



25 OCT 2018
FM: CHDIRAUX
TO: ALAUX
ALAUX 023/18

SUBJ: CHIEF DIRECTOR FINAL ACTION ON NATIONAL BOARD
RECOMMENDATIONS AT NACON 2018

1. At the 2018 Auxiliary National Conference (NACON) in Orlando, Florida in August, the following recommendations were placed before the National Board. They are summarized, with the Chief Director's final determinations, below:

A. **Recommendation**: To amend the Flotilla Standing Rules Template as follows:

Article 8 Finances, Sec 8.10 - All disbursements of Flotilla funds shall be by check, electronic transfer of funds (ETF), or debit card. Checks shall be signed by one (1) of the following three (3) Flotilla Officers: Flotilla Commander, Vice Flotilla Commander, or the Flotilla Finance Officer; however, the Flotilla in its appendix to these standing rules may require that checks be signed by two (2) of the above-named Flotilla Officers. The Flotilla Financial Officer, Flotilla Commander or Vice Flotilla Commander shall authorize electronic transfer of funds for payment of Flotilla financial obligations. Debit cards acquired by Flotillas shall only be held by the Flotilla Financial Officer, the Flotilla Commander, and/or the Flotilla Vice Commander who shall authorize their utilization for payment of Flotilla financial obligations.

Discussion: Contemporary banking methods include the use of electronic transfer of funds, as well as the utilization of debit or credit cards for ease of use and speed in completing financial transactions. While utilization of paper checks continues to be a viable process for making financial transactions, the majority of banking transactions is completed via electronic means. This recommendation is designed to allow for Flotillas to employ up to date processes for completing financial matters while limiting access and maintaining control over district funds.

(1) National Board action: Adopt.

(2) Chief Director final action: Disapproved.

Flexibility in effecting payments from Auxiliary units at flotilla, division, and district levels is attractive. However, it is not compelling enough to offset the responsibility and need to ensure the protection of Auxiliary unit funds that are secured by minimizing payment methods and documenting each expenditure for accountability. The provisions of current standardized Auxiliary unit Standing Rules secure such protection and accountability by limiting payment methods and requiring written documentation to expend unit funds. Internet and/or telephonic debit card purchases and electronic fund transfers do not require such documentation or provide positive accountability. Therefore, the current policies shall remain in effect.

B. **Recommendation**: To amend the Division Standing Rules Template as follows:

Article 8 Finances, Sec 8.10 - All disbursements of Division funds shall be by check, electronic transfer of funds (ETF), or debit card. Checks shall be signed by one (1) of the following three (3) Division Officers: Division Commander, Vice Division Commander, or the Division Finance Officer; however the Division in its appendix to these standing rules may require that checks be signed by two (2) of the above named Division Officers. The Division Financial Officer, Division Commander or Vice Division Commander shall authorize electronic transfer of funds for payment of Division financial obligations. Division debit cards acquired and used by Divisions shall only be held by the Division Financial Officer, the Division Commander, and/or the Division Vice Commander who shall authorize their utilization for payment of Division financial obligations.

Discussion: Contemporary banking methods include the use of electronic transfer of funds, and the employment of debit or credit cards for ease of use and speed in completing financial transactions. While utilization of paper checks continues to be a viable process for making financial transactions, the majority of banking transactions is completed via electronic means. This recommendation is designed to allow for Divisions to employ up to date processes for completing financial matters while limiting access and maintaining control over Division funds.

(1) National Board action: Adopt.

(2) Chief Director final action: Disapproved as described in 1.A.(2) above.

C. **Recommendation**: To amend the District Standing Rules Template as follows:

Article X Finances, Sec.10.3 - All disbursements of District funds shall be by check, Electronic Transfer of Funds (ETF), or Debit Card. Checks shall be signed by the

District Financial Officer, the District Commodore, or the District Chief of Staff. The District Financial Officer, the District Commodore or the District Chief of Staff shall authorize electronic transfer of funds for payment of district financial obligations. Debit cards acquired and used by Districts shall only be held by the District Financial Officer, the District Commodore or the District Chief of Staff, who shall authorize their utilization for payment of District financial obligations.

Discussion: Contemporary banking methods include the use of electronic transfer of funds, and the employment of debit or credit cards for ease of use and speed in completing financial transactions. While utilization of paper checks continues to be a viable process for making financial transactions, the majority of banking transactions is completed via electronic means. This recommendation is designed to allow for Districts to employ up to date processes for completing financial matters while limiting access and maintaining control over District funds.

(1) National Board action: Adopt.

(2) Chief Director final action: Disapproved as described in 1.A.(2) above.

D. **Recommendation:** COMDTINST M16790.1 (series) (Auxiliary Manual) Ch.4 subsection A.9 Flotilla Voting Policy should be amended (to read as follows):

One quarter (25%) of the eligible voting members who have recorded at least 20 hours in AUXDATA during either the current or preceding calendar year, shall constitute a quorum for the transaction of business at any regular or special flotilla meeting unless the flotilla desires to specify a higher percentage. A minimum of four (4) such members shall be necessary to establish a quorum. All members in good standing shall have the right to vote on the conduct of business or the election of flotilla officers. The Director, with concurrence of the DCO, may waive the one quarter (25%) criteria for a value no lower than 15% based on a written request (email is acceptable) from the FC. Such request shall be fully routed through the flotilla's chain of leadership regardless of the nature of endorsement at any given level. Waivers shall be applied judiciously based on sound case-by-case programmatic need. They shall not be issued for perpetuity. The Director shall define the temporary duration of the waiver as part of its approval. Flotillas that receive a waiver shall be expected to make all due effort to achieve the one-quarter (25%) quorum threshold including the use of telephonic/electronic means for members to participate in meetings. Waivers shall not be applied as a matter of blanket policy for a region or division, and they shall not be applied as a means to avoid flotilla disestablishment action as described in section A.7.of this Chapter. Waiver approvals shall be issued by memo from the Director

(copy to DCO, DSO-LP, appropriate DCAPT and DCDR) and shall be kept attached to the flotilla standing rules.

Discussion: A challenge facing the Auxiliary is the difficulty in achieving a quorum in Flotillas with a large percentage of non-active members. Using this criteria of counting only Active Members, Flotillas, especially large Flotillas, will be better able to establish a quorum and conduct business. For example, a Flotilla with 100 members normally needs 25 members present to conduct business. The same Flotilla with 40 "ARCHER" members (members with at least 20 hours in AUXDATA during either the current or preceding year) will only require 10 members to hold elections and conduct business. All members will be entitled to vote but the quorum requirement will be based on the number of "ARCHER" members in the flotilla. At least four (4) members shall be required to establish a quorum. This proposal solves the problem noted above without diminishing the voting rights or status of non-active members. The roster of "ARCHER" members would be determined by year-end reports or updates from AUXDATA and would be maintained by the Flotilla Staff Officer-SR. While quorum can be managed by waivers, this definition for quorum should eliminate the need for seeking such remedy and would allow Flotillas to conduct business in a more streamlined fashion.

(1) National Board action: Adopt.

(2) Chief Director final action: Disapproved.

In a Nation that cherishes minimal criteria placed on the right of a citizen to vote on public matters (i.e., age; geographic eligibility; acceptable criminal history; one-person-one-vote), an organization like the Auxiliary must strive to similarly preserve minimal voting criteria imposed upon its members. This recommendation imposes new voting criteria upon Auxiliarists in addition to long-standing minimal requirements (i.e., membership in good standing; one-person-one-vote; the need for a minimal number of eligible voting members to conduct a vote (aka, quorum)). It effectively imposes dependency upon a relatively arbitrary measure of Auxiliary activity, which by its very nature may vary greatly from year-to-year depending upon an individual's personal circumstances. Moreover, considerable accommodation has been made in the past five years for Auxiliary units to address the challenges of achieving the prescribed quorum, including allowance for the Director of Auxiliary to temporarily waive the 25% threshold to as low as 15% as well as allowance for the application of electronic voting in order to conduct business. Auxiliary leaders are expected to leverage such allowances to overcome these challenges. Additionally, significant concern stems from the considerable administrative burden that would accompany ensuring accuracy in the determination that the proposed quorum criteria are met for every Auxiliary unit meeting in which business is conducted. The

provisions of current Coast Guard policies and standardized Auxiliary unit Standing Rules are therefore deemed sufficient and remain in effect.
