

# **American Legion Auxiliary Bylaws as a Framework for Civility**

**A mini-training on the essential things needed in our governing documents to help achieve higher standards for member behavior and organizational good will**

The following information was presented to the American Legion Auxiliary National Executive Committee meeting held Sunday, February 22, 2015 in Washington, DC. The presenters were introduced by 2014-15 American Legion Auxiliary National President Janet Jefford. The presenters were 2014-15 National Constitution & Bylaws Chair Lisa Williamson, American Legion Auxiliary National Secretary Dubbie Buckler, and Professional Registered Parliamentarian and Mediator Chris Dickey.

## ***Fostering a Culture of Good Will, Introduction – 2014-15 American Legion Auxiliary National President Janet Jefford***

As has been said many times – we simply must achieve the 5 goals of the American Legion Auxiliary's 5-year Centennial Strategic Plan if we are going to save this organization.

We know from past American Legion Auxiliary surveys that incivility – bad behavior – is the main reason this organization is unable to retain members. Within 3 years of joining the ALA, 45% of the “new” members drop out.

Goal 2 of the ALA's Centennial Plan is: **Foster an Internal Culture of Good Will**

If we don't create a culture of good will, then ill will wins, and the Auxiliary will die out. Given the stark reality that 45% of new members drop out after three years there is a sense of urgency. If we don't change how we conduct our meetings and treat other members, the end result will be awful.

This presentation addresses problems we see all too often in the American Legion Auxiliary at the department and unit levels. Quite simply, a great deal of ill will could be avoided if our departments, districts, and units had better bylaws and standing rules.

Our members look to our governing documents when there are problems. We know from past ALA surveys that incivility is the main reason this organization is unable to retain members. Remember: the facts are that within 3 years of joining the American Legion Auxiliary, 45% of these “new” members drop out.

If our bylaws were better written and better understood, there would be better behavior; and if troublemakers were disciplined, many members are convinced that membership renewals would rise.

So this presentation is designed to be a mini-training on the essential things we need to know and have in our governing documents.

And now, to talk about our Auxiliary Bylaws as a Framework for Civility, I call on the 2014-15 National Constitution and Bylaws Chairman Lisa Williamson, our National Secretary Dubbie Buckler, and Chris Dickey, professional registered parliamentarian who serves as our National Parliamentarian to the National Executive Committee and Convention Body.

***Governing Documents Described, Background – 2014-15 National Constitution & Bylaws Chair Lisa Williamson***

I’m going to kick this off with an explanation of the basic things that make up our governing documents:

- what our Constitution & Bylaws are and why organizations have them,
- and
- where *Roberts Rules of Order* fit in to all this.

Most of what is being presented is already “in writing” in the American Legion Auxiliary Department Operations Guide. Every department has a hard copy, and the entire document is online – free – at the national website [ALAforVeterans.org](http://ALAforVeterans.org). And, the Department Operations Guide is posted online as a PDF document. As a PDF, when you open it online, you will find it has a helpful search feature.

Remember, if you’re looking for something you think you’ll find in the Department Operations Guide, open the Guide itself online and once inside the document, use the Guide’s search feature – it is designed to find much more detail than the website’s search feature.

It is really important to understand what our governing documents are, and why we have them. In the American Legion Auxiliary, the key governing documents are:



- our Articles of Incorporation – this is the legal public document that describes the name, basic structure, and purpose of the organization
- our Constitution – incorporates from the Articles of Incorporation the ALA’s official name, location, type organization and core purpose; our “reason for being”
- our Bylaws – our fundamental structure and fundamental rules
- and our Standing Rules – these are the processes and detailed rules that “stand” for all to follow, yet can be amended as frequently as needed to keep the organization functioning well.

A department’s and unit’s Constitution and Bylaws should closely resemble those of the national organization and they cannot be in conflict with those of the national organization.

Departments and units determine how their Constitution and Bylaws will be written and adopted, including key provisions of its governance structure such as offices, number of officers, terms, composition of the governing board, minimum required number of meetings, who can call meetings and how, how many/what percent of board members constitutes a quorum, roles and responsibilities, etc.

But remember, nothing in a department’s or unit’s Constitution and Bylaws can conflict with National’s Constitution and Bylaws.

We are often asked: Can you provide us a template for our C&Bs?  
And the answer is: the National C&B and Standing Rules are your template.

So, what if you don’t follow your Constitution and Bylaws? Decisions made that do not follow your Constitution & Bylaws could be ruled invalid if challenged in a court of law. A pattern of decisions and actions contrary to your department’s Constitution and Bylaws, or serious violations of its Constitution and Bylaws, can be grounds for a lawsuit and/or suspension or revocation of the department’s charter.

It is important that everyone is clear on the role of the department/district/or unit Constitution and Bylaws chair. The chairman’s role is to make sure that the governing documents are periodically reviewed and updated as needed – not to be the final authority on interpretation. That’s why we have our department attorneys and Counsel General. And our National Secretary and professional parliamentarian and are a great help on the sticky stuff as well.

So, let's go over the basics:

All organizations are “organized” and conduct their business and mission service according to the organization’s governing documents. Governing documents, simply stated, are those documents that “govern” the organization.

The American Legion Auxiliary’s “Articles of Incorporation” are respected, preserved, and presented for all members to understand in the ALA Constitution. The ALA’s Constitution is supported by ALA Bylaws, which are supported by ALA Standing Rules, which are supported by policies – the most detailed level of the organization’s governing documents. The process of conducting meetings is guided by Roberts Rules of Order, Newly Revised.

Our American Legion Auxiliary Constitution is the foundational document of the corporation. It states the fundamental reason the ALA department was incorporated, its core purpose, and its governance structure. The Constitution should rarely be amended.

Bylaws describe how your organization governs itself. Bylaws are the most fundamental rules on governance and should not be frequently amended. It is recommended that bylaws only be amended every five (5) to ten (10) years.

Standing Rules are more “process-focused” and more specific and administrative than bylaws. Standing Rules provide details about provisions in the bylaws. In addition to the Constitution and Bylaws, Standing Rules are also important and must be followed, but they have the flexibility to be amended more frequently as needed to maintain the effectiveness of the organization.

For Example: Your Constitution states that the organization may establish committees for the purpose of effective governance and advancing the mission; your Bylaws would then state that there shall be the following standing administrative committees (such as Audit – stating its purpose, Finance – stating its purpose, and Membership – stating its purpose), appointed by the organization’s president and confirmed by the Department governing board (e.g. DEC or Department board), the composition of which shall be as provided in the Standing Rules.

Then, your Standing Rules would specify the make-up of the Audit committee (number of members) and the terms of the committee members, and address staggered terms for multi-year term members. Neither of these latter details should be in the bylaws because they are too detailed and administrative in nature.



Here's another Example: Your Bylaws might state that the governing body shall meet at least semi-annually or at the call of the chair with proper notice or at the call of three (3) members ..., as provided in the Standing Rules.

Your Standing Rules could then state that the department governing body (Department Executive Committee or Department Board) shall meet quarterly (or monthly – as a Standing Rule your department would have the flexibility to change this as needed) and describe in more detail how a special meeting may be called.

Another example: the Bylaws require the governing body to meet a minimum of twice a year – a minimum standard that should not change over a decade. Your Standing Rule, however, could require the board to meet more frequently, because that is “currently” more conducive to conducting the organization's business more effectively. A Standing Rule can require more than the minimum, but not less.

Policies are rules that relate to management and administration functions rather than governance issues. Policies include setting out how your department will manage money and protect itself against fraud.

For example, a policy might require that all checks over a certain amount must have two signatures – that is a great example of a financial control policy. Another example is having a conflict of interest policy which includes requiring all board members review the conflict of interest policy every year and sign a statement that they will abide by the policy.

Most policies have accompanying procedures that specify in detail how the policy is to be implemented. Procedures are not policies; they are instructions for implementing the policy, and therefore are not classified as “governing” documents.

With proper policies in place, members know the expectation for financial practices, risk aversion, program operations, and member conduct. Proper policies allow the energy of members to be better focused on achieving the mission of the organization instead of bickering about how something was or needs to be done.

You'll recall that in 2015 the American Legion Auxiliary adopted a more clearly written, streamlined National Constitution, Bylaws, and Standing Rules. I want to remind you that the big thing we accomplished was putting “process” provisions into Standing Rules. Dubbie shared with me that a couple of weeks ago when the department secretaries attended the training at National Headquarters, they were asked to bring a copy of their Department Constitution & Bylaws. My goodness – one is over 300 pages!

Many departments have updated or are in the process of updating your Constitution and Bylaws, and that's great. But 300 pages indicate there is way too much "stuff" in your governing documents.

The role of the National Constitution & Bylaws Chairman is to provide help to your department C&B chairmen. And now, my role was to set the stage so that the next two can address some specific things we all need to better understand.

American Legion Auxiliary National Secretary Dubbie Buckler will talk about responsibilities of the different "entities" and leadership levels of the Auxiliary... and how not understanding or fulfilling responsibilities can trigger ill-will.

***Clarifying Leadership and Entity-Level Roles and Responsibilities to Foster Good Will – American Legion Auxiliary National Secretary Dubbie Buckler***

Many of us at National Headquarters have been amazed and saddened by some of the things that come to our attention from departments, units and entities using the name "American Legion Auxiliary".

My observation: there is widespread misunderstanding of roles, relationships, and an unhealthy preoccupation with "who can do what to whom".

To foster a culture of good will in the American Legion Auxiliary, we need to focus on mission delivery, and understand what YOUR role and responsibility is at the department and unit levels for handling problems.

So, the subtitle of my part is "what National Can and CANNOT do for you" or "there's trouble and you need to handle it ... and appropriately".

Departments and units, (whether the units are incorporated or not), are separate entities with bylaws and boards that govern them.

No one member dictates how the department or unit acts. The department's or unit's bylaws describe how the entity will function, how leaders are selected, how long they will serve, how votes will be taken – all so that the organization can best fulfill its purpose.

It's important to understand how the American Legion Auxiliary is structured, and why.



In the American Legion Auxiliary, the national organization is the main organization because it has the authority over the use of the name and trademarks of the organization.

Departments and Units are autonomous, but they are also subordinates of the National organization by virtue of being permitted to use the name and trademarks of the national organization.

Departments, intermediate bodies, subsidiaries and units are allowed to use the name and trademarks of the American Legion Auxiliary provided they operate in a manner worthy of the honor of the trademarked name, emblem, and logos.

American Legion Auxiliary departments are nonprofit 501 c-19 corporations. The fact that ALA entities are nonprofit corporations does not prohibit a department from raising money, it simply means that the money generated must be used to fund ALA mission delivery, which includes operations and programs.

Most departments have intermediate bodies, and nearly 3/4 of all ALA departments have incorporated ALA Girls State programs.

One big trouble area that leads to ill will is: **money**.

And a bigger trouble area is: incorporated ALA Girls State programs that raise money. Most ALA Girls State programs are incorporated as 501(c) 3's in order to raise money more easily.

The national organization cannot and does not dictate how departments or units run their operations or affairs. The ALA National organization can offer recommendations and guidance, but "National" can't make a subordinate entity do anything. And likewise, because National DOESN'T control department or other subordinate level operations, National cannot handle your department or unit matters or solve problems departments and units have with individuals.

What the National organization DOES control are the ALA trademarks. The national organization MUST and DOES exercise control over use of the name American Legion Auxiliary, the ALA emblem, the name ALA Girls State, and ALA Girls State logos. These are all trademarks – owned by The American Legion and controlled by the American Legion Auxiliary National organization.

Another example of how money begets ill will at the department or unit level stems from role misunderstandings between Legion entities and ALA entities.

A unit is chartered by virtue of its attachment to a Legion post; however, the post does not control the unit or vice versa. The same is true with departments, and this

organizational/accountable separation of ALA and Legion entities is clearly stated in both the Legion's and ALA's national bylaws.

A Post or Legion Department cannot require a Unit or Auxiliary department to give them money unless there is a signed agreement STATING the terms under which money is to be paid – e.g. rent, contracts for jointly held conferences and such.

Another problem that generates ill will is misunderstanding about control and accountability among ALA entities.

### **Control – Subsidiaries are wholly accountable to the parent corporation**

Departments have the authority to establish intermediate bodies such as districts, counties, and councils. Unlike units, intermediate bodies are created by and wholly accountable to the department. That clarification is stated plainly in the national American Legion Auxiliary bylaws. And, if the intermediate body is incorporated then it is a subsidiary of the department and is wholly accountable to the parent corporation under corporate law.

A subsidiary organization is a specific corporate organization that is formed by and under the control of its parent organization.

Many departments established subsidiary organizations to operate their ALA Girls State program for fundraising purposes. Remember that these ALA Girls State corporations did not form on their own. A department's governing board authorized and established its separately incorporated ALA Girls State program. Most Girls State programs were incorporated as 501 (c)(3) organizations, a very broad IRS classification of charitable organizations, because many foundations and corporations will only donate to 501 (c)(3) corporations.

So let's be clear: All separately incorporated ALA Girls State programs are subsidiaries of the Department, and as such, they are wholly accountable to and controlled by the Department.

Likewise, intermediate bodies established by the Department are subordinate to the Department. And incorporated intermediate bodies (districts, counties, and councils) are also subsidiaries of the department and are wholly accountable to and controlled by the Department.

The money and assets of a subsidiary BELONG to the parent corporation. The money of an incorporated ALA Girls State program BELONGS to the department.

It doesn't matter if your department bylaws don't address this subject – the law does. So, in the spirit of fostering goodwill, it is imperative that the relationship of a subsidiary to the parent corporation is clearly understood.



The ALA National Bylaws and Standing Rules clearly state the requirements that an ALA subsidiary corporation **MUST** fulfill to the parent corporation.

All subsidiary organizations **MUST** follow these five (5) rules of corporate law in keeping with required uniformity under U.S. trademark law.

1. All officers, directors, trustees, etc. of the subsidiary **must** be named by the department and confirmed by the governing board.
2. All vacancies in the subsidiary corporation must be filled by the department in the same manner.
3. The subsidiary corporation **must** report to the Department (the parent organization) at least once a month. The reporting must include the subsidiary's financial reports. If the subsidiary did not meet in a particular month it must still report to the department in writing that it did not meet, and still must report the month's financial statements.
4. The Department Treasurer or financial officer **must** be a signatory on all accounts of the subsidiary.
5. The subsidiary's articles of incorporation, bylaws, and all amendments thereto must be approved by the Department. If a subsidiary organization is currently operating and its articles of incorporation or bylaws have not been approved by the governing body (your DEC's) then the Department should take action immediately to ensure that the subsidiary's governing documents are received for the Department governing board's review and approval. Likewise, the Department governing board must approve all officers and directors of the subsidiary, and any members serving on a subsidiary's committee(s).

Remember – this is the law. The department created the incorporated ALA Girls State program, and the department can UN-create it – the department can dissolve the subsidiary if the subsidiary is not “behaving” and following the five rules listed above.

The department must approve all board members of the subsidiary. The department has the authority to UN-approve them. The department governing board can vote to remove any or all of the subsidiary board and replace any or all of the subsidiary board members and/or officers. The department can dissolve its subsidiary. The department is the parent corporation. As the parent, the department can do this, and should do this when proper accountability becomes a problem, usually over failure of the subsidiary to comply with matters involving money and control. The department is in control. If, after repeated attempts by a department to bring a

subsidiary into compliance, the subsidiary refuses to comply with the five rules of corporate law, then the National organization will indeed file a federal lawsuit to remove permission for the subsidiary to continue using the name and trademarks of the American Legion Auxiliary. The National organization has done so successfully.

The National organization will take such action solely to protect the name and trademarks. The National organization cannot take any action to dissolve the corporation because the National organization did not create the department subsidiary. The department did, and the department must then take action to dissolve the corporation and reclaim its assets which indeed belong to the department.

Another sore spot that generates ill-will stems from who “should” or “should not” run for office.

The American Legion National Judge Advocate, Counsel General to the American Legion Auxiliary, has been clear in advising against putting candidate criteria in governing documents. His advice is that the ALA has only two membership categories – Senior and Junior – and the national governing documents state that Senior members may hold office.

The national governing documents purposefully do not address the subject of candidate criteria at any level. The only national criteria that apply are those for membership in the organization in general. Officers should be members in good standing, which will be discussed further down in this presentation.

ALA entities cannot establish criteria for candidates that are contrary to federal or state laws or discriminate on the basis of race, creed, or ethnicity.

Any additional candidate criteria that might be based on years’ membership or service to the organization would more appropriately be placed in the organization’s guidelines. The concern about adding candidate criteria to bylaws or Standing Rules stems from the fact that the Legion has a federal charter – an Act of Congress – that very specifically states membership criteria.

There has been much discussion about this subject. Counsel General’s advice is to place candidate criteria in a Candidate Guidelines document which can be referenced in your Standing Rules, and then, in your Standing Rules, permit the establishment of a candidate screening committee whose role would be to review candidates according to desired officeholder criteria and may make recommendations to the voting delegates regarding the qualifications of the candidates.



Any member has the right to be nominated and run for office. Any member currently has the right to be nominated from the floor to run for any office at a convention where an election will take place. Establishing a candidate screening committee would accomplish the end objective of presenting qualified candidates to the electorate without compromising the issue of member rights.

Along this same line, another cause for disharmony in a department is how differently each state regards the status of members in its headquarters unit. They are members of the ALA with full member rights. That means members in a department unit can run for a county, district, or department office. Simply – a member is a member is a member with member rights. Regardless of whether she is a member of a local unit or department-based unit, she is a unit member of the organization, and if she is a member in good standing she is presumed eligible to run for an office.

Departments cannot treat members of a “holding unit” as “subjects”. They have the same rights as any other member. So in the spirit of ALA Centennial Plan Goal 1 and Goal 2, the ALA needs to foster an appreciation for those members who only want to belong to support the organization, and not to attend in-person unit meetings. They are members with full privileges regardless of how active – or inactive – they are.

Next Chris Dickey, registered parliamentarian and professional mediator, will explain what needs to be in governing documents, how and where, especially regarding the foundation for organizational good will – handling discipline.

***Clarity in governing documents about conducting meetings and handling member discipline – Professional Registered Parliamentarian and Mediator Chris Dickey***

## **Discipline**

Why is it important to have disciplinary procedures? Disciplinary procedures are a way to maintain the standards and values of the organization.

A few years ago the American Legion Auxiliary adopted a Code of Ethics. The Code of Ethics is incorporated into the American Legion Auxiliary National Constitution, Bylaws and Standing Rules as the Preface to the Standing Rules. *(They are included as an appendix to this presentation document.)*

American Legion Auxiliary members are expected to comply with the organization’s governing documents and comport themselves according to the Code of Ethics.

This Code of Ethics serves as a guide for conduct acceptable within the American Legion Auxiliary.

Members are expected to abide by all laws and demonstrate their ongoing commitment to the core values of integrity, honesty, fairness, openness, responsibility and respect.

Sometimes ALA members make mistakes. Sometimes Auxiliary members do not pay attention to the ALA Code of Ethics. When that happens, it is important to address behavior that is contrary to the standards of the organization.

### **How do you address inappropriate behavior?**

Start with a conversation. Inform the member of her inappropriate behavior. Listen to her response. There may be a different perspective. If the member admits that she erred, then ask for her commitment not to continue the inappropriate behavior.

However, if that is not successful or you see a continual disregard for the standards, then you may need to use to a more formal disciplinary process to address the behavior.

The ALA National Standing Rules state that the Unit has the responsibility for the discipline of its members.

In order for this to happen, a unit's bylaws must have certain provisions such as:

For any violation of the Unit, Department or National governing documents, or for conduct improper and prejudicial to the welfare of the Auxiliary or of The American Legion, any member may be subject to disciplinary procedures including suspension or expulsion from membership, or any officer removed from office as long as the member or officer has been afforded due process and the procedures in the standing rules of this unit have been followed.

A member has the right to due process. The right to "due process" means that a member has the right:

- to be informed of the charge and given time to prepare her defense – the amount of time is dictated by state statute and may differ from state to state, but usually the time required is about 15 days;
- to be given the opportunity to appear and defend herself; and
- to be treated fairly.



## **Procedures for a discipline process**

If a unit has not adopted specific procedures for the discipline process (sample procedures can be found in the *American Legion Auxiliary Unit Guide*, commonly known as the *Unit Handbook*), then the procedures in the current edition of *Robert's Rules of Order Newly Revised* need to be implemented.

*Robert's* elements of fair disciplinary process are:

- (1) confidential investigation by a committee;
- (2) report of the committee, and referral of charges, if warranted;
- (3) formal notification of the accused;
- (4) trial/hearing; and
- (5) the unit's review of a trial committee's findings (if the trial has been held in a committee instead of a membership meeting of the unit).

Disciplinary procedures for Departments are in Article IX of the American Legion Auxiliary National Standing Rules.

## **Provisions needed in Unit governing documents**

Governing documents too often state the eligibility requirements to be elected to a position, but do not provide any requirements to hold the position. The lack of clarity in an organization's governing documents too often leads to opportunities for confusion and personal interpretation, which in turn, can result in ill will.

Examples of such clarifying provisions include:

1. Qualifications for election and service for any unit office shall be that a person is a member of the American Legion Auxiliary and is in good standing as defined in the national governing documents.

*A member whose dues are paid up-to-date and who is not subject to suspension or membership revocation under due process shall be considered in good standing.*

2. Officers shall serve until their successors are duly elected or as otherwise provided in these governing documents. **or** Officers shall serve for a term of one year or until their successors are duly elected or as otherwise provided in these governing documents.

3. Any member subject to disciplinary procedures shall recuse herself from all deliberations concerning charges against her.

### **Provisions needed in Department governing documents**

Likewise, Department governing documents too often state the eligibility requirements to be elected to a position, but do not provide any requirements to hold the position. Sample provisions to include are:

1. Qualifications for election and/or service for any department office or director shall be that a person is a member of the American Legion Auxiliary and is in good standing as defined in the national governing documents.

*A member whose dues are paid up-to-date and who is not subject to suspension or membership revocation under due process shall be considered in good standing.*

2. Officers shall serve until their successors are duly elected or as otherwise provided in these governing documents. **or** Officers shall serve for a term of one year or until their successors are duly elected or as otherwise provided in these governing documents.
3. Any officer or director subject to disciplinary procedures shall recuse herself from all deliberations concerning charges against her.

Once you have proper provisions in your governing documents, it is important to consistently and fairly address inappropriate behavior. Silence gives consent!

### **Electronic meetings**

*Robert's Rules of Order Newly Revised* and most state statutes define a meeting as a gathering that provides the opportunity for simultaneous aural communication among all participants. Examples of how meetings can be conducted include face to face gatherings, telephone conference calls, voice over internet, or any combination of these.

### **Conducting business without a meeting**

If you want the ability to conduct business by a method that does not allow for simultaneous aural communication among all participants, then your bylaws must include a provision for such, and the provision must be compatible with your applicable state statutes. Examples of methods for conducting business without an in-person meeting include:



- Email
- Chat room
- Postal mail ballot
- Fax machines

Common requirements in state statutes:

- Vote threshold – what percentage of members must vote in order for a vote to be valid. Depending on the state it can range from a unanimous vote to the same bylaws requirement for a meeting.
- Documentation
- How to record in minutes

## Summary

Governing board members have a responsibility to make sure their department, intermediate body, subsidiary, or unit's governing documents are reviewed and improved to clearly address these vital issues discussed in this presentation.

The roles of departments and units need to be clearly understood, and governing documents need to be clear on matters of member conduct and discipline.

Member discipline is the responsibility of units and intermediate bodies, and the department is the FINAL authority for appeal of a disciplined member. Expulsion is permanent, and suspension is for a fixed period of time, based on how an entity's bylaws read. Generally, suspension cannot exceed the term of an ALA governing board. A Department needs to understand its role should the disciplined member appeal, and if a department has questions about member discipline, it should consult the Department's attorney or the Legion's Department Judge Advocate.

The National Constitution & Bylaws and Standing Rules address the due process required for a department taking action against a member. A disciplined member can appeal to the Department which is the final authority for determining membership, and meting out discipline. Department and unit bylaws should specify the authority for discipline, and then department /unit rules should state the process for handling discipline matters and acknowledge that they must be handled in accordance with due process.

Units and departments have the authority to deal with bullies, and they must do so. "National" has not authority over member behavior. The National Executive Committee only has the authority to discipline or remove a national officer or

national committee member serving a multiple-year term when necessary and with due process.

The main objective of this presentation is to help departments, units, intermediate bodies and subsidiaries of the American Legion Auxiliary understand that:

**Better written bylaws at all levels of the organization  
are the foundation for better behavior by members.**

Clearly written governing documents can foster good will by setting standards for conduct, via a Code of Conduct, and stating the responsibility and manner for addressing member conduct issues.

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## **Code of Ethics**

### **American Legion Auxiliary and American Legion Auxiliary Foundation**

This Code of Ethics serves as a guide for conduct acceptable within the American Legion Auxiliary and the American Legion Auxiliary Foundation.

As a matter of fundamental principle, the American Legion Auxiliary and American Legion Auxiliary Foundation will adhere to the highest ethical standards to earn and protect the public's trust in our performance to carry out the Auxiliary's mission, uphold rigorous standards of conduct, and be good stewards of our resources.

The American Legion Auxiliary and American Legion Auxiliary Foundation, as witnessed through the conduct of its national governing body, officers, staff, and volunteers, must earn the public's trust every day and in every possible way. National leaders are expected to abide by all laws and demonstrate their ongoing commitment to the core values of integrity, honesty, fairness, openness, responsibility and respect.

The American Legion Auxiliary strongly recommends that affiliated organizations at all levels adopt a Code of Ethics and conduct themselves accordingly.

In keeping with the best practices of high performing nonprofit organizations, it is the expectation of the American Legion Auxiliary and the American Legion Auxiliary Foundation that its national business standards, operations, and conduct conform to the following Code of Ethics.



## **Personal and Professional Integrity**

All members, volunteers, and staff of the American Legion Auxiliary and its Foundation act with honesty, integrity, and openness in all their communication, business, and transactions as representatives of the American Legion Auxiliary (organization). The organization promotes an environment that values fairness and commitment to the organization's founding principles and demonstrates respect for others.

National officers, board members, staff, and volunteers shall conduct their personal and professional lives in a manner befitting the organization's mission and values, recognizing that their actions reflect upon the creditability and reputation of the American Legion Auxiliary and American Legion Auxiliary Foundation.

National officers, board members, staff, and volunteers shall work to positively influence their environment to build respect, creditability, and strategic importance of our organization to the public, our members, and the communities we serve.

## **Legal Compliance**

The American Legion Auxiliary and American Legion Auxiliary Foundation are knowledgeable of and comply with all applicable federal, state and local laws and regulations, including but not limited to: complying with laws and regulations related to human resources, financial accountability, taxation, fundraising, trademark protection, and licensing.

National officers, board members, staff, and volunteers shall exercise due diligence in obtaining information on applicable laws and regulations for their jurisdiction.

National officers, board members, staff, and volunteers shall recognize that compliance with applicable laws is a paramount standard.

## **Governance**

The American Legion Auxiliary's national governing body is responsible for setting the strategic direction of the organization and oversight of the finances, operations, policies and programmatic performance.

The governing bodies of both the American Legion Auxiliary and American Legion Auxiliary Foundation shall:

- Ensure that the organization conducts all communication, business, and transactions with integrity and honesty;
- Ensure that policies of the organization are in writing, clearly articulated, and officially adopted;

- Ensure periodic review of the organization's structure, procedures and programs to determine what is working well and what practices the organization might want to change in order to be more efficient, effective or responsible.
- Ensure that the resources of the organization are responsibly and prudently managed;
- Ensure that the organization has the capacity to carry out its programs effectively.

### **Responsible Stewardship**

The boards, officers, staff, and volunteers of the Auxiliary and its Foundation are responsible for managing and preserving the organization's assets. Officers, board members, staff, and volunteers are expected to understand their fiduciary responsibilities so that the charitable purposes of the organization are carried out and assets are properly safeguarded and managed.

Officers, board members, appropriate volunteer leaders and staff shall ensure that:

- Financial reports are created and maintained on a timely basis and that accurately portray its financial status and activities.
- Internal financial statements are provided accurately and timely.
- Annual financial reports are made available to the public.
- Employees, national leaders, and members are provided a confidential means to report suspected financial impropriety or misuse of its resources.
- Written financial policies governing management and investment of assets and reserve accounts, internal control procedures, and purchasing practices are developed and implemented.

### **Openness and Disclosure**

The American Legion Auxiliary and American Legion Auxiliary Foundation will provide comprehensive and timely information to the public, the media, and its members, and is responsive to reasonable requests for information. All information about the organization will fully and honestly reflect the policies and the practices of the organization.

### **Conflict of Interest**

The organization has the right to expect that the decisions made by the national boards, officers, staff, and volunteers of the Auxiliary and its Foundation are made objectively and in the best interest of the organization.

To avoid the appearance of impropriety by those who could benefit directly or indirectly from any action by the Auxiliary and its Foundation, the organization shall develop, adopt and implement a conflict of interest policy.



Such policy shall include requirements to fully disclose all potential and actual conflicts of interest and prohibitions on activities that conflict with legal, ethical, and fiduciary obligations to the organization.

### **Fundraising**

The organization shall take care to ensure that all means and materials for solicitation accurately and correctly reflect its mission and use of solicited funds. The American Legion Auxiliary and its Foundation shall respect the privacy concerns of individual donors and expend funds consistent with donor intent.

To assure that donors and prospective donors can have full confidence in the organization and the causes they are asked to support, the Auxiliary and its Foundation will respect the following rights of donors:

- To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- To have access to the organization's most recent financial statements.
- To be assured their gifts will be used for the purposes for which they were given.
- To receive appropriate acknowledgement and recognition.
- To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- To expect that all relationships with individuals representing the American Legion Auxiliary and its Foundation will be professional in nature.
- To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

### **Grant Making**

The American Legion Auxiliary and its Foundation shall have specific stated responsibilities in carrying out grant programs. These responsibilities include the following:

- A formal and consistent application process which includes defined eligibility.
- Fair and equitable selection criteria.
- Assurance of applicant privacy
- Clear, timely and respectful communications throughout the application process

## **Inclusiveness and Diversity**

The organization recognizes the value of the diverse backgrounds and beliefs of its membership. The organization promotes an atmosphere of mutual respect for the worth and dignity of its members, those eligible to become members and those we serve.

## **Ethics Violations**

Any member may report a violation of ethical conduct or actions contrary to the governing doctrine without fear of retaliation.

The organization considers all inquiries and complaints about actions of members to be strictly confidential.

**Ethics Query** – An ethics query is a means for inquiring whether or not a practice warrants filing a complaint alleging a violation of the Code. Anyone may register a query of a possible violation of the Code by a member.

The organization shall adopt a procedure to administer the ethics query process.

**Ethics Complaint** – An ethics complaint provides a process for receiving, investigating and acting on a violation of the Code made against any member or staff and provides a process that is fair, responsible, confidential and consistent.

The organization shall adopt a procedure to administer the complaint process.

## **Whistleblower Protection**

A whistleblower is any member who, in good faith, promptly reports instances of any suspected violation of the Code. The American Legion Auxiliary and American Legion Auxiliary Foundation shall establish and abide by policies to protect the Auxiliary.

Any member who acts maliciously by making known information she knows or reasonably believes to be false is not a whistleblower and will not be protected under the whistleblower mechanism.

The organization expects improper activity to be reported accurately and will protect whistleblowers from retaliation.

The organization will investigate any allegation that a whistleblower has been retaliated against for disclosing information that the whistleblower believed to have been accurate. Any member who believes she been retaliated against for whistle blowing is expected to report it immediately. If the complaint is validated, the organization can impose disciplinary sanctions against the retaliating member including termination of membership in the organization.