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(5) Ensuring that the local brochure and pledge card are produced in accordance with these regulations and instructions from the Director.

(6) Encouraging local Federal agencies to appoint loaned executives to assist in the campaign. Federal agency heads are encouraged to grant administrative leave to all loaned executives appointed to assist in the conduct of the CFC. Federal loaned executives are prohibited from working on non-CFC fundraising activities during duty hours.

(7) Establishing a network of employee keyworkers and volunteers and participating in interagency briefing sessions and kick-off meetings.

(8) Ensuring that, to the extent reasonably possible, every employee is given the opportunity to participate in the CFC, and ensuring employee designations are honored.

(9) Ensuring that the PCFO includes in keyworker training instructions to encourage employees to designate the charitable organizations they wish to receive their donations and specific information on how general designation monies are distributed.

(10) Ensuring that contributions are distributed in accordance with the method described in these regulations.

(11) Ensuring that no employee is coerced in any way to participate in the campaign.

(12) Bringing allegations of coercion to the attention of the Director and the employee's agency and providing a mechanism to review employee complaints of undue pressure and coercion in Federal fundraising. Federal agencies shall provide procedures and assign responsibility for the investigation of such complaints. Personnel offices shall be responsible for informing employees of the proper channels for pursuing such complaints.

(13) Notifying the Director of any significant problems or controversies concerning the campaign that the LFCC cannot resolve by applying these regulations. The LFCC must abide by the Director's decisions on all matters concerning the campaign.

(14) Ensuring the PCFO does not use the services of consulting firms, advertising firms or similar business organizations to perform the policy-making

or decisionmaking functions in the CFC. A PCFO may, however, contract with entities or individuals such as banks, accountants, lawyers, and other vendors of goods and/or services to assist in accomplishing its administrative tasks.

(15) Ensuring that the activities and functions required of the PCFO are kept separate from any non-CFC operations of the organization. The LFCC must verify that the PCFO keeps and maintains CFC financial records and interest bearing bank accounts separate from the PCFO's non-CFC financial records and bank accounts.

(16) Monitoring the work of the PCFO, and inspecting closely the annual audit required of the PCFO pursuant to § 950.105(d)(9) for compliance with these regulations.

(17) Authorizing to the PCFO reimbursement of only those campaign expenses that are legitimate CFC costs and are adequately documented. Total reimbursable expenses may not exceed the approved campaign budget by more than 10 percent.

(c) The LFCC must annually solicit applications for the PCFO via public notice no later than February 1 of each calendar year. The PCFO application period must be open a minimum of 14 calendar days. Cost incurred in providing the public notice should be added to the PCFO budget for the current campaign year as an administrative cost. The LFCC shall select a PCFO to act as its fiscal agent and campaign coordinator on the basis of presentations made to the local committee as described in § 950.105. The LFCC shall consider the efficiency and effectiveness of the campaign as the primary factors in selecting a PCFO.

§ 950.105 Principal Combined Fund Organization (PCFO) responsibilities.

(a) Only federations, charitable organizations or combinations thereof may serve as the PCFO.

(b) the primary goal of the PCFO is to conduct an effective and efficient campaign in a fair and even-handed manner aimed at collecting the greatest amount of charitable contributions possible. Therefore, PCFO's should afford federated groups and agencies with

representatives in the local campaign area adequate opportunity to offer suggestions relating to the operation of the campaign, printed campaign material, and training. If requested in writing to either the LFCC or PCFO, federated groups and agencies must be given the opportunity to attend all campaign meetings, kick-off events, and training sessions. The PCFO must provide representatives of federated groups, agencies and the general public the opportunity to review at the PCFO office all reports, budgets, audits, training materials, and other records pertaining to the CFC.

(c) Any federation, charitable organization or combinations thereof wishing to be selected for the PCFO must submit a timely application in accordance with the deadline set by the LFCC, that includes:

(1) A written campaign plan sufficient in detail to allow the LFCC to determine if the applicant could administer an efficient and effective CFC. The campaign plan must include a CFC budget that details all estimated costs required to operate the CFC. The budget may not be based on the percentage of funds raised in the local campaign.

(2) A statement signed by the applicant's local director or equivalent pledging to:

(i) administer the CFC fairly and equitably,

(ii) 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

(iii) abide by the directions, decisions, and supervision of the LFCC and/or Director.

(3) A statement signed by the applicant's local director or equivalent acknowledging the applicant is subject to the provisions of § 950.403 and § 950.603.

(d) The specific responsibilities of the PCFO include but are not limited to:

(1) Honoring employee designations.

(2) Helping to ensure no employee is coerced in any way regarding participation in the campaign and that allegations of coercion are brought to the attention of the appropriate Federal officials.

(3) Training agency loaned executives, coordinators, and keyworkers in the methods of non-coercive solicitation. This training must be completely separate from training given for other types of charitable campaign drives. Additionally, keyworkers should be trained to check to ensure the pledge card is legible on each copy, verify arithmetical calculations, and ensure the block on the pledge card concerning the release of the employee's name and address is completed fully.

(4) Ensuring that no employee is questioned in any way as to his or her designation or its amount except by keyworkers, loaned executives, or other non-supervisory Federal personnel.

(5) Preparing pledge cards and brochures that are consistent with these regulations and instructions by the Director.

(6) Honoring the request of employees who indicate on the pledge card that their names not be released to the organization(s) that they designate.

(7) Maintaining a detailed schedule of its actual CFC administrative expenses with, to the extent possible, itemized receipts for the expenses. The expense schedule must be in a format that can be reconciled to the PCFO's budget submitted in accordance with paragraph (c)(1) of this section.

(8) Keeping and maintaining CFC financial records and interest-bearing bank accounts separate from the PCFO's internal organizational financial records and bank accounts. Interest earned on all CFC accounts must be distributed in the same manner as undesignated funds pursuant to § 950.501. All financial records and bank accounts must be kept in accordance with generally accepted accounting principles.

(9) Submitting to the LFCC an audit of collections and disbursements for each campaign managed no later than June 15 of the year in which the last disbursement is made. For example, for the 1994 CFC the audit of the 1994 campaign must be submitted to the LFCC no later than June 15, 1996. The audit must be performed by an independent certified public accountant in accordance with generally accepted auditing standards and OPM guidance.

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(10) Absorbing the cost of any re-printing of campaign materials due to its noncompliance with these regulations, embezzlement, or loss of funds. A PCFO must also absorb campaign costs exceeding 10 percent of the approved budget.

(11) Designing and implementing CFC awards programs which are accessible to all employees and which reflect the Government's commitment to non-coercion. Awards to Federal agencies or employees by individual federations or organizations for CFC accomplishments is prohibited.

(12) Producing any documents or information requested by the LFCC and/or the Director within 10 calendar days of the receipt of that request.

(13) Responding in a timely and appropriate manner to reasonable inquiries from participating organizations.

(e) A federated group(s) or charitable organization may be barred from serving as PCFO for 1 year if determined by the Director to have violated these regulations. A federated group(s) or charitable organization serving as PCFO will be notified of the Director's intent to bar and have an opportunity to submit written comments prior to its becoming effective. The Director's decision as to debarment shall be communicated in writing to the LFCC and PCFO, and the LFCC shall not consider an application from such group(s) or organization to serve as the PCFO during terms of debarment.

§ 950.106 PCFO expense recovery.

(a) The PCFO shall recover from the gross receipts of the campaign its expenses, approved by the LFCC, reflecting the actual costs of administering the local campaign. The amount recovered for campaign expenses shall not exceed 10 percent of the estimated budget submitted pursuant to § 950.105(c)(1) unless approved by the Director.

(b) 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 re-

imbursed, 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 the approval of the LFCC when the PCFO budget is submitted.

(c) The campaign expenses will be shared proportionately by all the recipient organizations reflecting their percentage share of gross campaign receipts.

§ 950.107 Lack of a qualified PCFO.

There is no authority in statute or regulation for an LFCC or any Federal official or employee to assume the duties and responsibilities of the PCFO. In the event that there is no qualified PCFO, the LFCC Chairman will promptly inform the Director in writing. The Director will assist the LFCC in merging the campaign with an adjacent campaign that has a qualified PCFO or identifying an eligible organization to function as the campaign's PCFO. If the LFCC's of the adjacent campaigns elect not to merge and a qualified PCFO cannot be found, the local CFC will be canceled. No workplace solicitation of any Federal employee in the campaign area is authorized and payroll allotments cannot be accepted and honored during the duration of the cancellation of the CFC.

§ 950.108 Preventing coercive activity.

True voluntary giving is fundamental to Federal fundraising activities. Actions that do not allow free choices or create the appearance employees do not have a free choice to give or not to give, or to publicize their gifts or to keep them confidential, are contrary to Federal fundraising policy. Activities contrary to the non-coercive intent of Federal fundraising policy are not permitted in campaigns. They include, but are not limited to:

(a) Solicitation of employees by their supervisor or by any individual in their supervisory chain of command. This does not prohibit the head of an agency to perform the usual activities associated with the campaign kick-off and to demonstrate his or her support of the CFC in employee newsletters or other