments.



Clarifying Roles - City Departments

Think of departments as **General Managers and Coaches**:

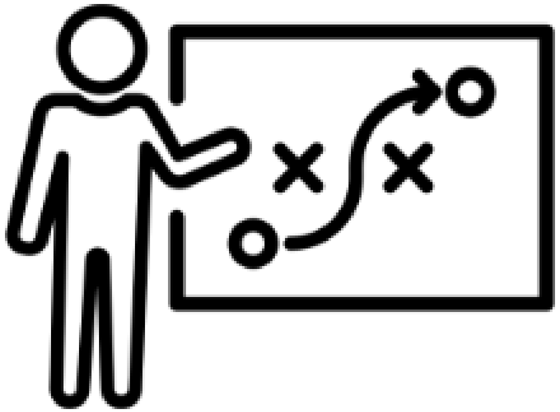
- **Policy and Standards.** They are responsible for implementing the policy by including clear performance measures and reporting requirements in negotiations, solicitations and/or contracts.

- **Contracting.** They write and sign contracts with nonprofits. They lead contract management, including scope development, invoice approval, are point of contact for issue resolution, and make any final decisions about contract renewals or terminations.

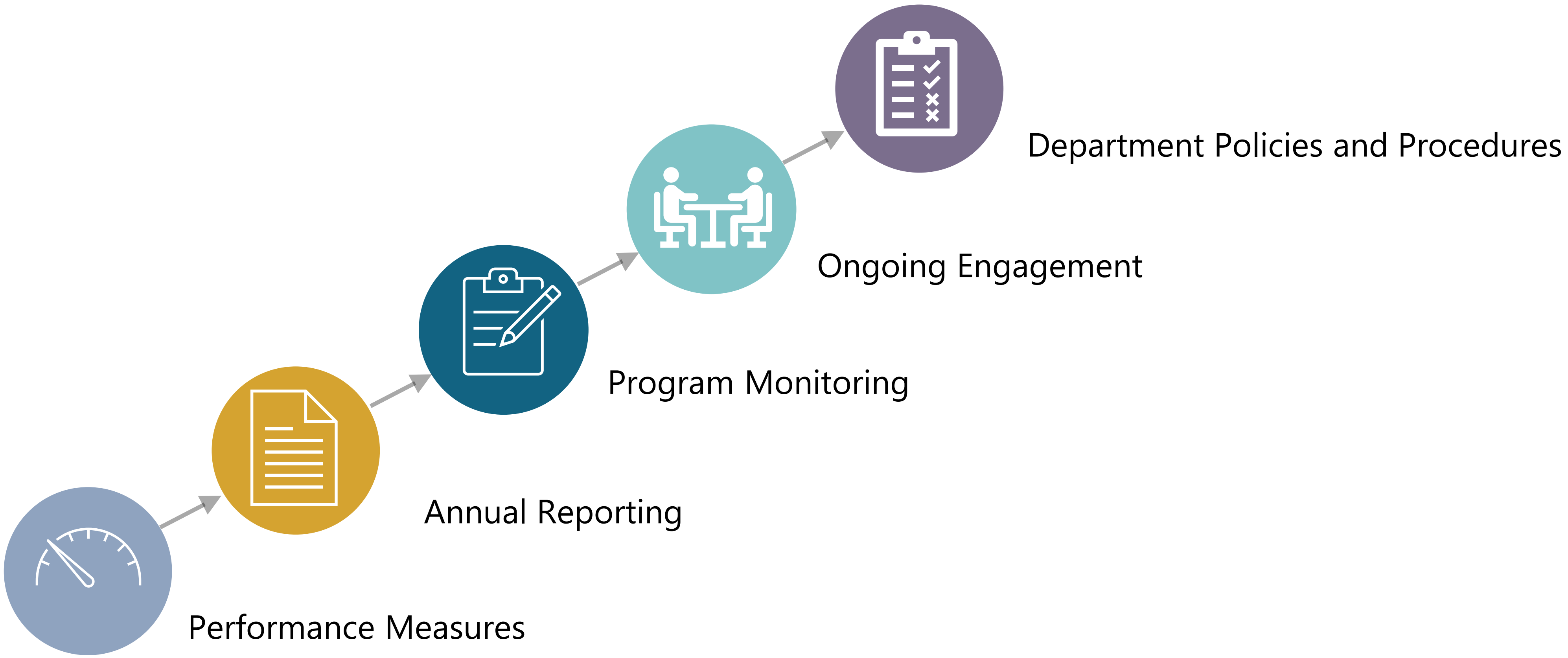
- **Monitoring and Accountability.** They carry out the monitoring through site visits, desk reviews, quarterly check-ins, and reviewing reports. They also decide if a nonprofit needs more oversight (e.g., if it's a new program or has struggled in the past).

- **Tools, Data, and Reporting.** They review nonprofit performance reports, check compliance, and adjust oversight as needed.

- **Corrective Action and Follow-up.** They identify issues, escalate if nonprofits need more oversight, enforce corrective actions.



Contract Monitoring Policy Requirements



Performance Measures Requirement

Requirement: Departments must include both service and outcome measures, with clear and achievable targets, in every nonprofit contract to track performance and align expectations between the City and the contractor. These become the **benchmarks the City uses to measure whether nonprofits are meeting expectations.**

- Examples: “Number of clients served” (service objective) and “Percent of clients who retain housing” (outcome measure).

What to Expect: Nonprofits will be responsible for tracking progress against performance measures and targets established in their contract or via other documentation provided to a contractor during the contracting process. Nonprofits must have the opportunity to review performance measures during contract negotiations to ensure expectations are trackable and achievable.

Performance Measure Requirement - Example

This example shows a clear performance measure report template, including the measure itself, progress towards the goal, and data source.

PERF MEASURES BY STRATEGY

Renaissance Parents of Success - Youth Job Skills/Mentoring/Training

Strategy
Specialized Teen

SURVEY MEASURE	Goal	Data Source
Participants report learning something new that they wanted to know about	75%	DCYF survey
Participants report enhanced enjoyment and engagement in learning as a result of the program	75%	DCYF survey
Participants report involvement in program implementation or leadership opportunities	85%	DCYF survey

ADA MEASURE	Goal	Number of Projected Core Participants	Number of Projected Core Participants Required to Meet Goal	Data Source
75% of projected core participants must receive a total of 80 hours of program dosage per year	75%	25	19	CMS Activity Data
65% of projected core participants complete DCYF youth survey	65%	25	16	CMS Activity Data

By checking this box, I am acknowledging that I have reviewed the above performance measures and understand that my grant will be assessed against these measures. I also understand that I may be asked to participate in technical assistance, evaluation and other activities related to these measures.

☑

Reporting Requirement

Requirement: Departments must require at least annual reports from nonprofits that, at minimum, include **performance data** and a **narrative** explaining activities, successes, and/or challenges. Some departments may require more frequent reporting, such as quarterly or monthly updates.

What to Expect: Nonprofits will need to submit at least one annual report, sometimes more frequently if departments determine it's important for operations. Reported data should show nonprofit progress in meeting performance measures and may include other contract requirements.

*Certain reporting may also be required with invoicing

Reporting Requirement - Example

This is an example report template from DCYF Monthly Narratives in their Contract Management System (CMS). In this process, contractors both input data and answer a set of questions each month.

5th Monthly Narrative Report

Program Area:	CCDS
Report Date:	August 2017
Report Submitted By:	______________

1. Summary of Key Accomplishments This Quarter

Activity	Goal	Description	Current Progress
Outreach	725	Number of individuals reached through outreach efforts and tracking. Should make contact with graduates at least once a quarter.	
Workshops	14	At least 14 workshops.	

2. Summary of Challenges

(Explain any underperformance and include a brief description of corrective action taken throughout this month.)

____

____

3. Progress and Analysis

(Discuss and analyze your current progress and achievements, including factors contributing to increases or decreases in Outreach and Follow-Up, and successful or unsuccessful Career Development Services Workshops.)

____

____

Program Monitoring Requirement

Requirement: Departments must conduct at least one program monitoring activity every year, plus at least one in-person site visit during the contract term. Unlike ongoing program monitoring, this type of monitoring focuses on point-in-time review during the contract term to assess the services being delivered.

What to Expect:

- Nonprofits will get at least **one annual program monitoring activity every year** to assess program operations and performance and conduct documentation reviews, among other items. Nonprofits will get a month’s notice before the planned monitoring. Departments will share findings or recommendations in writing with timelines for fixes within a maximum of 60 days following the monitoring activity.

- Annual monitoring will also include **at least one site visit during the contract term**. City staff will review client files, check documentation, tour your facilities, and might interview staff.

Program Monitoring – Examples

Example 1:

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.** ☐ Yes ☐ 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								

Example 2:

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 *Program does not include opportunities to connect to the community, subject-matter experts or potential employers.*	**3** *Program includes sporadic opportunities to connect with the outside community or subject-matter experts, but opportunities are not formalized into program design.*	**5** *Program intentionally connects youth with the outside community, including subject-matter experts or potential employers.*
Evidence		**Rating**

Ongoing Engagement Requirement

Requirement: Departments must engage with each contractor quarterly to discuss operations or performance, with at least one annual in-person or site visit to foster partnership and proactive problem-solving.

What to Expect: Nonprofits should expect quarterly check-ins, training, and/or visits with funding departments regarding program operations or performance and can include any of the below:

- In person visits
- One-on-one virtual meetings
- Technical assistance
- Email exchanges & phone calls
- All-contractor informational meetings
- Program monitoring activities

Ongoing Engagement Requirement - Example

Ongoing engagement can occur in many forms and range in formality and length.

Here is a general example of a quarterly meeting framework with a funding department. 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 Policies and Procedures Requirement

Requirement: Each department must maintain written monitoring and oversight procedures that align with this policy, define standards for findings and corrective actions, and establish criteria for waivers or risk-based monitoring variations.

What to Expect: Your organization is expected to meet funding department policies and procedures requirements, that clearly lay out the department's program monitoring, oversight, and corrective action processes. Because departments have different programming and operational needs, oversight practices will differ too. **Contact your funding departments for their policies and procedures or to ask about any upcoming changes in response to this policy.**

Preparing for Changes

Start building strong data collection and reporting systems. See if you need specific data systems access from departments

If appropriately allocated, budget staff time for compliance and monitoring directly into your contract

If you have questions about changing policies and procedures on the new policy, reach out to your funding departments early

10-Minute Break

SocialGoodSolutions

Translating Policy Into Practice

Presentation for:
San Francisco Office of the Controller
Contract Monitoring Standards and Guidelines
Fall Nonprofit Training Series 2025

Social Good Solutions Team

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Karen Fleshman, Esq.
Founder,
Racy Conversations

Message from Kaci

SocialGoodSolutions

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Policy Requirement

Best Practices

A look at some best practices to help nonprofits operationalize the new government policy requirements

Performance Measures

Selecting the right performance measures and establishing data reporting systems

Annual Reporting

Setting your organization up for successful programmatic and administrative reporting

Program Monitoring

Being prepared for site visits and desk audits

Ongoing Engagement

Communicating ongoing success between reporting periods

Best Practice:

Performance Measures

1. Know whether your performance measures are within your control.
2. Develop an internal work plan and let it be your guide; make it functional.
3. Have a designated person for data collection, quality review, and tracking.

Best Practice:

Annual Reporting

1. Know what outcomes your contracting department is expected to communicate internally.
2. Simplify organizational reporting by using detailed reporting requirements as a running template.
3. Have a designated person tracking internal and external reporting deadlines and integrate deadlines into shared calendars.

Best Practice:

Program Monitoring

1. At least one person in the organization must know the contract policy (or policies).
2. Program and fiscal managers should meet at least monthly to reconcile program activities with the budget.
3. Know what to expect and who will be participating in desk audits and site visits.

Best Practice:

Ongoing Engagement

1. Know who to contact for different needs – questions, decision-making, conflict resolutions, etc.
2. Build a relationship with your Contract Monitoring Officers.
3. Identify a strong Program (or Contract) Manager for your internal team.

SocialGoodSolutions

Questions?

Breakout Groups – Challenges and Bright Spots

Your Questions About Implementation

What new standards and requirements are being introduced, and how do they differ from previous policies?

What are best practices for how nonprofits can meet new policy and requirement guidelines?

How will performance measures be defined and applied across contracts?

How will monitoring be carried out in practice?

What happens if monitoring identifies issues or findings?

How will the City ensure monitoring is consistent across departments while allowing departments to have their own polices and procedures?

What resources will be provided to help nonprofits meet reporting and monitoring requirements?

How does the City gather feedback from nonprofits about the monitoring process?

Activity Instructions

1. **Get into groups of 4-6 with individuals seated next to you.** SGS and Controller's Office will help organize groups, if needed.

2. Staff will pass out index cards and pens.
   - **On one index card, write down which aspects of this new policy might be a challenge for your nonprofit**.
   - **In your small groups, share your challenges and notice whether others mentioned similar issues.**
   - Staff will then collect your cards.
   - Time: 5 minutes

3. **Now take another index card and write down areas where your nonprofit is strong or well positioned to excel.**
   - **Share what you wrote with your small group. What did others say that surprised or resonated with you?**
   - Staff will then collect your cards.
   - Time: 5 minutes

4. **Together as one large group, facilitators will lead discussion based on your index cards.**
   - Time: 10 minutes

Next Steps and Wrap-Up

As You Leave

1. **On a sticky note**, write **what you liked** about today’s training and **what could be improved**. Add your notes to the Plus (+) or Delta (–) flipchart near the exit.

2. **Grab a dot sticker** from your table and place it on the spectrum flipchart showing your level of understanding of the Contract Monitoring Policy.

    1. If you still have questions or feel unsure, place your sticker toward the left.

    2. If you feel confident in your understanding after today’s session, place it toward the right.

Controller’s Office Resources and Questions

Ask us about **Citywide Nonprofit Monitoring and Capacity Building Program**, a City-sponsored program that provides free tailored coaching, training, and resources to help nonprofits improve financial management, governance, and operations as well as prepare for contract monitoring.

If you have at least one contract with a City department, you are eligible.

If you have any other questions, please email **nonprofit.monitoring@sfgov.org.**

Next Up – Fiscal Monitoring Training on 10/23!

Learn about the **Controller’s Office Fiscal Monitoring Program** (Program), the criteria that informs whether nonprofits are monitored, and the roles of the Controller’s Office, funding departments, and nonprofits within the Program.

Questions and Answers

Questions and Answers

Policy Requirements. Why are departments still required to have their own internal policies, including corrective action criteria?

The policy creates a foundation for all departments to follow. Each City department has a different mission and organizational matrix, and as such, the policy allows enough flexibility within each requirement for City departments to create policies with varying practices according to their business purposes. Departments have specific and necessary reasons to vary their policies, so we don't intend to standardize every element of monitoring.

Nonprofit Capacity. Can nonprofits include activities associated with program monitoring in their contracts?

Costs associated with contract monitoring are considered direct costs of the contract and should be allocated appropriately in a nonprofit's program-based budget. Departments must inform nonprofits of monitoring activities during negotiation so that nonprofits can propose costs and negotiate on service levels with full information about requirements and expectations.

Questions and Answers: Other

Fiscal Vs. Contract Monitoring. **How would you distinguish between the current joint fiscal monitoring and the new contract monitoring?**

Departments conduct fiscal monitoring of nonprofits, and departments in the fiscal monitoring program establish standards and coordinate monitorings for the nonprofits in the pool. It is a priority for the City to have a single fiscal monitoring activity for each nonprofit, since most documentation applies to the nonprofit overall, rather than a single contract. Contract monitoring occurs at the contract level, meaning one department may have multiple contracts with a single nonprofit and must conduct monitoring for each contract. Departments should identify the appropriate staff to perform each type of monitoring based on that department's organization and staff make-up.