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

# Final Audit Report

**Subject:**

## AUDIT OF THE 2006 AND 2007
## FORT HOOD
## COMBINED FEDERAL CAMPAIGNS
## KILLEEN, TEXAS

**Report No. 3A-CF-00-09-040**

**Date:** March 11, 2010

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

Office of the
Inspector General

# AUDIT REPORT

## AUDIT OF THE 2006 AND 2007
## FORT HOOD
## COMBINED FEDERAL CAMPAIGNS
## KILLEEN, TEXAS

**Report No. 3A-CF-00-09-040** **Date:** March 11, 2010

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

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

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Inspector General

# EXECUTIVE SUMMARY

## AUDIT OF THE 2006 AND 2007 FORT HOOD COMBINED FEDERAL CAMPAIGNS KILLEEN, TEXAS

**Report No. 3A-CF-00-09-040** **Date:** March 11, 2010

The Office of the Inspector General has completed an audit of the 2006 and 2007 Fort Hood Combined Federal Campaigns (CFC). The United Way of the Greater Fort Hood Area (UWGFHA), located in Killeen, Texas, served as the Principal Combined Fund Organization (PCFO) during both campaigns. Our main objective was to determine if the Fort Hood CFC was in compliance with Title 5, Code of Federal Regulations, Part 950 (5 CFR 950), including the responsibilities of both the PCFO and Local Federal Coordinating Committee (LFCC). The audit identified seven instances of non-compliance with the regulations (5 CFR 950) governing the CFC.

The following findings represent the results of our audit work as of the date of this report.

### BUDGET AND CAMPAIGN EXPENSES

- **Campaign Expenses Charged to the Incorrect Campaign Year**

  The PCFO charged the 2007 campaign for expenses related to the 2006 and 2008 campaigns.

- **Campaign Expense Reimbursement Not Approved by the LFCC**

  The PCFO did not request approval from the LFCC prior to reimbursing itself for 2007 campaign expenses.

- **PCFO Application Not in Compliance**

  The UWGFHA's PCFO application did not include all of the statements required per the Federal regulations.

## CAMPAIGN RECEIPTS AND DISBURSEMENTS

- **CFC Receipts Applied to the Incorrect Campaign Year**

  The PCFO did not use proper procedures to determine the campaign year funds belong to. As a result, the funds designated by Federal employees were not properly accounted for and disbursed according to the donor's wishes.

- **Incorrect Pledge Loss Applied to One-Time Disbursements**

  The PCFO did not apply the appropriate pledge loss percentage to agencies and federations receiving one-time disbursements.

- **Pledge Card Errors**

  The PCFO incorrectly input two pledge cards which resulted in a misapplied designation and the improper release of donor information.

## ELIGIBILITY

- **Local Eligibility Notification Letters Mailed Untimely**

  The LFCC did not mail local agency and federation eligibility letters to applicants of the 2007 campaign by the date required in the Federal regulations.

## PCFO AS A FEDERATION

Our review of the PCFO's activities as a federation did not identify any problems.

## AUDIT GUIDE REVIEW

Our review of the agreed-upon procedures as performed by the PCFO's Independent Public Accountant did not identify any problems.

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# I. INTRODUCTION AND BACKGROUND

## Introduction

This report details the findings and conclusions resulting from our audit of the Fort Hood Combined Federal Campaigns (CFC) for 2006 and 2007. 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. It consists of 260 separate local campaign organizations located throughout the United States, including Puerto Rico, the Virgin Islands, and foreign assignments. The Office of Combined Federal Campaign Operations (OCFCO) at OPM has the responsibility for management of the CFC. This includes publishing regulations, memorandums, and other forms of guidance to Federal officials and private organizations to ensure that all campaign objectives are achieved.

CFC's 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, determining the eligibility of local voluntary organizations, selecting 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 (IPA) in accordance with generally accepted auditing standards; cooperating fully with 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 LFCC. Management of the PCFO is also responsible for establishing and maintaining a system of internal controls.

All findings from our previous audit of the Fort Hood CFC (Report Number 3A-CF-00-01-041, dated May 31, 2001) covering the 1998 and 1999 campaign years have been satisfactorily resolved.

The initial results of our audit were discussed with PCFO and LFCC officials during an exit conference held on June 19, 2009. A draft report was provided to the PCFO and the LFCC on

October 5, 2009, for review and comment. The PCFO's response to the draft report was considered in preparation of this final report and is included as an Appendix.

# II. OBJECTIVES, SCOPE, AND METHODOLOGY

## OBJECTIVES

The primary purpose of our audit was to determine if the Fort Hood CFC was in compliance with 5 CFR 950, including the activities of both the PCFO and LFCC. Our specific audit objectives for the 2007 campaign were as follows:

Budget and Campaign Expenses

- To determine if the PCFO's budget was in accordance with the regulations.
- To determine if expenses charged to the campaign were actual, reasonable, did not exceed 110 percent of the approved budget, and were properly allocated.

Campaign Receipts and Disbursements

- To determine if the total amount of funds received for the campaign, plus interest income and less expenses, was properly distributed to the designated organizations.
- To determine if the total amount of undesignated funds was properly allocated and distributed to the various CFC participants.

Eligibility

- To determine if the charitable organization application process was open for the required 30 day period; if applications were appropriately reviewed, evaluated, and approved; and if the appeals process for rejected applicants was followed.

PCFO as a Federation

- To determine if the PCFO distributed funds only to member agencies.
- To determine if the PCFO charged its member agencies for expenses in a reasonable manner.

Additionally, our audit objective for the 2006 campaign was:

Audit Guide Review

- To determine if the IPA completed the Agreed-Upon Procedures (AUP) as outlined in the CFC Audit Guide (For Campaigns with Pledges $150,000 to $999,999).

## 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 2006 and 2007. The United Way of the Greater Fort Hood Area (UWGFHA), located in Killeen, Texas, served as the PCFO during both campaigns. The audit fieldwork was conducted at the offices of the PCFO from June 15 through June 19, 2009. Additional audit work was completed at our Washington, D.C. office.

The Fort Hood CFC received campaign pledges, collected campaign receipts, and incurred campaign administrative expenses for the 2006 and 2007 campaigns as shown below:

| Campaign Year | Total Pledges | Total Receipts | Administrative Expenses |
|---|---|---|---|
| 2006 | $717,282 | $644,018 | $105,524 |
| 2007 | $586,885 | $513,977 | $ 94,851 |

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 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 such tests of the accounting records and such other auditing procedures as we considered necessary to determine compliance with 5 CFR 950 and CFC Memorandums.

In regard to our objectives concerning the 2007 campaign's budget and campaign expenses, we accomplished the following:

- Reviewed the PCFO application to verify if it was complete.
- Reviewed a copy of the public notice to prospective PCFOs and LFCC meeting minutes to verify that the PCFO was selected timely.
- Traced and reconciled amounts on the PCFO's Schedule of Actual Expenses to the PCFO's general ledger.
- Reviewed supporting documentation for expense transactions included in the sample of 6 out of 14 campaign expense reimbursement payments to the PCFO to verify that the expenses were allowable. We judgmentally selected the largest five reimbursement checks. We also judgmentally selected one additional check because the timing of the reimbursement appeared odd.
- Reviewed the LFCC meeting minutes and verified if 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 2007 campaign's receipts and disbursements were handled in accordance with CFC regulations, we reviewed the following:

- A judgmental sample of 35 out of 7,830 pledge cards from the 2007 PCFO's Donor Pledge Campaign Report (starting with page 25, selected highest contributor listed on every 25th page for a total of 35) and compared pledge information from the report to the actual pledge card.
- 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.
- The 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.
- The donor list letters sent by the PCFO to organizations to verify the letters properly notify the organization of the donors who wish to be recognized.
- Forms 1417 provided by the PCFO and the OCFCO to identify material differences.
- CFC receipts and distributions from the PCFO's campaign bank statements, campaign receipt, agency disbursement and campaign expense support to verify whether the PCFO accurately recorded and disbursed all 2007 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.
- The General Designation Options and Undesignated Funds Spreadsheet and the Allocations and Disbursements Spreadsheet to verify disbursements were accurate and proportionate to the PCFO's allocation rates.

In order to determine that the LFCC and PCFO were in compliance with CFC regulations in regards to eligibility for the 2007 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.
- The process and procedures for the application evaluation process.
- Sample eligibility letters to verify 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 (UWGFHA) for the 2007 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 UWGFHA did not disburse any funds to member agencies not participating in the CFC.
- The UWGFHA contract with its member agencies to determine if the fees were reasonable and supported.

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.

Finally, to accomplish our objective for the Audit Guide Review, we reviewed the CFC Audit Guide (for campaigns with pledges $150,000 to 999,999) and completed the AUP checklist to verify that the IPA completed and documented the AUP steps.

# III. AUDIT FINDINGS

## A. BUDGET AND CAMPAIGN EXPENSES

### 1. Campaign Expenses Charged to the Incorrect Campaign Year

The PCFO recovered $74,273 in campaign expenses related to either the 2006 or 2008 CFCs from receipts of the 2007 campaign.

5 CFR 950.106 (b) states that "The PCFO may only recover campaign expenses from receipts collected for that campaign year. Expenses incurred preparing for and conducting the CFC cannot be recovered from receipts collected in the previous year's campaign. The PCFO may absorb the costs associated with conducting the campaign from its own funds and be reimbursed, or obtain a commercial loan to pay for costs associated with conducting the campaign. If the commercial loan option is used, the amount of a reasonable rate of interest is an allowable campaign expense, subject to approval of the LFCC when the PCFO budget is submitted."

We reviewed a sample of campaign expense reimbursements for the 2007 campaign to determine if the costs were properly supported and if they were related to the 2007 campaign. During our review, we noticed that the PCFO paid for CFC related expenses directly out of the CFC bank account as the expenses were incurred and did not, as the regulation states, absorb the costs of the campaign from its own funds or obtain a commercial loan to cover those costs.

Expenses related to any campaign year are typically incurred fully prior to the beginning of disbursements to the member agencies and federations. For the 2007 campaign, the period for most expenses would be approximately March 2007 to February 2008. However, our review found that the PCFO charged the 2007 campaign $74,273 in expenses related to other campaigns.

Specifically, we identified $67,573 in expenses incurred in March 2008 (and later) that relate to the 2008 campaign year. During this same period, we also identified $6,700 in expenses for the IPA AUP audit of the 2006 campaign.

During the period March through September of any campaign year, there are no campaign receipts available to offset CFC expenses incurred. With this in mind the regulations [5 CFR 950.106 (b)] call for the PCFO to do one of two things:

1. To absorb the costs of the CFC expenses upfront and be reimbursed later; or
2. To obtain a commercial loan to pay for the costs associated with the campaign.

Rather than use either of these options, the PCFO chose to use receipts related to the 2007 campaign to pay for 2006 and 2008 campaign expenses. As a result of not properly matching campaign expenses with receipts, the 2007 campaign was overcharged $74,273.

**PCFO and LFCC's Comments:**

The LFCC and PCFO agree with the finding and state that they will comply with the regulations in the future. They also stated that although most of their activities from March through December are oriented toward the new campaign, that the PCFO staff does work on the prior campaign reconciling receipts and disbursements of CFC funds during that same period. To help rectify the situation, the PCFO will obtain a commercial loan to defray campaign cost until CFC funds are available.

**Recommendation 1**

We recommend that the OCFCO direct the LFCC to require the PCFO to adhere to the requirements of 5 CFR 950.106 and properly offset campaign expenses with that campaign's receipts.

## 2. Campaign Expense Reimbursement Not Approved by the LFCC

The PCFO did not submit, nor did the LFCC approve, a request for the reimbursement of 2007 campaign expenses to the PCFO.

5 CFR 950.106 (a) states that the PCFO shall recover campaign expenses, approved by the LFCC, which reflect the actual costs of administering the campaign.

Our review of LFCC meeting minutes did not identify where the LFCC discussed, reviewed, or approved the reimbursement of 2007 campaign expenses to the PCFO. Additionally, discussion with the PCFO and LFCC determined that both parties were unaware of their responsibilities regarding CFC expenses. We informed both the LFCC and PCFO that prior to reimbursement of expenses the LFCC must give authorization to the PCFO to do so.

As a result of not submitting its expenses for approval before their reimbursement, the PCFO's reimbursement was not authorized as required by the regulations. Additionally, by not reviewing and approving the reimbursement of 2007 campaign expenses, the LFCC runs the risk of improper expenses being charged to the campaign, as identified in the previous finding.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with the finding and state that the PCFO will document LFCC approval prior to reimbursement for campaign expenses. The PCFO and LFCC also stated that they believe the use of a commercial loan will simplify the process for approval prior to reimbursement.

**OIG Comments:**

Obtaining a commercial loan may or may not simplify the campaign expense approval process. The approval process, whether a loan is obtained or not, should involve the same basic steps. The PCFO must provide all expenses incurred in the operation of the campaign (in detail) to the LFCC. The LFCC should then review those expenses and supporting documentation to ensure the accuracy and applicability to the campaign year in question. Finally, the LFCC must compare total expenses against the approved budget to ensure they are no more than 110 percent of the approved budget.

Additionally, the comments noted that the PCFO would document the LFCC's approval of the expenses. The LFCC should be the one to document both its review of the expenses and its approval of the reimbursement in its meeting minutes.

**Recommendation 2**

We recommend that the OCFCO direct the PCFO to submit its expenses to the LFCC prior to reimbursement and that the LFCC approve only those expenses related to that campaign year.

## 3. PCFO Application Not in Compliance

The UWGFHA's application for PCFO did not include all of the statements required per the Federal regulations.

5 CFR 950.105 (c) (2) (ii) requires the PCFO application to include a statement signed by the local director pledging to "conduct campaign operations, such as training, kick-off and other events, and fiscal operations, such as banking, auditing, reporting and distribution separate from the applicant's non-CFC operations." Additionally, (iii) requires the local director to "abide by the directions, decisions, and supervision of the LFCC and/or Director."

We reviewed the application to determine if it included all of the required information. Additionally, we reviewed the cover letter of the application to determine if all of the required statements were included. Our review identified two statements that were not included in the application cover letter that are required by the regulations. Specifically, the following statements were not included or were incomplete:

- The letter did not include the statement to "conduct campaign operations, such as training, kick-off and other events, and fiscal operations, such as banking, auditing, reporting and distribution separate from the applicant's non-CFC operations," and
- The letter left off the fact that the PCFO must adhere to the directives of "the LFCC and/or Director."

By not including all of the required statements in the application letter, the PCFO is not stating that it will abide by those things required in the Federal regulations.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with the finding and state that future applications will include all required language and statements as required per the Federal regulations.

**Recommendation 3**

We recommend that the OCFCO direct the LFCC to ensure that its review of PCFO applications verifies that all of the language and statements required by Federal regulations are included.

## B. CAMPAIGN RECEIPTS AND DISBURSEMENTS

### 1. CFC Receipts Applied to the Incorrect Campaign Year

The PCFO did not use proper procedures to determine the campaign year that CFC receipts belong to. As a result, the funds designated by Federal employees were not properly accounted for and disbursed according to the donor's wishes.

CFC Memorandum 2006-5 states that beginning with the 2005 campaign, all campaigns should track receipts by payroll office to determine which campaign year funds received belong to. If questions arise they should be directed to the specific payroll office or the OCFCO.

We reviewed the CFC bank statements for January 2008 and 2009, to determine how the PCFO accounts for CFC receipts during the payroll year change-over. Our review of the PCFO's bank statements determined that it did not attempt to track CFC receipts by payroll office. Instead, the PCFO's procedure was to apply all receipts after the first of the year to the next campaign year. The PCFO stated that this was done for convenience as the information included on the bank statement does not provide sufficient means for determining what year the funds belong to.

As a result of not tracking the CFC receipts by payroll office, the PCFO did not adhere to the Federal donor's wishes related to the disposition of their donated monies.

**PCFO and LFCC's Comments:**

The LFCC and PCFO agree with the finding and state that they will apply receipts with complete fidelity to the campaign year.

**Recommendation 4**

We recommend that the OCFCO and LFCC direct the PCFO to develop procedures to ensure that all CFC payroll office receipts are individually tracked to determine the campaign year to which they belong according to the guidance outlined in CFC Memorandum 2006-5.

## 2. Incorrect Pledge Loss Applied to One-Time Disbursements

The PCFO did not properly apply pledge loss to those agencies receiving one-time disbursements from the 2007 campaign.

5 CFR 950.901 (i) (3) states that the PCFO may deduct the proportionate amount of each organization's share of the campaign's administrative costs and the average of the previous three years pledge loss from the one-time disbursement.

We reviewed the one-time disbursements made by the PCFO for the 2007 campaign to determine if they were properly approved, were disbursed to the appropriate agencies, and appropriately applied the correct pledge loss percentage. Using the pledge loss figures from the 2004 through 2006 campaigns we calculated the average pledge loss during those years to be 11.44 percent. However, a review of the one-time disbursements made by the PCFO determined that only a three percent pledge loss was applied to those agencies receiving one-time disbursements for the 2007 campaign. The PCFO stated that the pledge loss percentage used was obtained from a calculation from its Campaign Assistant software.

As a result of applying an incorrect pledge loss percentage, the PCFO reduced the amount of monies available to the agencies not receiving one-time disbursements.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with the finding and state that they will develop manual procedures to verify that the pledge loss applied to the one-time disbursements is accurate.

**Recommendation 5**

We recommend that the OCFCO and LFCC ensure the PCFO has put procedures in place to ensure that the pledge loss allocated to agencies and federations receiving one-time disbursements is correctly calculated.

## 3. Pledge Card Errors

The PCFO incorrectly input two pledge cards into its database, which resulted in a misapplied designation and an improper release of donor information.

5 CFR 950.105 (d) (1) states that it is the responsibility of the PCFO to honor the employee designations. Additionally, 5 CFR 950.105 (d) (6) states that it is the responsibility of the PCFO to honor the request of employees who indicate they do not want personally identifiable information released to organizations they donate to.

We reviewed a sample of 35 pledge cards to determine if the following areas were correctly input into the pledge card system by the PCFO: a) donor name, b) amount donated to each agency, c) agency codes donated to, d) total amount donated, and e) donor's choice to release information. Our review identified two pledge card errors. Specifically, we identified:

- One pledge card where the PCFO misapplied a designation by inputting the wrong agency code; and
- One pledge card where the PCFO released a donor's personally identifiable information without the donor giving permission to do so on the pledge card.

As a result of misapplying a designation, the PCFO inadvertently applied the donation of an employee to the wrong agency code. Additionally, by releasing the personally identifiable information of a donor against their wishes, the PCFO risked the donor receiving unwanted contact from the agencies donated to.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with the finding and state that the PCFO will revise its procedures to ensure the accuracy of both donor pledge card designation entries and the release of information indications.

**Recommendation 6**

We recommend that the OCFCO ensure that the PCFO has put adequate procedures in place to improve its pledge card data entry so that errors are corrected prior to distribution of funds and donor information to agencies and federations.

## C. ELIGIBILITY

### 1. Local Eligibility Notification Letters Mailed Untimely

The LFCC did not mail local agency and federation eligibility letters to applicants of the 2007 campaign by the date required in the Federal regulations.

5 CFR 950.801 (a) (5) states that the LFCC "must issue notice of its eligibility decisions within 15 business days of the closing date for receipt of applications."

We reviewed the LFCC's local agency and federation application process to determine if it mailed its local eligibility decision letters by the date required in the Federal regulations. The LFCC's application period closed on April 11, 2007. According to the regulations, the letters announcing eligibility decisions were due 15

business days later on May 2, 2007. Our review found that the eligibility notification letters were mailed by the LFCC on May 7, 2007.

As a result, agencies and federations were not notified of the LFCC's eligibility decisions in a timely manner.

**PCFO and LFCC's Comments:**

The PCFO and LFCC agree with the finding and state that the PCFO will facilitate ensuring that the LFCC notifies all applicant agencies and federations of its eligibility determinations within 15 business days of the close of the application period as required by the regulations.

**Recommendation 7**

We recommend that the OCFCO ensure that the LFCC has procedures in place to notify all applicant agencies and federations of its eligibility determinations within 15 business days of the close of the application period, as required by the regulations.

## D. PCFO AS A FEDERATION

Our review of the PCFO's activities as a federation did not identify any problems.

## E. AUDIT GUIDE REVIEW

Our review of the agreed-upon procedures as performed by the PCFO's Independent Public Accountant did not identify any problems.

## IV. MAJOR CONTRIBUTORS TO THIS REPORT

**Special Audits Group**

[redacted] Auditor-In-Charge

[redacted] Group Chief [redacted]

[redacted] Senior Team [redacted]

APPENDIX

DEPARTMENT OF THE ARMY
U.S. ARMY INSTALLATION MANAGEMENT COMMAND
HEADQUARTERS, UNITED STATES ARMY GARRISON, FORT HOOD
FORT HOOD, TEXAS 76544-5002

REPLY TO
ATTENTION OF

'09 NOV 2 RCVD

IMWE-HOD- CFC

Greater Fort Hood Area
Local Federal Coordinating Committee (LFCC)
Combined Federal Campaign
78th St. Building 4230 Room 135
Fort Hood, Texas 76544

October 22, 2009

Report No. 3A-CF-00-09-040

Office of Personnel Management
Office of the Inspector General
Attention: [redacted]
1900 E Street, NW, Room 6400
Washington, DC 20415-1100

Dear [redacted]:

Enclosed is our response to your draft report regarding the results of the 2006 and 2007 Fort Hood Combined Federal Campaigns (CFC) Audit. We are in general concurrence with the findings and recommendations noted by your audit team.

Respectfully,

[redacted]
[redacted] LFCC Chair
Directorate of Emergency Services
Building 23020
Room 103A
Fort Hood, Texas 76544-5000

[redacted]
[redacted] Executive Director
Principal Combined Fund Organization
United Way of the Greater Fort Hood Area
208 West Avenue A
Killeen, Texas 76541

# *Fort Hood Area CFC*
# *PCFO Reponses*

**Recommendation 1**

We recommend that the Office of Combined Federal Campaign Operations (OCFCO) Require the PCFO to adhere to the requirements of 5 CFR 950.106 and properly offset campaign expenses with that campaign's receipts.

***Response***

5 CFR 950.106 states: *The PCFO may only recover campaign expenses from receipts collected for that campaign year. Expenses incurred preparing for and conducting the CFC cannot be recovered from receipts collected in the previous year's campaign.* LFCC activities conducted between March and December are mostly oriented towards preparing and conducting the new campaign. However, staff time is split between supporting the LFCC campaign planning and reconciling the receipt of and distribution of funds. New campaign supply and event costs have always been absorbed by the PCFO until new campaign receipts can be recovered for reimbursement. We understand OPM's clarification on the interpretation of this requirement and will comply accordingly.

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NOT RELEVANT TO THE REPORT

DELETED BY OPM OIG
NOT RELEVANT TO THE REPORT

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**Recommendation5**
We recommend that the OCFCO direct the PCFO to submit its expenses to the LFCC prior to reimbursement for approval.

***Response***

We concur. PCFO will document LFCC approval prior to reimbursement for expenses.

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**Recommendation6**
We recommend that the OCFCO and LFCC direct the PCFO to ensure that future applications to serve as PCFO include all the statements required per the Federal regulations.

***Response***

We concur. PCFO will ensure that future applications include all required language and statements as per Federal regulations.

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**Recommendation 7**
We recommend that the OCFCO and LFCC direct the PCFO to begin tracking all CFC payroll office receipts individually to determine the campaign year to which they belong according to the guidance outlined in CFC Memorandum 2006-5.

***Response***
We concur and will apply receipts with complete fidelity to the campaign year.

DELETED BY OPM OIG
NOT RELEVANT TO THE REPORT

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**Recommendation8**
We recommend that the OCFCO and LFCC require the PCFO to put procedures in place to ensure that the pledge loss allocated to agencies and federations receiving one-time disbursements correctly calculated.

We concur. We previously relied solely on the ***Campaign Assistant*** software to calculate and apply pledge loss prior to disbursements. PCFO will develop manual procedures

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**Recommendation 9**
We recommend that the OCFCO direct the PCFO to ensure that all donor designations are honored.

***Response***
We concur. PCFO will revise procedures to include verification of the accuracy of all donor designation pledge card entries.

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**Recommendation l0**
We recommend that the OCFCO and LFCC require that the PCFO only release the requested information for those donors who indicate on their pledge card that they wish to release information.

***Response***
We concur. PCFO will revise procedures to ensure the accuracy of donor pledge card release of information indications. (See response above.)

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**Recommendation 11**
We recommend that the OCFCO ensure that the LFCC notifies all applicant agencies and federation of its eligibility determinations within l5 business days of the close of the application period as required by the regulations.
***Response***

We concur. PCFO will facilitate ensuring that LFCC notifies all applicant agencies and federation of its eligibility determinations within l5 business days of the close of the application period as required by the regulations.