



**U.S. Office of Personnel Management
Office of the Inspector General
Office of Audits**

Final Audit Report

Audit of the 2018 and 2019 Combined Federal Campaigns

**Report Number 2022-SAG-007
September 7, 2022**

OFFICE OF
PERSONNEL MANAGEMENT

Executive Summary

Audit of the 2018 and 2019 Combined Federal Campaigns

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Why Did We Conduct the Audit?

The objective of the audit was to determine if the 2018 and 2019 Combined Federal Campaigns (CFC) were properly administered in accordance with Federal regulations and Contract Number OPM1616C0001 (Contract) between the U.S. Office of Personnel Management (OPM) and Give Back Foundation (the Central Campaign Administrator or CCA).

What Did We Audit?

OPM's Office of the Inspector General has completed a performance audit of the 2018 and 2019 CFCs. Our audit consisted of a review of the CFC's charity applications and fees, donation cycle, quality assurance surveillance plan, and campaign expenses. Audit work was completed remotely at our offices in Jacksonville, Florida and Cranberry Township, Pennsylvania.



Michael R. Esser
*Assistant Inspector General
for Audits*

What Did We Find?

Our audit of the 2018 and 2019 CFCs found that the CCA and its subcontractor, Total Administrative Services Corporation, properly administered CFC operations in accordance with the terms of the Contract and applicable Federal regulations.

However, our audit identified the following finding related to OPM's administration of the 2019 CFC that requires corrective action:

- OPM's Office of the Combined Federal Campaign incorrectly approved payments of \$164,212 more than the maximum allowable amount, as limited by OPM's task order contract for Penngood (one of the four outreach coordinators who provide CFC marketing, event and activity support, and training).

Abbreviations

CCA	Central Campaign Administrator
CFC	Combined Federal Campaign
Contract	Contract Number OPM1616C0001
LFCC	Local Federal Coordinating Committee
OC	Outreach Coordinator
OCFC	Office of the Combined Federal Campaign
OIG	Office of the Inspector General
OPM	U.S. Office of Personnel Management
QASP	Quality Assurance Surveillance Plan
TASC	Total Administrative Services Corporation

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I. Background

This report details the results of our audit of the 2018 and 2019 Combined Federal Campaigns (CFC). The audit was conducted pursuant to the provisions of Contract Number OPM1616C0001 (Contract) between the U.S. Office of Personnel Management (OPM) and Give Back Foundation. The audit was performed by OPM's Office of the Inspector General (OIG), as established by the Inspector General Act of 1978, as amended.

The CFC is the world's largest and most successful annual workplace charity campaign, raising millions of dollars each year. The CFC was originally established by Executive Order 10927 in 1961. In 2011, OPM formed the CFC-50 Commission to ensure the program's continued growth and success. As a result of the Commission's recommendations, new regulations governing the CFC were established, in effect revamping the CFC beginning with the 2017 campaign. Campaigns are defined by the period in which donations were solicited followed by payroll contributions being collected the next calendar year.

Executive Order 12353, as amended by Executive Orders 12404 and 13743, established a system for administering an annual charitable solicitation drive among Federal civilian and military employees and annuitants. Title 5, Code of Federal Regulations, Part 950, the regulations governing the CFC, set forth ground rules under which charitable organizations may receive donations from the CFC.

The CFC is organized into 36 geographic regions, called CFC zones, located throughout the United States, including Puerto Rico and the U.S. Virgin Islands, as well as other overseas locations. OPM's Office of the Combined Federal Campaign (OCFC) is charged with overall responsibility for day-to-day management and supervision of the CFC. The OCFC provides regulatory oversight, including annual audits, and technical guidance to the CFC campaigns.

The central fiscal and administrative functions of the CFC are handled by the Central Campaign Administrator (CCA). On December 31, 2015, the OCFC awarded the CCA contract to Give Back Foundation, a 501(c)(3) organization located in Madison, Wisconsin. In March 2014, Give Back Foundation entered an exclusive partnership with the Total Administrative Services Corporation (TASC), which gave TASC financial responsibility over the Give Back Foundation's operating cost in order to maximize the percentage of dollars donated to charities through the Give Back Foundation. TASC, as a subcontractor, runs the day-to-day administrative functions of the CFC on behalf of Give Back Foundation. Give Back Foundation manages the contracting relationship with OPM.

The CCA is responsible for:

- Developing and maintaining a centralized web site for the CFC that includes online functionality for charity applications and donor pledges; and
- Receiving and disbursing donor funds received from Federal payroll offices and service providers.

For each CFC zone, OPM establishes a Local Federal Coordinating Committee (LFCC) for the purpose of governing that zone's campaign. It is the responsibility of the Federal Executive Board or lead agency (as identified by OPM) in the zone to ensure an active and diverse membership. An LFCC is responsible for oversight of the CFC in each zone and assists the OCFC with charity application reviews. The LFCC is also responsible for:

- Maintaining minutes of its meetings and responding promptly to any request from the OCFC;
- Ensuring that potential donors are not coerced to participate in the CFC;
- Providing instructions to employees regarding the donation process;
- Selecting an Outreach Coordinator (OC) to conduct marketing activities, arrange for events such as charity fairs, and educate charities and donors regarding the program;
- Reviewing, approving, and providing authorization to the OCFC for payments to the OC; and
- Reviewing the performance of the OCs to ensure compliance with the CFC regulations and OPM's agreements with the OCs.

The results of our audit were discussed with the OCFC and CCA officials at an exit conference on April 11, 2022.

Our last audit of the CFC included a review of the 2017 CFC (Report Number 3A-CF-00-19-031), dated June 18, 2020. The audit resulted in two findings, one monetary and one procedural, related to OPM's administration of the 2017 Campaign that required corrective actions. Our review showed that there were seven recommendations associated with these findings. The OCFC implemented corrective actions and all recommendations were resolved and closed. The audit of the 2017 Campaign was the first audit of the CFC under the new regulations.

II. Objectives, Scope, and Methodology

Objectives

The main objective of the audit was to determine if the 2018 and 2019 CFCs were conducted in accordance with the terms of the Contract and Federal regulations.

Our specific audit objectives were to determine if:

Charity Applications and Fees

- The applications from the more recent 2019 CFC were complete and satisfied the eligibility requirements for charities and federations.
- The application and listing fees charged during the more recent 2019 CFC complied with the Contract and Federal regulations.

Donation Cycle

- The pledges, receipts, and disbursements from donors were accurately recorded and distributed to charities for the 2018 and 2019 CFCs.

Quality Assurance Surveillance Plan

- The Quality Assurance Surveillance Plan (QASP) standards for calendar years 2019 and 2020 were reported timely, supported by verifiable documentation, and had penalties paid for any performance metrics not achieved.

Campaign Expenses

- The CCA was reimbursed in accordance with the contractual requirements for the 2018 and 2019 CFCs.
- The OC payments were properly approved by the OCFC for the 2018 and 2019 CFCs.
- The CCA's general manger was reimbursed in accordance with the fee agreement for the 2018 and 2019 CFCs.

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

This performance audit included a review of the charity applications and fees, donation cycle, QASP, and campaign expenses for the 2018 and 2019 CFCs. We began the audit with an entrance conference on December 1, 2021, and completed fieldwork with an exit conference on

April 11, 2022. All audit work was completed remotely from our approved locations near our Cranberry Township, Pennsylvania and Jacksonville, Florida field offices.

The CFC results are shown in the table below. Donation pledges and receipts were collected by the CCA through payroll allotments from Federal civilians, military employees, and annuitants. The disbursements to charities were net of any additional expenses not covered by the fees collected from charities.

Results	2018 Campaign	2019 Campaign
Pledges	\$90,466,568	\$83,590,363
Receipts	\$83,248,940	\$78,106,100
Disbursements	\$65,165,694	\$60,088,688
Distributions Fees	\$18,083,246	\$18,017,412

In planning and conducting the audit, we obtained an understanding of the CCA’s internal control structure to help determine the nature, timing, and extent of our auditing procedures. This was determined to be the most effective approach to select areas of audit. For those areas selected, we primarily relied on substantive tests of transactions and not tests of controls. Based on our testing, we did not identify any significant matters involving the CCA’s internal control structure and its operations. However, since our audit would not necessarily disclose all significant matters in the internal control structure, we do not express an opinion on the CCA’s system of internal controls taken as a whole.

We also conducted tests to determine whether the OCFC and CCA had complied with the Contract, applicable laws, and regulations governing the CFC Program. Exceptions noted in the areas reviewed are set forth in the “Audit Findings and Recommendations” section of this report. With respect to the items not tested, nothing came to our attention that caused us to believe that the OCFC and Give Back Foundation had not complied, in all material respects, with those provisions.

In conducting our audit, we relied to varying degrees on computer-generated data provided by the OCFC and the CCA. Due to time constraints, we did not verify the reliability of the data generated by the various information systems involved. However, while utilizing the computer-generated data during audit testing, nothing came to our attention to cause us to doubt its reliability. We believe that the data was sufficient to achieve our audit objectives.

To determine if the OCFC and the CCA complied with the terms of the Contract and Federal regulations for the 2018 and 2019 CFCs, we performed the following audit steps:

Charity Applications and Fees Review

- Randomly sampled 50 out of 6,473 approved charity applications from the more recent 2019 Campaign to determine if the applications were complete and satisfied the eligibility requirements for charities and federations.
- Randomly sampled 5 out of 425 denied charity applications from the more recent 2019 Campaign to ensure that the applications were appropriately denied and the application fees were correctly calculated.
- Used the sample of 50 out of 6,473 approved charity applications from above, with fees totaling \$60,471 out of \$7,264,917, to ensure that the charities were charged the correct fees in accordance with the approved fee schedule.

Donation Cycle Review

- Randomly selected a sample of 25 donors from each of the campaigns (50 out of 286,623 participants in total) to ensure that their pledges, receipts, and disbursements were properly recorded and distributed.

Quality Assurance Surveillance Plan Review

- Reviewed the 2019 and 2020 QASP results to determine if the standards were met and if any applicable penalties were properly paid.

Campaign Expenses Review

- For the 2018 and 2019 campaigns, reconciled the CCA's reimbursement of expenses to the amounts authorized by OPM in the Contract to ensure that the expenses were accurately paid.
- For the 2018 and 2019 campaigns, verified the OC payments by tracing the amounts to bank statements to ensure that the payments were accurately reported.
- For the 2018 and 2019 campaigns, reconciled the OC payments to OPM approvals to ensure that all payments were properly approved.
- For the 2018 and 2019 campaigns, judgmentally sampled the highest paid zone for each OC, along with the Marketing Zone administered by Tribal Tech, to verify that the amounts paid for each zone did not exceed OPM's approved amounts.
- For the 2018 and 2019 campaigns, reconciled the CCA's general manager reimbursements to the amounts listed in the engagement letter agreement to ensure that the payments did not exceed the allowed amounts.

The random samples were selected using Excel's random number generator. All samples that were selected and reviewed in performing the audit were not statistically based. Consequently, the results could not be projected to the universe since it is unlikely that the results are representative of the universe taken as a whole.

III. Audit Findings and Recommendations

A. Charity Applications and Review

The results of our review showed that the CCA and the OCFC correctly reviewed, approved, and applied fees related to charity applications for the 2018 and 2019 CFCs in accordance with the terms of the Contract and Federal regulations.

B. Donation Cycle Review

The results of our review determined that for the 2018 and 2019 CFCs, all pledges, receipts, and disbursements were accurately calculated in accordance with the terms of the Contract and Federal regulations.

C. Quality Assurance Surveillance Plan Review

For calendar years 2019 and 2020, our review determined that the QASP standards were reported timely, supported by verifiable documentation, and no applicable penalties were assessed in accordance with the terms of the Contract and Federal regulations.

D. Campaign Expenses Review

1. Overpayment to Outreach Coordinator: \$164,212

The OCFC approved OC payments to Penngood that exceeded the maximum allowable amount of the 2019 CFC task order contract by \$164,212.

Task Order Contract Number OPM1617D0003 between OPM and Penngood allowed the following amounts for each CFC zone, totaling \$803,716:

- South Central Texas-\$339,522 (Task Order - OPM1617D0003/24322618F0324/000003)
- Peachbelt-\$118,540 (Task Order - OPM1617D0003/ 24322618F0378)
- Southeast Tri-State-\$218,653 (Task Order - OPM1617D0003/ 24322618F0370)
- Greater Tennessee Valley-\$68,325 (Task Order - OPM1617D0003/ 24322618F0364)
- Western Pennsylvania & West Virginia-\$58,676 (Task Order - OPM1617D0003/ 24322618F0366)

One outreach coordinator was overpaid \$164,212 for the 2019 campaign.

To determine if Penngood was paid in accordance with the task order, we reviewed the following information:

- The task order contract signed for the 2019 campaign between Penngood and the OCFC.

- The OCFC payment authorizations sent to TASC for payment of funds to Penngood.
- The TASC payment detail for Penngood to verify that the OCFC payment authorizations were correctly paid and recorded.

Our review found that a maximum amount of \$803,716 (in total for all CFC zones) was allowable by the task order contract between the OCFC and Penngood for the 2019 campaign. In comparison, we found that the OCFC authorized payments of \$967,928 to Penngood for the 2019 campaign. We also found that the OCFC does not adequately track payments by campaign when authorizing TASC to make payments to the OCs. The difference between the allowable amounts from the task order and the amounts authorized and paid to Penngood for the 2019 campaign resulted in an overpayment of \$164,212 to the OC.

Recommendation 1:

We recommend that the OCFC require Penngood to return \$164,212 in overpayments to the CCA from the 2019 CFC. The CCA should then distribute those funds with the current campaign since the amount was less than one percent of the CFC funds.

OCFC Response:

“We concur. The Office of the CFC will work with the Office of Procurement Operations to notify Penngood of the overpayment [and] to refund \$164,212 to the CCA. When the funds are returned, OCFC shall instruct the CCA to use those funds for the charities that received designations in the current campaign.”

Recommendation 2:

We recommend that the OCFC create a detailed accounting system that adequately tracks payments to each OC by campaign. Proper accounting records include documenting the campaign for which the expense was incurred.

OCFC Response:

“We concur. The OCFC shall develop and implement procedures designed to improve the systems used to track, approve and reimburse invoices to OC contracts and task orders issued. In addition, OCFC will require the CCA to improve its system for tracking payments by campaign years starting with the current campaign cycle for 2022.”

Appendix



Merit System
Accountability
and Compliance

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

July 13, 2022

Memorandum for: Jim Tuel, Jr.
Chief, Special Audits Group

From: Keith Willingham *Keith Willingham*
Director, Office of Combined Federal Campaign

Subject: Audit of the 2018 and 2019 Combined Federal Campaigns
(Report Number 2022-SAG-007)

Thank you for providing the opportunity to respond to the Office of the Inspector General (OIG) draft report, Audit of the 2018 and 2019 Combined Federal Campaigns, Report Number 2022-SAG-007. Responses to your recommendations including planned corrective actions internal to the OPM Office of the CFC (OCFC) and with the Central Campaign Administrator (CCA) and Outreach Coordinators (OC), as appropriate, are provided below.

Recommendation #1:

“We recommend that the OCFC require Penngood to return \$164,212 in overpayments to the CCA from the 2019 CFC. The CCA should then distribute those funds with the current campaign since the amount was less than one percent of the CFC funds.”

Management Response:

We concur. The Office of the CFC will work with the Office of Procurement Operations to notify Penngood of the overpayment to refund \$164,212 to the CCA. When the funds are returned, OCFC shall instruct the CCA to use those funds for the charities that received designations in the current campaign.

Recommendation #2:

“We recommend that the OCFC create a detailed accounting system that adequately tracks payments to each OC by the campaign. Proper accounting records include documenting the campaign for which the expense was incurred.”

Management Response:

We concur. The OCFC shall develop and implement procedures designed to improve the systems used to track, approve, and reimburse invoices to OC contracts and task orders issued. In addition, OCFC will require the CCA to improve its system for tracking payments by campaign years starting with the current campaign cycle for 2022.

Memo to Mr. Jim Tuel, Jr.
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I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact the Office of the CFC, at 202-606-2564, or cfc@opm.gov.



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