

**U.S. Office of Personnel Management  
Office of CFC Operations**

**March 2009**

**COMBINED FEDERAL CAMPAIGN AUDIT GUIDE  
(For Campaigns with Pledges \$150,000 to \$999,999)**

# CONTENTS

Page

## CHAPTER I ~ REPORTING REQUIREMENTS AND OTHER CONSIDERATIONS

<b>Purpose of the Guide</b> .....	I-1
Objectives .....	I-1
<b>Use of the Guide</b> .....	I-1
<b>Authorization</b> .....	I-1
<b>CFC Reporting Requirements</b> .....	I-2
PCFO, LFCC and IPA Reporting Responsibilities .....	I-2
<b>Corrective Action Plan</b> .....	I-3
<b>LFCC Responsibilities</b> .....	I-4
<b>PCFO Responsibilities and Assertions</b> .....	I-4
<b>IPA Qualifications and Responsibilities</b> .....	I-5
<b>Future Revisions</b> .....	I-6

## CHAPTER II ~ LFCC PROCEDURES FOR MONITORING PCFO COMPLIANCE

<b>Procedures</b> .....	II-1
PCFO General Compliance.....	II-1
Charity List Compliance .....	II-3
Pledge Form Processing Controls.....	II-5

## CHAPTER III ~ IPA AGREED-UPON PROCEDURES

<b>Procedures</b> .....	III-1
Pledge Form Tracking System.....	III-1
PCFO Budget and Administrative Expense.....	III-2
Receipt and Disbursement of Funds .....	III-5
Status of Prior Year Findings .....	III-9

<b>CONTRIBUTORS TO THIS GUIDE</b> .....	IV-1
---	------

## APPENDICES

### *Appendix A*

Sample Reports .....	A-1
1. <i>Illustrative Report on Agreed-Upon Procedures</i> .....	A-1
2. <i>Illustrative Schedule of Findings and Questioned Amounts</i> .....	A-2
3. <i>Illustrative Comments on Resolution of Prior Year's Examination Findings</i> .....	A-2
4. <i>Illustrative Corrective Action Plan for Findings</i> .....	A-3
5. <i>Illustrative LFCC Report on Findings</i> .....	A-4

***Appendix B***

Pledge Form Questionnaire.....B-1  
Schedule of Campaign Receipts and Disbursements.....B-2  
Distribution Schedule.....B-2  
International Distribution Schedule .....B-2  
Schedule of Budget vs Actual Expenses .....B-2  
Outstanding Check List.....B-2

***Appendix C***

Definitions and Acronyms .....C-1  
Authoritative References .....C-3

***Appendix D***

Laws, Regulations and OPM Guidance to be Tested for Compliance ..... D-1

***Appendix E***

Freedom of Information Requests .....E-1

# CHAPTER I

## REPORTING REQUIREMENTS AND OTHER CONSIDERATIONS

### PURPOSE OF THE GUIDE

#### Objectives

Overall objectives of the Office of Personnel Management (OPM) in implementing these financial audit and agreed-upon procedure (AUP) attestation requirements are to gain the following assurances:

- A. Principal Combined Fund Organizations' (PCFO) fiscal year financial statements are fairly stated in all material respects in accordance with generally accepted accounting principles (GAAP) and OPM's prescribed accounting practices.
- B. PCFO's Combined Federal Campaign (CFC) operations are conducted in accordance with the CFC regulations and OPM guidance and that controls over compliance with CFC regulations and OPM guidance are effective.

### USE OF THIS GUIDE

This CFC Audit Guide (Guide) must be used by Local Federal Coordinating Committees (LFCC) and PCFOs participating in local CFCs. In addition, the Guide must be used by an independent certified public accountant (IPA) hired by the LFCC and PCFO.

This Guide is divided into three sections.

*Chapter I* provides general information about Guide requirements and addresses the purpose of the Guide, the scope of required engagements, management and IPA responsibilities, reporting, effective dates, examination periods and due dates.

*Chapter II* provides specific procedures for the LFCC to perform to determine the PCFO's compliance with 5 CFR Part 950 and OPM guidance, and evaluate the PCFO's internal controls over compliance.

*Chapter III* provides compliance-related agreed-upon procedures, related reporting requirements and other matters for IPAs to perform.

### AUTHORIZATION

OPM promulgated 5 CFR Part 950 pursuant to Executive Orders 12353 and 12404 and Public Law 100-202 to provide a system for administering the annual charitable solicitation drive among federal civilian and military employees. These regulations set forth ground rules under

which charitable organizations receive federal employee donations.

CFC regulation 5 CFR § 950.105(d)(9) requires the PCFO to submit to the LFCC an audit for each campaign. The audit must be performed by an IPA in accordance with generally accepted auditing standards (GAAS) and OPM guidance.

CFC Memorandum 2009-X, in transmitting this Guide, clarifies 5 CFR § 950.105(d)(9) by stating that the audit must be in the form of an agreed-upon procedures (AUP) engagement to be performed by an IPA regarding PCFO's compliance with CFC regulations. The AUPs also provide procedures regarding the effectiveness of internal controls concerning PCFO program compliance.

## **CFC REPORTING REQUIREMENTS**

The Guide requires the following documents, preferably in electronic format, from campaigns with pledges from the Fall **2007** campaign between \$150,000 and \$999,999:

	<b>Due August 3, 2009, to LFCC and September 15, 2009, to OPM</b>
<b>1. IPA audited Principal Combined Fund organization-wide financial statements (fiscal year)</b>	X
<b>2. LFCC Compliance Assessment (Fall 2008 campaign)</b>	X
<b>3. Agreed-upon procedures (AUP) – (Fall 2007 campaign)</b>	X
<b>4. AUP Corrective Action Plan</b>	X

## **PCFO, LFCC AND IPA REPORTING RESPONSIBILITIES**

### **Campaigns with Pledges between \$150,000 and \$999,999**

This Guide requires the PCFO to provide three items to the LFCC by **August 3, 2009**. **The LFCC must forward copies of these items to OPM by September 15, 2009**. In addition, the LFCC is required to provide one item to OPM no later than **September 15, 2009**. The Guide requires:

- A. The PCFO to provide its most recent organization-wide financial statements, as of and for the fiscal year ended that are prepared in accordance with GAAP and audited by an IPA in accordance with GAAS.<sup>1</sup> The PCFO must provide the financial statements and related

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<sup>1</sup> For example, if the PCFO is a United Way, then this means that they must submit their United Way fiscal year audited financial statements. The financial statements should be the most recently issued financial statements, but under no circumstances should the ending date of the statements be earlier than 18 months prior to the date documentation is due to the LFCC.

audit report to the LFCC no later than **August 3, 2009**. **The LFCC must forward a copy** to OPM no later than **September 15, 2009**.

- B. The LFCC, with assistance from the PCFO, to conduct a compliance assessment by performing certain procedures over the PCFO's compliance with CFC regulations and OPM guidance, and the effectiveness of the PCFO's internal controls over its compliance for the **Fall 2008** campaign. The LFCC must perform the procedures as described in Chapter II below and report on any instances of non-compliance using the report format in Appendix A, Sample Report #5, titled Illustrative LFCC Report on Findings on page A-4. The LFCC must attach a copy of the "Pledge Form Questionnaire" (Appendix B, page B-1) to its report. The LFCC must provide its report and the Pledge Form Questionnaire to OPM no later than **September 15, 2009**.
  
- C. The IPA to perform specified agreed-upon procedures (AUP) over the PCFO's compliance with CFC regulations and OPM guidance, and the effectiveness of the PCFO's internal controls over its compliance as of the end of the **Fall 2007** campaign period<sup>2</sup> and prepares an AUP report on the results in accordance with Statements on Standards for Attestation Engagements (SSAE) Numbers 10, 11, and 12 codified in the AICPA's Professional Standards – Attestation Standards (AT) Sections 101, 201 and 601. See Appendix A for sample reports. The IPA must attach the "Schedule of Campaign Receipts and Disbursements", "Distribution Schedule(s)", "Schedule of Budget vs. Actual Expenses" and "Outstanding Check List" used to the AUP report or provide them electronically to the LFCC and OPM. The PCFO must submit the IPA's report, with the attached schedules, to the LFCC by **August 3, 2009**. **The LFCC must forward a copy** to OPM by **September 15, 2009**.
  
- D. If the AUP report identified areas of non-compliance or control weaknesses, then the PCFO must submit to the LFCC, with a copy to OPM, a corrective action plan for addressing the issues no later than **September 15, 2009**.

Where applicable, we encourage the performance of any of the work described in the requirements above to be performed throughout the year or at interim periods. **Campaigns that do not submit the items to OPM by September 15, 2009, will be considered non-compliant. Extensions to the due dates noted above will only be approved by OPM under extraordinary circumstance.**

## **CORRECTIVE ACTION PLAN**

*Corrective Action Plan.* To assist OPM and the LFCC to resolve deficiencies in financial statements, internal controls and regulation and guidance compliance, a PCFO must develop and submit a corrective action plan, reviewed and approved by the LFCC, directly to OPM within 45 days of report issuance. The corrective action plan, an essential part of the report requirement for OPM, is prepared by PCFO management, and is presented on the entity's letterhead and includes the name, title, and telephone number of the responsible PCFO official. In the plan,

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<sup>2</sup> Campaign period is defined as generally a 24 month period beginning with the selection of the PCFO and ending with final disbursements to organizations. For example, the Fall 2007 campaign began in March 2007 with the selection of the PCFO and continues until approximately February/March 2009, when the last disbursement of funds is made.

management:

- A. Describes the corrective action taken or planned in response to findings identified in the IPA's report.
- B. Comments on the status of corrective action taken on any unresolved findings included in prior IPA reports.

See Appendix A, Example 4, for a suggested corrective action plan format.

The requirements of this Guide should serve as the basis for establishing certain performance measures, which will be used to evaluate future PCFO compliance by campaign activity.

## **LFCC RESPONSIBILITIES**

The LFCC is responsible for providing oversight of the campaign's operations and its staff. This includes verification of the existence of accounting procedures sufficient to safeguard the finances of the CFC as defined in 5 CFR Part 950; monitoring of campaign overall performance as required by the CFC rules; review of evidence of disbursement controls through LFCC approval and monitoring of the budget; review of the fundraising practices; and, periodic review of financial reports.

The LFCC is also responsible for close review of the audit report. Therefore, IPAs should present findings directly to the Chair of the LFCC, as well as the PCFO.

The LFCC is responsible for ensuring that the expenses charged against CFC funds are valid and appropriate expenditures and that any discrepancies identified during the audit processes are rectified.

## **PCFO RESPONSIBILITIES AND ASSERTIONS**

Among other PCFO responsibilities discussed in this Guide, the PCFO is responsible for:

- A. Submitting to the LFCC an audit of collections and disbursements for each campaign managed [5 CFR § 950.105(d)(9)].
- B. Complying with 5 CFR Part 950 and OPM guidance.
- C. Establishing and maintaining effective internal controls.
- D. Evaluating and monitoring the effectiveness of internal controls.
- E. Providing the audit IPA with written representations, in a separate report, about all matters in paragraph 68 of SSAE Number 10, AT Section 601.
- F. Maintaining accounting records for 3 years from the audit report date.

The PCFO must comply with the above requirements. Failure to comply with this Guide may result in the organization being barred from serving as the PCFO for one year or subject to other

sanctions cited in 5 CFR § 950.603.

## **IPA QUALIFICATIONS AND RESPONSIBILITIES**

This Guide requires a combination of an annual financial audit, review, or compilation and reports on AUPs to be conducted by a licensed IPA in accordance with GAAS. Therefore the requirements must be performed by a licensed IPA who meets the general standards of qualification, independence, due professional care and quality control. The IPA must follow the standards and requirements contained in GAAS, AICPA Statements on Auditing Standards, AICPA Statements on Standards for Attestation Engagements and all other applicable professional standards as they pertain to the following:

- *Qualifications and General Standards;*
  - *Field work and Reporting Standards;*
  - *Engagement Scope;*
  - *Engagement Letter.* The letter must include, at a minimum, the following:
    1. A statement that the engagement is to be performed in accordance with GAAS and AICPA Attestation Standards, as applicable.
    2. A statement that the IPA will produce its report(s) by the agreed to (agreed to by the LFCC/PCFO and IPA) due date, which must be no later than August 3, 2009.
    3. A statement that both parties understand that the OPM intends to use the IPA's report to help carry out its responsibilities for oversight of the CFC.
    4. A statement that the IPA is required to provide OPM's Director and Office of the Inspector General (OIG), as well as the U.S. Government Accountability Office (GAO), or their representatives, access to working papers or related documents to review the engagement.
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- *Obtaining PCFO Representations;*
  - *Fraud and/or Illegal Acts;*
  - *Due Care and Professional Skepticism;*
  - *Obtaining an Understanding of Internal Control Structure;*
  - *Obtaining Sufficient Evidence;* and
  - *Working Papers.*

*Engagement Quality.* OPM and the OIG have implemented procedures for evaluating work performed by IPAs. As part of this evaluation, the IPA shall make working papers available upon request to OPM, the OIG or other representatives of OPM. To facilitate these requests, management's reporting package should include an information sheet identifying the name, address, and telephone number of the partner on the engagement. Working paper reviews *normally* will take place at the PCFO's office.

Whenever an OPM evaluation of a report or working papers discloses inadequacies by the IPA, the IPA may be asked to take corrective action. If OPM determines the report and working

papers are substandard or contain inadequacies, referral to the AICPA and the cognizant State Board of Accountancy will be considered. When circumstances warrant, OPM will consider further action including notification to appropriate officials with authority to consider debarment from Federal programs.

## **FUTURE REVISIONS**

It is the IPA's responsibility to ensure he/she is using the most current version of this Guide. OPM periodically revises CFC regulations and guidance and plans to issue revisions to this Guide to reflect these changes. Until the Guide is revised, inconsistencies may exist between the Guide and CFC regulations and OPM guidance. IPAs should follow the CFC regulations in effect for the period being examined and modify their procedures to test the CFC compliance requirements accordingly.

The IPA is also responsible for monitoring relevant changes in GAAS, including AICPA SASs and SSAEs, and for considering the implications of changes on the engagement.

Technical questions about applying the Guide and suggestions for improving future Guides should be sent to:

U.S. Office of Personnel Management  
Director  
Office of CFC Operations  
1900 E Street NW, Room 5450  
Washington, D.C. 20415-0001

Fax: (202) 606-5056  
Email: [cfc@opm.gov](mailto:cfc@opm.gov)

## CHAPTER II

### LFCC PROCEDURES FOR MONITORING PCFO COMPLIANCE

#### PROCEDURES

Chapter II contains specific procedures for three requisite elements to be followed by the LFCC. The primary objective of these procedures is to determine PCFO compliance with 5 CFR Part 950 and OPM guidance. In addition, the LFCC will evaluate the effectiveness of PCFO controls over compliance with 5 CFR Part 950 and OPM guidance. If the PCFO's system of accounts and records make the use of these specific procedures inappropriate, the LFCC may request OPM to consider alternative procedures designed to produce similar results. These procedures should be performed on the **Fall 2008** CFC. The **Fall 2008** campaign is defined as the campaign that was solicited in the **Fall 2008**. The PCFO must assist the LFCC in completing these procedures by obtaining all necessary information described below and providing it or making it available to the LFCC. The LFCC must report on the results of its assessment, including any instances of non-compliance using the report format in Appendix A, Sample Report #5, titled Illustrative LFCC Report on Findings on page A-4. The LFCC must attach a copy of the "Pledge Form Questionnaire" (Appendix B, page B-1) to its report. The three requisite elements include the following:

- PCFO General Compliance
- Charity List Compliance
- Pledge Form Processing Controls

#### PCFO General Compliance

*Timeliness of PCFO Activity.* The campaign period relies on a timeline determined by CFC regulation. Adherence to the timeline and compliance with critical activities such as selection of the PCFO, reporting of campaign results and timely disbursements of contributions and acknowledgement of donors is essential. Perform the following procedures:

1. Determine if the PCFO filed a timely application with the LFCC [5 CFR § 950.105(c)].
  - a. Obtain the public notice (usually a legal notice in the newspaper) that contains the due date for PCFO applications from the PCFO or LFCC.
  - b. Obtain a copy of the PCFO application that includes the submission date from the PCFO or LFCC.
  - c. Compare the submission date on the PCFO application with the due date on the public notice.

**Evaluation:** Report as a finding all instances where the PCFO's application was submitted after the LFCC's due date.

2. Determine if the PCFO provided adequate opportunities for local federations and organizations to offer suggestions relating to the operation of the campaign, campaign materials, and training [5 CFR § 950.105(b)].

- a. Obtain evidence from the PCFO that it provided federations and organizations with opportunities to offer suggestions. Evidence can be letters to federations and organizations, minutes from meetings where federations and organizations were present, or some other form.
- b. If the PCFO cannot provide physical evidence that local federations and organizations were provided with opportunities to offer suggestions, then select a representative sample of 3 local federations and organizations. Contact the federations and organizations to determine if they were afforded the opportunity to offer suggestions. Whenever possible, the federations or organizations selected by the LFCC should not be affiliated or related to the PCFO. For example, if the PCFO is a United Way, then the representative sample should not include (if possible) other local United Ways participating as federations or United Way affiliated member organizations.

***Evaluation:*** Report as a finding where the PCFO did not provide local federations and organizations the opportunity to offer suggestions relating to the operation of the campaign, campaign materials, and training.

3. Determine if the PCFO notified federations and organizations of the amount designated, if any, and of the amount allocated from undesignated contributions by March 16, 2009 [5 CFR § 950.901(i)(1) and 2008/2009 Combined Federal Campaign Calendar of Events].
  - a. Obtain from the PCFO copies of notification letters with dates sent to federations and organizations that informed them of designated and undesignated amounts received from donors. The notification letter may be in the form of an e-mail.
  - b. Compare the date of the notification letters to the March 16 due date.

***Evaluation:*** Report as a finding all instances where the PCFO did not notify federations and organizations of the amount designated, if any, and of the amount allocated from undesignated contributions by March 16.

4. Determine if the PCFO forwarded a list of donors that requested their name and address to be released to recipient organizations by March 16, 2009 [5 CFR § 950.601(c) and 2008/2009 Combined Federal Campaign Calendar of Events].
  - a. Obtain a copy of the letters with dates sent to organizations that contained the list of donors who requested their name and address be released. The letter may be in the form of an e-mail.
  - b. Review the list of contributors to determine that it omitted social security numbers.
  - c. Review the list to determine that it clearly identified the federation member organization (not just the federation) to receive the donor's name and address.

***Evaluation:*** Report as a finding all instances where the PCFO did not forward a list of donors that requested their name and address be released to recipient organizations by March 16. Report all instances where the list did not omit the donor social security numbers. Report all instances where the list did not clearly identify the organization to receive the donor's name and address.

5. Determine if the PCFO made initial disbursements to federations and organizations by April 1, 2009 and at least quarterly thereafter.
  - a. Select 3 representative federations (one national, one international, and one local) and 3

representative independent organizations (one national, one international, and one local) from the local campaign.

- b. Obtain canceled checks made payable to each of the selected organizations for each disbursement during the campaign period from the PCFO. If the PCFO's bank does not provide canceled checks, suitable substitutes would include copies of cleared checks included by the bank in the bank statements, electronic files provided directly from the bank, and microfilmed copies of the checks provided by the bank.
- c. Compare the date of the first check to the April 1 due date.
- d. Compare the dates of the remaining checks to ensure that there is one check for each subsequent quarter after April.

**Evaluation:** Report as a finding all instances where the PCFO did not make the initial disbursement by April 1 and quarterly thereafter. **Note:** *If LFCC performs the procedures prior to the August 3 due date for the Agreed-Upon Procedures Report, there may only be one distribution to review.*

### Charity List Compliance

1. Obtain the campaign charity list from the Fall 2008 campaign from the PCFO. Review the campaign charity list and determine if the campaign charity list contained required information for the following areas:
  - a. Required OPM information (OPM National List with Preface and Instructions) [5 CFR § 950.401(g)(1) and CFC Memorandum 2008-06].
  - b. A list of eligible voluntary organizations (divided into local, national/international and international sections) and in the order prescribed by CFC Memorandum 2008-06 (local, national/international, international) [5 CFR § 950.401(g)(2)];
  - c. A statement informing employees of their right to make a choice to contribute or not to contribute [5 CFR § 950.401(e)] – This statement reads “Do I have to give through the CFC? No. Participation in the CFC is strictly voluntary”;
  - d. Statements informing employees of their right to designate or not to designate [5 CFR § 950.401(e)] – These statements read “You may designate the organizations of your choice where indicated on your pledge form by entering the five-digit code and the amount you wish to pledge.” And “All funds contributed to the CFC that are not designated to a specific organization or federation will be treated as undesignated funds and distributed to all organizations listed in the CFC Charity List in the same proportion as they received designations.”;
  - e. A statement informing employees of their right to give a confidential gift in a sealed envelope [5 CFR § 950.401(e)] – This statement reads “If you prefer, you may donate to the CFC anonymously by placing your confidential gift in a sealed envelope.”;
  - f. No organization symbols or other distractions were in use that could compete for the donor's attention [5 CFR § 950.401(f)].
  - g. A description of the CFC program [5 CFR § 950.401(g)(1)(i)] – included under two titles: “What is the CFC?” And “Structure of the CFC”;
  - h. An explanation of the payroll deduction privilege [5 CFR § 950.401(g)(1)(i)] – titled “What is the payroll deduction option?”;
  - i. An explanation of the distribution procedures for undesignated funds [5 CFR § 950.401(g)(1) and CFC Memorandum 2008-06] – titled “What if I choose not to specify an organization or federation to receive my CFC contribution?”;

- j. A statement that designations may only be made to listed organizations and that write-in designations are prohibited [5 CFR § 950.401(g)(1)(ii)] – This statement reads “*You cannot designate to an organization that is not listed in this Charity List. Adding organizations not listed, or “write-ins”, is prohibited by CFC regulations and donations to such organizations will be treated as undesignated funds.*”;
  - k. Instructions on how to obtain information about the programs and finances of the participating organizations [5 CFR § 950.401(g)(1)(iii)] – titled “Making Informed Giving Decisions”; and
  - l. A statement informing employees of their rights to pursue complaints of undue pressure or coercion in federal fund-raising activities [5 CFR § 950.401(g)(1)(iv)] – This statement reads “Civilian employees may register complaints about coercion with the LFCC and contact their personnel offices; military personnel should contact their commanding officers.”.
2. Determine whether the organization listing in the charity list included an Introduction/Preface with the following sections as required by CFC Memorandum 2008-06:
- a. What is the CFC?;
  - b. Structure of the CFC;
  - c. Public Accountability;
  - d. The CFC Charity List;
  - e. Making Informed Giving Decisions;
  - f. Do I Have to Give Through the CFC?;
  - g. Can I Specify Which Organization Will Receive My Contribution?;
  - h. What are Affiliated and Independent Organizations and Federations?;
  - i. How Do I Designate A Federation, Or Alternatively, One Of Its Members, To Receive My Contribution?;
  - j. How Do I Designate An Independent Organization To Receive My Contribution?;
  - k. What if I Choose Not to Specify an Organization or Federation to Receive my CFC Contribution?;
  - l. What is the International General Designation Option?;
  - m. What is the Payroll Deduction Option?;
  - n. Will I Receive a Receipt for My Contribution?;
  - o. What are the Costs of the Campaign?;
  - p. What is On-Line Pledging or E-Giving?; and
  - q. Visit the CFC Homepage.
3. Determine whether the organization listing in the charity list included a section titled, "National/International Organizations" which contained:
- a. An accurate reproduction of the OPM Director's list (unless there were waivers) [5 CFR § 950.401(g)(2) and CFC Memorandum 2008-06];
  - b. The title "National/International Independent Organizations" preceded the listing of independent organizations [5 CFR § 950.401(g)(2) and CFC Memorandum 2008-06]; and
  - c. A list of National federations with their member organizations and identified as federations [5 CFR § 950.401(g)(3)].
4. Determine whether the organization listing in the charity list included a section titled, "International Organizations" which contained:
- a. An accurate reproduction of the OPM Director's list (unless there were waivers) [5 CFR §

- 950.401(g)(2) and CFC Memorandum 2008-06];
- b. The title "International Independent Organizations" preceded the listing of independent organizations [5 CFR § 950.401(g)(2) and CFC Memorandum 2008-06]; and
  - c. A list of International federations with their member organizations and identified as federations [5 CFR § 950.401(g)(3)].
5. Determine whether the organization listing in the charity list included a section titled, "Local Organizations" and contained:
- a. A 25-word description, including the Employer Identification Number (EIN), and if applicable, the legal name of the organization; the percentage of their administrative and fundraising expenses for the preceding calendar year; and a telephone number for each organization listed [5 CFR § 950.401(g)(2)];
  - b. A code number for each organization listed [5 CFR § 950.401(g)(3)];
  - c. A title "Local Independent Organizations" preceding the listing of local independent organizations [5 CFR § 950.401(g)(2) and (3)]; and
  - d. Local federations listed with their member organizations and identified as federations [5 CFR § 950.401(g)(3)].

**Evaluation:** Report as a finding all instances where the PCFO did not include the required information in the local campaign charity list or included items not allowed by the regulations (item 1.f).

### **Pledge Form Processing Controls**

The PCFO is required to follow certain regulations and OPM guidance in preparing and processing pledge forms [CFC Memorandum 2008-04, 5 CFR § 950.105(d)(5), 5 CFR § 950.402(a), 5 CFR § 950.402(b)] and should have effective internal controls in place to ensure compliance [5 CFR § 950.105(d)(1), 5 CFR § 950.105(d)(4), 5 CFR § 950.402(c), and 5 CFR § 950.402(d)].

1. Obtain a pledge form used in the Fall 2008 campaign from the PCFO. Compare this pledge form to the model pledge form provided by OPM (CFC Memorandum 2008-04). Determine if the pledge form used in the local campaign was:
  - a. Consistent with these regulations and instructions by the Director [5 CFR § 950.105(d)(5)];
  - b. Reproduced based on the model pledge form provided by the Director each year at the local level [5 CFR § 950.402(a)];
  - c. Not modified from the model pledge form unless approved by the Director in advance, except for incorporating additional giving levels and including their award recognition program [5 CFR § 950.402(b)];

**Evaluation:** Report as a finding all instances where the PCFO's prepared local pledge form is not in accordance with 1a-c.

2. Obtain from the PCFO a completed "Pledge Form Questionnaire" (See Appendix B, page B-1) and a walkthrough of the process. The walkthrough should include the PCFO physically demonstrating to the LFCC how pledge forms are received, validated, processed,

and accurately entered into pledge systems. The LFCC should also note any findings identified by the Independent Public Accountant in its test of pledge forms (page III-1, step 2) from the previous Agreed-Upon Procedures audit and consider these findings for areas of improvement in the PCFO's pledge processing.

- a. Using the "Pledge Form Questionnaire", determine whether or not the PCFO described controls for all questions.

***Evaluation:*** Report as a finding all instances where the PCFO did not describe controls for all questions on the "Pledge Form Questionnaire".

## CHAPTER III

### IPA AGREED-UPON PROCEDURES

#### PROCEDURES

Chapter III contains specific procedures for four requisite elements to be followed during the examination by the IPA. The primary objective of these procedures is to determine PCFO compliance with 5 CFR Part 950 and OPM guidance. In addition, the IPA will evaluate the effectiveness of PCFO controls over compliance with 5 CFR Part 950 and OPM guidance. Should the PCFO's system of accounts and records make the use of these specific procedures inappropriate, the IPA may request OPM to consider alternative procedures designed to produce similar results. These procedures should be performed on the CFC activity from the **Fall 2007** campaign. The **Fall 2007** campaign is defined as the campaign that was solicited in the **Fall 2007** with receipts and distributions through the early months of 2009. The IPA must prepare an AUP report on the results in accordance with the applicable SSAE and Attestation Standards. The IPA must attach the "Schedule of Campaign Receipts and Disbursements", "Distribution Schedule(s)", "Schedule of Budget vs. Actual Expenses", and "Outstanding Check List" used below to the AUP report or provide them electronically to the LFCC and OPM. The four requisite elements include the following:

- Pledge Form Tracking System
- PCFO Budget and Administrative Expenses
- Receipt and Disbursement of Funds
- Status of Prior Year's Findings

#### **Pledge Form Tracking System**

In order for the PCFO to properly follow the regulations cited in Chapter II under the "Pledge Form Processing Controls" section, they must enter the information accurately in their pledge form tracking system and have sufficient quality controls to ensure accurate payments to charitable organizations. In addition, OPM first recommended PCFOs track and analyze payroll office receipts via CFC Memorandum 2003-4, which included written procedures. OPM began requiring this tracking and analysis by PCFOs in CFC Memorandum 2006-5. Test the PCFO's pledge card tracking system and payroll office receipt tracking and analysis by performing the following steps.

1. Select a representative sample of 25 pledge forms from the 2007 campaign. Pledge forms selected should represent all types of donations, including cash, designated and undesignated funds. Fifteen should be selected from the pledge tracking system and traced to the pledge forms. Ten should be selected from the pledge forms and traced to the pledge tracking system.
2. Trace and determine that the following information from each pledge form agrees to the PCFO's automated system or pledge records:
  - a. Donor Name

- b. Each Charity Code Number and Amount Donated
- c. Total Amount Donated
- d. Donor's Choice to Release or Not to Release Name, Home Address, Home Email Address and/or Pledge Amount(If donor did not make a choice did not specifically list the information in the recognition options box, it should be entered in the system as no release)

**Evaluation:** Report as a finding all instances where the PCFO's pledge tracking system does not agree with the pledge form.

3. Obtain from the PCFO a copy of its spreadsheet used to track and analyze payroll office receipts. Review the spreadsheet to determine that it:
  - a. Includes the amount of payroll deduction pledges by Federal Agency/Department and that it calculates an estimated amount due from each Federal Agency's/Department's payroll office by pay period (this would be calculated by taking the payroll deduction pledges by Federal Agency/Department and dividing by the number of expected pay periods);
  - b. Compares the estimated amount due from each payroll office by pay period to the actual amount received from each payroll office; and
  - c. Identified any instances where actual receipts from a Federal Agency's/Department's payroll office exceeded the estimated amount. If so, obtain correspondence from the PCFO with the payroll office or with OPM.

**Evaluation:** Report as a finding any instance where the PCFO did not prepare a spreadsheet to track and analyze payroll office receipts; the spreadsheet did not include the items reviewed for in 3a. and 3b; and did not correspond with either the payroll office or OPM when it identified that actual receipts exceeded the estimated amount due from payroll offices.

### **PCFO Budget and Administrative Expenses**

During the annual PCFO application process, a federation, charitable organization, or combination of charitable organizations or federations(s) wishing to administer the local CFC, must submit a written campaign plan to the LFCC on or before the deadline set by the LFCC. The plan must be in sufficient detail to allow the LFCC to determine if the applicant could administer an efficient and effective CFC. The plan must also include a CFC budget that details all costs estimated to be required to operate the CFC. The costs in the budget must be based on estimated actual expenses, not on the percentage of the funds raised in the local campaign [5 CFR § 950.105(c)].

The PCFO may recover from the gross receipts of the campaign its actual costs of administering the local campaign. In no event should the amount recovered for expenses exceed by more than 10 percent the estimated budget submitted. The campaign expenses must be shared proportionately by all the recipients according to their percentage share of gross campaign contributions [5 CFR § 950.106].

1. Obtain the PCFO's 2007 application from the LFCC or PCFO. Review for a signed

statement by an appropriate official of the PCFO that it will:

- a. Administer the CFC fairly and equitably [5 CFR § 950.105(c)(2)(i)];
- b. Conduct the applicant's non-CFC operations separately from the campaign operations [5 CFR § 950.105(c)(2)(ii)]; and
- c. Be subject to the decisions and supervision of the LFCC and/or Director<sup>3</sup> [5 CFR § 950.105(c)(2)(iii)] and to the provisions of 5 CFR § 950.603 [5 CFR § 950.105(c)(3)].

**Evaluation:** Report as a finding all instances where the PCFO did not include the signed statements in #1 above.

2. Obtain a dated copy of the LFCC minutes documenting their selection of the PCFO and their approval of the PCFO's campaign plan and budget. Compare the date of the LFCC minutes to the March 15 deadline set by 5 CFR § 950.801(a)(3) and 2006/2007 Combined Federal Campaign Calendar of Events. Minutes of LFCC meetings are required to be maintained by 5 CFR § 950.104(b)(1). If there are no minutes to the LFCC meetings, other documentation, such as a dated and signed letter from the LFCC to the PCFO, may be used to verify selection date.

**Evaluation:** Report as a finding all instances where the LFCC did not select the PCFO and approve the PCFO's campaign plan and budgeted expenses, on or before March 15. Report as a finding all instances where the LFCC did not maintain minutes of LFCC meetings.

3. Review the PCFO's budgeted expenses from the Fall 2007 campaign to determine that they are based on actual expenses and not a percentage of funds raised [5 CFR § 950.105(c)(1)].
  - a. Obtain a copy of the PCFO campaign plan from the Fall 2007 campaign, including budgeted expenses, and a detailed list of the prior year's actual expenses from the PCFO.
  - b. Compare the expense categories and amounts in the Fall 2007 campaign's budget to the prior year's actual expenses. The categories and amounts should be similar or include an explanation for the change.
  - c. Review the PCFO budget description in the Fall 2007 campaign's plan. Make sure the description does not state that the budget is based on a percentage of funds raised.

**Evaluation:** Report as a finding all instances where the PCFO's budgeted expenses are not based on estimated actual expenses or where the budgeted expenses are based on a percentage of funds raised.

4. Obtain a copy of the Schedule of Budget vs. Actual Expenses incurred by and reimbursed to the PCFO for administering the Fall 2007 campaign. Trace and determine that actual expenses incurred agree with the PCFO's general ledger.
5. Compare the PCFO's actual expenses to their budgeted expenses and determine whether total actual expenses exceeded total budgeted expenses by more than 10 percent. If the total actual expenses exceeded total budgeted expenses by more than 10 percent, review accounting records to determine whether the PCFO absorbed (did not reimburse itself) the excess amount over 10 percent. Amounts recovered by the PCFO in excess of the 10 percent

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<sup>3</sup> "Director" is defined in the regulations as "the Director of the Office of Personnel Management or his/her designee".

should be set out as not charged to the campaign, unless they were approved by OPM's Director [5 CFR § 950.106(a)].

**Evaluation:** Report as a finding all instances where the PCFO's actual expenses do not agree to the general ledger and where total actual expenses reimbursed are more than 110 percent of the total budgeted expenses and not approved by OPM's Director.

6. Obtain a copy of or document the PCFO's policy for campaign expense reimbursement. Compare the PCFO's policy to 5 CFR § 950.106(b), which states that the PCFO should cover all campaign expenses at the start of the campaign and then recover their costs from the gross receipts of the same campaign. The PCFO may obtain a commercial loan or line of credit. It may not, however, use receipts from a prior campaign to cover current campaign expenses.

**Evaluation:** Report as a finding all instances where the PCFO is not properly matching campaign receipts and expenses.

7. Either from the Schedule of Budget vs. Actual Expenses obtained in #4 above or from the PCFO's accounting records (journal or general ledger) that support the Schedule of Budget vs. Actual Expenses obtained in #4 above, select a representative sample of 8 actual expenses incurred by and reimbursed to the PCFO for the Fall 2007 campaign. At least 2 of the actual expenses should be allocated expenses. For example, some employees do not work full time on CFC activities and their salaries may be allocated on a time equivalent ratio or rent/utilities may be allocated based on a percentage of square feet occupied by CFC staff [5 CFR § 950.106(a)].
  - a. For the 6 expenses that are not allocated, trace and determine that the expense agrees back to supporting documentation that contains a justification that the expense was CFC related. Supporting documentation should include an invoice, billing, receipts, travel reports, or other supporting documentation.
  - b. For the 2 allocated expenses, review the allocation methodology to determine that the methodology is reasonable and that the CFC incurs a fair share of the costs. In addition, the allocations must be based on actual amounts that can be traced and agreed to the general ledger. For example, if the PCFO is allocating 10 percent of rent out of a total of \$100,000, then the \$100,000 total rent should be traced to the PCFO's non-CFC general ledger and the 10 percent should be based on the fact that the CFC occupies 10 percent of the square footage in the building.
  - c. For all 8 sample expenses, compare the title of the actual expense or its general ledger account to the budget categories from the PCFO's campaign plan. Determine that PCFO is not charging for expenses not listed in the budget.

**Evaluation:** Report as a finding all instances where the PCFO's actual expenses were not supported by source documentation, justified as CFC related, allocated in a fair or reasonable method, allocated based on actual expenses, or included as part of the budget in the PCFO's campaign plan.

8. From the Schedule of Budget vs. Actual Expenses obtained in #4 above or the PCFO's accounting records, determine if the PCFO has charged the campaign for interest expenses.
  - a. If there is interest expense, then obtain supporting documentation from the PCFO to

determine that the PCFO used a commercial loan to pay for campaign expenses. If the PCFO did not obtain a commercial loan but still charged the campaign for interest expense, then report this as a finding. 5 CFR § 950.106(b) only allows for interest expense if the PCFO obtained a commercial loan. The PCFO may not charge interest for using its own funds to pay for campaign expenses.

- b. If there is no interest expense, then no further work is required.

**Evaluation:** Report as a finding all instances where the PCFO charged the campaign for interest expenses, but did not obtain a commercial loan.

## **Receipt and Disbursement of Funds**

Contributors may choose to direct their gifts to a specific voluntary agency(ies) or federation(s) of his or her choice by designating organizations/options on their pledge forms.

Contributors may also select the international general designation option. If they do not wish to designate their contributions to a specific organization(s), federation(s), or use the international general designation option, contributions are considered undesignated.

The PCFO receives contributions through cash donations or payroll deductions. The PCFO is allowed to reimburse itself for actual campaign expenses approved by the LFCC from the current year's receipts. The PCFO is responsible for the accuracy of disbursements and must disburse receipts, less their expenses, in accordance with contributor designations. The PCFO must make its initial disbursement by April 1 and at least quarterly thereafter.

CFC Memorandum 2006-5 directed campaigns to develop and follow policies and procedures regarding un-cashed checks. In the memorandum, we recommend that this policy be documented and implemented after a check has gone un-cashed for six-months and the procedures include at least three documented follow-up attempts to reach the payee by phone and e-mail. The memorandum directed that if it is determined that the payee is no longer active, the funds must be distributed among the remaining organizations for that campaign as undesignated funds.

1. Obtain a completed "Schedule of Campaign Receipts and Disbursements", "Distribution Schedule", and, if applicable an "International Distribution Schedule" (see Appendix B, page B-2) from the PCFO for the Fall 2007 campaign. Templates for these schedules will be available in MS Excel format on the CFC website at [www.opm.gov/cfc](http://www.opm.gov/cfc) [5 CFR § 950.105(d)(8)]. Two Distribution Schedule templates are available depending on whether the campaign tracks cash donations separately from pledge donations.
2. Trace and determine that the total campaign receipts, reimbursed administrative expenses, and total campaign disbursements from the "Schedule of Campaign Receipts and Disbursements" agree with the PCFO's general ledger and the administrative expenses and total campaign disbursements to the totals on the "Distribution Schedule." If differences are noted between these totals on the schedules and/or the general ledger, request the PCFO to provide corrected schedules [5 CFR § 950.105(d)(8)].

**Evaluation:** Report as a finding all instances where the PCFO's cannot produce schedules that agree with each other and/or its general ledgers.

3. Review the "Schedule of Campaign Receipts and Disbursements" for the following:
  - a. PCFO began the collection of cash receipts during the period September – December, depending on the start of their solicitation period [5 CFR § 950.102(a)].
  - b. Disbursements began in April and continued at least quarterly thereafter [5 CFR § 950.901(i)(2)].
  - c. Total campaign receipts (cash/checks, payroll deductions, and interest), less service charges and administrative expenses, were distributed by the PCFO. The ending balance should equal \$0 [5 CFR § 950.901(i)(2)].

**Evaluation:** Report as a finding all instances where the PCFO did not begin collecting receipts between September and December based on their solicitation period, make initial disbursements in April 1, and/or did not disburse all receipts, less administrative expenses by the end of the campaign. **Note:** *If the organization is holding funds to pay for the audit, this amount should be shown as a separate line item on the "Schedule of Campaign Receipts and Disbursements" and be included as an administrative expense to determine the ending balance.*

4. From the "Schedule of Campaign Receipts and Disbursements", select 6 representative months of campaign receipts.
  - a. Trace amounts back to deposits and interest on bank statements for the selected months and determine that the amounts agree with the bank statements [5 CFR § 950.105(d)(8)]. If a month selected is during a period in which receipts from two campaigns are deposited in the bank, request the "Schedule of Campaign Receipts and Disbursements" for the overlapping campaign. The combined total for the month from the two schedules should agree with the bank statement;
  - b. Determine that all deposits on the bank statements are included on the "Schedule of Campaign Receipts and Disbursements" [5 CFR § 950.105(d)(8)].

**Evaluation:** Report as a finding all instances where the PCFO's campaign receipts are not supported by deposits listed on the bank statements and where the bank statements include deposits not listed on the "Schedule of Campaign Receipts and Disbursements."

5. From the "Distribution Schedule", determine that organizations were distributed funds in accordance with regulations [5 CFR § 950.106(c) and 950.501(a)]. These steps should be performed on the amounts in both sections of the Distribution Schedule (Monthly Disbursements and the One-Time Disbursements).
  - a. From the Distribution Schedule, compare the GRAND TOTAL of Designated, Undesignated, and IIIII Designated dollars to the Total Designated, Undesignated, and IIIII Designated dollars in the pledge tracking system.
  - b. From the Distribution Schedule, compare the Undesignated Percentage for all organizations (national, international and local) to the Designated Percentage.
  - c. If the PCFO tracks cash donations separately and pays cash at 100 percent, from the Distribution Schedule, compare the Undesignated Cash Percentage for all organizations to the Designated Percentage in step b. All Cash, whether Designated or Undesignated,

should be distributed in the same proportion as the amount of Designated pledges. If the PCFO does not track cash donations separately, skip to step d.

- d. From the Distribution Schedule, compare the Expense Percentage to the Gross Designation Percentage.
- e. From the Distribution Schedule, confirm that the Shrinkage Percentages for all organizations paid monthly are the same (rounded to two decimal places). *(NOTE: This step is based on the formula used in the electronic template which divides the shrinkage amount per organization by the pledges for that organization. If this campaign uses an internally prepared Distribution Schedule with a different formula, please contact the OPM Office of CFC Operations for alternate procedures.)*

**Evaluation:** Report as a finding all instances where the Grand Total of Designated, Undesignated, and IIIII Designated dollars does not agree to the total Designated, Undesignated, and IIIII Designated dollars in the pledge tracking system. Report as a finding all instances where Undesignated Percentage on the Distribution Schedule does not agree to the Designated Percentages on the Distribution Schedule. Report as a finding all instances where the Undesignated Cash Percentage does not agree to the Designated Percentage on the Distribution Schedule. Report as a finding all instances where the Expense Percentage on the Distribution Schedule does not agree to the Gross Designation Percentage. Report as a finding all instances where the Shrinkage Percentages for monthly payments on the Distribution Schedule are different.

6. If donors selected the IIIII General Designation Option, then perform these procedures. From the “International Distribution Schedule”, determine that the IIIII General Designation Option Funds were distributed in accordance with the regulations [5 CFR § 950.101]. Otherwise skip to #7.
  - a. From the International Distribution Schedule, compare the organizations listed to the organizations listed in the International Organizations section of the 2007 campaign Charity List. Also, compare organizations listed on the International Distribution Schedule to the organizations listed on the Distribution Schedule.
  - b. From the International Distribution Schedule, compare the Designated dollar amounts to the Designated dollar amounts from the Distribution Schedule.
  - c. From the International Distribution Schedule, compare the IIIII Designated dollar amounts to the IIIII Designated dollar amounts from the Distribution Schedule.
  - d. From the International Distribution Schedule, compare the IIIII Designated Percentage column to Designated Percentage column.

Note: The IIIII General Designation Option means that the donor wishes that his or her gift be distributed to all of the international organizations listed in the International Section of the campaign Charity List in the same proportion as all of the international organizations received designations in the local CFC. It does not affect the National or local federations or independent organizations.

**Evaluation:** Report as a finding all instances where the International organizations listed on the International Distribution Schedule do not agree to the organizations listed in the International Organization Section of the 2007 Charity List and the International organizations listed on the Distribution Schedule. Report as a finding all instances where the

IIII General Designations were shared with organizations other than the International organizations listed in the 2007 Charity List. Report as a finding all instances where the Designated dollar amounts and IIII Designated dollar amounts on the International Distribution Schedule do not agree to the same amounts on the Distribution Schedule. Report as a finding all instances where the IIII Designated Percentage on the International Distribution Schedule do not agree with the Designated Percentage on the International Distribution Schedule.

7. The PCFO, at the direction of the LFCC, may make one-time disbursements to organizations that received minimal donations from federal employees. The PCFO may deduct the proportionate amount of each organization's share of the campaign's administrative costs and the average of the previous 3 campaigns' pledge loss from the one-time disbursement. This is the only approved application of adjusting for pledge loss [5 CFR § 950.901(i)(3)]. If the campaign made one-time disbursements, then perform the following procedures; otherwise, skip to #8:
  - a. Obtain the specific LFCC meeting minutes documenting its approval of the one-time disbursement and approved ceiling amount from the LFCC or PCFO.
  - b. Review LFCC meeting minutes to determine the LFCC's approval of one-time disbursement and ceiling amount.
  - c. From the One-Time Disbursement section of the Distribution Schedule, compare each of the one-time disbursement amounts to the LFCC approved ceiling to determine that all one-time disbursements were for pledge amounts below the LFCC approved ceiling.
  - d. Obtain from the PCFO, supporting documentation for the previous 3 campaigns' pledge loss and calculate the average 3-campaign period loss.
  - e. From the One-Time Disbursement section of the Distribution Schedule, compare the Shrinkage %<sup>4</sup> for each organization to the average calculated in step 7d to determine that the average of the previous 3 campaigns' pledge loss was used.

***Evaluation:*** Report as a finding all instances where the one-time disbursements and ceiling amounts were not approved by the LFCC. Report as a finding all instances where one-time disbursements were made for pledge amounts above the LFCC approved ceiling. Report as a finding all instances where the Shrinkage Percentage did not agree to the average of the previous 3 campaigns' pledge loss.

8. From the Monthly Disbursements section of the Distribution Schedule, select 3 representative federations (one national, one international and one local) and 3 representative independent (one national, one international and one local) organizations. Test the accuracy of disbursements by tracing the canceled checks for all distributions made to those organizations to the "Distribution Schedule" and determining that the amounts on the canceled checks agree with the amounts on the "Distribution Schedule." [5 CFR § 950.901(i)(2)]. If the PCFO's bank does not provide canceled checks, suitable substitutes would include copies of cleared checks included by the bank in the bank statements,

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<sup>4</sup> Shrinkage is the difference between the amount pledged and the amount actually collected. Shrinkage is also commonly referred to as pledge loss and can result because donors stop their contributions during the year, retire, leave government employment or become deceased. CFC regulations allow for a 3-year average shrinkage to be withheld from one-time payments. The calculation in the Distribution Schedule for each one-time payment should match to the 3-year average shrinkage or pledge loss determined in step 7d above on this page.

electronic files provided directly from the bank, and microfilmed copies of the checks provided by the bank.

***Evaluation:*** Report as a finding all instances where the PCFO's "Distribution Schedule" is not supported by canceled checks or a suitable substitute. Report as a finding if the initial distribution was not made by April 1.

9. Obtain a copy of the PCFO's policies and procedures for un-cashed checks, an outstanding check list<sup>5</sup>, and the PCFO's documentation of completed procedures. Determine if the procedures include at least three documented follow-up attempts to reach the payee by phone and e-mail for checks un-cashed after six-months. Review the documentation of completed procedures to determine if the PCFO followed its documented policies and procedures.

***Evaluation:*** Report as a finding all instances where the PCFO did not have documented policies and procedures for un-cashed checks, the policies and procedures did not include at least three documented follow-up attempts to reach the payee, or the PCFO did not follow its documented policies and procedures for un-cashed checks.

## **STATUS OF PRIOR YEAR FINDINGS**

Update the status of prior year findings. Obtain the PCFO's corrective action plan from the prior year. Obtain an update on the status of each finding from the prior year. Determine that the actions indicated were completed by the PCFO by viewing evidence from the PCFO. See Appendix A, numbers 3 and 4, for an illustration of comments on resolution of prior year's examination findings and illustrative corrective action plan.

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<sup>5</sup> Outstanding Check List should include, at a minimum, check date, payee, and amount for all un-cashed checks.

## **CONTRIBUTORS TO THIS GUIDE**

OPM wishes to express our appreciation for the contributions of time, effort and expertise so generously given by the members of the following government and private entities.

OPM Office of Combined Federal Campaign Operations

OPM Office of the Inspector General

OPM Office of the General Counsel

United Way of America's Financial Issues Committee

Dyer & Smith, LLC

OPM also gratefully acknowledges the assistance provided by all local campaigns and their IPAs.

## APPENDIX A SAMPLE REPORTS

### 1. ILLUSTRATIVE REPORT ON AGREED-UPON PROCEDURES (Attestation Standards Section 601.25 through 601.29)

#### Independent Accountants' Report

We have performed the procedures included in the Combined Federal Campaign Audit Guide *[or enumerated below]*, which were developed by the Office of Personnel Management, and agreed to by the Local Federal Coordinating Committee, and *[PCFO name]*, solely to assist the specified parties in evaluating the *[PCFO name]*'s compliance with 5 CFR Part 950 and OPM guidance during the 2007 Combined Federal Campaign ended March 31, 2009 *[or applicable date]* and the effectiveness of the *[PCFO name]*'s internal control over compliance with the aforementioned compliance requirements as of *[date]*. Management is responsible for the *[PCFO name]*'s compliance with those regulations and guidance. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are included in the Combined Federal Campaign Audit Guide *[or enumerated in the listing of engagement procedures accompanying this report]*. Findings obtained from performing these procedures are presented in the accompanying schedule of findings and questioned amounts.

or

The procedures we performed are included in the Combined Federal Campaign Audit Guide *[or enumerated in the listing of engagement procedures accompanying this report]*. No exceptions were found as a result of performing these procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance and on the effectiveness of internal control over compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Office of Personnel Management, Local Federal Coordinating Committee and *[PCFO name]* and is not intended to be and should not be used by any other person or organization.

*[Signature]*

*[Date]*

## 2. ILLUSTRATIVE SCHEDULE OF FINDINGS AND QUESTIONED AMOUNTS

### Schedule of Findings for Agreed-Upon Procedures

Area	Description of Findings	\$ Questioned	Status of Finding
1. Pledge Card Tracking System	The PCFO entered 1 pledge card out of our sample of 25 incorrectly into its tracking system. Specifically, the PCFO did not include that the donor wanted to release his name to charities.	Procedural	PCFO will inform quality reviewers to make sure all information entered into the pledge card tracking system is accurate.
2. PCFO Budget and Administrative Expenses	No exceptions found as a result of performing thee procedures.	N/A	N/A
3. Receipt and Disbursement of Funds	The PCFO did not distribute interest earned on its CFC bank account to participating organizations	\$10,000	The PCFO distributed the \$10,000 in interest earned on May 15, 2009 (or has agreed to distribute the \$10,000 or disagrees with the finding and is seeking resolution from the LFCC and OPM).

## 3. ILLUSTRATIVE COMMENTS ON RESOLUTION OF PRIOR YEAR'S EXAMINATION FINDINGS

Finding No 1: In an examination performed by the *[name of audit entity]* dated *[mm/dd/yy]* and titled *[name of report]*, in tests of the PCFO Budget and Administrative Expenses, the PCFO did not have controls in place to ensure that it included the required certifications in its application. This was a procedural finding.

Status: As of *[mm/dd/yy]* the PCFO implemented controls to ensure its application was in compliance with CFC regulations. The PCFO is in compliance for the 2009 campaign.

#### 4. ILLUSTRATIVE CORRECTIVE ACTION PLAN FOR FINDINGS

Corrective Action Plan  
(Prepared by PCFO)

Campaign Name:

PCFO Name:

Campaign Code:

Official responsible for plan:

Phone number:

Audit Period:

IPA/Audit firm:

##### A. Comments on findings and recommendations

The PCFO should provide a statement of concurrence or nonconcurrence with each finding and recommendation. For instances of nonconcurrence, the PCFO should provide documentation to support its position.

##### B. Actions taken or planned

The PCFO should develop a detailed action plan to correct or resolve all IPA findings. The plan should include expected correction date(s) and name of official responsible for corrective actions.

##### C. Status of corrective actions for prior year findings

The PCFO should document status of all prior year findings and the related corrective actions including changes in corrective action, and expected dates of completion.

## 5. ILLUSTRATIVE LFCC REPORT ON FINDINGS

Office of Personnel Management  
Director of CFC Operations  
Office of CFC Operations  
1900 E Street, NW., Room 5450  
Washington, DC 20415-1000

Campaign Name: *[Insert Name of the Campaign]*  
CFC Code: *[Insert 4-digit CFC number]*

The LFCC certifies that it has developed an understanding of the campaign regulations, is carrying out its responsibilities under the campaign regulations and has a current active membership, including a LFCC Chairperson. The LFCC has conducted a compliance assessment by performing the procedures included in Chapter II of the Combined Federal Campaign Audit Guide. The objective of these procedures was to assess the *[PCFO name]*'s compliance with CFC regulations and OPM guidance and the effectiveness of the PCFO's internal controls over its compliance for the 2008 campaign.

Based on our compliance assessment, we found the *[PCFO name]* was in compliance for each of the procedures we performed with 5 CFR Part 950 and OPM guidance.

or

Based on our compliance assessment, we found the *[PCFO name]* was in compliance for each of the procedures we performed with 5 CFR Part 950 and OPM guidance, except for the following:

1. The PCFO did not have controls in place to ensure that it notified participating organizations of their pledges by March 16.
2. The PCFO did not make its first distribution by April 1.

We have discussed these issues with the PCFO. The PCFO agrees with all the issues above and is working to correct them.

or

We have discussed these issues with the PCFO. The PCFO agrees with all the issues above except for number 1. The PCFO believes the date was extended to March 31, 2009. We would appreciate your input on the correct date for notifying organizations of their pledges.

*[Signature]*

*[Date]*

## **APPENDIX B**

### **PLEDGE FORM QUESTIONNAIRE**

*(A narrative description of this process may be substituted. Please address each of these questions.)*

1. How are pledge forms collected, organized, and processed [5 CFR § 950.105(d)(1)]?
  - a. What procedures are in place to ensure that pledge forms are processed properly (e.g., not misplaced or lost, etc.)?
  - b. What procedures are in place to ensure that designated and undesignated contributions are recorded properly (i.e., individual organization five-digit codes and amounts)?
  - c. What procedures are in place to verify the totals for designated and undesignated contributions?
2. What procedures are used when an employee makes a designation to an organization not listed in the charity list [5 CFR § 950.402(c)]?
3. What procedures are used when a pledge form has mathematical errors or is illegible [5 CFR § 950.105(d)(3) and 5 CFR § 950.402(d)]?

## **SCHEDULE OF CAMPAIGN RECEIPTS AND DISBURSEMENTS**

Please use template format found at [2007 Schedule of Campaign Receipts and Disbursements](#).

## **DISTRIBUTION SCHEDULE**

For campaigns that separately track cash, please use template format found at:  
[2007 Distribution Schedule - separate tracking of cash](#).

For campaigns that do not separately track cash, please use template format found at:  
[2007 Distribution Schedule –no separate tracking of cash](#).

## **INTERNATIONAL DISTRIBUTION SCHEDULE**

Please use template format found at [International Distribution Schedule - 2007 campaign](#).

## **SCHEDULE OF BUDGET VS ACTUAL EXPENSES**

Please use template format found at [2007 Budget vs. Actual Expenses](#).

## **OUTSTANDING CHECK LIST**

Please use template format found at [2009 CFC Audit Guide Outstanding Check List](#).

## APPENDIX C

### DEFINITIONS AND ACRONYMS

"Agreed-Upon Procedures (AUP)" - An agreed-upon procedures engagement is one in which an independent public accountant (IPA) is engaged to issue a report of findings based on specific procedures performed on a subject matter. OPM and the IPA agree upon the procedures to be performed as outlined in this Guide. The IPA may request alternative procedures be performed to achieve the desired result if the current procedures do not match the operating environment.

"Business Days" - calendar days exclusive of Saturdays, Sundays, and Federal holidays.

"Campaign Period" - a two year period which marks the beginning of a campaign and the end of a campaign. For example, March 15, 2007 (or upon selection of the PCFO) begins the Fall 2007 campaign and March 31, 2009 (or upon final disbursement) marks the end of the Fall 2007 campaign.

"Combined Federal Campaign" or "Campaign" or "CFC" - the charitable fund-raising program established under Executive Order Number 10728, as amended by Executive Order Number 10927, 12353, and 12404.

"Director" – The Director of the Office of Personnel Management. Currently, OPM's Acting Director is Kathie A. Whipple.

"Designated Funds" - those contributions which the contributor has designated to a specific voluntary organization(s), federation(s), or general option(s).

"Employee" - any person employed by the Government of the United States or any branch, unit, or instrumentality thereof, including persons in the civil service, uniformed service, foreign service, and the postal service.

"Fall 2007 campaign" – The most recently completed campaign that was solicited in the Fall of 2007 for which all receipts and disbursements have been completed.

"Fall 2008" – The campaign solicited in the Fall 2008 for which receipts and disbursements continue to occur.

"Federation" or "Federated Group" - a group of voluntary charitable human health and welfare organizations organized for purposes of supplying common fund-raising, administrative, and management services to its constituent members.

"Independent Public Accountant" – a licensed certified public accountant (CPA) or a CPA firm who has no financial interest in or decision making authority over the organization that he/she is auditing. It can be the same person or firm that performs the PCFO's organizational financial statement audit.

"International General Designation Option" – a donor option indicating that the gift be distributed to all of the international organizations listed in the international section of the campaign charity list in the same proportion as all of the international organizations received designation in the local CFC. This option will have the code "IIII."

"Local Federal Coordinating Committee" or "LFCC" - the group of Federal officials designated by the Director to conduct the CFC in a particular community.

"Organization" or "Voluntary Organization" - a private, non-profit, philanthropic, human health and welfare organization.

"Organization-wide Financial Statements" – Financial statements of the PCFO as an organization. These statements may or may not include CFC activity. These are the financial statements that are made available to the public and that should reconcile to the organization's IRS Form 990.

"Principal Combined Fund Organization" or "PCFO" - the federated group or combination of groups, or a voluntary organization selected by the LFCC to administer the local campaign under the direction and control of the LFCC and the Director.

"Undesignated Funds" - those contributions which the contributor has not designated to a specific voluntary organization(s), federation(s), or general option(s).

<i>AICPA</i>	American Institute of Certified Public Accountants
<i>AIGA</i>	Assistant Inspector General for Audits
<i>AR</i>	AICPA's Professional Standards - Accounting and Review
<i>AT</i>	AICPA's Professional Standards – Attestation Standards
<i>AUP</i>	Agreed-Upon Procedures
<i>CFC</i>	Combined Federal Campaign
<i>CFR</i>	Code of Federal Regulations
<i>CPA</i>	Certified Public Accountant
<i>FOIA</i>	Freedom of Information Act
<i>GAAP</i>	Generally Accepted Accounting Principles
<i>GAAS</i>	Generally Accepted Auditing Standards
<i>GAO</i>	U.S. Government Accountability Office
<i>Guide</i>	Combined Federal Campaign Audit Guide
<i>IPA</i>	Independent Public Accountant
<i>LFCC</i>	Local Federal Coordinating Committee
<i>OIG</i>	Office of the Inspector General
<i>OPM</i>	Office of Personnel Management
<i>PCFO</i>	Principal Combined Fund Organization
<i>SAS</i>	AICPA's Statement on Auditing Standards
<i>SSAE</i>	AICPA's Statements on Standards for Attestation Engagements
<i>SSARS</i>	Statements on Standards for Accounting and Review Services

## **AUTHORITATIVE REFERENCES**

5 CFR Part 950, Solicitation of Federal Civilian and Uniformed Service Personnel for  
Contributions to Private Voluntary Organizations  
Generally Accepted Accounting Principles (GAAP)  
Generally Accepted Auditing Standards (GAAS)  
AICPA Statements on Auditing Standards (SAS)  
AICPA Statements on Standards for Attestation Engagements (SSAE)

## **APPENDIX D**

### **LAWS, REGULATIONS AND OPM GUIDANCE TO BE TESTED FOR COMPLIANCE**

1. 5 CFR Part 950 – Solicitation of Federal Civilian and Uniformed Service Personnel for Contributions to Private Voluntary Organizations.
2. Applicable CFC Memoranda, which can be found at [www.opm.gov/cfc](http://www.opm.gov/cfc).

## **APPENDIX E**

### **FREEDOM OF INFORMATION REQUESTS**

#### **NOTIFICATION TO SUBMITTERS OF CONFIDENTIAL COMMERCIAL INFORMATION**

You have been or may be asked to submit to the U.S. Office of Personnel Management and/or its Office of Inspector General information in connection with these procedures, audit, inspection or other inquiry pursuant to the Inspector General Act of 1978, as amended, 5 U.S.C. app. 3, sec. 1 et seq. This is to notify you that if you deem any of this information to be “confidential commercial information,” you may take steps to so designate that information to protect its confidentiality if at a future point in time a request is made for disclosure of this information under the Freedom of Information Act (FOIA).

“Confidential commercial information” means records that may contain material exempt from release under Exemption 4 of FOIA (pertaining to trade secrets and commercial or financial information that is privileged or confidential), because disclosure could reasonably be expected to cause substantial competitive harm.

You may use any reasonable method you believe appropriate and which is acceptable to OPM or the OIG to indicate which documents and information you deem to fall into the category of “confidential commercial information.” Please be as specific as possible in segregating the information that you consider to be “confidential commercial information” from any other information you are providing to OPM or the OIG. This may be done before such information is provided to OPM or the OIG if feasible, but only if it will not delay or interfere with production of the information or delay or interfere with OPM’s or the OIG’s investigation, audit, inspection or other inquiry. Otherwise, you may so designate this information within a reasonable period of time after the information is provided to OPM or the OIG.

If a FOIA request is received by OPM or the OIG for information you have designated as “confidential commercial information,” OPM or the OIG is nevertheless required by law to make its own independent determination of whether the FOIA requires disclosure of the information or whether it should be withheld pursuant to Exemption (b)(4) or any other exemption of FOIA. If OPM or the OIG determines that it may be required to disclose pursuant to FOIA that information you have designated or other information that OPM or the OIG has reason to believe could be expected to cause substantial competitive harm, to the extent permitted by law, we will make a good faith effort to notify you and provide you with a reasonable opportunity to object to such disclosure and to state all grounds upon which you oppose disclosure. We will give careful consideration to all specified grounds for nondisclosure prior to making our final decision.

If we nonetheless believe that disclosure is required, we will provide you with a statement explaining why your objections were not sustained and specifying a disclosure date. To the extent permitted by law, this statement will be provided to you in a reasonable number of days prior to the specified disclosure date. Furthermore, if disclosure of the designated information is

denied pursuant to an exemption under FOIA and an administrative or judicial appeal is taken by the FOIA requester, we will make a good faith effort to notify you promptly.

The procedures outlined in this notice are intended only to improve the internal management of OPM and the OIG and are not intended to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, officers, or any person.