

STATE OF CONNECTICUT



*INDEPENDENT AUDITORS' REPORT ON THE
APPLICATION OF AGREED-UPON PROCEDURES
TO THE RECORDS OF THE CONNECTICUT STATE
EMPLOYEES' CAMPAIGN FOR CHARITABLE GIVING
FOR THE 2013 AND 2014 CAMPAIGNS*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT J. KANE

March 21, 2017

**INDEPENDENT AUDITORS' REPORT ON THE
APPLICATION OF AGREED-UPON PROCEDURES
TO THE RECORDS OF THE CONNECTICUT STATE
EMPLOYEES' CAMPAIGN FOR CHARITABLE GIVING
FOR THE 2013, and 2014 CAMPAIGNS**

Jan Gwudz, Campaign Director

The Connecticut State Employees' Campaign for Charitable Giving:

Pursuant to Section 5-262 of the General Statutes, we have performed the procedures enumerated below, which were agreed to by the management of the Connecticut State Employees' Campaign for Charitable Giving, solely to assist you in evaluating the accompanying *Summary of Collections Distributed to Federations* and the related *Schedule of Net Distributions after Expenses* for campaign years 2013 and 2014, which are included in this report for informational purposes only. The campaign's management is responsible for these schedules. This agreed-upon procedures 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 has been requested or any other purpose.

Our procedures and findings are as follows:

1. Review of Campaign Committee Meetings and Minutes:

We have obtained and reviewed the minutes of the campaign committee meetings to determine compliance with statutory requirements. We verified that the meeting schedules were filed with the Office of the Secretary of the State as required by Section 1-225 subsection (b) of the General Statutes.

2. Verification of Cash Receipts:

We obtained the employee payroll deduction information from transmittals generated by the Office of the State Comptroller and traced the amounts to the accounting records of the Principal Combined Fund Organization (PCFO), Community Health Charities (CHC). We performed this review to ensure that contributions were properly reflected in the accompanying schedules. We also reviewed the records of the PCFO related to employee cash contributions and fundraisers supporting the total receipts reported. We noted no reportable variances.

3. Calculation of Collections and Distributions:

We obtained the *Schedule of Net Distributions after Expenses* and the *Summary of Collections Distributed to Federations*. We recalculated the addition of the amounts on the statement, and traced the amounts to the supporting receipt and distribution ledgers and reports. We noted no reportable variances.

4. Review of Campaign Budget and Expenses:

We obtained the final expenditure reports and approved budget amounts for the 2013 and 2014 campaign years and reviewed them for reasonableness and compliance with statutory requirements. We noted no unusual or unexplained variances. Administrative expenses did not exceed 110 percent of the budgeted amounts, as limited by Section 5-262 subsection (f) of the General Statutes.

5. Review of Distributions to Federations:

Using the information on the distribution schedules, we recalculated the gross distribution percentage of a sample of federations for agreement to the distribution percentage reported by the PCFO. We also traced the payments to the check registers, bank statements, and cancelled checks to confirm that payments were made. We noted no reportable exceptions.

We obtained the *Schedule of Net Distributions after Expenses* for the campaign years 2013 and 2014 and the supporting cash distribution schedules. Variances between the percentages of pledged dollars and the percentages of actual distributions to the respective charities were compared. We also recalculated the percentages used to allocate expenses and distribute collections. Our calculation disclosed no inaccuracies, and the variance between the pledged dollars percentage to the actual distribution percentage was insignificant.

We compared receipt dates of payroll deductions with the distribution dates to determine whether they were made within 30 days of receipt as required by Section 5-262-10 subsection (b) (7) of the Regulations. The campaign receives payroll deductions for biweekly pay periods and makes only one monthly distribution. We noted one instance, totaling \$40,900, in which the payroll deductions received from the Office of the State Comptroller were not distributed by the campaign to the charitable organizations in a timely manner. The distribution was six days late.

6. Other Examinations:

The Office of the State Comptroller hired an independent public accountant (IPA) to perform the following procedures: verify the total administrative cost of the campaign; verify the amount and/or the percentage of employee contributions to the actual amounts paid to charities; and determine if the cost of the campaign was properly managed. The total cost to hire the IPA was \$10,000.

The recommendations arising from the IPA audit of campaign years 2013, 2014 and 2015 are listed below:

- All disbursements should be reviewed for proper account distribution, all invoices should be properly approved, and employees should be required to sign reimbursement requests.
- An uncollected contribution budget line should be included as an expense or the estimated contribution revenue line should include an appropriate collection percentage. This will provide a more accurate representation of the final expenses ratio and allow for proper monitoring during the year.
- The Office of the State Comptroller should obtain a legal interpretation of the regulation concerning the maximum rate of fees charged. If the intent of the regulation is to set a maximum rate at the charity level, then the regulation may need to be clarified.
- For future third-party administrator (TPA) contracts, the contract should clearly define the costs included in the fee. For example, audit costs would generally be included in the management fee.
- The TPA management fee should be accrued each month so that the monthly budget and actual status reports are accurately presented to the committee.
- The Connecticut State Employee Campaign Committee should consider updating its bylaws to require a formal request for budget modifications and documentation of the approval of any changes to the approval budget in the minutes.
- The Connecticut State Employee Campaign Committee and the Office of the State Comptroller should determine the types of information or reports necessary to properly manage and monitor the campaign. Once developed, the reporting requirements should be included in TPA contracts as part of the management fee. Based upon the recommended required reporting for federations included in this report, we recommend that the committee consider including a TPA pledge status report as a required report.

- The State Campaign Committee should consider implementing the following procedures related to the evaluation of administrative and fundraising costs:
 - Develop and implement a standard form to document calculations
 - Recommend that the audit be requested and reviewed (if available) to compare to the amount reported on the tax return.

For purposes of this report, we have not set a materiality level for instances of noncompliance that we may detect. We have set the materiality level for the reporting of known monetary exceptions at \$1,000.

Because the above procedures do not constitute an audit made in accordance with auditing standards generally accepted in the United States of America, we do not express an opinion on any of the accounts or items referred to above. Had we performed additional procedures, 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 Connecticut State Employees' Campaign for Charitable Giving and the Office of the State Comptroller, and is not intended to be and should not be used by anyone other than these parties for any other purpose. However, this report is a matter of public record and its distribution will not be limited.

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Connecticut State Employees' Campaign for Charitable Giving during the course of this review.



Nikolaos Perdikakis
Associate Auditor

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert J. Kane
Auditor of Public Accounts

**Connecticut State Employees' Campaign for Charitable Giving
Summary of Collections Distributed to Federations
Campaign Years 2013, and 2014**

	Campaign	
	2014	2013
Receipts:		
Cash Contributions	\$ 162,455	\$ 162,514
State Payroll Deductions	1,169,032	1,154,354
Interest and Adjustments	-	-
Total Receipts	<u>\$1,331,487</u>	<u>\$1,316,868</u>
Total Distributable Collections	<u>1,331,487</u>	<u>1,316,868</u>
Expenses, Per Schedule 1	<u>229,248</u>	<u>230,636</u>
Net Distributions After Expenses, Per Report to State Comptroller	<u>\$1,102,239</u>	<u>\$1,086,232</u>
Net Distributions After Expenses, Per Schedule 1	<u>1,102,239</u>	<u>\$1,086,232</u>
Adjust Prior Year Overpayment	<u>-</u>	<u>-</u>

Auditors of Public Accounts

CT STATE EMPLOYEES' CAMPAIGN						
NET DISTRIBUTIONS AFTER EXPENSES						
FOR THE 2013 AND 2014 CAMPAIGNS						
<u>2013 Campaign</u>				<u>2014 Campaign</u>		
<u>Federations</u>	Collection Distributed to Federations	Administrative Expense	Net Distribution after Expenses	Collection Distributed to Federations	Administrative Expense	Net Distribution after Expenses
America's Charities	\$ 117,596	\$ (20,600)	\$ 96,996	\$ 115,738	\$ (19,928)	\$ 95,809
Community Health Charities CT (NE)	150,188	(26,312)	123,876	153,901	(26,505)	127,396
Earth Share of New England	44,112	(7,733)	36,378	49,596	(8,538)	41,058
Global Impact	108,144	(18,974)	89,169	100,134	(17,238)	82,897
Greater Hartford Arts Council	22,624	(3,957)	18,667			
Independent Charities of America	357,211	(62,475)	294,737	396,055	(68,194)	327,862
Neighbor to Nation	41,449	(7,235)	34,214	45,686	(7,863)	37,822
Partners for a Better World	9,138	(1,601)	7,538	11,930	(2,054)	9,877
United Ways:						
Middlesex United Way	44,407	(7,786)	36,621	51,530	(8,871)	42,659
UW Central and Northeastern CT	231,615	(40,610)	191,005	238,719	(41,098)	197,621
UW Central Naugatuck Valley	35,383	(6,202)	29,181	36,221	(6,238)	29,984
UW Coastal Fairfield County	4,268	(749)	3,519	2,339	(403)	1,936
UW Greater New Haven, Inc.	27,911	(4,900)	23,011	20,692	(3,564)	17,128
UW Greenwich	6,582	(1,156)	5,427	2,243	(386)	1,857
UW Meriden and Wallingford	9,593	(1,684)	7,909	9,469	(1,630)	7,839
UW Milford	7,909	(1,386)	6,523	12,717	(2,189)	10,528
UW Northwest Connecticut, Inc.	19,942	(3,497)	16,445	18,689	(3,217)	15,472
UW Naugatuck and Beacon Falls	3,406	(598)	2,808	4,266	(734)	3,532
UW of Western Connecticut	3,019	(530)	2,489	3,562	(613)	2,949
UW Southeastern Connecticut - Gales Ferry	46,988	(8,199)	38,788	36,907	(6,353)	30,554
Valley United Way	1,679	(295)	1,384			
UW Southington	5,895	(1,035)	4,860	8,099	(1,394)	6,705
UW West Central CT- Bristol	17,810	(3,125)	14,685	12,994	(2,237)	10,757
Grand Totals	\$ 1,316,868	\$ (230,636)	\$ 1,086,232	\$ 1,331,488	\$ (229,248)	\$ 1,102,240