



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

Final Audit Report

Subject:

AUDIT OF THE 2009 COMBINED FEDERAL CAMPAIGN ACTIVITIES OF COMMUNITY SHARES OF MID OHIO COLUMBUS, OHIO

Report No. 3A-CF-00-11-039

Date: January 6, 2012

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Office of the
Inspector General

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

AUDIT REPORT

**AUDIT OF THE 2009 COMBINED FEDERAL CAMPAIGN
ACTIVITIES OF COMMUNITY SHARES OF MID OHIO
COLUMBUS, OHIO**

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A handwritten signature in black ink, appearing to read "Michael R. Esser".

Michael R. Esser
Assistant Inspector General
for Audits



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

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EXECUTIVE SUMMARY

**AUDIT OF THE 2009 COMBINED FEDERAL CAMPAIGN
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COLUMBUS, OHIO**

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DATE: January 6, 2012

The Office of the Inspector General has completed an audit of the 2009 Combined Federal Campaign (CFC) activities of Community Shares of Mid Ohio (CoSMO). CoSMO served as a local federation for four campaigns during the 2009 CFC. Our main objective was to determine if CoSMO's activities as a federation were in compliance with Title 5, Code of Federal Regulations, Part 950 (5 CFR 950). The audit was conducted in Columbus, Ohio from June 27 through July 1, 2011.

The audit showed that the 2009 CFC activities of CoSMO were administered in compliance with 5 CFR 950.

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I. INTRODUCTION AND BACKGROUND

INTRODUCTION

This report details the findings and conclusions resulting from our audit of the 2009 Combined Federal Campaign (CFC) activities of Community Shares of Mid Ohio (CoSMO). 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, the Virgin Islands, and foreign assignments. The Office of Combined Federal Campaign (OCFC) at the 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.

The CFCs are 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, deciding on the eligibility of local voluntary organizations, electing and supervising the activities of the PCFO, and acting upon any problems relating to a voluntary agency's noncompliance with the policies and procedures of the CFC. The PCFO is responsible for training employee key-workers and volunteers; preparing pledge cards and brochures; distributing campaign receipts; submitting to an extensive and thorough audit of its CFC operations by an Independent Certified Public Accountant in accordance with generally accepted auditing standards; cooperating fully with the OIG audit staff during audits and evaluations; responding in a timely and appropriate manner to all inquiries from participating organizations, the LFCC, and the Director of OPM; and consulting with federated groups on the operation of the local campaign.

Local federations are responsible for administering applications for their membership, acting as a fiscal agent for their members, and making sure that donor designations are honored. Organizations are prohibited from using consultants in their CFC operations to perform policy-making or decision-making functions. To participate in the CFC, a federation consents to allow the LFCC and Director complete access to its CFC records, as well as its members' CFC records. A federation must have 15 or more member agencies that meet eligibility requirements contained in Title 5 Code of Federal Regulation (CFR) Parts 950.202, 950.203, and 950.204. After obtaining status as a local federation, it must re-establish eligibility each year and certify and/or demonstrate that its members meet all eligibility requirements expressed in 950.303(e). The LFCC may elect to review and accept or reject the local federation's eligibility certifications made on behalf of its members. The Director may waive any eligibility criteria for federation status if it is determined that such a waiver will be in the best interest of the CFC.

Executive Order Numbers 12353 and 12404 established a system for administering an annual charitable solicitation drive among Federal civilian and military employees. 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, LFCC, and participating federations. Management of the PCFO is also responsible for establishing and maintaining a system of internal controls.

This represents our first audit of CoSMO.

II. OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES

The primary purpose of our audit was to determine if CoSMO was in compliance with 5 CFR 950, including the responsibilities of local federations. Our audit objectives for the 2009 campaign year were:

Eligibility

- Determine the adequacy of CoSMO's review of applications for membership in the Federation and compliance with the regulations— 5 CFR 950.303, 202, 203, and 204.
- Determine if CoSMO's member application review process complies with the requirements contained in 5 CFR 950.303, 202, 203, and 204.
- Determine the extent to which CoSMO requires membership applications to comply with the requirements in the regulations.

Governance Structure

- Determine compliance with 5 CFR 950.203 by reviewing CoSMO's bylaws, board of directors appointment and termination dates, board minutes, ethics policy, conflict of interest statements, and the most recent IRS 990 form.

Administrative Expenses

- Determine if CoSMO has agreements in place with its member agencies concerning the amount of dues/fees/expenses to be charged.
- Determine if CoSMO charges its member agencies any additional dues/fees/expenses other than that prescribed by the agency agreement.
- Verify that dues/fees/expenses are accurately reported.

Distribution of Funds

- Determine if CoSMO's procedures for processing and tracking receipts are reasonable.
- Determine if CoSMO's CFC disbursement policy is reasonable and that the initial distributions to its member agencies were timely for the 2009 campaign.
- Determine if CoSMO's deposited amounts agree to the check amounts in the audited PCFO records.
- Determine if CoSMO is maintaining CFC financial records and interest-bearing bank accounts separate from its other internal organization records and bank accounts.
- Determine if checks written to agencies agree with the amounts on CoSMO's distribution list and that all checks were timely and made in accordance with the regulations.
- Determine if the total funds received by CoSMO were properly disbursed and all campaign funds were accounted for.

Fraud and Abuse

- Determine if CoSMO has policies and procedures for preventing fraud and abuse and if they appear 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 year 2009. CoSMO served as a local federation for four campaigns during the 2009 CFC. It received donations totaling \$79,987 for itself and its member agencies. The audit fieldwork was conducted at CoSMO's office from June 27 through July 1, 2011. Additional audit work was completed at our Washington, D.C. and Cranberry Township, Pennsylvania offices.

In conducting the audit we relied to varying degrees on computer-generated data. Our review of 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.

To determine if CoSMO was in compliance with the regulations regarding member eligibility, we reviewed CoSMO's eligibility policies and procedures and its application review materials to verify that all regulation requirements were included in its review.

To complete our governance structure objectives, we reviewed CoSMO's By-Laws, Board Member documents, Principles and Standards for Members, membership requirements, Whistle Blower Policy, Board Meeting Minutes, Finance Policy, and IRS Form 990 to determine if CoSMO was in compliance with the regulation's public accountability standards (5 CFR 950.203).

To accomplish our objectives for administrative expenses, we reviewed the member agency agreements to determine the agreed-upon rate for administrative fees. We then reviewed CoSMO's disbursements to its member agencies to determine if the administrative expenses withheld were in accordance with the member agency agreements. Additionally, we reviewed CoSMO's Annual Report to determine if expenses were properly reported.

In regard to our objectives concerning CoSMO's distribution of funds, we reviewed CoSMO's policies and procedures for receiving, recording, and distributing funds; and we reviewed CoSMO's documentation supporting campaign expenses, receipts, and disbursements.

To verify that CoSMO has adequate policies and procedures in place to detect and prevent fraud and abuse of CFC funds, we reviewed CoSMO's Whistle Blower Policy, Finance Policy, and its answers to the Fraud and Abuse Questionnaire.

III. AUDIT RESULTS

Our review of CoSMO's 2009 CFC activities related to eligibility, governance structure, administrative expenses, and distribution of funds found that CoSMO was in compliance with the Federal regulations at 5 CFR 950 and applicable CFC memorandums.

Additionally, our review of CoSMO's policies and procedures related to fraud and abuse indicated that they appeared reasonably sufficient to detect and deter potential fraud and abuse activities.

IV. MAJOR CONTRIBUTORS TO THIS REPORT

Special Audits Group

██████████, Auditor-In-Charge

██████████, Group Chief, (██████████)

██████████, Senior Team Leader