CFC MEMORANDUM 2013-04

TO: LOCAL FEDERAL COORDINATING COMMITTEES (LFCCs), PRINCIPAL COMBINED FUND ORGANIZATIONS (PCFOs), AND PARTICIPATING CFC CHARITIES

FROM: KEITH WILLINGHAM
DIRECTOR, COMBINED FEDERAL CAMPAIGN

SUBJECT: CAMPAIGN EXPENSES

In several recent Office of the Inspector General (IG) audits, the IG has expressed concern about unreasonable, unnecessary and unallowable expenses being charged to the Combined Federal Campaign (CFC). We share their concern and are issuing the following guidance to ensure that the greatest amount of funds possible is distributed to the charities designated by donors.

CFC regulations at 5 CFR §950.106 permit the Principal Combined Fund Organization (PCFO) to recover from the gross receipts of the campaign the actual expenses for administering the campaign, approved by the Local Federal Coordinating Committee (LFCC). The first step to ensuring that only reasonable, necessary and allowable expenses are being charged to the CFC is for the LFCC to do a detailed review of the budget proposal from PCFO applicants. The budgets must be detailed and answer the "W" questions (who, what, when, where and why) so the LFCC can determine if the line item is reasonable, necessary and allowable. The LFCC can and should negotiate with the PCFO to ensure that only these types of expenses are included in the budget.

Unreasonable expenses would be high dollar expense items for which no market analysis was done or bids requested.
Unnecessary expenses would be expenses for which the PCFO is unable to provide the LFCC with responses to the “W” questions noted above – especially the “why”.

Unallowable expenses would include items such as food and drink (per diem expenses for meals while on official travel is permissible), entertainment, dues to the PCFO’s national organization or other professional organizations, first or business class airfare (unless allowable under Federal Travel Regulations), and expenses solely for the convenience of the PCFO or their employees.

The final assurance that only reasonable, necessary and allowable expenses are charged to the campaign is for the LFCC to review budget vs. actual reports regularly during the campaign. These reports must show the actual amounts expended in each budget category to date and the PCFO must have the support for all expenses available for the LFCC to review. The LFCC must ensure that any expenses not approved in the initial budget are not approved during the budget vs. actual reviews.

We appreciate your assistance in maintaining the integrity of the CFC. If you have any questions, please contact your regional representative at (202) 606-2564.