

10/3/23 Calendar Planning Item:
Background Information to help inform content for future
presentation regarding “Mega Contracts”

DPH Business Office

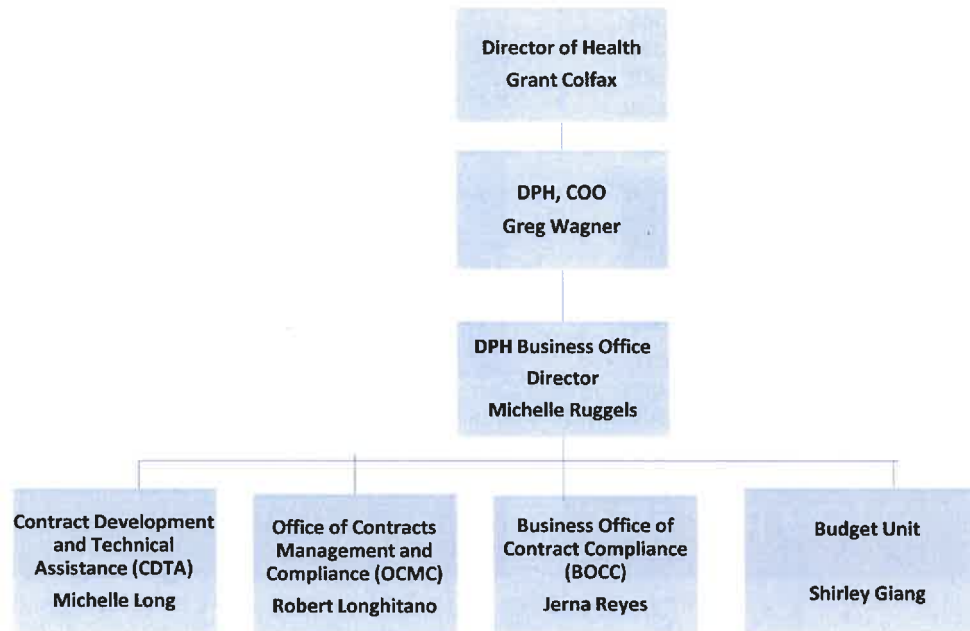
October 3, 2023

Background Information Explanation

- The following information summarizes the current practices applied to all contracts, regardless of size, to assess fiscal stability.
- The purpose of providing this information is to assist the Health Commissioners to identify the topics that they would like the DPH Business Office to cover in a future presentation regarding “too big to fail contractors”.

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San Francisco Department of Public Health Business Office





Business Office of Contract Compliance (BOCC) Monitoring Responsibilities

Mission

Program Compliance

- To ensure that (individual) programs are accountably serving priority populations, as indicated by their contracts or civil service clinic requirements.

Fiscal Accountability

- To ensure that public dollars are spent in accordance with funding requirements as well as local, state, and federal laws/policies and regulations.

Role and Responsibilities

1. **Annual Program Monitoring:** Assess an agency's individual program compliance with performance objectives, deliverables, and other requirements on the annual Program Declaration of Compliance.
2. **Fiscal and Compliance Monitoring:** (1) Assess the overall agency's financial stability, proper invoicing to the City, and compliance with tax filings through Audited Financial analysis and (2) participation in the Citywide Fiscal and Compliance Non-profit Monitoring and Capacity Building program.
3. **BOCC** is not the only area conducting performance and/or compliance monitoring. See document "DPH Contract Monitoring, DPH Compliance and Quality Management Functions" for information on other activities performed across Ambulatory Care and the Public Health Division. Additionally, LHH and ZSFG have their own monitoring processes (not covered in this presentation).



Fiscal and Compliance Monitoring Overview

	1. BOCC General Financial Assessment	2. Citywide Fiscal and Compliance Monitoring
Purpose	Aims to prevent disruptions in services due to fiscal related issues or financial insolvency. It also aims to ensure proper use of tax dollars.	Aims to ensure public funds are spent in alignment with the City's financial and administrative standards and that nonprofit contractors have strong, sustainable fiscal operations.
History	Established by DPH to monitor the fiscal health of Community-Based Organizations (CBOs) that hold contracts with DPH. Scores are also used to determine participation in the Citywide Fiscal and Compliance Monitoring program.	To minimize duplication of effort and improve coordination across City departments, the Program was established in 2005 by the Controller's Office to streamline and standardize the City's nonprofit fiscal and compliance monitoring so that nonprofits that receive funding from multiple departments participating in the Program, or have large contracts, receive a single fiscal and compliance monitoring each year.
Description	Community-Based Organizations are required to send their audited financial statements annually, six months after its year-end close date, to DPH's Business Office of Contract Compliance (BOCC). BOCC tracks the submission of these statements, reviews, and score, them. Scores are recorded each year to determine any negative trends that raise concerns or prompts for technical assistance.	The Controller's Office coordinates the Citywide Fiscal and Compliance Monitoring Program to promote efficient monitoring that uses consistent standards and methods among the 12 City departments that are the primary funders of health and social services. BOCC participates in the Citywide Fiscal and Compliance Monitoring. The monitoring covers all DPH contracts (BHS, HHS, MHSA, etc.). The monitoring includes CBO's financial statements review, invoices, governance, internal controls and other compliance standards such as the Public Access ordinance and Emergency preparedness.



(1) BOCC General Financial Assessment: Objectives

- **Assess the fiscal health of the contractor agency**, and if needed, refer the agency to technical assistance or any other resources the city can provide. BOCC also alerts the DPH Business Owner/System of Care of any financial risk that could lead to disruption of services to help adjust the contract amounts or structure when possible.
- **Ensure the proper board governance** and involvement in the financials, which is required for the agency's long-term sustainability.
- **Ensure proper invoice billings** to the City, to make sure tax dollars are spent in alignment with the City's ordinances and policies.
- **Ensure compliance with tax filings** and other standards in the scope of this program.

(1) BOCC General Financial Assessment: Annual Process

- A. **Document Collection:** BOCC collects Audited Financial Statements from ALL contractors annually
- B. **Analysis:** BOCC performs a deep dive analysis of the financial statements, looks at financial indicators such as Working Capital Ratio, Cash Reserves, Net Assets, and Cash Flows.
- C. **Results:** Each agency is assigned a risk level:
 - **Low:** Agency is financial stable and has the capability of growing and adding new programs
 - **Moderate:** Agency financials are good but there are a few concerning items that require continued close monitoring
 - **High:** Agency is experiencing financial issues and requires assistance and attention from DPH
- D. **Outcome:** Risk levels determine the type of monitoring in the Citywide Fiscal and Compliance Non-profit Monitoring and Capacity Building program. The analysis is documented in a memo and is shared with DPH Management, when necessary.

Note: Prior to a Contracting Process, DPH may also assess an Agency's financial health during the RFP Process. When an RFP is scored, a total of 30 points can be set aside for the financial health of the agency applying for the contract.

(2) Citywide Fiscal and Compliance Non-profit Monitoring and Capacity Building Program: Eligibility for the Monitoring Pool

All nonprofits that contract with DPH and meet the ELIGIBILITY CRITERIA receive one of the types of monitoring:

- **Core Monitoring** - focuses on financials and board governance
- **Expanded Monitoring** – includes all aspects mentioned in the previous slide
- **Good Performance Waiver** – for agencies with solid track records, they can receive a waiver every other year

Some types of agencies are excluded from this monitoring:

- Governmental agencies and universities
- For-profit agencies
- Nonprofit agencies that are in the housing development sector

Wasim Samara in DPH's Business Office of Contract Compliance is a "City Monitor" and conducts the fiscal monitoring and participates in the Controller's Office steering committee.

MONITORING POOL ELIGIBILITY CRITERIA

Monitoring Pool Includes Nonprofits That:

- Receive \$1 million or more from a single department (even if they get funding from more than one department).
- Receive at least \$200,000 in total from two or more departments (if they get at least \$50,000 from each funding department).

Monitoring Pool Does NOT Include Nonprofits That:

- Receive funding from only one department and receive less than \$1 million.
- Receive funding from multiple departments that total \$200,000 to \$999,999.

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2. Citywide Fiscal and Compliance Non-profit Monitoring and Capacity Building Program : Overview

Description: The Citywide Fiscal and Compliance Nonprofit Monitoring and Capacity Building program, managed by the Controller's Office, consolidates contract monitoring requirements related to fiscal and organizational health for nonprofit contractors that receive funding from multiple City departments. This relieves the administrative burden of reporting to each department separately and allows City departments to share concerns and experiences collectively.

Goal: The Program aims to ensure public funds are spent in alignment with the City's financial and administrative standards and that nonprofit contractors have strong, sustainable fiscal operations. And aims to detect financial issues as a general process, combined with additional Departmental review of audited financial statements.

Monitoring Standards: Compliance standards relate to nonprofits' responsibilities for providing public access to records, certain board oversight practices, subcontracting practices, personnel policies, and emergency operations plans. The Program evaluates four areas of fiscal and compliance standards (see table).

ACCOUNTING & BUDGETING
12 standards <ul style="list-style-type: none">• Agency-wide Budget• Cost Allocation Procedures
FINANCIAL STATEMENTS
21 standards <ul style="list-style-type: none">• Audited Financial Statements• Financial Reports• Tax Form
POLICY & OPERATIONS
28 standards <ul style="list-style-type: none">• Fiscal Policies and Procedures• Invoices• Payroll• Public Access• Personnel Policies• Emergency Operations Plan• Preparedness
GOVERNANCE
19 standards <ul style="list-style-type: none">• Board Oversight• Subcontracts

Citywide Fiscal and Compliance Monitoring: Annual Process



Each Agency is assessed an outcome:

- Meets all Standards and Best Practices**
- Does not meet Best Practices but meets all Standards**
- Finding** - Does not meet one or more standards (has a finding)
- Elevated Concern Status:** When a nonprofit City contractor has repeated findings or has a critical finding. Technical Assistance through the Controller's Office will be provided.
- Red Flag Status:** When a nonprofit is at imminent risk of losing its funding for mismanagement or being unable to perform services per its grant or contract. This can lead to defunding of the agency.

Technical Assistance for Nonprofits:
 The Controller's Office, DPH, and/or, if applicable, external financial consultants provide technical assistance to nonprofits agencies with issues uncovered through monitoring. The Controller's Office also holds financial training sessions for nonprofits to voluntarily participate in.

Note: If a nonprofit contractor does not meet City standards and does not comply with an established plan to correct deficiencies, the City may place an Agency on the Elevated Concern or Red Flag Status list for that fiscal year.

**As part of the monitoring process, City Monitors review the following documents: Back up documentation of invoices to the City, including payroll registers and vendor resets; Budgets and Cost allocation methodology; Financial statements of current and prior fiscal years; Tax filings such as form 990 and the Quarterly Contribution Return and Report of Wages filings; Board of Directors minutes and bylaws; Public Access filings for the City's Sunshine Ordinance; Other documentation as needed.*

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Technical Assistance Flow Chart

SF Department of Public Health - Business Office Technical Assistance Process

- 1. Issue Identification**
 Issue(s) with a funded agency and/or program are identified via:
- a. DPH Site Visit
 - b. BOCC Monitoring Visit
 - c. Fiscal & Compliance Monitoring
 - d. Whistle-Blower
 - e. SOC Surveillance (chart review)
 - f. AVATAR Activity
 - g. Contract Development
 - h. Reported Privacy Breach
 - i. Cost Report
 - j. Agency Self-Reports
 - k. Client Complaints
 - l. Audited Financial Statements Review
 - m. Certification Review
 - n. External Fund Source Audit

After a monitoring visit, BOCC may issue a monitoring report with findings and may require a **Plan of Action (POA)** or issue **Letter(s) of Reprimand**

The following is criteria for an ATAP and CAP:
 An ATAP is initiated if the following:
 1) DHP only
 2) Program specific, may include fiscal issues specific to DPH funding

A CAP is recommended if the following:
 1) Issues involving all 3 categories, Finance, Governance, Programmatic
 2) Involving multiple City departments
 3) Agency-wide issues

- 2. Inform the CDTA PM**
 Whoever is made aware of the issue, alerts the CDTA Program Manager, who then discusses with the CDTA Director.

- 3. Convene a Team Meeting to Establish a TA Plan and to Determine the Severity of the Problem**
 CDTA PM calls a meeting of the Team previously set up for each agency (or in the case of larger funded agencies – for each program). The Team consists of:
- a. CDTA Program Manager
 - b. SOC Program Manager (s)
 - c. BOCC Compliance Manager & Financial Analyst
 - d. Business Office Director
 - e. SOC Director(s)
- plus, if needed:
- f. CDTA Director
 - g. Budget & Contract Staff
 - h. Finance Office Representative (aka Drew)
 - i. Privacy Officer
 - j. Compliance officer and/or
 - k. Staff from other city departments.
- The Team:
 1. Determines the extent of the issues.
 2. Reviews Agency Performance + Financial Stability Report, including source information such as contract documents, monitoring reports and **POA**, fiscal materials, etc.
 3. Determine – based on the severity – if an **ATAP** or a **CAP** should be implemented.

- 4b. Corrective Action Plan**
 The Team:
 a. determines type of technical assistance needed, who should provide it
 b. identifies staff/consultants who will follow up on items within the **CAP**
 c. **regular and scheduled** review on progress of resolving the CAP items
 d. report to Contractor Oversight Committee, and as applicable the Health Commission

4. CAP or ATAP?

- 4a. Establishment of Agency Technical Assistance Process**
 The Team:
 a. determines type of technical assistance needed and who should provide it
 b. identifies staff/consultants who will follow up on items within the **ATAP**
 c. periodically reviews the progress of the resolving **ATAP** items
 d. determines if the issues have been resolved, or if further action is needed, such as a **Corrective Action Plan (CAP)** or defunding of the program
 e. determines who should communicate the findings to the agency

Technical Assistance is provided to the Agency/Program. If one was issued, the **POA** is reviewed and may be folded into the **ATAP** and/or **CAP**. Any agency with an ATAP or CAP must have a pre-negotiation and negotiation.

- Contractor Oversight Committee**
 (Reinstate 4/23; Update 9/23- not yet reinstated)
- **Key Department Representatives meet monthly**
 - Discuss Agency Performance + Financial Stability Report for all agencies with concerns
 - Review active Corrective Action Plan progress
 - Determine interventions or remediation actions



Typical Triggers for Technical Assistance

Plan of Action (POA)

Lack of fire clearance for program site

Low rates of return or low scores on client satisfaction surveys

Incorrect tracking of clients in AVATAR for billing purposes

Shortfalls in units of service achieved or low clinician productivity

Need to increase completion of ANSA or treatments plans within 60 days of client episode opening

Problems obtaining all needed signatures from clients (HIPAA forms, etc)

Corrective Action (ATAP or CAP)

Financial Recovery & Sustainability

Lack of Cost Allocation Procedures

Debt Reduction & Repayment Plan

Budget Forecasting Capacity

Billing Practices

Accounting Practices & Fiscal Reporting

Budget Reduction

Defunding

Low Cash Flow & Net Income

Financial Oversight by Board

Lapse of Licensure & Certifications

Breach of Client Privacy, Safety & Confidentiality

Low Units of Service

Reporting - AVATAR

Documentation

Client Charting & Billing

Patient Services and Care

Financial Management

Program Operations

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Additional Information

- Agency Performance + Financial Stability Report (Template)
- Table: DPH Contract Monitoring, Compliance and Quality Management Functions

Agency Performance + Financial Stability Report

- **Purpose:** The purpose of this new form (4/23) is for DPH staff to collaboratively develop a standardized and comprehensive report regarding the performance and financial stability of an agency's contracts and programs.
- **Towards Collaboration and Communication:** This report is stored in a centralized, virtual location where all relevant contributors can access and provide information as incidents and findings occur. This report combines information from the Business Office of Contract Compliance, the Contract Development and Technical Assistance Unit, DPH Fiscal, DPH Office of Compliance and Privacy Affairs, and other DPH staff, as necessary.
- **Timely Updates:** To be updated as findings and flags occur. Agencies with issues to be discussed at monthly Contractor Oversight Committee.
- **Report Components:** See snapshot table.
- **The Business Office has identified 14 higher concern vendors that we are just now using to pilot this form. This will be followed by the too-big-to fail vendors, and then remaining 100+ vendors.**

Snapshot of the Highlights Table

C. Performance + Financial Stability Concern Highlights

For the subject Agency, mark **ALL** areas that concern the agency's performance and financial stability and provide the requested information. Add additional rows, as necessary.

Area(s) to Flag <i>select all that apply</i>	Date of Flag	Short Description
<input type="checkbox"/> Financial Mitigations and Obligations	Select date	Provide a concise description of the Flag (e.g., cost settlement recovery, Office of Compliance and Privacy Affairs audit recovery, overbilling recovery)
<input type="checkbox"/> Fiscal Monitoring & Analysis – BOCC	Select date	Provide a concise description of the Flag (e.g., High Risk, Elevated Concern).
<input type="checkbox"/> Program Performance and Compliance Monitoring	Select date	Provide a concise description of the Flag.
<input type="checkbox"/> Current Corrective Action Plan/ Technical Assistance Plan	Select date	Provide a concise description of the Flag.
<input type="checkbox"/> Early Warnings – Program	Select date	Provide a concise description of the Flag (e.g., System of Care identifies and flags an area of concern during the course of a Contract). Note: Document the timeline and description of this early warning in Section H.
<input type="checkbox"/> Other	Select date	Provide a concise description of the Flag (e.g., Whistleblower Audit with Findings, Independent Chart Audit with Findings, etc.).

Template

Agency Performance + Financial Stability Report

Purpose: The purpose of this form is for DPH to be able to provide a standardized and comprehensive performance and financial stability report on an agency's contracts and programs across the entire Department.

Instructions: DPH staff must complete one form per contracted agency. Additional instructions are located at the end of this document.

Part I: Financial and Performance Stability Summary

A. Agency Information

1. Agency Name:
2. Agency Address:
3. Agency CEO Name:
4. Agency CEO Email Address:

B. Current Agency Contracts

Provide the below requested information for ALL DPH contracts with the subject Agency. Add rows as needed.

DPH Division <i>select primary owner of Contract</i>	Contract ID #	Purpose (Brief)	Term Start Date	Term End Date	Not-to-Exceed Amount	Date of Update
1 Division: Select one If Other: Enter division	CID#: Enter CID#	Purpose: Enter Contract Purpose.	Start Date: Select date	End Date: Select date	NTE: Enter NTE (\$)	Date: Select date
2 Division: Select one If Other: Enter division	CID#: Enter CID#	Purpose: Enter Contract Purpose.	Start Date: Select date	End Date: Select date	NTE: Enter NTE (\$)	Date: Select date

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C. Performance + Financial Stability Concern Highlights

For the subject Agency, mark **ALL** areas that concern the agency's performance and financial stability and provide the requested information. Add additional rows, as necessary.

Area(s) to Flag - <i>select all that apply</i>	Date of Flag	Short Description	See Section
<input type="checkbox"/> Financial Mitigations and Obligations	Select date	Provide a concise description of the Flag (e.g., cost settlement recovery, Office of Compliance and Privacy Affairs audit recovery, overbilling recovery)	Select One
<input type="checkbox"/> Fiscal Monitoring & Analysis – BOCC	Select date	Provide a concise description of the Flag (e.g., High Risk, Elevated Concern).	Select One
<input type="checkbox"/> Program Performance and Compliance Monitoring	Select date	Provide a concise description of the Flag.	Select One
<input type="checkbox"/> Current Corrective Action Plan/ Technical Assistance Plan	Select date	Provide a concise description of the Flag.	Select One
<input type="checkbox"/> Early Warnings – Program, BOCC or CDTA	Select date	Provide a concise description of the Flag (i.e., System of Care, BOCC, or CDTA identifies and flags an area of concern during the course of a Contract). Note: Document the timeline and description of this early warning in Section H.	Select One
<input type="checkbox"/> Other	Select date	Provide a concise description of the Flag (e.g., Whistleblower Audit with Findings, Independent Chart Audit with Findings, etc.).	Select One

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D. Agency Financial Mitigations and Obligations

FINANCIAL MITIGATIONS

Were Financial Mitigations granted to the subject agency? Select One

If "Yes", provide the below requested information to report on Financial Mitigations granted to the subject agency. Add rows as needed.

	Fiscal Year	Contract ID #	IP Repayment Restructured?	Conversion from Fee for Service Invoice to Cost Reimbursement Invoice
1	FY: Enter FY	CID#: Enter CID#	Was the IP Repayment Restructured? ▸ Select One ▸ Provide explanation	Were there Cost Reimbursement Programs? ▸ Select One ▸ Provide explanation
2	FY: Enter FY	CID#: Enter CID#	Was the IP Repayment Restructured? ▸ Select One Provide explanation	Were there Cost Reimbursement Programs? ▸ Select One Provide explanation

FINANCIAL OBLIGATIONS

Are there any Financial Obligations required of the subject agency? Select One

If "Yes", provide the below requested information to report on Financial Obligations granted to the subject agency. Add rows as needed.

	Fiscal Year	Contract ID #	Financial Obligations	If Yes, Provide Explanation
1	FY: Enter FY	CID#: Enter CID#	Was there a Financial Obligation? ▸ Select One	If yes, provide explanation
2	FY: Enter FY	CID#: Enter CID#	Was there a Financial Obligation? ▸ Select One	If yes, provide explanation
3	FY: Enter FY	CID#: Enter CID#	Was there a Financial Obligation? Select One	If yes, provide explanation

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E. Fiscal Monitoring & Analysis (BOCC)

GENERAL FINANCIAL ASSESSMENT

Provide the requested General Financial Assessment information below for the subject Agency.

Period of Assessment	Select date to Select date; Enter number of Fiscal Years. Fiscal Years
Date of Last Update of this Section	Select today's date
Risk Level <i>(mark only one)</i>	<input type="checkbox"/> Low Risk: Low risk agencies are agencies that have solid financials and have the capability to absorb some losses in turbulent times. Such agency also has the financial capability to take on new programs and expand. <input type="checkbox"/> Moderate Risk: Moderate risk agencies are agencies that have good financial standing but have issue(s) that require monitoring to ensure containment. <input type="checkbox"/> High Risk: Agency is experiencing financial issues and requires assistance and attention from DPH.
General Financial Assessment Statement	Enter a concise summary of BOCC's General Financial Assessment. Be sure to indicate if there has been a change since the last assessment and document relevant trends or historical shifts.
Follow-Up	Provide the applicable follow-up steps required based on the Risk Level and BOCC's General Financial Assessment Statement above (e.g., Technical Assistance, Follow-Up in X months, etc.)

SUMMARY OF ANNUAL FINANCIAL STATEMENT REVIEW (BOCC)

Provide the requested information from the Audited Financial Statement Review. If not conducted or other caveats, please indicate in the below*.

*Notes: If applicable, enter relevant notes or enter N/A.

Fiscal Year Ending in	Audit Findings Expressed by CPA auditors	Total Agency Expenses (in Thousands)	Working Capital Ratio	Risk In Meeting Short-term Obligation	Net Surplus/(Deficit) for the Fiscal Year (in Thousands)	Net Operating Cash Flow from Operations (in Thousands)	Days of Operating Cash Reserves



CITYWIDE FISCAL AND COMPLIANCE MONITORING ASSESSMENT

Provide the requested Citywide Fiscal and Compliance Monitoring information below for the subject Agency. Refer to Section K for definitions.

Assessment Fiscal Year	FY: Enter FY	FY: Enter FY	FY: Enter FY
Type of Monitoring	Select One.	Select One.	Select One.
Lead Department	Enter the Lead Dept.	Enter the Lead Dept.	Enter the Lead Dept.
Monitoring Results	Select One.	Select One.	Select One.

F. Annual Program Monitoring Summary (BOCC)

Provide the requested scores below for each program and enter "N/A" if not scored. Add additional rows for each program, as needed. If additional explanation is needed, provide in the notes column, last section of this Report, and/or attach the Program Monitoring Report(s), if necessary.

Program(s) & DPH Business Owner/SOC	FY: Enter FY				FY: Enter FY				FY: Enter FY			
	Performance	Deliverables	Compliance	Client Satisfaction	Performance	Deliverables	Compliance	Client Satisfaction	Performance	Deliverables	Compliance	Client Satisfaction
Program: Enter Program Name												
SOC: Enter DPH Business Owner/SOC Name	Notes:				Notes:				Notes:			
Program: Enter Program Name												
SOC: Enter DPH Business Owner/SOC Name	Notes:				Notes:				Notes:			
Program: Enter Program Name												
	Notes:				Notes:				Notes:			



Program(s) & DPH Business Owner/SOC	FY: Enter FY				FY: Enter FY				FY: Enter FY			
	Performance	Deliverables	Compliance	Client Satisfaction	Performance	Deliverables	Compliance	Client Satisfaction	Performance	Deliverables	Compliance	Client Satisfaction
SOC: Enter DPH Business Owner/SOC Name												
Program: Enter Program Name												
SOC: Enter DPH Business Owner/SOC Name	Notes:				Notes:				Notes:			
Program: Enter Program Name												
SOC: Enter DPH Business Owner/SOC Name	Notes:				Notes:				Notes:			
Program: Enter Program Name												
SOC: Enter DPH Business Owner/SOC Name	Notes:				Notes:				Notes:			

G. Plan of Action(s), Technical Assistance, Agency Technical Assistance Plan(s), and Corrective Action Plan(s) Historical Summary

Provide a bullet point summary of the following, where applicable. Attach relevant documents (e.g., the Corrective Action Plan(s), Agency Technical Assistance Plan(s), etc.), as needed. If not applicable, enter N/A. See list of definitions in Section K.

Plan of Action(s) – POA(s)	Provide a bullet point, chronological summary of the past and current POA(s), be sure to include the current status.
Technical Assistance - TA	Provide a bullet point, chronological summary of the past and current TA, be sure to include the current status.
Agency Technical Assistance Plan(s) - ATAP(s)	Provide a bullet point, chronological summary of the past and current ATAP(s), be sure to include the current status.



Corrective Action Plans - CAP(s) Provide a bullet point, chronological summary of the past and current CAP(s), be sure to include the current status.

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H. Early Warning Description and Other Notes

EARLY WARNINGS

Provide a description, timeline, and other relevant information regarding the identified Early Warning(s) for the subject Agency, if applicable. If not applicable, enter N/A.

If necessary, use this space to provide a bullet point list of Early Warning(s). In your list, remember to provide a detailed description, timeline up to current point in time, severity of the warning, impact of the warning if left unmitigated, and any potential mitigation strategies to be employed.

OTHER NOTES

Provide any additional performance monitoring or financial stability notes regarding this Agency, if applicable. If not applicable, enter N/A.

If necessary, use this space to provide a bullet point list of notes regarding this Agency's assessment of Performance Monitoring and Financial Stability. Also included in this list are any additional Monitoring Issues identified. In your list, remember to provide a detailed description, timeline, severity of issue, issue owner, impact of the issue, and any mitigation strategies employed.

Examples of additional information re Program Monitoring: # Performance Objective Issues, # Deliverable Issues, # Compliance Issues, Client Satisfaction results, # Plans of Actions, and/or description of required follow-up steps. If no additional notes are needed, enter N/A.

Examples of other Monitoring Issues identified: Whistleblower Audits, Grievances, Chart Audits, Unusual Occurrences (UOs) and Critical Incident Reviews (CIRs), etc.

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Part II: Additional Program Detail by Contract

I. Current Programs by Contract

Provide the below requested information for **ALL** programs within the above listed DPH contracts with the subject Agency. Add rows as needed.

Contract ID #	DPH Division/Section	DPH System of Care/ Branch/ Unit	Program Type	Program Name <i>(per the contract)</i>	Program Start Date <i>(mark only one)</i>	Notes
1 CID#: Enter CID#	DPH Section: Choose an item. If Other: Enter section.	System of Care/ Branch/Unit: Select One	Program Type: Select One If Not Listed Above: Enter program type or N/A.	Program Name: Enter Program Name	<input type="checkbox"/> Program Started with Original Agreement <input type="checkbox"/> Program Start Date: Select date	Notes: If applicable, enter any relevant notes re this program or type N/A.
2 CID#: Enter CID#	DPH Section: Choose an item. If Other: Enter section.	System of Care/ Branch/Unit: Select One	Program Type: Select One If Not Listed Above: Enter program type or N/A.	Program Name: Enter Program Name	<input type="checkbox"/> Program Started with Original Agreement <input type="checkbox"/> Program Start Date: Select date	Notes: If applicable, enter any relevant notes re this program or type N/A.
3 CID#: Enter CID#	DPH Section: Choose an item. If Other: Enter section.	System of Care/ Branch/Unit: Select One	Program Type: Select One If Not Listed Above: Enter program type or N/A.	Program Name: Enter Program Name	<input type="checkbox"/> Program Started with Original Agreement <input type="checkbox"/> Program Start Date: Select date	Notes: If applicable, enter any relevant notes re this program or type N/A.
4 CID#: Enter CID#	DPH Section: Choose an item. If Other: Enter section.	System of Care/ Branch/Unit: Select One	Program Type: Select One If Not Listed Above: Enter program type or N/A.	Program Name: Enter Program Name	<input type="checkbox"/> Program Started with Original Agreement <input type="checkbox"/> Program Start Date: Select date	Notes: If applicable, enter any relevant notes re this program or type N/A.

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Part III: Reference Information

J. Completion Guide

Below is a general guide regarding the responsible party and timeline for each Report Section.

Section		Responsible Party	Update Frequency
A.	Agency Information	CDTA	
B.	Current Agency Contracts	CDTA/Contracts	
C.	Performance + Financial Stability Concern Highlights	All	Update upon occurrence
D.	Agency Financial Mitigations and Obligations	DPH Fiscal	Update upon determination of mitigation or obligation
E.	Fiscal Monitoring & Analysis (BOCC)	BOCC – Wasim Samara	Update upon occurrence
F.	Annual Program Monitoring Summary (BOCC)	BOCC – Nick Hancock (and BOCC Compliance Managers to add descriptive detail as applicable)	Update upon occurrence
G.	Plan of Action(s), Technical Assistance, Agency Technical Assistance Plan(s), and Corrective Action Plan(s) Historical Summary	Plan(s) of Action – BOCC All Others - CDTA	Update upon occurrence
H.	Early Warning Description and Other Notes (and See Flag Part 1, Section C)	All	Update upon occurrence
I.	Current Programs by Contract	TBD	

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K. Definitions

	Term	Definition	Policy Owner <i>(linked to source)</i>
Citywide Nonprofit Monitoring and Capacity Building Program	Citywide Fiscal and Compliance Monitoring Program	<ul style="list-style-type: none"> • The Controller’s Office coordinates the Citywide Fiscal and Compliance Monitoring Program to promote efficient monitoring that uses consistent standards and methods among the 12 City departments that are the primary funders of health and social services. • The Program aims to ensure public funds are spent in alignment with the City’s financial and administrative standards and that nonprofit contractors have strong, sustainable fiscal operations. • Below are the four types of Citywide Fiscal and Compliance Monitoring: <ul style="list-style-type: none"> ○ Excluded from Citywide Monitoring: Per the Controller’s Office Citywide Fiscal and Compliance Monitoring Program, Governmental agencies and universities, For-profit agencies, and Nonprofit agencies that are in the housing development sector are excluded from this Program ○ Core Monitoring: Monitoring focuses on financials and board governance ○ Expanded Monitoring: Monitoring across all four areas of fiscal and compliance standards – accounting and budgeting, financial statements, policy and operations, and governance ○ Good Performance Waiver: Granted to agencies with solid track records; a waiver can be granted every other year • Below are the five types of Monitoring Results: <ul style="list-style-type: none"> ○ Meets all Standards and Best Practices ○ Does not meet Best Practices but meets all Standards ○ Does not meet one or more standards (has a finding) ○ Elevated Concern Status: When a nonprofit City contractor has repeated findings or has a critical finding (i.e., going concern in its audit). Technical Assistance through the Controller’s Office will be provided in this case. ○ Red Flag Status: When a nonprofit is at imminent risk of losing its funding for mismanagement or being unable to perform services per its grant or contract. This can lead to defunding of the agency. 	Controller’s Office
	Corrective Action Plan (CAP)	<ul style="list-style-type: none"> • A list of activities a nonprofit must perform within the context of the Citywide Nonprofit Monitoring and Capacity Building Program. All nonprofits <u>with findings</u> will be required to come into compliance through completion of activities detailed in their Corrective Action Plan. • A Corrective Action Plan does not indicate overall poor performance or put a nonprofit’s contract with the City in jeopardy. It should not be confused with the status of “elevated concern”, or “red flag”. 	Controller’s Office
	Technical Assistance (TA)	<ul style="list-style-type: none"> • In cases where corrective action is required, City departments may also recommend or require technical assistance offered by the Controller’s Office, an external contractor, and/or City departmental staff to assist nonprofits. 	

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	Term	Definition	Policy Owner <i>(linked to source)</i>
DPH General Financial Assessment	Audited Financial Statement Review	<ul style="list-style-type: none"> Community-Based Organizations are required to send their audited financial statements annually, six months after its year-end close date, to DPH's Business Office of Contract Compliance (BOCC). BOCC tracks the submission of these statements, reviews, and score, them. Scores are recorded each year to determine any negative trends that raise concerns or prompts for technical assistance. 	Business Office of Contract Compliance
	Audit Findings	<p>This refers to findings noted by the external CPA auditors that the agency hires to develop its financial statements (NOT BOCC findings). Some of the findings that could be expressed:</p> <ul style="list-style-type: none"> Qualified Opinion: Extremely rare, it implies that the auditors are not confident in the material accuracy of the numbers presented (i.e., fraud, embezzlement, etc.) Going Concern: This implies that the auditors have concerns about the agency being able to continue to be solvent in the coming years. Deficiencies in Internal Control: The auditors identify issues or holes in the agency's internal control. Often, these are fixable issues, and the agency adopts new policies to address them. 	
	Working Capital Ratio <i>also known as Current Ratio</i>	<ul style="list-style-type: none"> This is a ratio that divides the Current Assets by the Current Liabilities. This signals the agency's ability to meet its short-term obligations. A ratio larger than 1.0 indicates higher current assets than current liabilities and therefore a lower risk of default. The City uses this measure in its Citywide Fiscal and Compliance Monitoring and identifies a ratio lower than 1.0 as a finding. 	
	Net Surplus/ (Deficit) In the Fiscal Year	<ul style="list-style-type: none"> This is the difference between what the agency brought in as revenues, and recorded expenses for a single fiscal year. This measure is based on an Accrual (accounting) basis, which includes non-cash events such as depreciation. Non-profits are expected to be close to the break-even point or have a small surplus. 	
	Net Cash Flow from Operations	<ul style="list-style-type: none"> This is like the above measure but is on a cash basis. This differs from the accrual basis in that it does NOT include depreciation and other non-cash items, and it can have timing variances as well (an expense incurred in one fiscal year but paid out in cash in the following year). Due to this timing variance, this measure is not very reliable when considering one fiscal year. It is more effective when looking at number of years together. 	
	Days of Operating Cash Reserves	<ul style="list-style-type: none"> A ratio that takes the total cash and investments divided by the average daily expenses. This identifies the agency's ability to continue operations without receiving any revenue. The City's standard is 60 days. This implies that the agency can operate normally without receiving its revenue payments from the City and grantors. Agencies with low ratios cannot handle delays in their contracts or any unexpected shocks, and often rely on the City's advances. Most non-profits will not have the 60 days (therefore it is best practice and not a standard). If an agency has 30 days, that is already a good state to be in. 	

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	Term	Definition	Policy Owner <i>(linked to source)</i>
DPH Annual Program Monitoring	Plan of Action (POA)	<ul style="list-style-type: none"> • A Plan of Action (POA) is issued by BOCC for any deficiencies noted during the annual monitoring process. It is a notice to the program and DPH Business Owner that an issue has been detected that requires attention and that a detailed response is required. • Common Triggers: Possible reasons for a POA include failure to meet performance objectives or units of service deliverables, lack of current fire clearance, or low participation rates in a client satisfaction survey. • Required Triggers: While issuing a POA is largely at the discretion of the BOCC Compliance Manager, there are certain things, such as the lack of proper fire clearance or an overall program monitoring score of 2 or less, that automatically require a POA. 	Business Office of Contract Compliance
Various	Agency Technical Assistance Plan (ATAP)	<ul style="list-style-type: none"> • Issues tracked and addressed through a formal process and set of steps where technical assistance is provided. These internal interventions are intended to occur at the front-end of the process and are typically DPH only contracts. • These issues may become known through the contract development process, a site visit, an audit, site certification, a client complaint, a whistle-blower, an incident report, or from the agency staff speaking with DPH staff directly. • In all cases, the DPH staff member who received the information must speak with the Contract Development and Technical Assistance (CDTA) Program Manager (PM) assigned to the agency's contract. 	Contract Development and Technical Assistance

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DPH Contract Monitoring, Compliance and Quality Management Functions (Updated Mar 2023)

Area of Assessment/ Monitoring	Functions	Frequency	DPH Responsibility Areas			
			Business Office of Contract Compliance (BOCC)	Office of Compliance and Privacy Affairs	Quality Management (QM)/Quality Improvement (QI)	System of Care (SOC)
1. Client Input						
Whistle-Blower Audits	DPH Office of Compliance and Privacy Affairs is the lead for follow-up on Whistle Blower complaints. May require assistance from BOCC or QM in conducting audits/investigations. QM is developing clinic-based documentation coaching sessions for programs where documentation problems have been identified through compliance chart audits.	On demand	X	X	X	
Grievances, Client Complaints (pre-formal grievance), Appeals, and State Fair Hearings	Behavioral Health Services (BHS)-QM: <i>Reporting structure dictated by MediCal regulations</i> -investigate and responds to formal grievances (client generated complaints), appeals, and State Fair Hearings. Trends in grievances are monitored and reported at a monthly Risk Management meeting with contract agency representation, where possible program-specific and system improvement issues are identified and subsequently brought to the Quality Improvement Committee. Information is shared with BOCC upon request to identify patterns/trends that speak to overall agency health.	On demand; Annual Grievance and Appeal Report to DHCS	X		X	X
	Other Sections: SOC responds to and investigates client complaints and grievances. As needed, SOC involves other sections in responding and determining next steps. HIV Health Services funds an HIV Consumer Advocacy Project to mediate and resolve client complaints and greivances related to provided services.					
Shelter Monitoring	The Board of Supervisors established standards by which City shelters provide services to shelter clients. The DPH Shelter Monitoring Committee is charged with receiving complaints about shelter operations and forwarding <u>unresolved</u> complaints to DPH Staff for investigation. DPH staff members conduct these investigations and prepare and submit written reports summarizing their findings to the Committee. The Committee and DPH representatives provide quarterly reports to the Board of Supervisors regarding the disposition of these complaints.	On demand				X This is a centralized function, not done by each SOC section in DPH

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DPH Contract Monitoring, Compliance and Quality Management Functions (Updated Mar 2023)

Area of Assessment/ Monitoring	Functions	Frequency	DPH Responsibility Areas			
			Business Office of Contract Compliance (BOCC)	Office of Compliance and Privacy Affairs	Quality Management (QM)/Quality Improvement (QI)	System of Care (SOC)
1. Client Input, continued						
Assessing Client Satisfaction	BHS QM: collects, analyzes and reports on client satisfaction with mental health services and substance use treatment services once each year, using standardized consumer perception surveys required by DHCS for all treatment programs billing Medi-Cal, or customized surveys approved by BHS. Standardized program level reports are generated and posted to the DPH public website, and are shared with the BOCC for Monitoring Reports. Customized surveys are provided to BOCC at the time of site monitoring. BOCC confirms via the Declaration of Compliance that agencies completed a survey, conducted analysis, and shared the results with staff and/or Board of Directors.	BHS-MH twice annually; SUD once annually	X		X	
	Other Sections: All sections do client satisfaction surveys (typically customized, not standardized). For all sections, BOCC confirms via the Declaration of Compliance that agencies completed a survey, conducted analysis, and shared the results with staff and/or Board of Directors.	Other sections annually				
External Quality Review Client Focus Groups (four)	BHS: An External Quality Review Organization (EQRO) contracted by DHCS conducts two focus groups with consumers (clients) utilizing mental health services, and two focus groups with consumers utilizing substance use services, including culturally-specific focus groups with translators. Focus groups address access to care, quality of care, and cultural competence of services and staff. Focus group reports and recommendations are included in the EQRO reports sent to DHCS and BHS administration annually. Progress on recommendations are reviewed at subsequent EQRO reviews.	Annually			X	X
Parent-reported outcomes for Child, Youth, and Family Outcomes	BHS is mandated to collect and monitor parent-reported outcomes on the Pediatric Symptom Checklist (PSC) every six months. The administration of the PSC-35 in the San Francisco's Children, Youth, & Family System of Care began in October 2018. After the first two years of administration, data were to be examined and formal, periodic reporting of aggregate data was to be developed. Due to the COVID-19 crisis, staffing shortages, and the implementation of CalAIM this process has been delayed. Examination of the PSC-35 data since October 2018 and development of periodic reports will occur as soon as the task can be prioritized.	Every 6 months			X	X
HIV Community Planning Council	HIV Health Services and HIV Prevention Services: This collaborative body fulfills Federal mandated functions to receive Federal HIV funding, including reviewing utilization data, updates on aggregate HIV+ client quality of care, as well as monthly details and annual trends of client service grievance and complaint issues provided by the HIV Consumer Advocate. One-third of the HCPC appointed members (of 50 seats) are un-affiliated consumers of HIV services.	Monthly				X

DPH Contract Monitoring, Compliance and Quality Management Functions (Updated Mar 2023)

Area of Assessment/ Monitoring	Functions	Frequency	DPH Responsibility Areas			
			Business Office of Contract Compliance (BOCC)	Office of Compliance and Privacy Affairs	Quality Management (QM)/Quality Improvement (QI)	System of Care (SOC)
2. Quality of Care						
Chart Audits - Quality of Documentation (and connection to treatment plan), and Billing Selection	DPH Office of Compliance and Privacy Affairs conducts chart audits focused on proper documentation meeting Medical Necessity following State and Federal standards. Goal is to audit approximately one-third of all affected contractors' programs annually. BHS, QM is staffing its team to provide system-wide documentation training, as well as customized clinic-based documentation training and coaching sessions for programs where documentation problems have been identified through compliance chart audits.	Frequency model under development for CBOs		X	X	X
Mental Health Services Act (MHSA) funded Program Reports	MHSA Staff: Monitors program performance by requiring MHSA programs to submit Mid-year and Year-end Program Reports. These reports are composed of a demographic and narrative section as required by MHSA legislation and contractual compliance, respectively. Full Service Partnership Programs submit separate (narrative and demographic) reports, while Early Childhood Mental Health Consultation Initiative Programs submit a separate narrative report. The narrative report highlights the program progress on performance objectives, key program changes, challenges, lessons learned, client satisfaction, and client success stories. The demographic report, designed to meet MHSA data collection and reporting requirements, includes various client data. Demographic report data includes: total number of individuals/family members served, age, sex at birth, current gender identity, race/ethnicity, veteran status, and language. Also, the demographic report includes the following: outreach, underserved populations served, population with severe mental illness served, referrals, average duration of untreated mental illness, and number of successful referral linkages. MHSA and QM provide support and training to the programs on data collection and reporting requirements on a periodic basis throughout the year via the IMPACT meetings. QM Program Evaluators are also available to meet individually with the programs to assist with evaluation activities as required for the Program Reports.	Mid-Year (June 1 - Dec. 31) and Year-End (entire FY) Program Reports			X	X
Staff Credentialing/Morrissey Program	Verify the credentials of licensed Civil Service, contractor and private provider network staff, by entering collected data into Morrissey, the computer based system used to confirm license status.	Ongoing		X		

DPH Contract Monitoring, Compliance and Quality Management Functions (Updated Mar 2023)

Area of Assessment/ Monitoring	Functions	Frequency	DPH Responsibility Areas			
			Business Office of Contract Compliance (BOCC)	Office of Compliance and Privacy Affairs	Quality Management (QM)/Quality Improvement (OI)	System of Care (SOC)
2. Quality of Care, continued						
Unusual Occurrences (UOs) and Critical Incident Reviews (CIRs)	BHS-QM receives, monitors, and investigates Unusual Occurrences (UOs) for all BHS programs. In addition, all client suicides and homicides are subject to a Critical Incident Review (CIR) with program staff at the client’s treatment program. Trends of all incident types are monitored and reported at a monthly Risk Management meeting with contract agency representation, as are all CIR investigation reports, where program-specific and system improvement issues are identified and subsequently brought to the Quality Improvement Committee for further action. Programs receive specific program-focused written feedback following a CIR investigation, including recommendations for improving quality of care. Information is shared with BOCC upon request to identify patterns/trends that speak to overall agency health.	Ongoing monitoring, monthly reporting	X		X	X
State Audits	BHS has triennial Mental Health Medi-Cal audits and annual Drug Medi-Cal audits conducted by the State DHCS that review the service delivery system and its components, as well as chart audits. BHS also undergoes separate Mental Health and Substance Use annual state-mandated External Quality Reviews, which monitor compliance with state contract requirements, including timely access to care, clinical outcomes, cultural competence, and IT system capabilities. EQRO reviewers conduct interviews with CBO Directors and line staff, and conduct three to five focus groups of consumers from both CBOs and civil service programs. The Office of Compliance and Privacy Affairs also oversees the Federal audits (e.g. PERM, CERT, and CMS Audits, including the OIG Audits).	Mental Health Medi-Cal Audit every three years; Drug Medi-Cal Audit annually; External Quality Review (EQRO) every year for both MH and SUD.		X	X	X
Assessing Performance on Contract Objectives	BHS: Analysts from SOC, QM and BOCC track performance on contract objectives from Avatar and other outcome or QM data sources. Reports on the status of most performance objectives are generated and available on demand in the Avatar Reports list, or are posted quarterly on the public DPH website in the Quality Management section. Other Sections: SOC tracks contractor performance based on regular progress reports submitted by contractors to SOC, and may adjust objective goals over time to reflect program improvements. BOCC reviews progress towards performance objectives during annual monitoring visits or desk audits.	Ongoing and during annual monitoring visits or desk audits	X		X	X

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DPH Contract Monitoring, Compliance and Quality Management Functions (Updated Mar 2023)

Area of Assessment/ Monitoring	Functions	Frequency	DPH Responsibility Areas			
			Business Office of Contract Compliance (BOCC)	Office of Compliance and Privacy Affairs	Quality Management (QM)/Quality Improvement (OI)	System of Care (SOC)
2. Quality of Care, continued						
Monitoring Client Outcomes	<p>BHS QM: manages the collection, analysis, and reporting of mental health (CANS [children and youth] and ANSA[adults]) and substance use disorder treatment outcomes and creates program-level outcome reports on a quarterly basis. Client outcomes for SUD treatment are monitored through CalOMS and specifically, through a performance objective that measures abstinence or reduction of alcohol and other drug use. The CalOMS frequency of use fields are used to calculate these results on a quarterly basis for each provider and final results are calculated after the end of the fiscal year. Quarterly and final reports are posted online to the public SFDPH website. Mental Health and SUD outcomes are discussed at Provider Meetings on a quarterly basis. Program-level outcome reports are posted on the DPH public website for easy program access, and annual program summary reports are provided to the BOCC for use in annual Monitoring Reports. Outcome reports are also presented and discussed at monthly Quality Improvement meetings. For FSPs, quarterly and "key event" functional outcomes (e.g., hospitalizations, arrests, changes in housing stability) are collected and reported to FSP providers at quarterly meetings. Programs not meeting outcome objective targets must develop action plans to improve outcomes, which are reviewed in BOCC monitoring visits.</p> <p>Other Sections: HIV Health Services: ARIES data used to measure key indicators that demonstrate a level of quality care, including against local and Federal benchmarks. Aggregate results of quality indicators are presented to HIV Community Planning Council annually. Other sections utilize different forms of collected data; All data pertaining to above and other sections feeds into BOCC monitoring of performance objectives and outcomes.</p>	Ongoing, quarterly program-level reports online, and during annual monitoring visits or desk audits	X		X	X
Monitoring Timely Access to Care	<p>BHS: Monitors a range of timely access metrics required by DHCS for both Mental Health and SUD. Metrics include time to first offered appointment, time to first treatment service, time to outpatient psychiatry appt, time to follow up appt after inpatient hospital discharge, among others. Metrics are reviewed at monthly Quality Improvement Committee meetings and are reported to DHCS annually through the EQRO annual review. Timely access metrics that are included in program performance objectives are reported at the program-level. All others are reported at the BHS system level and are reviewed in Quality Improvement Committee meetings.</p>	Quarterly monitoring, annual report to DHCS			X	X
Program Utilization Review and Quality Committee (PURQC)	<p>BHS (Mental Health): Regular review of client charts by an internal agency committee to determine if the client is getting the appropriate level of care, and if the charting descriptions meet required standards. This fulfills BHS requirements with State for UR process; also involves SOC staff.</p>	Annually				X

DPH Contract Monitoring, Compliance and Quality Management Functions (Updated Mar 2023)

Area of Assessment/ Monitoring	Functions	Frequency	DPH Responsibility Areas			
			Business Office of Contract Compliance (BOCC)	Office of Compliance and Privacy Affairs	Quality Management (QM)/Quality Improvement (QI)	System of Care (SOC)
3. Fiscal Monitoring						
Fiscal & Compliance Monitoring	BOCC participates in the Citywide Fiscal and Compliance Monitoring administered by the Controller's Office, and includes all other city departments funding the CBO (if any). The monitoring covers all DPH contracts (BHS, HHS, MHSA, etc.). The monitoring includes CBO's financial statements review, invoices, governance, internal controls and other compliance standards such as the Public Access ordinance and Emergency preparedness.	Type of monitoring is decided on annually. The monitoring can be a site visit or a self-assessment/desk audit. Agencies in good standings can get a monitoring waiver in some years.	X			
Audited Financial Statements Review and Scoring	CBO's are required to send their audited financial statements annually six months after its year-end close date. BOCC tracks the submission of these statements, review and score them. Scores are recorded each years to determine any negative trends that raises concerns or prompts for technical assistance. Scores are also used to determine the type of the Fiscal and Compliance Monitoring mentioned above.	Annually	X			

Updated June 2019, MR: Budget/Business Office-MR/Information Summary/Compliance/Updated 6-2019 HC Compliance Monitoring and QM Functions (working)

Updated April 2021 by BOCC to add fiscal monitoring

Updated February 2023 for BHS QM sections.

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