



**U.S. OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF AUDITS**

Final Audit Report

**Audit of the SoCal
Combined Federal Campaign
for the 2014 and 2015 Campaign Periods**

**Report Number - 3A-CF-00-17-024
October 2, 2017**

-- CAUTION --

This report has been distributed to Federal officials who are responsible for the administration of the subject program. This non-public version may contain confidential and/or proprietary information, including information protected by the Trade Secrets Act, 18 U.S.C. § 1905, and the Privacy Act, 5 U.S.C. § 552a. Therefore, while a redacted version of this report is available under the Freedom of Information Act and made publicly available on the OIG webpage (<http://www.opm.gov/our-inspector-general>), this non-public version should not be further released unless authorized by the OIG.

EXECUTIVE SUMMARY

Audit of the SoCal Combined Federal Campaign for the 2014 and 2015 Campaign Periods

Report No. 3A-CF-00-17-024

October 2, 2017

Why Did We Conduct the Audit?

The objective of our limited scope audit was to determine if the Principal Combined Fund Organization (PCFO) complied with Title 5, Code of Federal Regulations, Part 950 (the Federal regulations governing Combined Federal Campaign operations), in regards to campaign receipts, disbursements, and expenses.

What Did We Audit?

The Office of the Inspector General has completed a limited scope audit of the SoCal Combined Federal Campaign (CFC) for the 2014 and 2015 campaign periods. During this time, the United Way of San Diego County served as the PCFO for the SoCal CFC. Our limited scope audit included reviews of the PCFO's tracking of campaign receipts, disbursements to charities, and expenses. Our audit was conducted from June 12 through 15, 2017, at the PCFO's office in San Diego, California. Additional audit work was completed at our offices in Washington, D.C. and Cranberry Township, Pennsylvania.



Michael R. Esser
*Assistant Inspector General
for Audits*

What Did We Find?

Our limited scoped audit of the SoCal CFC for the 2014 and 2015 campaign periods disclosed no findings pertaining to campaign receipts, disbursements or expenses.

Accordingly, this final report contains no recommendations.

ABBREVIATIONS

5 CFR 950	Title 5, Code of Federal Regulations, Part 950
CFC	Combined Federal Campaign
CP	Campaign Period
LFCC	Local Federal Coordinating Committee
OCFC	Office of the Combined Federal Campaign
OIG	Office of the Inspector General
OPM	U.S. Office of Personnel Management
PCFO	Principal Combined Fund Organization

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
ABBREVIATIONS.....	ii
I. BACKGROUND.....	1
II. OBJECTIVES, SCOPE, AND METHODOLOGY.....	3
III. RESULTS OF THE AUDIT	6
REPORT FRAUD, WASTE, AND MISMANAGEMENT	

I. BACKGROUND

This report details the results of our limited scope audit of the SoCal Combined Federal Campaign (CFC) for campaign periods (CP) 2014 and 2015. The audit was performed by the U.S. Office of Personnel Management's (OPM) Office of the Inspector General (OIG), as authorized by the Inspector General Act of 1978, as amended.

The CFC is the world's largest and most successful annual workplace charity campaign. In 2015, it consisted of 137 separate local campaign organizations located throughout the United States, including Puerto Rico and the Virgin Islands, as well as overseas locations. OPM's Office of the Combined Federal Campaign (OCFC) has the responsibility for management of the CFC. The OCFC provides regulatory oversight, including annual audits, and technical guidance to the CFC campaigns to ensure that all campaign objectives are achieved.

Each CFC is conducted by a Local Federal Coordinating Committee (LFCC) and administered by a Principal Combined Fund Organization (PCFO). The LFCC is responsible for organizing the local CFC; determining the eligibility of local voluntary organizations; selecting and supervising the activities of the PCFO; encouraging Federal agencies to appoint Loaned Executives, Federal employees who are temporarily assigned to work directly on the CFC, to assist in the campaign; ensuring that employees are not coerced to participate in the campaign; and acting upon any problems relating to noncompliance with the policies and procedures of the CFC.

The primary goal of the PCFO is to administer an effective and efficient campaign in a fair and impartial manner aimed at collecting the greatest amount of charitable contributions possible. Some of its responsibilities include:

- Training Loaned Executives, coordinators, employee keyworkers and volunteers.
- Maintaining a detailed schedule of its actual CFC administrative expenses.
- Preparing pledge forms and charity lists.
- Distributing campaign receipts.
- Submitting to an audit of its CFC operations by an Independent Public Accountant in accordance with generally accepted auditing standards.

- Cooperating fully with the OIG audit staff during audits and evaluations.
- Responding in a timely and appropriate manner to all inquiries from participating organizations, the LFCC, and the Director of OPM.
- Consulting with federated groups on the operation of the local campaign.
- Establishing and maintaining a system of internal controls.

Executive Orders No. 12353 and No. 12404 established a system for administering an annual charitable solicitation drive among Federal civilian and military employees. Title 5, Code of Federal Regulations, Part 950 (5 CFR 950), the regulations governing CFC operations, sets forth ground rules under which charitable organizations receive Federal employee donations. Compliance with these regulations is the responsibility of the PCFO and the LFCC.

Our previous audit of the SoCal CFC (Report No. 3A-CF-00-06-050), conducted in 2006, covered CPs 2003 and 2004. All findings related to that audit have been resolved. We did not rely upon the prior audit for leads due to the length of time since the last audit.

The results of our audit were communicated to the PCFO and LFCC via email on June 30, 2017. Since our limited scope audit concluded that the PCFO was in compliance with 5 CFR 950, in regards to campaign receipts, disbursements, and expenses, we did not issue a draft report.

II. OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES

The purpose of our limited scope audit was to determine if the PCFO complied with the regulations governing the CFC (5 CFR 950), in regards to campaign receipts, disbursements and expenses.

Specifically, our audit objectives for the 2014 and 2015 CPs included the following:

Campaign Receipts Review

- To determine if the campaign receipts were recorded accurately and applied to the correct campaign.

Campaign Disbursements Review

- To determine if the charity disbursements were paid at the appropriate ratio (percentage of gross designations).
- To determine if the disbursement amounts reported by the PCFO were accurate.
- To determine if all funds received for the campaign were fully disbursed.

Campaign Expenses Review

- To determine if the amount reimbursed for campaign expenses reconciles to the actual expenses reported in the general ledger.
- To determine if the PCFO's total expenses were applied to the charities at the proper ratio (percent of gross designations).
- To determine if all expenses charged to the campaign were CFC related.
- To determine whether total actual expenses of the campaign did not exceed total budgeted expenses by more than 10 percent.

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.

The audit covered CPs 2014 and 2015, during which the United Way of San Diego County, located in San Diego, California, served as the PCFO. The audit fieldwork was conducted at the PCFO's office from June 12 through 15, 2017. Additional audit work was completed at our Washington, D.C. and Cranberry Township, Pennsylvania offices.

The PCFO received campaign pledges, collected campaign receipts, and incurred campaign administrative expenses for the 2014 and 2015 campaigns, as shown below:

Campaign Period	Total Pledges	Total Receipts	Administrative Expenses
2014	\$4,012,350	\$3,608,357	\$433,252
2015	\$3,634,679	\$3,276,805	\$387,373

In conducting the audit, we relied to varying degrees on computer-generated data. Our review of campaign expenses with supporting data, and the distributions of campaign contributions with related bank statements, verified that the computer-generated data used in conducting the audit was reliable. Nothing came to our attention during our review of the data to cause us to doubt its reliability.

We considered the campaign's internal control structure in planning the audit procedures. We gained an understanding of the management procedures and controls to the extent necessary to achieve our audit objectives. We relied primarily on substantive testing rather than tests of internal controls. The audit included tests of accounting records and such other auditing procedures as we considered necessary to determine compliance with 5 CFR 950 and CFC Memoranda issued by the OCFC.

To determine whether the PCFO complied with the Federal regulations governing CFC operations, we performed the following audit steps for CPs 2014 and 2015:

Campaign Receipts Review

- We traced all receipts from the bank statements to the totals reported by the PCFO to determine if all CFC funds were properly recorded and applied to the correct campaign.

Campaign Disbursements Review

- For each CP, we selected all charities receiving periodic payments and randomly selected 10 percent of the charities receiving one-time payments to determine if the charity disbursements were paid at the appropriate ratio and if the disbursement amounts reported by the PCFO were accurate. Our samples were selected using Microsoft Excel's random number generator and sorted by the numbers from low to high, selecting the lowest numbers. The samples were not statistically based and 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. Specifically, we reviewed:
 - For the 2014 CP, we selected 141 charities with gross designations of \$3,364,885, out of a total of 818 charities with gross designations of \$4,012,350.
 - For the 2015 CP, we selected 130 charities with gross designations of \$3,175,274, out of a total of 742 charities with gross designations of \$3,634,679.
- We verified that all campaign funds were disbursed.

Campaign Expenses Review

- We reviewed the bank statements for all reimbursements to the PCFO for campaign expenses to determine if the amount reimbursed reconciled to the actual expenses reported in the general ledger.
- We reviewed all campaign expense line items to determine if any expenses charged to the campaigns were unrelated to CFC operations.
- We compared the PCFO's actual expenses to the approved budget to determine if the actual expenses exceeded the budget by more than 10 percent.
- Utilizing the charities selected for review in the disbursements section, we verified the PCFO's calculation of expenses charged to each charity to verify that the expenses were charged at the same ratio as their gross designations.

III. RESULTS OF THE AUDIT

Overall, we concluded that the SoCal CFC was in compliance with the CFC regulations (5 CFR 950) in regards to campaign receipts, disbursements and expenses for CPs 2014 and 2015.

Specifically, we concluded that:

- Receipts were accurately recorded and applied to the correct campaign.
- Disbursement amounts reported by the PCFO were accurate and applied at the correct ratio.
- All funds received for the campaign were fully disbursed.
- All expenses charged to the campaign were CFC related and reconciled to the general ledger.
- CFC expenses did not exceed total budgeted expenses by more than 10 percent.
- Campaign expenses were applied to the charities at the proper ratio.

Because our audit disclosed no findings, this final report contains no recommendations.



Report Fraud, Waste, and Mismanagement

Fraud, waste, and mismanagement in Government concerns everyone: Office of the Inspector General staff, agency employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to OPM programs and operations. You can report allegations to us in several ways:

By Internet: <http://www.opm.gov/our-inspector-general/hotline-to-report-fraud-waste-or-abuse>

By Phone: Toll Free Number: (877) 499-7295
Washington Metro Area: (202) 606-2423

By Mail: Office of the Inspector General
U.S. Office of Personnel Management
1900 E Street, NW
Room 6400
Washington, DC 20415-1100

Report No. 3A-CF-00-17-024