



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

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# Final Audit Report

Subject:

**AUDIT OF THE 2010 AND 2011  
CENTRAL PENNSYLVANIA  
COMBINED FEDERAL CAMPAIGNS  
ENOLA, PENNSYLVANIA**

Report No. 3A-CF-00-13-050

Date: February 3, 2014

--CAUTION--

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## AUDIT REPORT

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## EXECUTIVE SUMMARY

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### AUDIT OF THE 2010 AND 2011 CENTRAL PENNSYLVANIA COMBINED FEDERAL CAMPAIGNS ENOLA, PENNSYLVANIA

**Report No. 3A-CF-00-13-050**

**Date: February 3, 2014**

The Office of the Inspector General has completed an audit of the 2010 and 2011 Central Pennsylvania Combined Federal Campaigns (CFC). The United Way of the Capital Region, located in Enola, Pennsylvania, served as the Principal Combined Fund Organization (PCFO) during both campaigns. Our main objective was to determine if the Central Pennsylvania CFC was in compliance with Title 5, Code of Federal Regulations, Part 950 (5 CFR 950), including the responsibilities of both the PCFO and the Local Federal Coordinating Committee (LFCC). The audit identified 13 instances of non-compliance with the regulations (5 CFR 950) governing the CFC and questions \$2,198.

Due to the number and nature of the issues identified in this report, and the LFCC and PCFO's lack of understanding of the CFC regulations, we are recommending that the Central Pennsylvania CFC be merged with another campaign.

The following findings represent the results of our audit work as of the date of this report.

### **AUDIT GUIDE REVIEW**

Our review of the Independent Public Accountant's examination of the CFC Audit Guide's agreed-upon procedures did not identify any deviations from the required review.

## BUDGET AND CAMPAIGN EXPENSES

- **Unallowable Campaign Expenses** **\$2,198**

The PCFO incorrectly charged the 2011 campaign \$2,198 in expenses that were overstated or unrelated to the CFC.

- **2009 Audit Expense Charged to the 2011 Campaign** **Procedural**

The PCFO incorrectly charged the 2011 campaign \$5,150 for audit expenses related to the 2009 campaign.

- **PCFO Application and Solicitation** **Procedural**

The PCFO did not sign its application to administer the 2009 through 2011 campaigns. Additionally, the PCFO could not support when it submitted its application, and it did not maintain a copy of the LFCC's public notice soliciting PCFO applications for the 2009 campaign.

- **PCFO Selection** **Procedural**

The LFCC did not maintain meeting minutes to show that it reviewed PCFO applications or selected a PCFO for the 2009 through 2011 campaigns.

- **2011 PCFO Campaign Plan** **Procedural**

The PCFO did not develop or implement a 2011 campaign plan, which was required by 5 CFR 950.105(c)(1) and its 2009 multi-year agreement.

- **Review and Authorization of Expense Reimbursement** **Procedural**

The LFCC did not review or authorize the PCFO's reimbursement of actual campaign expenses.

- **Campaign Sponsorship Review and Approval** **Procedural**

The LFCC did not document its review and approval of the PCFO's campaign sponsorship agreement.

## CAMPAIGN RECEIPTS AND DISBURSEMENTS

- **PCFO Did Not Honor an Employee's Designations** **Procedural**

We identified one pledge form where the PCFO did not honor the employee's designations.

- **Fundraising Events** **Procedural**

Our pledge form review uncovered multiple fundraising events where the donors were only allowed to designate funds to one specific charity.

- **Missing Pledge Forms** **Procedural**

We identified seven missing pledge forms from the PCFO's pledge tracking system.

- **Policy and Procedures for Un-Cashed Checks** **Procedural**

The PCFO's policy and procedures for un-cashed checks are not compliant with 5 CFR 950.105(d)(4) or CFC Memorandum 2006-5(C).

- **Unsupported Notification of Designations and Donors** **Procedural**

The PCFO was unable to provide support showing if and when it notified federations and organizations of the designated amounts, undesignated amounts, and donors for the 2011 campaign.

### **ELIGIBILITY**

- **LFCC Members** **Procedural**

We identified four LFCC members listed in both the 2011 CFC Charity List and the LFCC roster that were not federal officials.

### **PCFO AS A FEDERATION**

Our review of the PCFO's activities as a federation showed that it complied with the applicable provisions of 5 CFR 950.

### **FRAUD AND ABUSE**

Our review of the PCFO's policies and procedures for fraud and abuse indicated that they were sufficient to detect and deter potential fraud and abuse activities.

### **DISPOSITION OF THE CAMPAIGN**

As a result of the numerous findings, the nature of the issues identified in this report, and the LFCC and PFCO's lack of understanding of the CFC regulations, it is our opinion that the OCFC should seek to merge the Central Pennsylvania CFC with another geographically adjacent campaign, administered and conducted by a new PCFO and LFCC that are more equipped to handle the responsibilities of the CFC.

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# **I. INTRODUCTION AND BACKGROUND**

## **INTRODUCTION**

This report details the findings and conclusions resulting from our audit of the 2010 and 2011 Central Pennsylvania Combined Federal Campaigns (CFC). The audit was performed by the Office of Personnel Management's (OPM) Office of the Inspector General (OIG), as authorized by the Inspector General Act of 1978, as amended.

## **BACKGROUND**

The CFC is the sole authorized fund-raising drive conducted in federal installations throughout the world. In 2011, it consisted of 197 separate local campaign organizations located throughout the United States, including Puerto Rico and the Virgin Islands, as well as overseas locations. The Office of the Combined Federal Campaign (OCFC) at OPM has the responsibility for management of the CFC. This includes publishing regulations, memoranda, and other forms of guidance to federal offices and private organizations 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 even-handed manner aimed at collecting the greatest amount of charitable contributions possible. 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 Certified Public Accountant (IPA) 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; and for 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.

The previous audit of the Central Pennsylvania CFC, which covered the 1991 campaign, was not considered when planning for this audit due to its age.

The initial results of our current audit were discussed with PCFO and LFCC officials during an exit conference held on June 14, 2013. A draft report was provided to the PCFO and the LFCC for review and comment on September 11, 2013. The PCFO and LFCC's response to the draft report was considered in preparation of this final report and is included as an Appendix.



## **II. OBJECTIVES, SCOPE, AND METHODOLOGY**

### **OBJECTIVES**

The primary purpose of our audit was to determine if the Central Pennsylvania CFC was in compliance with 5 CFR 950, including the activities of both the PCFO and the LFCC.

Our audit objective for the 2010 campaign was:

#### **Audit Guide Review**

- To determine if the IPA completed the Agreed-Upon Procedures (AUP) as outlined in the CFC Audit Guide.

Additionally, our audit objectives for the 2011 campaign were as follows:

#### **Budget and Campaign Expenses**

- To determine if the PCFO solicitation, application, campaign plan, and budget were in accordance with the regulations.
- To determine if the PCFO charged the campaign for interest expenses and if the appropriate commercial loan was used.
- To determine if expenses charged to the campaign were actual, reasonable, did not exceed 110 percent of the approved budget, and were properly allocated.
- To determine if campaign sponsorships were documented, approved, and accounted for in compliance with the regulations.

#### **Campaign Receipts and Disbursements**

- To determine if the pledge form format was correct and if the pledge form report agrees with the actual pledge form.
- To determine if incoming pledge monies (receipts) were allocated to the proper campaign and if the net funds (less expenses) were properly distributed to member agencies and federations.
- To determine if the member agencies and federations were properly notified of the amounts pledged to them and that donor personal information was only released for those who requested the release of information.

#### **Eligibility**

- To determine if the charity list (CFC brochure) was properly formatted and contained the required information.
- To determine if the charitable organization application process was open for the required 30-day period; if the applications were appropriately reviewed and approved; if the applicants were notified of the eligibility decisions in a timely manner; and if the appeals process for denied applications was followed.
- To determine if any non-federal employees or retirees were members of the LFCC.

PCFO as a Federation

- To determine if the amounts received by the PCFO as a federation reconciled to those disbursed by the CFC; if the PCFO properly distributed funds to its federation members; if expenses charged by the PCFO (to its federation members) were documented properly; and if the disbursements made to the federation members were accurate.

Fraud and Abuse

- To determine what policies and procedures the PCFO has in place related to detecting and preventing fraud and abuse and if they are adequate.

**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 campaign years 2010 and 2011. The United Way of the Capital Region (UWCR), located in Enola, Pennsylvania, served as the PCFO during both campaigns. The audit fieldwork was conducted at the PCFO’s office from June 10 through 14, 2013. Additional audit work was completed at our Cranberry Township, Pennsylvania, and Washington, D.C. offices.

The Central Pennsylvania CFC received campaign pledges, collected campaign receipts, and incurred campaign administrative expenses for the 2010 and 2011 campaigns as shown below.

Campaign Year	Total Pledges	Total Receipts	Administrative Expenses
2010	\$621,237	\$580,087	\$42,762
2011	\$613,641	\$551,566	\$43,571

In conducting the audit, we relied to varying degrees on computer-generated data. Our review of a sample of campaign expenses and supporting data, a sample of pledge form entries, and the distributions of campaign contributions and 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 accomplish our objective concerning the 2010 campaign (Audit Guide Review), we compared the IPA's working papers to the requirements of the CFC Audit Guide to verify that the AUP steps were completed and properly documented.

In regard to our objectives concerning the 2011 campaign's budget and campaign expenses, we accomplished the following:

- Reviewed the PCFO's application to verify that it was complete.
- Reviewed a copy of the public notice to prospective PCFOs and the LFCC meeting minutes to verify that the PCFO was selected in a timely manner.
- Traced and reconciled amounts on the PCFO's Schedule of Actual Expenses to the PCFO's general ledger.
- Reviewed the PCFO's budgeted expenses, the LFCC's approval of the budget, and matched a sample of actual expenses to supporting documentation. Our sample included 31 transactions totaling \$37,550 (from a universe of 72 transactions totaling \$43,571) that were charged to the 2011 CFC. We judgmentally selected this sample based on the highest allocated cost, postage expense, office supplies expense, and phone and conference expense. Additionally, we selected the five highest salary expenses and all audit fees, software expenses, non-CFC mileage expenses, training expenses, promotional items expenses, pledge card and keyworker envelope expenses, office supply expenses, internet expenses, conference and meeting expenses, and booklet and miscellaneous printing and copying expenses. We reviewed the sample to ensure that it included at least three allocated expenses.
- Reviewed the LFCC meeting minutes and verified that the LFCC authorized the PCFO's reimbursement of campaign expenses.
- Compared the budgeted expenses to the actual expenses to determine if the actual expenses exceeded 110 percent of the approved budget.
- Reviewed all campaign sponsorship agreements to ensure that the amounts were accurately reported and approved by the LFCC.

To determine if the 2011 campaign's receipts and disbursements were handled in accordance with CFC regulations, we reviewed the following:

- A sample of 62 pledge forms (representing 152 individual pledges totaling \$24,176) out of a universe of 1,803 pledge forms (representing 3,485 individual pledges totaling \$613,641) from the PCFO's 2011 campaign pledge form detail schedule and compared the pledge information from the schedule to the actual pledge forms. Specifically, we judgmentally selected a sample of 50 pledge forms by selecting every 70th pledge listed numerically on the pledge form detail schedule ( $3,485 \text{ pledges} / 50 = 70$ ) and then we included all 12 pledge forms where funds were only designated to one charity. We verified that our sample

included all types of donations (i.e., cash, designated funds, and undesignated funds) and at least five pledge forms where the donor chose to release their personal information.

- Distribution checks for a sample of 10 federations and organizations, totaling \$236,733, out of a universe of 181 federations and organizations, totaling \$507,995, to verify that the appropriate amount was distributed in a timely manner. We judgmentally selected this sample based on the four highest paid local federations (including the PCFO as a federation), the three highest paid local organizations, the two highest paid national federations, and the two highest paid international federations.
- One-time disbursements to verify that the PCFO properly calculated pledge loss and disbursed funds in accordance with the ceiling amount established by the LFCC.
- The PCFO's most recent listing of outstanding checks to verify that the PCFO was following the guidance issued by the OCFC.
- A sample of 9 pledge notification and donor letters (from a universe of 181) to verify that the PCFO accurately notified the organizations of the amounts due to them and properly released the donor information by the date required by the federal regulations. We judgmentally selected this sample by picking all nine organizations from the pledge form sample that received designations from donors wishing to release their personal information.
- CFC receipts and distributions from the PCFO's campaign bank statements, campaign receipts and agency disbursements, and campaign expense support to verify whether the PCFO accurately recorded and disbursed all campaign receipts and disbursements.
- All bank statements used by the PCFO to verify that the PCFO was properly accounting for and distributing funds.
- The PCFO's cutoff procedures and bank statements to verify that funds were allocated to the appropriate campaign.

To determine if the LFCC and PCFO were in compliance with CFC regulations regarding eligibility for the 2011 campaign, we reviewed the following:

- The public notice to prospective charitable organizations to determine if the LFCC accepted applications from organizations for at least 30 days.
- Campaign charity lists to determine if they contained all required information.
- The PCFO's responses to questions regarding the process and procedures for the application evaluation process.
- A sample of 8 local organization applications (from a universe of 71 local organization applications) to determine if the organizations met the federal requirements for participating in the CFC and if the LFCC sent the eligibility letters by the date required by the federal

regulations. We judgmentally selected this sample based on the four local organizations and four local federations that received the highest designated amounts.

- The LFCC's processes and procedures for responding to appeals from organizations.
- The LFCC member listings to verify that all members were active federal employees.

To determine if the PCFO was in compliance with the CFC regulations as a federation (UWCR) for the 2011 campaign, we reviewed the following:

- Data reported on the CFC Receipts Schedule, with supporting documentation, to verify that receipts were properly recorded.
- The CFC Distribution Schedule to ensure that the UWCR did not disburse any funds to member agencies not participating in the CFC.
- Distribution checks for a sample of 6 federation member agencies, totaling \$57,094, out of a universe of 33 federation member agencies, totaling \$92,962, to verify that the appropriate amount was distributed in a timely manner. We judgmentally selected this sample based on the six member agencies with the highest gross pledges.
- The UWCR's annual report and agreements with its member agencies to determine if member fees were reasonable and supported.

Finally, to determine if the policies and procedures related to the detection and prevention of fraud and abuse were adequate, we reviewed the PCFO's responses to our fraud and abuse questionnaire.

The samples mentioned above, 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**

The PCFO and LFCC agreed with all findings reported below and provided a corrective action plan to help resolve each issue (see Appendix). Although they are willing to cooperate and correct the deficiencies, our primary concern is with their lack of understanding of the CFC requirements and their inability to comply with federal regulations. As a result, in part G of this section, we are recommending the merger of the Central Pennsylvania CFC with another campaign that is better equipped and prepared to follow the CFCs regulatory requirements. Since we are recommending this merger, we have not included the PCFO and LFCC's corrective action plans in this section. However, if OPM's OCFC chooses not to merge the campaign, we request that it require the PCFO and the LFCC to provide a more detailed corrective action plan that addresses each recommendation instead of each finding.

#### **A. AUDIT GUIDE REVIEW**

Our review of the Independent Public Accountant's examination of the CFC Audit Guide's agreed-upon procedures did not identify any deviations from the required review.

#### **B. BUDGET AND CAMPAIGN EXPENSES**

##### **1. Unallowable Campaign Expenses** **\$2,198**

The PCFO incorrectly charged the 2011 campaign \$2,198 in expenses that were overstated or unrelated to the CFC.

5 CFR 950.106(a) states that the PCFO shall recover from the gross receipts of the campaign its expenses, approved by the LFCC, reflecting the actual costs of administering the local campaign.

We reviewed a sample of campaign expenses charged to the 2011 campaign to determine if the expenses were actual, reasonable, properly allocated, and supported. During our review of campaign expenses we identified the following:

- \$2,132 in overcharges related to one employee's health benefits. The PCFO stated that the overcharge was due to a change in health insurance coverage where the cost sharing rate was not properly updated in its payroll system to reflect the actual cost, and
- \$66 in postage fees incurred from mailing the UWCR's applications to participate in adjacent CFCs as a federation. The PCFO stated that the unallowable postage expense was an oversight.

Because the PCFO charged the campaign for overstated and non-CFC expenses, the PCFO reduced the funds available to be disbursed in the 2011 campaign by \$2,198.

### **Recommendation 1**

We recommend that the OCFC and LFCC direct the PCFO to distribute \$2,198 in unallowable expenses as undesignated funds to the charities participating in the 2012 campaign.

### **Recommendation 2**

We recommend that the OCFC ensures that the PCFO and LFCC review all employees' salary and benefit expenses charged to the CFC on an annual basis.

### **Recommendation 3**

We recommend that the OCFC and LFCC require the PCFO to implement policies and procedures to ensure that its costs incurred as a federation are kept separate from its administration of the campaign.

## **2. 2009 Audit Expense Charged to the 2011 Campaign**

## **Procedural**

The PCFO incorrectly charged the 2011 campaign \$5,150 for audit expenses related to the 2009 campaign.

5 CFR 950.106(b) states that the PCFO may only recover campaign expenses from receipts collected for that campaign.

Additionally, CFC Memorandum 2008-09 states that expenses incurred for the audit of a campaign must be paid from funds from the campaign being audited. Because this cost is paid after the close of the campaign, the amount should be accrued and withheld from the last distribution. The OCFC encourages campaigns to negotiate a fixed cost agreement with the IPA so that the actual amount can be known prior to the close of the campaign. If campaigns are unable to negotiate a fixed cost agreement, an estimated amount should be withheld based on prior experience and discussions with the auditor.

During our review of the PCFO's 2011 campaign expenses, we identified four invoices, totaling \$5,150 for IPA services rendered in connection with an audit of the 2009 campaign. These expenses are related to the 2009 campaign and should not have been paid using 2011 CFC funds. The PCFO stated that its audit expenses are expensed in the year they are incurred. Therefore, it did not accrue funds from the 2009 campaign to pay for the 2009 CFC audit.

Because the PCFO charged the IPA audit expenses to the wrong campaign year, the PCFO reduced the funds available to be disbursed in the 2011 campaign by \$5,150. However, we are not recommending an adjustment for this amount since the 2009 campaign is closed.

#### **Recommendation 4**

We recommend that the OCFC and LFCC ensure that the PCFO implements policies and procedures to properly account for and/or accrue audit expenses in accordance with CFC Memorandum 2008-09.

### **3. PCFO Application and Solicitation**

#### **Procedural**

The PCFO did not sign its application to administer the 2009 through 2011 campaigns. Additionally, the PCFO could not support when it submitted its application, and it did not maintain a copy of the LFCC's public notice soliciting PCFO applications for the 2009 campaign.

5 CFR 950.105(c)(2) and (3) require any federation or charitable organization wishing to be selected for the PCFO to submit a timely application in accordance with the deadline set by the LFCC that includes pledge statements signed by the applicant's local director or equivalent.

Additionally, 5 CFR 950.604 requires PCFOs to retain documents pertinent to the campaign for at least three completed campaign periods. For example, documentation from the 2009 campaign must be retained through the end of the 2012 campaign (March 31, 2014).

Prior to the start of the 2009 campaign, the PCFO and LFCC entered into a multi-year agreement for the PCFO to administer the 2009 through 2011 campaigns. The objectives of our audit included a review of the PCFO's application to ensure that it was complete, included all of the signed statements pledging to administer the campaign according to federal regulations, and that it was submitted to the LFCC by the deadline listed in the public notice soliciting PCFO applications.

During our review, we found that the PCFO's multi-year agreement was not signed or dated, the PCFO discarded the email that showed when the application was submitted, and the PCFO threw out its copy of the LFCC's public notice when the desk of a former employee was cleaned out. As a result, we were unable to complete our audit steps and could not verify that the PCFO was properly selected based on a timely and complete application.

#### **Recommendation 5**

We recommend that the OCFC ensures that the LFCC verifies all signatures on PCFO applications prior to considering them for selection.



## **Recommendation 6**

We recommend that the OCFC and LFCC direct the PCFO to implement new policies and procedures to safeguard all documents pertinent to a campaign for at least three completed campaign periods in accordance with the records retention requirements of 5 CFR 950.604.

### **4. PCFO Selection**

### **Procedural**

The LFCC did not maintain meeting minutes to show that it reviewed the PCFO applications or selected a PCFO for the 2009 through 2011 campaigns.

5 CFR 950.104(b)(1) states that the responsibilities of the LFCC include maintaining minutes of LFCC meetings.

We reviewed the LFCC's meeting minutes to determine if it properly reviewed the PCFO applications and selected a PCFO to administer the 2009 through 2011 campaigns (multi-year agreement) by OPM's deadline. During our review, we found that there was no documentation showing that the LFCC reviewed the PCFO applications or selected the UWCR as the PCFO. When we asked why the selection process wasn't documented, the LFCC stated that its internal administration was neither efficient nor effective in 2008 and 2009. It also reported that the PCFO took responsibility for recording the LFCC's meeting minutes and may not have been present during the selection process.

Because the LFCC did not maintain meeting minutes to show that it reviewed the PCFO applications or selected a PCFO for the 2009 through 2011 campaigns, we could not determine if the PCFO selection process was conducted appropriately and according to the deadlines in the 2008/2009 CFC Calendar of Events.

## **Recommendation 7**

We recommend that the OCFC ensures that the LFCC implements policies and procedures to properly record its review of the PCFO applications and documents the PCFO selection process according to federal regulations.

### **5. 2011 PCFO Campaign Plan**

### **Procedural**

The PCFO did not develop or implement a 2011 campaign plan, which was required by 5 CFR 950.105(c)(1) and its 2009 multi-year agreement.

5 CFR 950.105(c)(1) requires any federation or organization wishing to be selected for the PCFO to submit "a written campaign plan sufficient in detail to allow the LFCC to determine if the applicant could administer an efficient and effective CFC."

We reviewed the PCFO's 2009 application and its multi-year agreement to determine if it submitted a campaign plan. In its 2009 through 2011 multi-year agreement, the PCFO

stated, “The United Way of the Capital Region, in the role as PCFO, will develop and implement a yearly campaign plan with the approval of the LFCC to engage employees at all federal workplace locations. The campaign plan will include but is not limited to:

1. Time table
2. Volunteer Recruitment
3. Material/Marketing Efforts
4. Education/Solicitation Strategies
5. Volunteer Training
6. Kick-off Planning
7. Campaign Progress and Analysis Reporting
8. Recognition Program
9. Loaned Executive Recruitment”

We requested the PCFO’s campaign plan for each year, as required by the multi-year agreement, and found that it only developed and implemented a campaign plan for 2009 and 2010. The PCFO failed to develop and implement a campaign plan for 2011. Instead, the LFCC stated that it implemented its own strategic plan to form the backbone for all planning and execution efforts of the LFCC and the PCFO since the PCFO failed to create the campaign plan. Additionally, the LFCC created a calendar of events, similar to OPM’s CFC Calendar of Events, to identify dates for critical path activities and events, material receipt and distribution, training, campaign dates, leader visits, and regional and local campaign kick-off events. The LFCC stated that it basically took responsibility to develop its own campaign plan for the PCFO to follow.

Because the PCFO did not submit its 2011 campaign plan, it failed to comply with its multi-year agreement and has not met its responsibilities to administer the CFC. Additionally, because the LFCC developed and is following its own campaign plan instead of overseeing the PCFO’s plan, it has created a conflict of interest that limits its oversight abilities.

### **Recommendation 8**

We recommend that the OCFC and LFCC require the PCFO to adhere to all requirements of a multi-year agreement and campaign plan, in order to participate in the CFC. Any failure by the PCFO to meet the requirements of a multi-year agreement should immediately be reported to the OCFC.

### **Recommendation 9**

We recommend that the OCFC requires the LFCC to implement policies and procedures to ensure that it reviews and approves the PCFO’s campaign plan and any other requirements outlined in a multi-year agreement as part of its annual performance review.

## **Recommendation 10**

We recommend that the OCFC ensures that both the LFCC and PCFO fully understand their areas of responsibilities in administering and overseeing the CFC.

### **6. Review and Authorization of Expense Reimbursement**

### **Procedural**

The LFCC did not review or authorize the PCFO's reimbursement of actual campaign expenses.

5 CFR 950.104(b)(17) states that it's the responsibility of the LFCC to authorize the PCFO's reimbursement of only those campaign expenses that are legitimate CFC costs and are adequately documented.

Additionally, 5 CFR 950.106(a) states that the PCFO shall recover from the gross receipts of the campaign its expenses, approved by the LFCC, reflecting the actual costs of administering the local campaign.

Finally, CFC Memorandum 2008-09 states that the approval of actual expenses by the LFCC is separate from the approval of the expense budget. The LFCC must review actual expenses, authorize full or partial reimbursement, and document this authorization in its meeting minutes.

We reviewed the LFCC's meeting minutes to determine if the LFCC reviewed and authorized the PCFO's reimbursement of legitimate CFC costs. After reviewing the meeting minutes, we found that there was no record of the LFCC reviewing or authorizing the reimbursement of the 2011 CFC expenses. Instead, we were told by the LFCC that it does not require the PCFO to present receipts and invoices prior to taking the reimbursement because in the past it has documented its comparison of actual expense amounts to the total approved budget on at least a quarterly basis. It also admitted that the 2011 expense comparisons were not properly documented in its meeting minutes.

As a result of not reviewing or authorizing the PCFO's reimbursement of actual campaign expenses, the LFCC ran the risk of unrelated expenses being charged to the organizations and federations in the campaign, thereby reducing the designated amounts due to them. Additionally, by not submitting its expenses for approval before taking a reimbursement, the PCFO did not allow the LFCC to exercise its authority over the campaign to ensure that only legitimate CFC costs were being charged.

## **Recommendation 11**

We recommend that the OCFC directs the LFCC to implement policies and procedures to document its review of the PCFO's actual campaign expenses, which should be supported by itemized receipts and invoices, to ensure that the costs are allowable and applicable to the campaign.

### **Recommendation 12**

We recommend that the OCFC direct the LFCC to implement policies and procedures to document its authorization and approval of the PCFO's reimbursement of actual campaign expenses.

### **Recommendation 13**

We recommend that the OCFC and LFCC ensure that the PCFO implements policies and procedures to have its actual campaign expenses reviewed and approved by the LFCC prior to reimbursing itself with campaign funds. If the PCFO is authorized the reimbursement of estimated expenses prior to the costs being incurred, then the PCFO must provide the LFCC with support showing what the actual expenses were prior to the final distribution so that an adjustment to the funds can be made in accordance with CFC Memorandum 2008-09.

## **7. Campaign Sponsorship Review and Approval**

## **Procedural**

The LFCC did not document its review and approval of the PCFO's campaign sponsorship agreement in its meeting minutes.

CFC Memorandum 2006-5(B) states that sponsorship agreements should be reviewed and approved by the LFCC to ensure that acceptance of such sponsorships are consistent with applicable federal law, including ethical rules governing the conduct of federal employees, and rules and guidance issued by the Director of OPM. The agreement should clearly state the dollar amount the sponsor is providing to the CFC.

Additionally, 5 CFR 950.104(b)(1) states that the responsibilities of the LFCC include maintaining minutes of LFCC meetings.

As part of our review, we identified all sponsorship agreements that the PCFO accepted to determine if they were reviewed and approved by the LFCC. For this campaign, we found that the PCFO accepted one sponsorship agreement in the amount of \$1,500, but the LFCC did not document its review or approval of the agreement in its meeting minutes. The LFCC stated that it allowed the PCFO to pursue the sponsorship as long as any amount agreed upon would be used to reduce campaign expenses. It also noted that it made a mistake by not documenting its review or approval of the sponsorship agreement within its meeting minutes.

Because the LFCC did not document its review and approval of the PCFO's sponsorship agreement in its meeting minutes, we could not determine if it approved the PCFO's sponsorship or verify that the acceptance of the sponsorship was in compliance with applicable federal law, including ethical rules governing the conduct of federal employees, and rules and guidance issued by the Director of OPM.

### **Recommendation 14**

We recommend that the OCFC direct the LFCC to implement policies and procedures to ensure that it documents its review and approval of all campaign sponsorship agreements in its meeting minutes.

## **C. CAMPAIGN RECEIPTS AND DISBURSEMENTS**

### **1. PCFO Did Not Honor an Employee's Designations**

### **Procedural**

We identified one pledge form where the PCFO improperly adjusted the amounts designated to two organizations instead of treating the excess amount as undesignated funds.

5 CFR 950.402(d) states that in the event the PCFO receives a pledge form that has designations that add up to less than the total amount pledged, the PCFO must honor the total amount pledged and treat the excess amount as undesignated funds.

We reviewed our sample of pledge forms to determine if the information matched the data on the PCFO's pledge form detail schedule. Specifically, we verified the donor names, the designated charity codes, all calculations and amounts donated, the donors' choice to release their personal information, and any signatures authorizing payroll deductions. We also looked for any changes or edits to the pledge forms to determine if they were handled appropriately.

During our review, we identified one pledge form that contained designations to two charities totaling \$10 each, with a total payroll deduction of \$520. In accordance with 5 CFR 950.402(d), the PCFO should have processed this pledge as \$10 going to each charity and \$500 going to undesignated funds. Instead, the PCFO split the excess amount by adjusting the designations to show \$260 going to each charity in its pledge processing system. The PCFO stated that it had attempted to reach out to the keyworker to confirm the donor's intent but it was unable to receive confirmation.

As a result of not honoring the total amount pledged and treating the excess amount as undesignated funds, two charities received an additional \$250 in designated funds while all other charities lost their proportionate share of \$500 in undesignated funds.

### **Recommendation 15**

We recommend that the OCFC and LFCC direct the PCFO to verify that the information entered into their pledge processing system is accurate and reflects the donor's designations as listed on the pledge form. If the designations add up to less than the total amount pledged, the PCFO must treat the excess amount as undesignated funds.

## **2. Fundraising Events**

## **Procedural**

Our pledge form review uncovered multiple fundraising events where the donors were only allowed to designate funds to one specific organization or federation.

5 CFR 950.602(c) states that in all approved special fundraising events the donor must have the option of designating to a specific organization or federation, or be advised that the donation will be counted as an undesignated contribution and distributed according to these regulations. Additionally, 5 CFR 950.105(d)(3) requires PCFOs to train loaned executives, CFC coordinators, and keyworkers in the methods of non-coercive solicitation.

During our pledge form review, we found that all fundraising events had donations going to a specific organization or federation. We asked the PCFO why none of the fundraisers had donations going to undesignated funds and it stated that each event was set up to only raise money for a specific organization or federation. From what it knew, the donors were not given an option for where to designate their funds nor were any of the events set up to have donations going to undesignated funds.

As required by 5 CFR 950.105(d)(3), the PCFO is responsible for training loaned executives, CFC coordinators, and keyworkers in the methods of non-coercive solicitation. Fundraising events are an authorized solicitation method when a donor has the option for where to designate funds, not when their only option is to have funds go to one specific organization or federation. Because the PCFO did not properly communicate how fundraising events should be set up during CFC training, each event coerced donors to contribute to one specific organization or federation and allowed them to receive more funds than other CFC participants.

### **Recommendation 16**

We recommend that the OCFC directs both the LFCC and the PCFO to implement policies and procedures to ensure that at each fundraising event, donors will have the option of designating to a specific organization or federation, or be advised that the donation will go to undesignated funds.

## **3. Missing Pledge Forms**

## **Procedural**

We identified seven missing pledge forms from the PCFO's pledge tracking system.

5 CFR 950.105(d)(1) states that it's the PCFO's responsibility to honor employee designations.

Additionally, 5 CFR 950.604 requires PCFOs to retain documents pertinent to the campaign for at least three completed campaign periods. For example, documentation from the 2009 campaign must be retained through the end of the 2012 campaign (March 31, 2014).

Finally, 5 CFR 950.402(c) states that designations made to organizations not included in the Charity List are not invalid, but will be treated as undesignated funds and distributed accordingly.

While selecting our pledge form sample for review, we identified seven missing pledge forms from the PCFO's pledge tracking system. Specifically, the pledge tracking system showed all pledge forms numerically and seven numbers were missing. We requested the missing forms from the PCFO and it provided us with the following explanation:

- Five pledge form numbers were not listed in the system due to data entry errors (i.e., duplicates);
- One pledge form was removed by the PCFO at the request of the donor because he or she was no longer employed by their federal agency; and
- One pledge form was removed by the PCFO when it found that the designated organization was not included in its campaign's Charity List, which is a direct violation of 5 CFR 950.402(c).

The PCFO could not provide documentation to support its explanation above. As a result, we have to consider the pledge forms missing and are unable to determine what actually took place. Additionally, there is a risk that some designations were not honored and that all CFC funds may not be accounted for.

### **Recommendation 17**

We recommend that the OCFC and LFCC require the PCFO to implement policies and procedures to retain all pledge forms for a period of three years from the end of the campaign, even if there is a valid reason why the form was not recorded in its pledge tracking system.

### **Recommendation 18**

We recommend that the OCFC and LFCC require the PCFO to maintain a record of any data entry errors, overrides, or explanations thereof, that appear as missing pledge forms in its pledge tracking system.

### **Recommendation 19**

We recommend that the OCFC provide guidance to the PCFO on how and when it can remove a donor's pledge, including instructions on what type of documentation it needs to maintain.

## Recommendation 20

We recommend that the OCFC and LFCC ensure that the PCFO processes pledge forms consistent with 5 CFR 950.402(c), which requires it to treat designations to an organization that was not included in the Charity List as undesignated funds.

### 4. Policy and Procedures for Un-Cashed Checks

### Procedural

We reviewed the PCFO's policy and procedures for un-cashed checks to determine if it complied with federal regulations and OCFC guidance. During our review, we identified an improper procedure that was a direct violation of 5 CFR 950.105(d)(4) and failed to comply with the OCFC's guidance issued in CFC Memorandum 2006-5(C).

5 CFR 950.105(d)(4) states that the PCFO is responsible for ensuring that the donor is not questioned in any way about their designation or amount except by a keyworker, loaned executive, or other non-supervisory federal employee. However, the PCFO's policy and procedures for un-cashed checks states, "If the check was issued in payment of a donor designation and the agency no longer exists or appropriate contact information for the agency cannot be verified, **the donor is mailed a letter and asked to redirect their donation.**" In accordance with 5 CFR 950.105(d)(4), the PCFO is not allowed to contact the donor. It should not be mailing letters to donors asking that they redirect their donation since this is viewed as a type of coercion and is outside the PCFO's responsibility. Only keyworkers, loaned executives, and other non-supervisory federal employees may contact donors.

Additionally, CFC Memorandum 2006-5(C) states that if it is determined that the payee is no longer active, then the funds must be distributed among the remaining organizations for that campaign as undesignated funds. However, the PCFO's policy and procedures for un-cashed checks states, "The letter informs the donor that **the funds will be used for the Community Improvement Fund** (UWCR's general fund unrelated to the CFC) if they do not respond by year end." In accordance with CFC Memorandum 2006-5(C), when an agency no longer exists, the PCFO's first and only action is to distribute the funds among the remaining organizations for that campaign as undesignated funds. Because the PCFO's policy and procedures for un-cashed checks have the funds going to the UWCR's general fund instead of being returned to the CFC, the PCFO may be using federal employee contributions for non-CFC activities.

## Recommendation 21

We recommend that the OCFC and LFCC ensure that the PCFO fully understands the requirements of both 5 CFR 950.105(d)(4) and CFC Memorandum 2006-5(C).

## Recommendation 22

We recommend that the OCFC and LFCC ensure that the PCFO updates its policy and procedures for un-cashed checks so that the donor is no longer mailed a letter asking to



redirect their donation, and so that funds are redistributed to the campaign in accordance with CFC Memorandum 2006-5(C).

## **5. Unsupported Notification of Designations and Donors**

## **Procedural**

The PCFO was unable to provide support to demonstrate when or if it notified CFC participating federations and organizations of the designated and undesignated amounts due to them, and of the names and contact information for donors who authorized the release of their information.

5 CFR 950.901(i)(1) requires that the PCFO notify federations and organizations of the amounts designated to them and their members, and of the undesignated amounts due to them, by no later than the date set by OPM. OPM's 2010/2011 CFC Calendar of Events lists this deadline as March 15, 2011.

Additionally, 5 CFR 950.601(c) states that it is the PCFO's responsibility to forward contributor information for those who have indicated that they wish this information be released.

Finally, 5 CFR 950.604 requires PCFOs to retain documents pertinent to the campaign for at least three completed campaign periods. For example, documentation from the 2009 campaign must be retained through the end of the 2012 campaign (March 31, 2014).

When we requested copies of the designation and donor notifications for review, the PCFO stated that all records supporting the notifications sent to charities, including when they were sent, were accidentally deleted in an email. As a result, we were unable to complete our review to ensure that the notifications were sent timely, that the donor information matched the pledge forms, and that the designated amount was accurate and included undesignated funds.

### **Recommendation 23**

We recommend that the OCFC and the LFCC require the PCFO to properly document the notification process by recording the dates that the federations and organizations were notified of the designated and undesignated amounts, and donor lists, in accordance with the CFC regulations.

### **Recommendation 24**

We recommend that the OCFC and LFCC direct the PCFO to implement new policies and procedures to safeguard all documents pertinent to a campaign for at least three completed campaign periods in accordance with the records retention requirements in 5 CFR 950.604.

## **D. ELIGIBILITY**

### **1. LFCC Members**

### **Procedural**

We identified four LFCC members listed in both the 2011 CFC Charity List and the LFCC roster who were not federal officials.

5 CFR 950.101 defines the LFCC as the group of federal officials designated by the Director to conduct the CFC in a particular community.

During our pre-audit review, we obtained a list from the LFCC showing all of its members to determine if everyone was a federal official. We then matched this LFCC roster with the list of LFCC members in the 2011 CFC Charity List and found that both lists included four LFCC members that were not federal officials.

The list of LFCC members that included the four non-federal officials was published and distributed across the campaign in the 2011 CFC Charity List. The LFCC also confirmed that it relied heavily on these individuals as CFC consultants or to assist with official campaign matters.

When we explained to the LFCC that all of its members had to be current federal officials, the LFCC agreed and said that it mostly wanted to acknowledge the support and assistance provided by these members during a period when LFCC participation was low. When we asked for the voting records, the LFCC explained to us that it does not maintain records of its votes. As a result, we were unable to verify if these members had voting rights.

Because the LFCC included four members who were not federal officials, including one PCFO member, the LFCC could not properly conduct their oversight responsibilities without creating a conflict of interest. In addition, seeking guidance and support from United Way personnel in other campaigns should be avoided since their information may not be accurate. All CFC guidance should be obtained from the OCFC for future campaigns.

### **Recommendation 25**

We recommend that the OCFC reviews next year's list of LFCC members to verify that it only includes current federal officials.

### **Recommendation 26**

We recommend that the OCFC ensures that the LFCC does not delegate its responsibilities to the PCFO or to individuals who are not current federal officials.

**Recommendation 27**

We recommend that the OCFC directs the LFCC to implement policies and procedures to ensure that it solicits guidance on campaign matters from the OCFC and not from outside sources.

**Recommendation 28**

We recommend that the OCFC directs the LFCC to implement policies and procedures to maintain records of its votes on CFC matters and retain these records within its meeting minutes.

**E. PCFO AS A FEDERATION**

Our review of the PCFO's activities as a federation showed that it complied with the applicable provisions of 5 CFR 950.

**F. FRAUD AND ABUSE**

Our review of the PCFO's policies and procedures for fraud and abuse indicated that they were sufficient to detect and deter potential fraud and abuse activities.

**G. DISPOSITION OF THE CAMPAIGN**

Based on the number of findings, the nature of the issues identified in this report, and the LFCC and PCFO's lack of understanding CFC regulations, it's our opinion that the LFCC and PCFO are not equipped to handle the responsibilities of the CFC.

This final report documents numerous instances where both the LFCC and the PCFO did not fulfill their responsibilities as outlined in 5 CFR 950. In summary, we noted the following 11 issues involving the LFCC:

1. The LFCC failed to ensure that all PCFO employees' salary and benefit expenses charged to the campaign were allowable;
2. The LFCC failed to identify unrelated postage expenses that were charged to the campaign;
3. The LFCC failed to ensure that the PCFO was accruing audit expenses, which resulted in unrelated campaign expenses being charged to the 2011 campaign;
4. The LFCC failed to ensure that the PCFO's application to administer the 2009 through 2011 campaigns was signed;
5. The LFCC did not document its selection of the PCFO to administer the 2009 through 2011 campaigns in its meeting minutes;
6. The LFCC failed to ensure that the PCFO developed and implemented a 2011 campaign plan in accordance with its 2009 multi-year agreement;
7. The LFCC did not review the PCFO's actual campaign expenses;
8. The LFCC did not authorize the PCFO's reimbursement of actual campaign expenses;

9. The LFCC did not document its review or approval of the PCFO's campaign sponsorship agreement;
10. The LFCC failed to ensure that donors were given the option of designating to a specific charity or being advised that the donation will be counted as an undesignated contribution during fundraising events; and
11. The LFCC included four individuals on its roster who were not current federal officials, and in fact, one of them was a PCFO member.

Additionally, we noted the following 11 issues related to the PCFO:

1. The PCFO failed to ensure that its employees' salary and benefit expenses charged to the campaign were allowable;
2. The PCFO failed to ensure that its costs as a federation were kept separate from its administration of the campaign;
3. The PCFO failed to accrue audit expenses for the 2009 campaign and charged the 2009 audit expense to the 2011 campaign;
4. The PCFO did not sign its application to administer the 2009 through 2011 campaigns;
5. The PCFO did not maintain documents pertinent to the campaign, including when it submitted its PCFO application and a copy of the LFCC's public notice soliciting PCFO applications for the 2009 campaign;
6. The PCFO did not develop or implement a 2011 campaign plan in accordance with its 2009 multi-year agreement;
7. The PCFO failed to honor an employee's designation by not following CFC regulations;
8. The PCFO did not give donors the option of designating to a specific charity or advise them that their donation will be counted as an undesignated contribution during fundraising events;
9. The PCFO did not maintain all campaign pledge forms or keep a record of its data entry errors to justify why some of the pledge form numbers were missing from its schedule;
10. The PCFO failed to ensure that its policy and procedures for un-cashed checks were compliant with CFC Memorandum 2006-5(C) and 5 CFR 950.105(d)(4); and
11. The PCFO did not maintain records supporting its notification of designations and donors to participating organizations and federations.

As a PCFO, the UWCR is responsible for conducting an effective and efficient campaign, acting as the fiscal agent of the LFCC, and ensuring that donor designations are honored. The LFCC is responsible for selecting a qualified PCFO, coordinating the local campaign, and being the central point of information regarding the CFC among federal employees. To be successful, the PCFO and LFCC must work together to establish and implement policies, procedures, and controls necessary to ensure that their responsibilities are carried out in an efficient and effective manner in accordance with federal regulations.

Although the LFCC and PCFO stated their willingness to institute corrective actions, the numerous errors specifically attributable to each party, and their lack of understanding of CFC regulations, do not make us confident in their ability to conduct an effective and efficient campaign.

**Recommendation 29**

As a result of the numerous findings, the nature of the issues identified in this report, and the LFCC and PCFO's lack of understanding of the CFC regulations, we recommend that the OCFC seek to merge the Central Pennsylvania CFC with another geographically adjacent campaign, administered and conducted by a new PCFO and LFCC that are more equipped to handle the responsibilities of the CFC.

## **IV. MAJOR CONTRIBUTORS TO THIS REPORT**

### **Special Audits Group**

██████████, Auditor-In-Charge

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██████████ Group Chief, (██████████)

██████████, Senior Team Leader



November 8, 2013

[REDACTED]  
 Group Chief  
 Special Audits Group  
 US office of Personnel Management

Dear [REDACTED]

The following responses represent a collaborative effort on behalf of the PCFO, United Way of the Capital Region (UWCR), and the LFCC volunteer leadership, regarding your audit review of the 2010 and 2011 campaigns for the Central Pennsylvania Combined Federal Campaigns (CFC).

### **BUDGET AND CAMPAIGN EXPENSES**

- PCFO Application and Solicitation**
**Procedural**

The PCFO did not sign its application to administer the 2009 through 2011 campaigns. Additionally, the PCFO could not support when it submitted its application, and it did not maintain a copy of the LFCC's public notice soliciting PCFO applications for the 2009 campaign.

**PCFO/LFCC Response:**

The PCFO agrees with this finding. We were unable to produce a signed application for the audit. During staff changes at UWCR we assume that the application and the public notice were either discarded or misplaced. In order to resolve this issue moving forward, we have created an electronic folder to store any and all CFC applications from UWCR, when submitting for consideration as PCFO.

- PCFO Selection**
**Procedural**

The LFCC did not maintain meeting minutes to show that it reviewed PCFO applications or selected a PCFO for the 2009 through 2011 campaigns.

**PCFO/LFCC Reponse:**

The LFCC agrees with this finding. We have made note of this error and will work to include this information in future meeting minutes.

- PCFO Campaign Plan Submission**
**Procedural**

The PCFO did not submit its 2011 campaign plan to the LFCC for review and approval as required by its multi-year agreement.

**PCFO/LFCC Response:**

The PCFO agrees with the audit finding. The PCFO corrected that error by submitting a plan for the following campaign year. Additionally, the PCFO will be resubmitting an updated contract to the LFCC where the LFCC will create their own campaign plan moving forward, not the PCFO.

• **Review and Authorization of Expense Reimbursement** **Procedural**

The LFCC did not review or authorize the PCFO's reimbursement of actual campaign expenses.

**PCFO/LFCC Response:**

The LFCC agrees with this finding. Based on this review, we now have a system in place where the PCFO's Finance Director is sharing the budget information with the LFCC prior to each LFCC Meeting for their review which would include authorizing actual campaign expenses and will simply become part of the meeting minute process for documentation.

• **2009 Audit Expense Charged to the 2011 Campaign** **Procedural**

The PCFO incorrectly charged the 2011 campaign \$5,150 for audit expenses related to the 2009 campaign.

**PCFO/LFCC Response:**

The PCFO agrees with the audit finding. Because the 2011 audit was completed by OIG, the CFC will pay no audit fees in the current year. So as was recommended, an entry to accrue the 2012 audit fees will be made in this year, which will place us back on schedule with charging audit fees to the proper year.

• **Unallowable Campaign Expenses** **\$2,198**

The PCFO incorrectly charged the 2011 campaign \$2,198 in unallowable expenses related to postage and employee health benefits.

**PCFO/LFCC Response:**

PCFO agrees with the findings. An error was made on the calculation of the amount charged for one employee's health benefits. The calculation of the amount to be disbursed to charities participating in the 2012 campaign as calculated by the OIG is different from our calculations. However, we are going to comply with the recommendation to distribute the full \$2,198 as undesignated funds to the charities participating in the 2012 campaign.

• **Campaign Sponsorship Review and Approval** **Procedural**

The LFCC did not document its review or approval of the PCFO's campaign sponsorship in its meeting minutes.



**PCFO/LFCC Response:**

The LFCC agrees with the finding and will document any future sponsorship in the meeting minutes.

**CAMPAIGN RECEIPTS AND DISBURSEMENTS**

• **PCFO Did Not Honor an Employee's Designations** **Procedural**

We identified one pledge form where the PCFO did not honor the employee's designations.

**PCFO/LFCC Response:**

The PCFO agrees with the finding. Moving forward we will not extrapolate and will treat the donors pledge as written.

• **Fundraising Events** **Procedural**

Our pledge form review uncovered multiple fundraising events where the donors were only allowed to designate funds to one specific charity.

**PCFO/LFCC Response:**

Both the PCFO and the LFCC agree with the finding. An announcement was made at the most recent LFCC meeting indicating that fundraising events either need to be undesignated and distributed to all eligible CFC Charities or participants need to be given a choice in where their portion of the fundraising profits will go. This message will be carried out to the installations and their fundraising representatives.

• **Missing Pledge Forms** **Procedural**

We identified 7 missing pledge forms from the PCFO's pledge tracking system.

**PCFO/LFCC Response:**

The PCFO agrees with the finding. We have provided documentation during the audit review as to why we believe the forms were missing. However, since the 2012 campaign, we have in-acted a new policy to discard no pledge forms until the end of the 3<sup>rd</sup> completed campaign cycle. Also, we will provide documentation on any data errors, overrides, etc... for any missing forms that might arise in the pledge tracking system.

• **Policies and Procedures for Un-Cashed Checks** **Procedural**

The PCFO's policies and procedures for un-cashed checks are not compliant with CFC Memorandum 2006-5(C) or 5 CFR 950.105(d) (4).

**PCFO/LFCC Response:**

The PCFO agrees with the finding. We have updated our un-cashed check policy to indicate that if the payee is no longer active, the CFC funds will be distributed among the remaining organizations for that campaign as undesignated funds.

- **Unsupported Notification of Designations and Donors** **Procedural**

The PCFO was unable to provide support showing if and when it notified federations and organizations of the designated amounts, undesignated amount, and donors for the 2011 campaign.

**PCFO/LFCC Response:**

The PCFO agrees with the finding. In going back through our records, the notification records are only missing for this particular year. We have a process in place where we store the notifications in yearly email folders. Unfortunately, this particular year in question, we believe the email folder was omitted from our CFC Managers email. However, all subsequent and prior years notifications are indeed available and have been sent and are on record. Our current notification policy stands.

**ELIGIBILITY**

- **LFCC Members** **Procedural**

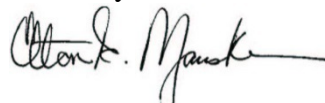
We identified four LFCC members listed in both the 2011 CFC Charity List and the LFCC roster that were not federal officials.

**PCFO/LFCC Response:**

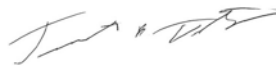
The LFCC agrees with this finding. We have found it geographically advantageous to have a variety of individuals supporting the federal campaign. Their connection to those local communities, in which our CFC serves, is critical to our success. They are not voting members. The LFCC members list and roster will be corrected to reflect only Federal employees as active members.

Please feel free to reach out to us directly should you have any other questions or concerns regarding our responses to the audit. We appreciate the opportunity to provide written responses to the findings.

Sincerely,



Elton Manske  
LFCC Chairperson  
Central PA CFC



Timothy B. Fatzinger  
President & CEO  
United Way of the Capital Region