



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 2008 AND 2009  
GREATER NEW ORLEANS AREA  
COMBINED FEDERAL CAMPAIGNS  
NEW ORLEANS, LOUISIANA**

Report No. 3A-CF-00-11-040

Date: May 2, 2012

--CAUTION--

This audit report has been distributed to Federal officials who are responsible for the administration of the audited program. This audit report may contain proprietary data which is protected by Federal law (18 U.S.C. 1905). Therefore, while this audit report is available under the Freedom of Information Act and made available to the public on the OIG webpage, caution needs to be exercised before releasing the report to the general public as it may contain proprietary information that was redacted from the publicly distributed copy.

## AUDIT REPORT

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**Michael R. Esser**  
**Assistant Inspector General**  
**for Audits**

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## EXECUTIVE SUMMARY

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### AUDIT OF THE 2008 AND 2009 GREATER NEW ORLEANS AREA COMBINED FEDERAL CAMPAIGNS NEW ORLEANS, LOUISIANA

**Report No. 3A-CF-00-11-040**

**Date: May 2, 2012**

The Office of the Inspector General has completed an audit of the 2008 and 2009 Greater New Orleans Area Combined Federal Campaigns (CFC). The United Way of the Greater New Orleans Area, located in New Orleans, Louisiana, served as the Principal Combined Fund Organization (PCFO) during both campaigns. Our main objective was to determine if the Greater New Orleans Area 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. The audit identified 4 instances of non-compliance with the regulations (5 CFR 950) governing the CFC and questions \$21,080.

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 completion of the Agreed-Upon Procedures for the 2008 campaign showed that it complied with the CFC Audit Guide.

### BUDGET AND CAMPAIGN EXPENSES

- **Unallowable Campaign Expenses** **\$21,080**

The PCFO was reimbursed \$21,080 for expenses that were either related to another campaign or did not reflect the actual cost of administering the campaign.

## **CAMPAIGN RECEIPTS AND DISBURSEMENTS**

- **One-Time Disbursements** **Procedural**  
The PCFO did not distribute the correct amount of funds to organizations receiving one-time disbursements.
- **Notification of Undesignated Funds** **Procedural**  
The PCFO did not notify organizations and federations of the 2009 CFC of the amount of undesignated funds due to them.
- **Release of Contributor's Information** **Procedural**  
The PCFO did not forward a contributor's name and pledge amount to an organization after the individual indicated on the pledge form that they wished to have this information released.

## **ELIGIBILITY**

Our review of the campaign's eligibility process showed that it complied with the applicable provisions of 5 CFR 950.

## **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 anti-fraud policies and procedures indicated that they were sufficient to detect and deter potential fraud and abuse activities.

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# **I. INTRODUCTION AND BACKGROUND**

## **INTRODUCTION**

This report details the findings and conclusions resulting from our audit of the 2008 and 2009 Greater New Orleans Area 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 2009, it consisted of 226 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 to assist in the campaign; ensuring that employees are not coerced in any way in participating in the campaign; and acting upon any problems relating to a voluntary agency's noncompliance with the policies and procedures of the CFC. Loaned Executives are Federal employees who are temporarily assigned to work directly on 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 cards and brochures; 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; and, consulting with federated groups on the operation of the local campaign.

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 PCFO is also responsible for establishing and maintaining a system of internal controls.

All findings from our previous audit of the Greater New Orleans Area CFC (Report Number 3A-CF-00-02-056, dated November 19, 2002), covering the 1999 and 2000 campaigns, have been satisfactorily resolved.

The initial results of our audit were discussed with PCFO and LFCC officials during an exit conference held on June 10, 2011. A draft report was provided to the PCFO and the LFCC for review and comment on February 1, 2012. The PCFO and LFCC's responses to the draft report were considered in preparation of this final report and are included as Appendices.

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

### **OBJECTIVES**

The primary purpose of our audit was to determine if the Greater New Orleans Area CFC was in compliance with 5 CFR 950, including the activities of both the PCFO and the LFCC. Our audit objective for the 2008 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 2009 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 expenses charged to the campaign were actual, reasonable, allocated properly, approved by the LFCC, and did not exceed 110 percent of the approved budget.

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

- To determine if the pledge card format was correct and if the pledge card report agrees with the actual pledge cards.
- To determine if incoming pledge monies were allocated to the proper campaign year and that 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; if the charitable organization application process was open for the required 30-day period; if the applications were appropriately reviewed, evaluated, 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.

#### **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**

- Determine what policies and procedures the PCFO has in place relating 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 2008 and 2009. The United Way of the Greater New Orleans Area, located in New Orleans, Louisiana, served as the PCFO during both campaigns. The audit fieldwork was conducted at the offices of the PCFO from June 6 through 10, 2011. Additional audit work was completed at our Cranberry Township, Pennsylvania, and Washington, D.C. offices.

The Greater New Orleans Area CFC received campaign pledges, collected campaign receipts, and incurred campaign administrative expenses for the 2008 and 2009 campaigns as shown below.

Campaign Year	Total Pledges	Total Receipts	Administrative Expenses
2008	\$1,451,325	\$1,396,333	\$244,551
2009	\$1,289,110	\$1,239,492	\$260,727 <sup>1</sup>

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 card entries, and the distribution 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 2008 campaign (Audit Guide Review), we reviewed the CFC Audit Guide to verify that the IPA completed and documented the AUP steps.

In regard to our objectives concerning the 2009 campaign's budget and campaign expenses, we accomplished the following:

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<sup>1</sup> The PCFO incurred \$261,800 in expenses for the 2009 campaign, but only requested reimbursement for the budgeted amount of \$260,727.

- 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 44 transactions (totaling \$72,161) from a universe of 215 transactions (totaling \$216,152 in direct costs<sup>2</sup>). We judgmentally selected this sample based on transactions with high dollar amounts, accruals, audit fees, and items which may not have been beneficial to the campaign.
- Reviewed the LFCC meeting minutes and verified that the LFCC authorized the PCFO's reimbursement of campaign expenses.
- Compared the budgeted expenses to actual expenses, and determined if actual expenses exceeded 110 percent of the approved budget.

To determine if the 2009 campaign's receipts and disbursements were handled in accordance with CFC regulations, we reviewed the following:

- A sample of the first 50 pledge cards (with total designations of \$19,555) out of a universe of 5,128 pledge cards (with a total pledged of \$1,276,932) from the PCFO's 2009 campaign Pledge Card Report and compared the pledge information from the report to the actual pledge cards.
- Cancelled distribution checks to verify that the appropriate amount was distributed in a timely manner.
- One-time disbursements to verify that the PCFO properly calculated pledge loss and disbursed the 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 its policy for such checks.
- Pledge Notification Letters to verify that the PCFO notified the CFC agencies of the designated and undesignated amounts due them by the date required in the regulations.
- Donor letters sent by the PCFO to organizations to verify that the letters properly notified the organization of the donors who wished to be recognized.

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<sup>2</sup> We did not sample transactions related to indirect costs since they were associated with all lines of business.

- 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 year.

To determine if the LFCC and PCFO were in compliance with CFC regulations regarding eligibility for the 2009 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 process and procedures for the application evaluation process.
- Eligibility letters to verify that they were properly sent by the LFCC.
- The LFCC's processes and procedures for responding to appeals from organizations.

To determine if the PCFO was in compliance with the CFC regulations as a federation (United Way of the Greater New Orleans Area) for the 2009 campaign, we reviewed the following:

- Data reported on the CFC Receipts Schedule, with supporting documentation, to verify whether receipts were properly recorded.
- The CFC Distribution Schedule to ensure that the United Way of the Greater New Orleans Area did not disburse any funds to member agencies not participating in the CFC.
- The United Way of the Greater New Orleans Area's 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**

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

Our review of the IPA's completion of the AUPs for the 2008 campaign showed that it complied with the applicable provisions of the CFC Audit Guide.

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

##### **1. Unallowable Campaign Expenses** **\$21,080**

The PCFO was incorrectly reimbursed \$21,080 for three expenses that related to the 2008 campaign, one expense that belonged to the 2010 campaign, and two expenses that did not reflect the actual cost of administering the 2009 campaign.

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

In addition, 5 CFR 950.106(a) states that the PCFO shall recover, from the gross receipts of the campaign, its expenses reflecting the actual costs of administering the campaign. Furthermore, 5 CFR 950.104(b)(17) states that the LFCC is responsible for only allowing the PCFO's reimbursement of campaign expenses that are legitimate CFC costs.

We reviewed 44 expense transactions, totaling \$72,161, to determine if the expenses reflected the actual cost of administering the 2009 campaign. During our review, we identified the following expenses as being incorrectly charged to the 2009 campaign:

- \$10,622<sup>3</sup> for CFC incentives purchased at the start of the 2008 campaign. The PCFO purchased CFC star label pins, pens, flashlights, patriotic fans, and CFC bags in December 2008. Since the solicitation of funds for the 2008 campaign ended in December 2008, this expense clearly related to the 2008 campaign and should have been reimbursed using 2008 campaign receipts.

##### **PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. As a corrective action plan, the PCFO will attempt to order all incentives at the start of the campaign and all check requests will have the fall campaign identifying the correct campaign year.

- \$7,500<sup>3</sup> in audit fees for the 2008 campaign. This expense was for the IPA's audit of the 2008 campaign, which took place in 2010. This expense should not have been recovered using 2009 campaign receipts since it belonged to the 2008

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<sup>3</sup> As a result of the 2008 campaign being closed, we will not include recommendations related to the \$10,622 and \$7,500 undercharged to that campaign.

campaign. Additional guidance on how to account for the audit expenses was provided by the OCFC in CFC Memorandum 2008-09.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. Since audit fees are accrued based on a fee schedule provided in the engagement letter with the IPA, the PCFO will accrue the correct amount that correlates to the campaign year actually being audited.

- \$234<sup>4</sup> for recognition lunches held at the beginning of the 2008 campaign. In January and February 2009, the LFCC held two luncheons to recognize certain individuals for the work they did for the CFC. Since the solicitation of funds for the 2008 campaign had just ended in December 2008, these expenses clearly related to work performed during the 2008 campaign and should have been reimbursed using 2008 campaign receipts.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. As part of its corrective action plan the PCFO stated, "Recognition lunches will be charged to the campaign year for which the recognition is being given. All check requests will be required to include the fall campaign year benefited by the expense in order to ensure that charges are recorded in the proper year."

- \$989 for a public notice soliciting the 2010 PCFO. On December 31, 2009, the PCFO purchased an advertisement in the Times Picayune newspaper to solicit PCFO applications for the 2010 campaign. This cost should have been reimbursed using 2010 campaign receipts.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. The PCFO will redistribute \$989 to the 2009 campaign and request reimbursement for the same amount from the 2010 campaign. The PCFO will charge expenses to the campaign year benefited by the expense, regardless of invoice date. In addition, all check requests will be required to include the campaign year benefited by the expense in order to ensure that charges are recorded in the proper year.

- \$1,413 for lunch expenses. We identified 13 instances where 2009 campaign receipts were used to reimburse lunch costs incurred during LFCC meetings, loaned executive meetings, and general meetings. We believe these were not legitimate CFC expenses since they did not reflect the actual cost of administering the 2009 campaign. Furthermore, providing meals during meetings was

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<sup>4</sup> As a result of the 2008 campaign being closed, we will not include a recommendation related to the \$234 undercharged to that campaign.

counterproductive to the CFC's goal of collecting the greatest amount of charitable contributions possible. Therefore, these expenses should not have been charged to the 2009 campaign.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. The PCFO will pay \$1,413 back to the 2009 campaign and will clearly denote recognition and training lunches on all future check requests to avoid any confusion, as it maintains that lunches for these purposes are allowable campaign costs.

**OIG's Comment**

We agree that during the scope of this audit, special events such as recognition lunches could be considered allowable campaign costs when the events honored outstanding accomplishments by individuals or groups working on the CFC. That being said, the Director of OPM has recently issued a new directive to all PCFOs and LFCCs regarding the allowability of meals at campaign events. Effective March 28, 2012, costs incurred for meals and entertainment expenses are no longer considered allowable costs and should not be charged against the proceeds of the campaign.

- \$322 for flower arrangements. The PCFO sent four associates flowers as a sympathy, birthday, or get well token. Again, we believe these were not legitimate CFC expenses since they did not reflect the actual cost of administering the 2009 campaign or help in collecting the greatest amount of charitable contributions.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. The PCFO will pay \$322 back to the 2009 campaign and will no longer use CFC funds to pay for flowers.

Because the PCFO misunderstood the true campaign expense period and the LFCC did not properly review expenses to ensure that they were legitimate CFC costs, organizations participating in the 2009 CFC lost \$21,080 in Federal employee contributions.

**Recommendation 1**

For expenses related to the 2010 campaign, we recommend that the OCFC direct the PCFO to redistribute \$989 to the 2009 campaign and request reimbursement for the same amount from the 2010 campaign.

### **Recommendation 2**

We recommend that the OCFC and the LFCC ensure that the PCFO implements procedures to track and allocate expenses to the correct campaign year according to CFC Memorandum 2008-09.

### **Recommendation 3**

For expenses that were not legitimate CFC costs and did not reflect the actual cost of administering the 2009 campaign, we recommend the OCFC direct the PCFO to pay back \$1,735 (\$1,413 + \$322) to the 2009 campaign.

### **Recommendation 4**

We recommend that the OCFC ensures that the LFCC understands its role in the review and approval of all costs charged to the CFC and that it follows the directive, relating to meals and entertainment costs, issued by the Director of OPM so that those expenses plus other unallowable expenses are not charged to future campaigns.

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

### **1. One-Time Disbursements**

### **Procedural**

The PCFO did not distribute the correct amount of funds to organizations receiving one-time disbursements.

5 CFR 950.901(i)(3) allows the PCFO to make one-time disbursements to organizations receiving minimal donations when approved by the LFCC. The LFCC must determine and authorize the amount of these one-time disbursements. The one-time disbursements will be reduced for estimated pledge loss and administrative expenses according to guidelines issued in CFC Memorandum 2008-09.

We reviewed the PCFO's policies and procedures for one-time disbursements, as well as the one-time disbursements listed on the PCFO's Distribution Schedule. We determined that the LFCC approved one-time disbursements for organizations receiving gross designations of \$250 or less. We also found that the PCFO accurately calculated the average pledge loss at 7.4 percent. Using this percentage, we recalculated the one-time disbursements and compared our amounts to the actual disbursements made by the PCFO. Our comparison showed that the PCFO overpaid \$319 to organizations receiving one-time disbursements. The PCFO is aware of this issue and attributes the error to its CFC software.

As a result of one-time disbursements being miscalculated, the PCFO overpaid the organizations that received one-time disbursements and underpaid all other organizations that received regular CFC distributions.

**PCFO and LFCC’s Comments:**

The PCFO and LFCC agree with this finding. The 2009 campaign was the only year where one-time disbursements were made. After these funds were disbursed, the PCFO discovered that its CFC software was not capable of calculating these payments correctly. As a result, the PCFO is no longer doing one-time disbursements.

**Recommendation 5**

If the PCFO decides to resume making one-time disbursements, we recommend that the LFCC ensures that the PCFO calculates and distributes one-time disbursements using the instructions provided in CFC Memorandum 2008-09.

**2. Notification of Undesignated Funds**

**Procedural**

The PCFO did not notify organizations and federations of the 2009 CFC of the amount of undesignated funds allocated to them.

5 CFR 950.901(i)(1) states that the PCFO shall notify organizations and federations of the amounts designated to them and their member agencies, and of the amount of undesignated funds allocated to them.

We reviewed 10 designation and donor letters to determine if the PCFO notified federations and organizations on time and if the letters included both designated and undesignated pledge amounts. During our review, we found that the letters only notified the federations and organizations of the amounts designated directly to them and their member agencies by donors. The letters did not indicate the amount of undesignated funds.

As a result of the PCFO not notifying federations and organizations of the amount of undesignated funds allocated to them and their member agencies, the federations and organizations did not have an accurate estimate of how much they would each receive for participating in the 2009 campaign. Not knowing the amount of these funds could restrict the planning and budgeting abilities of the CFC organizations and federations depending upon the monies donated by Federal employees.

**PCFO and LFCC’s Comments:**

The PCFO and LFCC agree with this finding. As a corrective action plan, the PCFO will deliver written and electronic notice of the amount of designated and undesignated funds allocated to the federations, their member agencies, and all independent charitable organizations.



## **Recommendation 6**

We recommend that the LFCC ensures that the PCFO notifies organizations of the amount of undesignated funds allocated to them.

### **3. Release of Contributor's Information**

### **Procedural**

The PCFO did not forward a contributor's name and pledge amount to an organization after the individual indicated on the pledge form that they wished to have this information released.

5 CFR 950.601(c) states that it's the responsibility of the PCFO to forward the contributor information for those who have indicated that they wish this information released to the recipient organization directly, if the organization is independent, and to the organization's federation if the organization is a member of a federation.

We reviewed 50 pledge forms to determine if the information filled out by contributors was correctly entered into the PCFO's pledge form database. The CFC pledge forms have a section where contributors can check boxes requesting to release their information to organizations they donate to in order to be acknowledged for their donation. If a contributor checks one or more of the boxes labeled "pledge amount", "home address", or "home email", then their check mark authorizes the CFC to release the contributor's name and the corresponding information to the designated organization(s).

For further review, we also compared 10 of the 50 pledge forms to the designation and donor lists sent to organizations receiving funds in the 2009 campaign to determine if the contributor's information was properly released. During this review, we found one pledge form where a contributor wished to release their name and pledge amount, but the designation and donor list sent to the recipient organization did not include this information. The PCFO believes this error was caused by a mistake in its pledge form database since the database authorized the release of the contributor's pledge amount but not their name.

Because the designation and donor list did not properly include this contributor's name and pledge amount, the contributor was not given the opportunity to be acknowledged by the organization for their donation.

### **PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. For a corrective action plan, they will ensure that the CFC pledge card is clear as to what information should be released, and that the data entry staff is fully trained on the acknowledgment portion of the pledge card. They also commented that in this case, the donor's name appeared as "anonymous" with the gift amount listed on the report.

### **Recommendation 7**

We recommend that the LFCC ensures that the PCFO properly releases contributor information when the pledge form indicates that the information should be released.

#### **D. ELIGIBILITY**

Our review of the campaign's eligibility process showed that it complied with the applicable provisions of 5 CFR 950.

#### **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 anti-fraud policies and procedures indicated that they were sufficient to detect and deter potential fraud and abuse activities.

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

### **Special Audits Group**

██████████, Auditor-In-Charge

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██████████, Group Chief, ██████████

██████████, Senior Team Leader

## **CAMPAIGN RECEIPTS AND DISBURSEMENTS**

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# **I. INTRODUCTION AND BACKGROUND**

## **INTRODUCTION**

This report details the findings and conclusions resulting from our audit of the 2008 and 2009 Greater New Orleans Area 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 2009, it consisted of 226 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 to assist in the campaign; ensuring that employees are not coerced in any way in participating in the campaign; and acting upon any problems relating to a voluntary agency's noncompliance with the policies and procedures of the CFC. Loaned Executives are Federal employees who are temporarily assigned to work directly on 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 cards and brochures; 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; and, consulting with federated groups on the operation of the local campaign.

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 PCFO is also responsible for establishing and maintaining a system of internal controls.

All findings from our previous audit of the Greater New Orleans Area CFC (Report Number 3A-CF-00-02-056, dated November 19, 2002), covering the 1999 and 2000 campaigns, have been satisfactorily resolved.

The initial results of our audit were discussed with PCFO and LFCC officials during an exit conference held on June 10, 2011. A draft report was provided to the PCFO and the LFCC for review and comment on February 1, 2012. The PCFO and LFCC's responses to the draft report were considered in preparation of this final report and are included as Appendices.

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

### **OBJECTIVES**

The primary purpose of our audit was to determine if the Greater New Orleans Area CFC was in compliance with 5 CFR 950, including the activities of both the PCFO and the LFCC. Our audit objective for the 2008 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 2009 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 expenses charged to the campaign were actual, reasonable, allocated properly, approved by the LFCC, and did not exceed 110 percent of the approved budget.

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

- To determine if the pledge card format was correct and if the pledge card report agrees with the actual pledge cards.
- To determine if incoming pledge monies were allocated to the proper campaign year and that 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; if the charitable organization application process was open for the required 30-day period; if the applications were appropriately reviewed, evaluated, 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.

#### **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**

- Determine what policies and procedures the PCFO has in place relating 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 2008 and 2009. The United Way of the Greater New Orleans Area, located in New Orleans, Louisiana, served as the PCFO during both campaigns. The audit fieldwork was conducted at the offices of the PCFO from June 6 through 10, 2011. Additional audit work was completed at our Cranberry Township, Pennsylvania, and Washington, D.C. offices.

The Greater New Orleans Area CFC received campaign pledges, collected campaign receipts, and incurred campaign administrative expenses for the 2008 and 2009 campaigns as shown below.

Campaign Year	Total Pledges	Total Receipts	Administrative Expenses
2008	\$1,451,325	\$1,396,333	\$244,551
2009	\$1,289,110	\$1,239,492	\$260,727 <sup>1</sup>

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 card entries, and the distribution 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 2008 campaign (Audit Guide Review), we reviewed the CFC Audit Guide to verify that the IPA completed and documented the AUP steps.

In regard to our objectives concerning the 2009 campaign's budget and campaign expenses, we accomplished the following:

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<sup>1</sup> The PCFO incurred \$261,800 in expenses for the 2009 campaign, but only requested reimbursement for the budgeted amount of \$260,727.

- 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 44 transactions (totaling \$72,161) from a universe of 215 transactions (totaling \$216,152 in direct costs<sup>2</sup>). We judgmentally selected this sample based on transactions with high dollar amounts, accruals, audit fees, and items which may not have been beneficial to the campaign.
- Reviewed the LFCC meeting minutes and verified that the LFCC authorized the PCFO's reimbursement of campaign expenses.
- Compared the budgeted expenses to actual expenses, and determined if actual expenses exceeded 110 percent of the approved budget.

To determine if the 2009 campaign's receipts and disbursements were handled in accordance with CFC regulations, we reviewed the following:

- A sample of the first 50 pledge cards (with total designations of \$19,555) out of a universe of 5,128 pledge cards (with a total pledged of \$1,276,932) from the PCFO's 2009 campaign Pledge Card Report and compared the pledge information from the report to the actual pledge cards.
- Cancelled distribution checks to verify that the appropriate amount was distributed in a timely manner.
- One-time disbursements to verify that the PCFO properly calculated pledge loss and disbursed the 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 its policy for such checks.
- Pledge Notification Letters to verify that the PCFO notified the CFC agencies of the designated and undesignated amounts due them by the date required in the regulations.
- Donor letters sent by the PCFO to organizations to verify that the letters properly notified the organization of the donors who wished to be recognized.

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<sup>2</sup> We did not sample transactions related to indirect costs since they were associated with all lines of business.

- 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 year.

To determine if the LFCC and PCFO were in compliance with CFC regulations regarding eligibility for the 2009 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 process and procedures for the application evaluation process.
- Eligibility letters to verify that they were properly sent by the LFCC.
- The LFCC's processes and procedures for responding to appeals from organizations.

To determine if the PCFO was in compliance with the CFC regulations as a federation (United Way of the Greater New Orleans Area) for the 2009 campaign, we reviewed the following:

- Data reported on the CFC Receipts Schedule, with supporting documentation, to verify whether receipts were properly recorded.
- The CFC Distribution Schedule to ensure that the United Way of the Greater New Orleans Area did not disburse any funds to member agencies not participating in the CFC.
- The United Way of the Greater New Orleans Area's 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**

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

Our review of the IPA's completion of the AUPs for the 2008 campaign showed that it complied with the applicable provisions of the CFC Audit Guide.

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

##### **1. Unallowable Campaign Expenses** **\$21,080**

The PCFO was incorrectly reimbursed \$21,080 for three expenses that related to the 2008 campaign, one expense that belonged to the 2010 campaign, and two expenses that did not reflect the actual cost of administering the 2009 campaign.

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

In addition, 5 CFR 950.106(a) states that the PCFO shall recover, from the gross receipts of the campaign, its expenses reflecting the actual costs of administering the campaign. Furthermore, 5 CFR 950.104(b)(17) states that the LFCC is responsible for only allowing the PCFO's reimbursement of campaign expenses that are legitimate CFC costs.

We reviewed 44 expense transactions, totaling \$72,161, to determine if the expenses reflected the actual cost of administering the 2009 campaign. During our review, we identified the following expenses as being incorrectly charged to the 2009 campaign:

- \$10,622<sup>3</sup> for CFC incentives purchased at the start of the 2008 campaign. The PCFO purchased CFC star label pins, pens, flashlights, patriotic fans, and CFC bags in December 2008. Since the solicitation of funds for the 2008 campaign ended in December 2008, this expense clearly related to the 2008 campaign and should have been reimbursed using 2008 campaign receipts.

##### **PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. As a corrective action plan, the PCFO will attempt to order all incentives at the start of the campaign and all check requests will have the fall campaign identifying the correct campaign year.

- \$7,500<sup>3</sup> in audit fees for the 2008 campaign. This expense was for the IPA's audit of the 2008 campaign, which took place in 2010. This expense should not have been recovered using 2009 campaign receipts since it belonged to the 2008

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<sup>3</sup> As a result of the 2008 campaign being closed, we will not include recommendations related to the \$10,622 and \$7,500 undercharged to that campaign.

campaign. Additional guidance on how to account for the audit expenses was provided by the OCFC in CFC Memorandum 2008-09.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. Since audit fees are accrued based on a fee schedule provided in the engagement letter with the IPA, the PCFO will accrue the correct amount that correlates to the campaign year actually being audited.

- \$234<sup>4</sup> for recognition lunches held at the beginning of the 2008 campaign. In January and February 2009, the LFCC held two luncheons to recognize certain individuals for the work they did for the CFC. Since the solicitation of funds for the 2008 campaign had just ended in December 2008, these expenses clearly related to work performed during the 2008 campaign and should have been reimbursed using 2008 campaign receipts.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. As part of its corrective action plan the PCFO stated, "Recognition lunches will be charged to the campaign year for which the recognition is being given. All check requests will be required to include the fall campaign year benefited by the expense in order to ensure that charges are recorded in the proper year."

- \$989 for a public notice soliciting the 2010 PCFO. On December 31, 2009, the PCFO purchased an advertisement in the Times Picayune newspaper to solicit PCFO applications for the 2010 campaign. This cost should have been reimbursed using 2010 campaign receipts.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. The PCFO will redistribute \$989 to the 2009 campaign and request reimbursement for the same amount from the 2010 campaign. The PCFO will charge expenses to the campaign year benefited by the expense, regardless of invoice date. In addition, all check requests will be required to include the campaign year benefited by the expense in order to ensure that charges are recorded in the proper year.

- \$1,413 for lunch expenses. We identified 13 instances where 2009 campaign receipts were used to reimburse lunch costs incurred during LFCC meetings, loaned executive meetings, and general meetings. We believe these were not legitimate CFC expenses since they did not reflect the actual cost of administering the 2009 campaign. Furthermore, providing meals during meetings was

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<sup>4</sup> As a result of the 2008 campaign being closed, we will not include a recommendation related to the \$234 undercharged to that campaign.

counterproductive to the CFC's goal of collecting the greatest amount of charitable contributions possible. Therefore, these expenses should not have been charged to the 2009 campaign.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. The PCFO will pay \$1,413 back to the 2009 campaign and will clearly denote recognition and training lunches on all future check requests to avoid any confusion, as it maintains that lunches for these purposes are allowable campaign costs.

**OIG's Comment**

We agree that during the scope of this audit, special events such as recognition lunches could be considered allowable campaign costs when the events honored outstanding accomplishments by individuals or groups working on the CFC. That being said, the Director of OPM has recently issued a new directive to all PCFOs and LFCCs regarding the allowability of meals at campaign events. Effective March 28, 2012, costs incurred for meals and entertainment expenses are no longer considered allowable costs and should not be charged against the proceeds of the campaign.

- \$322 for flower arrangements. The PCFO sent four associates flowers as a sympathy, birthday, or get well token. Again, we believe these were not legitimate CFC expenses since they did not reflect the actual cost of administering the 2009 campaign or help in collecting the greatest amount of charitable contributions.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. The PCFO will pay \$322 back to the 2009 campaign and will no longer use CFC funds to pay for flowers.

Because the PCFO misunderstood the true campaign expense period and the LFCC did not properly review expenses to ensure that they were legitimate CFC costs, organizations participating in the 2009 CFC lost \$21,080 in Federal employee contributions.

**Recommendation 1**

For expenses related to the 2010 campaign, we recommend that the OCFC direct the PCFO to redistribute \$989 to the 2009 campaign and request reimbursement for the same amount from the 2010 campaign.

### **Recommendation 2**

We recommend that the OCFC and the LFCC ensure that the PCFO implements procedures to track and allocate expenses to the correct campaign year according to CFC Memorandum 2008-09.

### **Recommendation 3**

For expenses that were not legitimate CFC costs and did not reflect the actual cost of administering the 2009 campaign, we recommend the OCFC direct the PCFO to pay back \$1,735 (\$1,413 + \$322) to the 2009 campaign.

### **Recommendation 4**

We recommend that the OCFC ensures that the LFCC understands its role in the review and approval of all costs charged to the CFC and that it follows the directive, relating to meals and entertainment costs, issued by the Director of OPM so that those expenses plus other unallowable expenses are not charged to future campaigns.

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

### **1. One-Time Disbursements**

### **Procedural**

The PCFO did not distribute the correct amount of funds to organizations receiving one-time disbursements.

5 CFR 950.901(i)(3) allows the PCFO to make one-time disbursements to organizations receiving minimal donations when approved by the LFCC. The LFCC must determine and authorize the amount of these one-time disbursements. The one-time disbursements will be reduced for estimated pledge loss and administrative expenses according to guidelines issued in CFC Memorandum 2008-09.

We reviewed the PCFO's policies and procedures for one-time disbursements, as well as the one-time disbursements listed on the PCFO's Distribution Schedule. We determined that the LFCC approved one-time disbursements for organizations receiving gross designations of \$250 or less. We also found that the PCFO accurately calculated the average pledge loss at 7.4 percent. Using this percentage, we recalculated the one-time disbursements and compared our amounts to the actual disbursements made by the PCFO. Our comparison showed that the PCFO overpaid \$319 to organizations receiving one-time disbursements. The PCFO is aware of this issue and attributes the error to its CFC software.

As a result of one-time disbursements being miscalculated, the PCFO overpaid the organizations that received one-time disbursements and underpaid all other organizations that received regular CFC distributions.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. The 2009 campaign was the only year where one-time disbursements were made. After these funds were disbursed, the PCFO discovered that its CFC software was not capable of calculating these payments correctly. As a result, the PCFO is no longer doing one-time disbursements.

**Recommendation 5**

If the PCFO decides to resume making one-time disbursements, we recommend that the LFCC ensures that the PCFO calculates and distributes one-time disbursements using the instructions provided in CFC Memorandum 2008-09.

**2. Notification of Undesignated Funds**

**Procedural**

The PCFO did not notify organizations and federations of the 2009 CFC of the amount of undesignated funds allocated to them.

5 CFR 950.901(i)(1) states that the PCFO shall notify organizations and federations of the amounts designated to them and their member agencies, and of the amount of undesignated funds allocated to them.

We reviewed 10 designation and donor letters to determine if the PCFO notified federations and organizations on time and if the letters included both designated and undesignated pledge amounts. During our review, we found that the letters only notified the federations and organizations of the amounts designated directly to them and their member agencies by donors. The letters did not indicate the amount of undesignated funds.

As a result of the PCFO not notifying federations and organizations of the amount of undesignated funds allocated to them and their member agencies, the federations and organizations did not have an accurate estimate of how much they would each receive for participating in the 2009 campaign. Not knowing the amount of these funds could restrict the planning and budgeting abilities of the CFC organizations and federations depending upon the monies donated by Federal employees.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. As a corrective action plan, the PCFO will deliver written and electronic notice of the amount of designated and undesignated funds allocated to the federations, their member agencies, and all independent charitable organizations.



## **Recommendation 6**

We recommend that the LFCC ensures that the PCFO notifies organizations of the amount of undesignated funds allocated to them.

### **3. Release of Contributor's Information**

### **Procedural**

The PCFO did not forward a contributor's name and pledge amount to an organization after the individual indicated on the pledge form that they wished to have this information released.

5 CFR 950.601(c) states that it's the responsibility of the PCFO to forward the contributor information for those who have indicated that they wish this information released to the recipient organization directly, if the organization is independent, and to the organization's federation if the organization is a member of a federation.

We reviewed 50 pledge forms to determine if the information filled out by contributors was correctly entered into the PCFO's pledge form database. The CFC pledge forms have a section where contributors can check boxes requesting to release their information to organizations they donate to in order to be acknowledged for their donation. If a contributor checks one or more of the boxes labeled "pledge amount", "home address", or "home email", then their check mark authorizes the CFC to release the contributor's name and the corresponding information to the designated organization(s).

For further review, we also compared 10 of the 50 pledge forms to the designation and donor lists sent to organizations receiving funds in the 2009 campaign to determine if the contributor's information was properly released. During this review, we found one pledge form where a contributor wished to release their name and pledge amount, but the designation and donor list sent to the recipient organization did not include this information. The PCFO believes this error was caused by a mistake in its pledge form database since the database authorized the release of the contributor's pledge amount but not their name.

Because the designation and donor list did not properly include this contributor's name and pledge amount, the contributor was not given the opportunity to be acknowledged by the organization for their donation.

### **PCFO and LFCC's Comments:**

The PCFO and LFCC agree with this finding. For a corrective action plan, they will ensure that the CFC pledge card is clear as to what information should be released, and that the data entry staff is fully trained on the acknowledgment portion of the pledge card. They also commented that in this case, the donor's name appeared as "anonymous" with the gift amount listed on the report.

**Recommendation 7**

We recommend that the LFCC ensures that the PCFO properly releases contributor information when the pledge form indicates that the information should be released.

**D. ELIGIBILITY**

Our review of the campaign's eligibility process showed that it complied with the applicable provisions of 5 CFR 950.

**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 anti-fraud policies and procedures indicated that they were sufficient to detect and deter potential fraud and abuse activities.

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

### **Special Audits Group**

██████████, Auditor-In-Charge

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██████████, Group Chief, ██████████

██████████, Senior Team Leader



**COMBINED FEDERAL CAMPAIGN  
for the Greater New Orleans Area**

2515 Canal Street  
New Orleans, LA 70119  
[504] 827.6819

March 7, 2012

Stephanie M. Oliver  
Group Chief  
Special Audits Group  
Office of Personnel Management  
Office of the Inspector General  
Attention: Stephanie M. Oliver  
1900 E Street, NW, Room 6400  
Washington, DC 20415-1100

**Re: Draft of Audit Report No. 3A-CF-00-11-040**

Dear Ms. Oliver:

Enclosed is our response to your draft report detailing the results of your audit of the 2008 and 2009 Greater New Orleans Area Combined Federal Campaigns (CFC). The United Way for the Southeast Louisiana (Formally for the Greater New Orleans, located in New Orleans, Louisiana, served as the Principal Combined Fund Organization during the campaigns. The audit identified four instances of non-compliance with Title 5, Code of Federal Regulations, Part 950, the regulations governing the CFC.

The New Orleans Federal Executive Board and United Way for SELA have reviewed the draft audit and are responding jointly. We have indicated in our comments whether we agree or disagree with the findings and recommendations. Also where indicated, we have provided a corrective action plan which have been or will be implemented for necessary corrective measures.

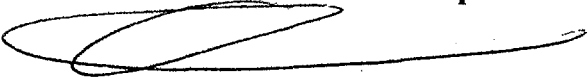
If you need any assistance during your review of our, please contact Linda Steinhauser, CFC Director, at (504) 827-6819.

Sincerely,

Mr. Brian Farley  
Chair  
The New Orleans Federal Executive Board  
PO Box 53206  
New Orleans, LA 70153-3206

March 7, 2007

**Re: Draft of Audit Report No. 3A-CF-00-11-040**



Mr. Michael Williamson  
Chief Operating Officer  
United Way for the Greater New Orleans Area  
2515 Canal Street  
New Orleans, LA 70119

Enclosure

cc: Mark W. Lambert  
Director, Internal Oversight and Compliance

Janet L. Barnes  
Deputy Director, Internal Oversight and Compliance

Keith Willingham  
Director, Office of the Combined Federal Campaign

Mary E. Capule  
Office of the Combined Federal Campaign

United Way for the Greater New Orleans Area

Combined Federal Campaign

Audit of the 2008 and 2009 Greater New Orleans Combined Federal Campaigns

Audited Comments and Corrective Action Plan

### **Budget and Campaign Expenses**

#### **1. Unallowable Campaign Expenses**

Finding: \$10,622 for CFC incentives purchased at the end of the 2008 campaign. The PCFO purchased CFC star label pins, pens, flashlights, patriotic fans, and CFC bags in December 2008. Since the solicitation of funds for the 2008 campaign ended in December 2008, this expense clearly related to the 2009 campaign and should have been reimbursed using 2009 campaign receipts.

### **Deleted by the OIG Not Relevant to the Final Report**

Finding: \$7,500 in audit fees for the 2008 campaign. This expense was for the IPA's AUP audit of the 2008 campaign, which took place in 2010. This expense should not have been recovered using 2009 campaign receipts since it belonged to the 2008 campaign.

Response: We agree with this finding. However, we would like to note that the correct audit fee that should have been charged to the 2009 campaign was \$7,800, and we only charged \$7,500 so we actually undercharged the 2009 campaign by \$300, and not overcharged them.

Corrective Action Plan: Audit fees are accrued based on a fee schedule provided in the engagement letter with the IPA. We will accrue the correct fee amount that correlates to the campaign year actually being audited.

Finding: \$234 for recognition lunches held at the beginning of the 2009 campaign. In January 2009 and February 2009, the LFCC held two lunches to recognize certain individuals for the work they did for the CFC. Since the solicitation of funds for the 2008 campaign had just ended in December 2008, these expenses clearly related to work performed during the 2008 campaign and should have been reimbursed using 2008 campaign receipts.

Response: We agree with this finding.

Corrective Action Plan: Recognition lunches will be charged to the campaign year for which the recognition is being given. All check requests will be required to include the fall campaign year benefited by the expense in order to ensure charges are recorded in the proper year.

Finding: \$989 for a public notice soliciting the 2010 PCFO. On December 31, 2009, the PCFO purchased an advertisement in the Times Picayune newspaper to solicit PCFO applications for the 2010 campaign. This cost should have been reimbursed using 2010 campaign receipts.

Response: We agree with this finding.

Corrective Action Plan: We will redistribute the amount (\$989) to the 2009 campaign and request reimbursement for the same amount from the 2010 campaign. We will charge expenses to the campaign year benefited by the expense regardless of invoice date. All check requests will be required to include the campaign year benefited by the expense in order to ensure charges are recorded in the proper year.

Finding: \$1,413 for lunch expenses. We identified thirteen instances where 2009 campaign receipts were used to reimburse lunch costs incurred during LFCC meetings, loaned executive meetings, and general meetings. We believe these were not legitimate CFC expenses since they did not reflect the actual cost of administering the 2009 campaign. Furthermore, providing meals during meetings was counterproductive to the CFC's goal of collecting the greatest amount of charitable contributions possible. Therefore, these expenses should not have been charged to the 2009 campaign.

Response: We agree with this finding. However, we believe some of these expenses related to training and recognition lunches, but were not clearly marked for that purpose. Had they been marked as such, they would have been allowable expenses for the 2009 campaign.

Corrective Action Plan: We will pay the full amount (\$1,413) back to the 2009 campaign. We will clearly denote recognition and training lunches on all future check requests to avoid any confusion.

Finding: \$322 for flower arrangements. The PCFO sent four associates flowers as either sympathy, birthday, or get well token. Again, we believe these were not legitimate CFC expenses since they did not reflect the actual cost of administering the 2009 campaign or help in collecting the greatest amount of charitable contributions.

Response: We agree with this finding.

Corrective Action Plan: We will pay this amount (\$322) back to the 2009 campaign. We will no longer use CFC funds to pay for flowers.

### **Campaign Receipts and Disbursements**

#### **1. One Time Disbursements**

Findings: The PCFO did not distribute the correct amount of funds to organizations receiving one time disbursements.

Response: We agree with this finding.

Corrective Action Plan: The 2009 campaign was the only year we did one time disbursements, after which we discovered the CFC software was not capable of calculating these payments correctly. We are no longer doing one time disbursements.

#### **2. Notification of Undesignated Funds**

Findings: The PCFO failed to notify organizations of the amount of undesignated funds allocated to them.

Response: We agree with this finding.

Corrective Action Plan: We will notify organizations of the amounts designated to them and their member agencies, and of the undesignated funds allocated to them. We will deliver written and electronic notice of the amounts designated and undesignated to the Federations, their member agencies and all independent charitable organizations.



**3. Release of Contributor's Information**

Findings: The PCFO did not forward a contributor's name and pledge amount to an organization after the individual indicated on the pledge form that they wished to have this information released.

Response: We agree with this finding.

Corrective Action Plan: We will ensure that the CFC pledge card is clear as to what information should be released and that the data entry staff is fully trained on the acknowledgment portion of the pledge card. In this case the donor's name appeared as "anonymous" with the gift amount listed on the report.

**Deleted by the OIG  
Not Relevant to the Final Report**

**From:** Linda Steinhauser [<mailto:LindaS@UnitedWaySELA.org>]  
**Sent:** Monday, March 12, 2012 12:11 PM  
**To:** Johnson, Luke Z  
**Cc:** Debra Modlin; Jamene Dahmer; Barre, Kathy - OCFO  
**Subject:** RE: Response to Draft of Audit Report No. 3A-CF-00-11-040

Hi Luke, Please find our amended response to the first part of finding #1:

Response: We agree with this finding.

Corrective Action Plan: In the future, every attempt will be made to order all incentives at the start of the campaign and  
all check request will have the fall campaign identifying the correct campaign year.

Thanks, Linda

Linda Steinhauser  
Director  
Combined Federal Campaign for the Greater New Orleans Area

2515 Canal Street | New Orleans, LA 70119  
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[cfcgno.org](http://cfcgno.org)



**From:** Johnson, Luke Z [<mailto:Luke.Johnson@opm.gov>]

**Sent:** Monday, March 12, 2012 8:26 AM  
**To:** Linda Steinhauser  
**Subject:** RE: Response to Draft of Audit Report No. 3A-CF-00-11-040

Hi Linda,

I was reviewing your response to the GNOLA CFC draft report and found a typo in the first part of finding #1 (the only finding where you disagreed). Your response states,

*Finding: \$10,622 for CFC incentives purchased at the end of the 2008 campaign. The PCFO purchased CFC star label pins, pens, flashlights, patriotic fans, and CFC bags in December 2008. Since the solicitation of funds for the 2008 campaign ended in December 2008, this expense clearly related to the 2009 campaign and should have been reimbursed using 2009 campaign receipts.*

*Response: We disagree with this finding. Solicitation for the Fall 2008 campaign was extended to January 15, 2009 due to the disruption of Hurricanes Gustav and Ike which occurred in September 2008. These incentives were purchased to meet the demand from the late running campaign.*

Our draft report questioned this amount since it was charged to the 2009 campaign and not the 2008 campaign. The draft report states,

*\$10,622 for CFC incentives purchased at the start of the 2008 campaign. The PCFO purchased CFC star label pins, pens, flashlights, patriotic fans, and CFC bags in December 2008. Since the solicitation of funds for the 2008 campaign ended in December 2008, this expense clearly related to the 2008 campaign and should have been reimbursed using 2008 campaign receipts.*

Based on your response, do you agree with our finding that \$10,622 in 2008 CFC incentives were accidentally charged to the 2009 campaign instead of the 2008 campaign? If you agree with our finding, please send me a quick write up showing the amendment to your response for the first part of finding #1. Thank you.

Sincerely,

Luke Johnson, Senior Team Leader  
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U. S. Office of Personnel Management  
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**From:** Linda Steinhauser [<mailto:LindaS@UnitedWaySELA.org>]  
**Sent:** Wednesday, March 07, 2012 3:38 PM  
**To:** Oliver, Stephanie G  
**Subject:** Response to Draft of Audit Report No. 3A-CF-00-11-040

Hi Stephanie, attached is the joint FEB/United Way of SELA response to the OIG audit. I will send the original in the mail. Please let me know if you need any other information. Thanks, Linda

Linda Steinhauser  
Director  
Combined Federal Campaign for the Greater New Orleans Area

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No virus found in this message.  
Checked by AVG - [www.avg.com](http://www.avg.com)  
Version: 2012.0.1913 / Virus Database: 2114/4856 - Release Date: 03/07/12

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No virus found in this message.  
Checked by AVG - [www.avg.com](http://www.avg.com)  
Version: 10.0.1424 / Virus Database: 2113/4860 - Release Date: 03/09/12

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No virus found in this message.  
Checked by AVG - [www.avg.com](http://www.avg.com)  
Version: 10.0.1424 / Virus Database: 2113/4866 - Release Date: 03/12/12

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No virus found in this message.  
Checked by AVG - [www.avg.com](http://www.avg.com)  
Version: 2012.0.1913 / Virus Database: 2114/4868 - Release Date: 03/13/12

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