

# The Ombudsman Office Annual Report

2008

July 1, 2007 - June 30, 2008



Enrolling for Service



INDEPENDENT

CONFIDENTIAL

ombudsman: a safe place to voice concerns

NEUTRAL



American  
Red Cross

INFORMAL



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Children's artwork hung in the child care area of a shelter during the California wildfires.

# Message from the Corporate Ombudsman

In October 2007, the independent Ombudsman Office opened its doors to all persons with an interest in the American Red Cross, including the public, employees, volunteers, and other stakeholders. I am proud of the staff that we have assembled and thankful for the many creative and talented people who were instrumental in getting us started! I am especially grateful to our visitors, the first to place their trust in our office.

This inaugural report provides information about instances when we lent an ear and, sometimes, a hand to individuals who had issues relating to the American Red Cross. It also presents examples of how we reached out to obtain and provide feedback to the organization as it wrestled with difficult and significant problems. Finally, the report contains an overview of the feedback that we received from those who communicated with our office.

The Ombudsman Office was launched as an informal and responsive resource for those who seek our assistance. As organizational ombudsmen, we remain neutral at all times and do not take sides; we do not represent or advocate on behalf of our visitors or management. The information we present in this report is therefore impartial. It is not the Ombudsman Office's two-cents' worth, but reflects what people inside and outside of the organization have chosen to share with us. We commit to them that by sharing only systemic and trend data, their identities will remain confidential. Importantly, the information presents not only challenges for the organization but also constructive opportunities for improvement.

Like the rest of the organization, our office has been affected by the American Red Cross headquarters downsizing this year. We are losing valued colleagues who were essential to the successful start-up of our office. We are so appreciative of them and offer heartfelt thanks for their service.

I am confident that we have laid the foundation for an Ombudsman Office that will support this preeminent institution as it continues to evolve. We will build on our success and in FY 2009, continue to proactively reach out to our internal and external constituencies as a confidential, safe place to voice concerns.

Sincerely,

*Beverly Ortega Babers*

Beverly Ortega Babers  
Corporate Ombudsman



# What is an *Om-buds-man*?

**T**he Ombudsman Office was established by The American National Red Cross Governance Modernization Act of 2007 (the Modernization Act) to be an informal conflict resolution center.<sup>1</sup> As organizational ombudsmen, we are:

- **neutral & impartial**—advocating only for fair process and not for any individual or cause.
- **confidential**—providing off-the-record assistance and maintaining the confidentiality of our visitors. We assert that our confidential communications are privileged, and we do not keep permanent records of confidential communications.
- **informal**—supplementing all formal venues for raising concerns and approaching each case on its own merits. We don't conduct formal investigations or make management decisions, and we do not accept formal notice of claims against the Red Cross.
- **independent & safe**—allowing people to voice concerns without fear of retaliation. The office was created to be independent, with its own budget and access to the highest levels of the organization. It provides regular trend reports to the Board of Governor's Audit and Risk Management Committee, and an annual report to 11 Congressional Committees.

In FY 2008, the Ombudsman Office was available as an informal resource to American Red Cross employees, volunteers and stakeholders during a very challenging period that saw:

- continued changes in top leadership of the organization
- a \$200 million operating deficit and resulting loss of more than 30% of headquarters staff
- continuing oversight from the Food & Drug Administration to address compliance issues relating to the collection and processing of blood products
- response to the California wildfires, hurricanes, and Midwest flooding and tornados, the largest disasters since Hurricanes Katrina and Rita
- fundraising challenges

<sup>1</sup> We adhere to the tenets of the International Ombudsman Association (IOA), whose mission is to advance the profession of organizational ombudsmen and ensure that practitioners are able to work to the highest professional standards. IOA is the largest international association of professional organizational ombudsmen practitioners in the world, representing over 500 members from the United States and across the globe.

## Who We Serve and How We Work

**T**he office is a resource for all members of the extended American Red Cross community. So whether you are paid or volunteer, donate blood or money, provide supplies or services, receive benefits, or in some way interact with the Red Cross, the Ombudsman Office is here to assist you. We handle an array of concerns relating to the organization's mission, programs and people. These concerns may be about an individual issue or a broader systemic matter that touches different parts of the organization.

As a neutral resource, the Ombudsman Office is uniquely situated to serve as a listening post for a broad range of internal and external stakeholders. And, with the commitment of confidentiality, constituents are able to share concerns and information

about problematic situations or programs without fearing retaliation.

We listen to such concerns, perhaps through a series of discussions or meetings, and together with our visitors we craft options to resolve the matter. Ultimately it is always the visitor who makes the decision as to what will happen next, if anything. When appropriate, the Ombudsman can request and gain access to information and personnel to help resolve an issue.

The Ombudsman Office shares trend information and systemic data with the organization without compromising the confidentiality of its visitors. Doing so provides valuable feedback to the Red Cross about situations and problems that may require greater oversight or action.

**The Ombudsman Office opened its doors in October 2007 and serves as:**

- **an alternate resource for individuals**
- **an impartial listening post**
- **a trend spotter for the organization**
- **an advocate for fair process**
- **a source for informal and early conflict resolution**

## How to Connect with Us

**O**ur office is part of the American Red Cross national headquarters and is located in Washington, D.C. Many of our constituents reside far beyond the borders of the nation's capital and may be unable to visit personally with us. To ensure these constituents are able to safely voice their concerns, we maintain an active presence on the organization's website and may be reached through the main Red Cross phone number (800-Red-Cross) or a separate toll free number that connects directly to the office (866-667-9331).

Throughout fiscal year 2008, we reached out to persons affected by significant events such as the devastating wildfires in southern California. We also visited American Red Cross field and headquarters offices, attended conferences and conventions, and met with many people who perform the important work of the Red Cross everyday.

Proactive outreach is an important part of our vision for the Ombudsman Office and will be expanded in fiscal year 2009 as resources permit.



Ombudsman office staff (l to r): Kimberly Wiley, Daniel Riordan, Sarah Kith, and Beverly Babers. Special thanks to Patte Noriega, Tonya Burton, and Celeste Better.

Finding creative and effective ways to reach out and continue reporting trends and systemic issues will become more important as our case-load increases.

In both our casework and outreach, we found that some people were willing to confidentially share information with us that they were uncomfortable passing on to either their supervisor (if employees or volunteers) or American Red Cross personnel (if partners, service recipients, or vendors). As presented in this report, the feedback we obtained provides a valuable data point for the American Red Cross to use in assessing its performance and opportunities for improvement.

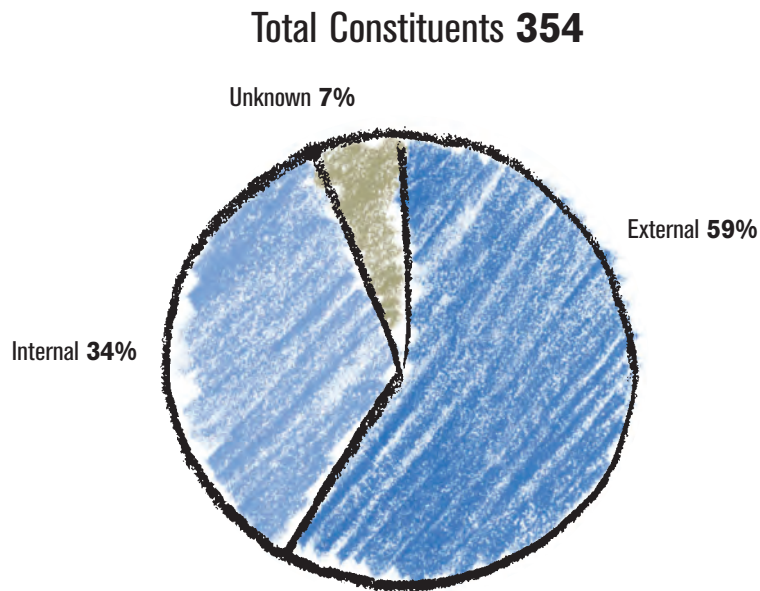
*Confidential*

# Case Statistics

In addition to assisting with each visitor's concern, we also have a core responsibility to provide feedback to the organization about trends and systemic matters. We present pertinent case data in this section.

The largest number of internal constituents hold paid professional positions, followed by volunteers. Their concerns were generally about human resources issues.

The largest number of external constituents were individuals seeking assistance with Red Cross services.



## Constituent Snapshot:

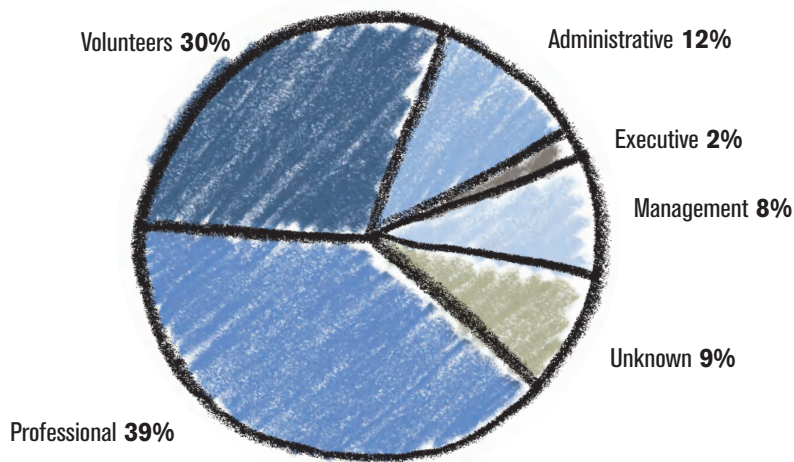
**86%** are located outside of the District of Columbia

**56%** are female

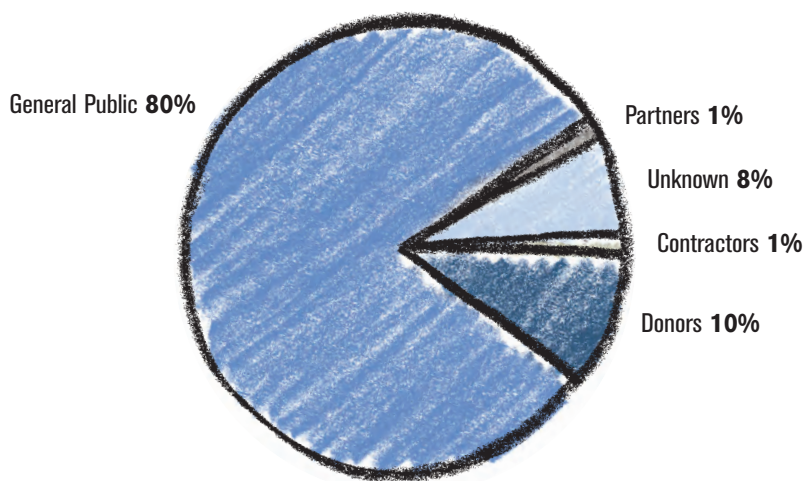
**63%** are external



## Internal Constituents **122**

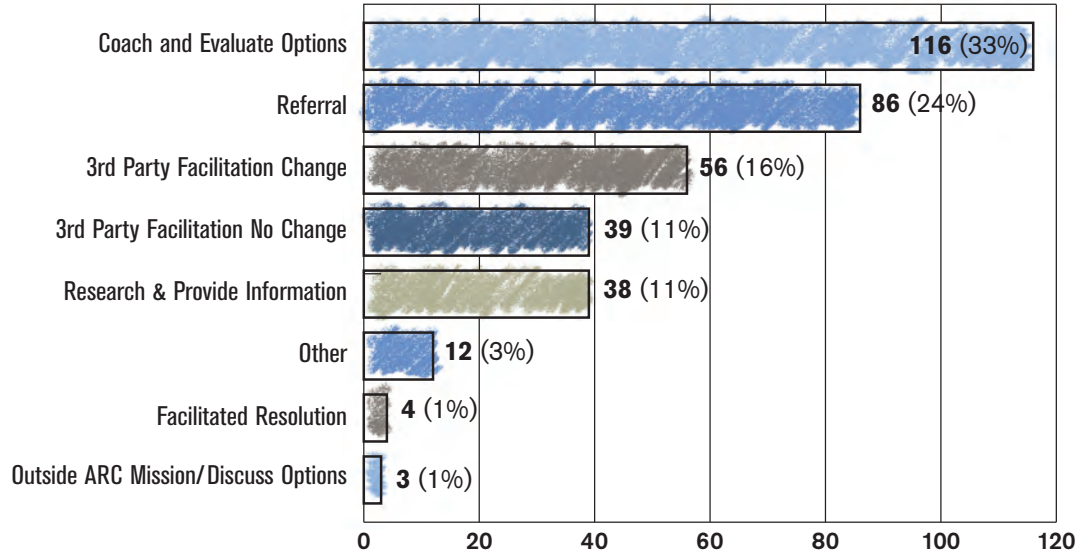


## External Constituents **210**



# Case Statistics

## Primary Ombudsman Action in Each Case (354 total)



The majority of visitors to the Ombudsman Office are provided coaching, and assistance in identifying and evaluating options to address their concerns.

## DEFINITION OF PRIMARY OMBUDSMAN ACTIONS\*

**Listen**—Listening without judgment and being gently questioned may help constituents put problems into perspective, or deal with stress so they can take the time that they need to figure out what is happening to them. Generally, listening is not tracked because in all cases the constituent wants to “be heard.”

**Coach and Evaluate Options**—Often people come to our office believing they have no options or only bad ones. The ombudsman can often help frame or reframe the issues; identify or develop new and different perspectives; describe additional, responsible and effective paths from which the constituent may choose; and role play to assist the constituent in handling challenging situations.

**Referral**—The ombudsman understands the other resources within the organization available for persons seeking assistance and refer constituents to these resources.

**3rd Party Facilitation**—The ombudsman impartially works with others within the organization to address constituent issues when given permission to do so. The ombudsman may engage in shuttle diplomacy between the constituent and the party within the organization, or bring the constituent and other party together informally to resolve the problem. Or the ombudsman may agree to take a concern directly to a supervisor or

even a very senior manager for review and informal problem solving. Sometimes this facilitation results in a different outcome (change) for the constituent and sometimes it does not (no change).

**Research and Provide Information**—The ombudsman may provide a copy of a policy or obtain clarification of the meaning of a policy, an explanation of a management decision, or other factual information. The ombudsman may be able to provide (or help to find) information that resolves a problem in one or two contacts. Often someone under stress is less effective in searching for and obtaining such information on their own.

**Facilitated Resolution**—The ombudsman facilitates a voluntary mediation-like process that offers the participants the opportunity to fully express their concerns, to better understand one another’s perspectives, and to explore what resolution options may be mutually acceptable.

**Outside ARC Mission**—Sometimes constituents present issues that are not within the scope of the American Red Cross’ mission. When this occurs the ombudsman listens and is often able to redirect that person to an alternative organization for assistance.

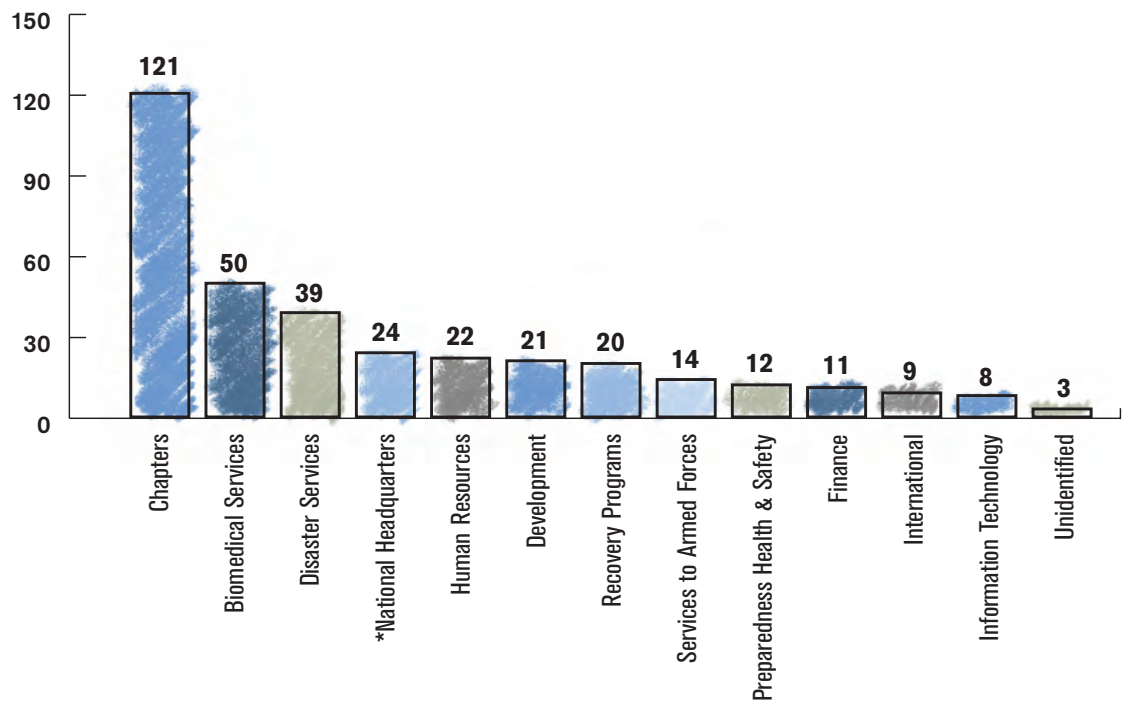
\*Options, Functions and Skills by Mary Rowe, Ph.D., International Ombudsman Association 1995

# Case Statistics

The vast majority of cases were from internal and external stakeholders of the more than 700 American Red Cross chapters.

The next largest group of cases was from internal and external constituents of Biomedical Services and Disaster Services.

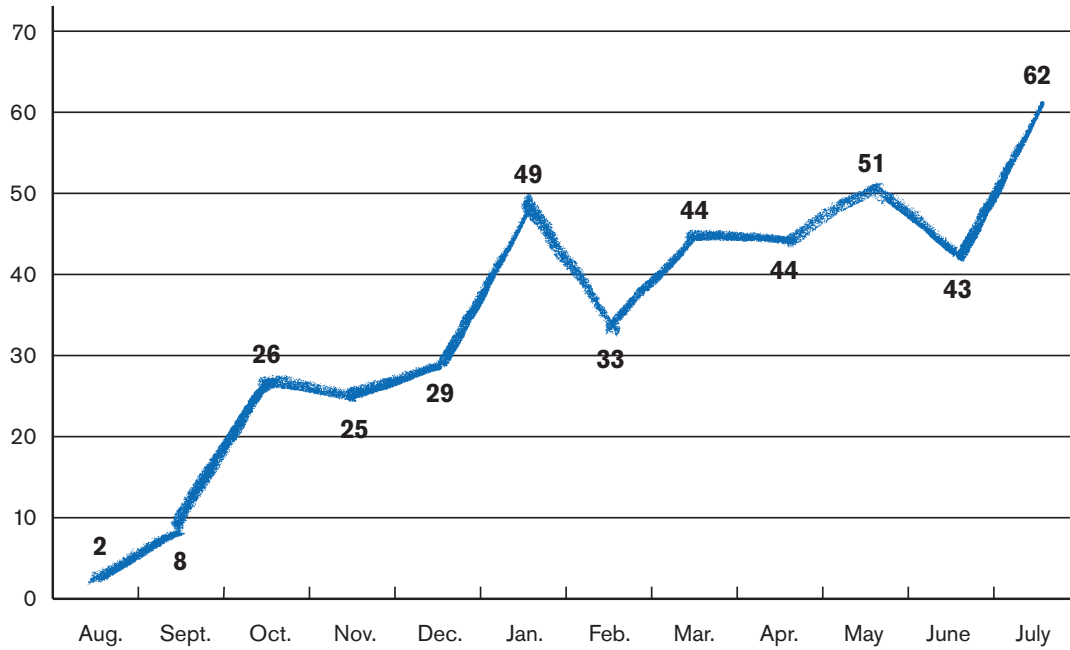
Number of Cases per Organizational Unit (354 total)



\* National Headquarters includes the Board of Governors and offices of the President and CEO, Chief Operating Officer, Chief of Operations Support, General Counsel, Chief Public Affairs Officer, and the National Chair of Volunteers.

# Case Statistics

## Casework Received by Month 354 Cases 8/2007-7/2008

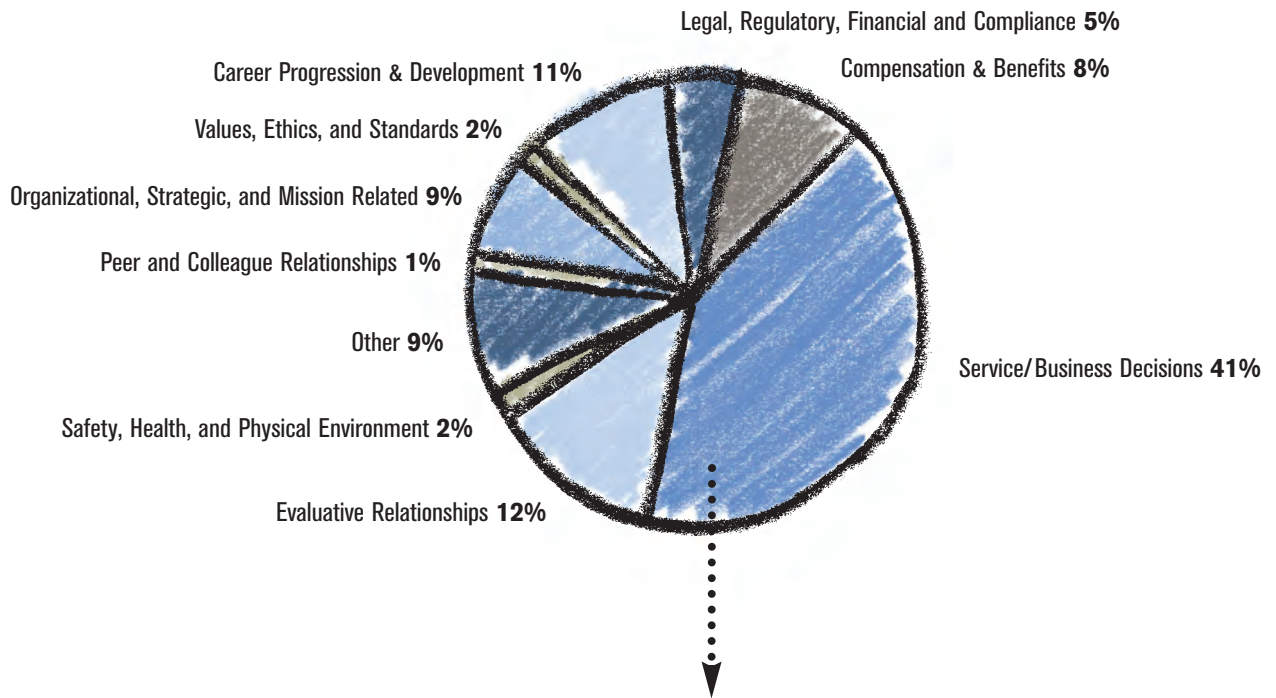


The Ombudsman Office has had an upward trend in monthly case receipts since its launch in 2007.

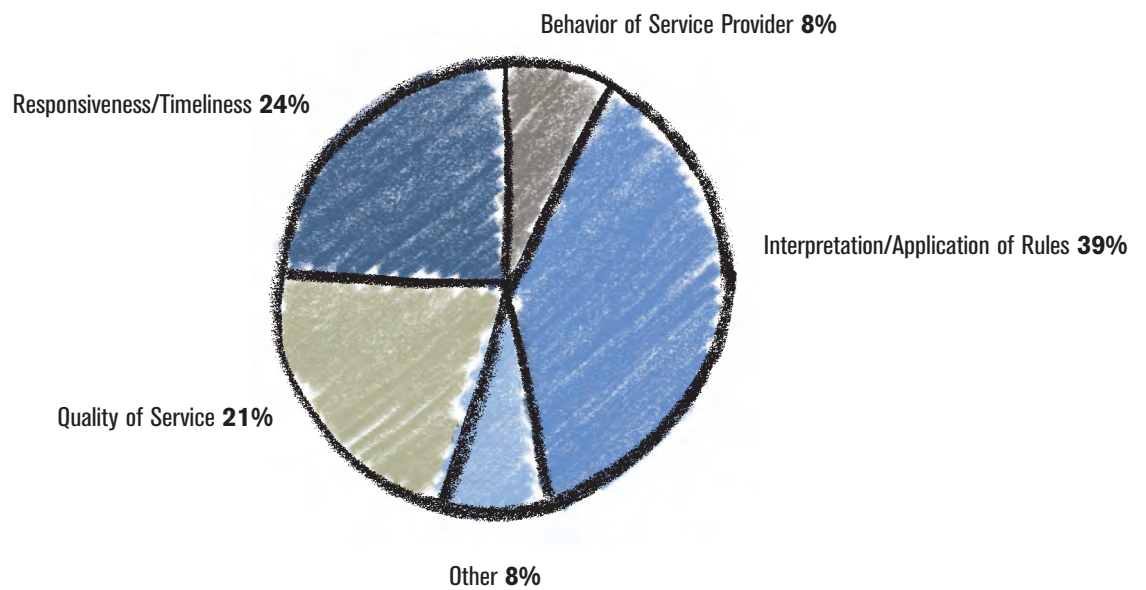
There may be a delay in our office's ability to efficiently process cases if this trend continues.

# Case Statistics

## Distribution of Primary Issues (354 Total)



## Service/Business Decisions (146 total)



More than 40% (146) of the issues raised were related to Red Cross services offered to the general public, including concerns that the services were insufficient or untimely, that the Red Cross or its agent improperly limited services to qualifying individuals, or that services were provided when they should not have been.

Thirty-two percent (113) of the issues related to perceived unfair or disrespectful treatment of employees and volunteers, feelings of a difficult or hostile work environment, and complaints of unequal opportunity for advancement and growth.

## **DEFINITION OF COMMON CASE ISSUES**

**Service/Business Decisions and Issues**—questions, concerns, issues or inquiries that relate to quality of services; responsiveness/timeliness for returning calls or providing a response; interpretation and application of rules, policies and business decisions; behavior of service provider

**Legal, Regulatory, Financial and Compliance**—questions, concerns, issues or inquiries that may create a legal risk for the organization if not addressed, including issues related to waste, fraud or abuse


**Compensation and Benefits**—questions, concerns, issues or inquiries involving compensation; classification/level; payroll; benefit programs; retirement/pension

**Organizational, Strategic and Mission Related**—questions, concerns, issues or inquiries regarding governance, leadership or management; use of positional power/ authority; communication; restructuring and relocation; organizational climate; change management; priorities; business unit jurisdiction/ responsibility

**Career Progression and Development**—questions, concerns, issues or inquiries about job application/selection and recruitment process; job classification and description; involuntary transfer/ change of assignment; position security/ambiguity; career progression; rotation and duration of assignment; resignation; termination/ non-renewal; re-employment; position elimination; career development, coaching, mentoring

**Evaluative Relationships**—questions, concerns, issues or inquiries involving priorities, values, beliefs; respect/treatment; trust/integrity; reputation; communication; harassment; hostile work environment; diversity; retaliation; physical violence; assignments/schedules; feedback; performance appraisal/grading; organizational climate; supervisory effectiveness; insubordination; discipline; favoritism/unfair treatment.

## Feedback and Case Scenarios

 Our office is required by statute to include in this report trends and systemic matters that we have identified as confronting the American Red Cross. In addition, our charter authorizes us to make recommendations to the organization to address individual or systemic issues. This year, we are establishing a baseline of the feedback we received as a

first step to understanding the trends and systemic matters facing the organization.

The issues we present are determined based upon recurring feedback to the Ombudsman Office and our observations as we have reached out to stakeholders. They are important data points for management to consider with other data points as it moves forward.

We think it would be premature to present recommendations in this inaugural report, yet we expect to do so in subsequent years. This gives our office an opportunity to collaborate with the new leadership team, assembled by a new President and CEO who has been in office for 5 months, to understand this team's direction and vision, and to provide more reflective and relevant recommendations based on a longer-term perspective.

We encourage management to carefully consider the information provided in this section. While we do not yet know the extent to which the feedback is widespread or pervasive, it is representative of what we have heard and observed.

“The Office of the Ombudsman shall submit annually to the appropriate Congressional Committees a report concerning any trends and systemic matters that the Office of the Ombudsman has identified as confronting the corporation.”

American National Red Cross Governance  
Modernization Act of 2007

“The Corporate Ombudsman shall be authorized to...make recommendations for the resolution of an individual complaint or a systemic problem to those persons who have the authority to act upon them.”

American Red Cross  
Ombudsman Office Charter  
January 2008



## GOVERNANCE, LEADERSHIP, AND STRATEGIC FOCUS

### FEEDBACK:

Both field-based and headquarters employees and volunteers reported:

- Confusion and lack of communication regarding the new governance model, corporate strategic goals, and organizational changes resulting from a headquarters restructuring
- Lack of opportunity for input into direction of organization
- Distrust of senior leadership and low levels of collaboration within and across business units
- Concerns regarding organization's current business model



*Independent*

## C A S E S C E N A R I O

### **Volunteers—A Mission Critical Resource\***

An individual contacted the Ombudsman Office on behalf of her community, which had been devastated by fire more than a decade ago. The community was holding an event to commemorate its reconstruction and wanted to acknowledge the Red Cross volunteers who had supported it in the immediate aftermath of the fire. The American Red Cross chapter that was located in the community at the time was no longer in operation and the individual was not sure how to proceed. With permission, the Ombudsman worked with the individual and the Regional Chapter to identify and locate the volunteers. In addition the Office of the National Chair of Volunteers provided American Red Cross certificates to be presented to the volunteers at the event, as well as information and photos regarding the work of volunteers during the year in question to be showcased during the event.

\* To protect confidentiality, the Case Scenarios in this Annual Report are not actual cases but are representative of the types of concerns brought to our office and the outcomes of cases we handled in Fiscal Year 2008.

## **VOLUNTEERS**

### **FEEDBACK:**

Volunteers contacted the Ombudsman Office to express concerns about perceived unfair treatment relating to:

- Discrimination and mistreatment
- Favoritism and who you know influence opportunities for assignments and advancement
- Lack of diversity among managers
- Inconsistent and arbitrary human resources practices
- Inability to influence headquarters' decision-making

*Informal*

## DIVERSITY

### FEEDBACK:

Employees and volunteers at headquarters and field units voiced significant concerns relating to diversity:

- Red Cross' efforts in valuing and ensuring diversity in its people and programs are inconsistent and could be more proactive
- Personal achievement may be limited in parts of the organization due to outdated views on diversity and inclusion
- Unfair treatment in the workplace environment may be caused by a lack of cultural sensitivity among managers

In addition, employees, volunteers, and community partners reported:

- Inconsistent skill, focus, and accountability of chapters for establishing and maintaining diverse community partnerships

## C A S E S C E N A R I O

### Diversity

Betty is a senior citizen with a significant hearing loss. She contacted the Ombudsman Office through a TTD hearing-impaired line after she was unable to use a client assistance card issued by the local American Red Cross chapter. The assistance card was for emergency supplies after a fire damaged her apartment and most of her belongings. Betty was frustrated because she had spent time shopping for food only to be told in the grocery store check out line that the card had no value. She had not yet used the card to purchase anything and did not understand what had happened. After discussing options with the Ombudsman, Betty gave the Ombudsman permission to contact the chapter to discuss her concerns.

The Ombudsman spoke to the head of Emergency Services at the local chapter, relaying that Betty was frustrated because she tried to explain to the case worker that she could not understand him due to her hearing disability. The Emergency Services director reviewed the situation and explained that, in fact, the case worker would have arranged for a sign language interpreter if he had known about Betty's disability prior to meeting with her. He also indicated that the chapter would review its policies to ensure that individuals with disabilities were being appropriately accommodated.

The Emergency Services director explained that chapters across the country have a policy in place that requires the client assistance cards to be used within a certain number of days. Betty thought she had a longer period of time based on the card's imprinted expiration date. This discrepancy occurs when the cards are bulk distributed by headquarters to the chapters. The chapter agreed to reauthorize the card and asked the Ombudsman Office to provide upward feedback regarding the confusion caused by the different expiration dates.

## C A S E S C E N A R I O

### Handling Conflict

Pat is a former manager at an American Red Cross Blood Services region. As a manager, he spoke to the region's CEO about concerns that the region may not be in compliance with Red Cross policies regarding the Sarbanes-Oxley Act of 2002 (SOX). Not long after raising these concerns, the region eliminated his position. Pat reported that he was wrongfully fired as retaliation for speaking up. He filed formal complaints with the appropriate national headquarters' office and also contacted the Ombudsman Office.

The Ombudsman listened to and discussed options with Pat. Pat chose to have the Ombudsman facilitate an informal conversation between Pat and several members of the region's senior leadership team. The Ombudsman confirmed that the region's CEO was open to the option and arranged for this discussion to take place informally at a neutral location. The facilitated conversation provided an important opportunity for both sides to share their views about what happened, identify issues and interests, and consider options for moving forward.

After the discussion, both parties walked away satisfied that they were better informed about each other's perspectives regarding the region's SOX policies. Pat learned that the American Red Cross as a non-profit organization is not covered by SOX; however the organization has voluntarily adopted SOX policies. Pat gained insight into both the rationale and the process used that resulted in the elimination of his former position. Pat felt that he was fully heard and was able to accept that his separation from the chapter was not based on retaliation for raising a concern about SOX policies.

## CONFLICT RESOLUTION

### FEEDBACK:

Employees and volunteers from field and headquarters commented that on-going conflicts within chapters, in Biomedical Regions, and at headquarters escalate or remain unaddressed. Perceptions about conflict resolution included:

- Employees and volunteers are mostly unaware of the Red Cross' Issue Resolution Process<sup>2</sup>—a lack of knowledge about this process allows conflicts to escalate without the benefit of a potential early resolution
- A culture of conflict avoidance discourages the pursuit of resolution and the full engagement of employees and volunteers
- Alternative venues for employees and volunteers to give input to management in some parts of the organization are not provided on a regular basis, leaving the perception that suggestions are neither invited nor encouraged, and that speaking up may lead to retaliation
- Formal investigative channels are not always resourced to investigate and make independent recommendations to resolve all of the human resource or staff-related workplace disputes

<sup>2</sup> American Red Cross, Human Resources Policy and Procedure Manual, Policy No. 505.00 (Aug. 28, 2007)

## PROGRAM AND SERVICE DELIVERY

### FEEDBACK:

We have heard from employees, volunteers, donors and service recipients regarding a wide-range of Red Cross program and service delivery issues. Among the feedback expressed was:

- Insufficient uniform operating procedures during response operations
- Lack of consistent, comprehensive staff training
- Confusion and frustration regarding the application of rules relating to Hurricane Recovery Program and disaster services benefits
- Blood collection procedures that are time consuming and inefficient
- Inability of field-based staff to influence or drive program and service-related decisions made at headquarters
- Lack of communication and understanding regarding fundraising at national and field locations

## C A S E S C E N A R I O

### Putting Clients First

Steve contacted the Ombudsman Office following a stressful relief operation, where he was the supervisor for a unit with significant responsibilities. He expressed frustration at what he felt was wasted time trying to iron out operational issues with another supervisor, Lauren. Steve and Lauren received training and had worked on small scale disasters in different parts of the country. As a result, Steve thought that Lauren's unit was handling a particular task that it was not, in fact, performing. It was only after clients started complaining that Steve and Lauren realized the mistake. They ended up blaming each other for the error in front of clients, who had to wait for needed services while Steve agreed to take on the task and scrambled to get it done. The Ombudsman and Steve discussed his options. Steve was coached on a different framework for handling conflict in the heat of a difficult situation and was able to role-play a similar scenario with the Ombudsman. Because the Ombudsman Office had received similar feedback from other staff and supervisors, the Ombudsman provided feedback of this systemic issue to the appropriate headquarters office. This feedback was provided without breaching the confidentiality of or revealing identifying information about any of the constituents who raised the issue.

*Neutral*

# Proactive Outreach

## CALIFORNIA WILDFIRES

In November 2007, the Ombudsman Office deployed to San Diego, San Bernardino, and other impacted communities in southern California during the wildfire disasters. We solicited feedback from the extended American Red Cross community regarding the organization's overall response. That feedback is presented in a document entitled "Office of the Corporate Ombudsman Southern California Wildfire Constituent Feedback Summary", which is summarized here.

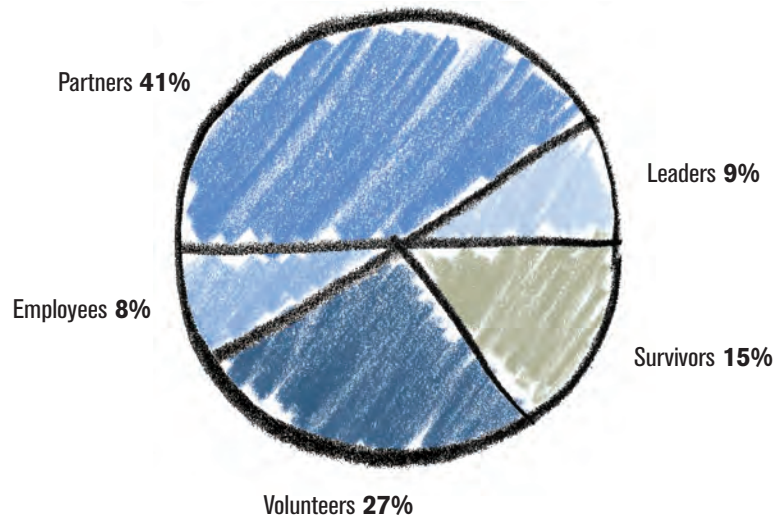
The informal feedback reflects the perceptions of the 110 persons whom we interviewed over three days. The feedback was provided to the organization as one data point to be used in assessing and improving, where necessary, its disaster response program including service delivery.

By any measure the 2007 California wildfires were an extraordinary disaster event that directly impacted thousands of individuals and families. In addition to loss of life and injury:

- more than 1,300 homes and structures were destroyed
- approximately 1 million people were evacuated
- over 500,000 acres were burned

**California Wildfires—The Ombudsman Office received informal feedback from 110 survivors, volunteers, employees, partners and leaders.**

Constituents Reached



The wildfires provided a critical opportunity for the American Red Cross, and its federal, state, and community partners to respond to a large disaster using lessons learned from the 2005 hurricane season. Based upon the constituent feedback we received, those impacted by the disaster were clearly appreciative and supportive of the Red Cross' swift response throughout the unfolding disaster. We heard many positive remarks:

- Long time partners spoke of positive, post-Katrina changes in the Red Cross culture toward more openness, flexibility, professionalism, and respect in working with them.
- Survivors spoke of the compassion, caring, and desire to help demonstrated by Red Cross personnel.



Beverly Babers speaking with Kimberly Burgo, Senior Director, Catholic Charities USA, during California wildfires.

The constructive feedback had four predominant themes and came from across all constituent lines:

- There is a desire for renewed vigor around training, developing, and selecting Red Cross managers, staff, and volunteers to ensure their ability to perform successfully during disaster response. Volunteers also seek transparency in ways they can develop and advance in leadership positions.
- Service delivery may be impacted by a lack of consistent management direction and communication in executing disaster response functions.
- An opportunity exists to strengthen the organization's reach into diverse communities by building partnerships that facilitate greater understanding of respective needs and interests during disasters.
- Increased focus on enhancing cultural awareness and improving communication with diverse communities may close a gap that exists in providing necessary services to diverse communities during disasters.

## NATIONAL HEADQUARTERS RESTRUCTURING

In January 2008, the American Red Cross announced a national headquarters restructuring initiative to address a looming budget crisis. The NHQ operation had grown over time to an unsustainable level, resulting in a projected operating deficit of more than \$200 million. ARC leadership pledged to eliminate this budget deficit by fiscal year 2010 by reducing costs at NHQ, streamlining operations and refocusing on Red Cross units in the field, where most front-line services are delivered. As a result, the organization eliminated approximately one-third of its headquarters' positions.

In February 2008, the Ombudsman Office surveyed the impacted NHQ workforce to allow them a confidential opportunity to provide feedback to senior management as decisions were being made about reducing personnel and streamlining operations. The office received 533 survey responses.

The Ombudsman Office tallied the responses to the survey questions and posted the results on CrossNet, the organization's internal website. About half of the respondents also provided narrative comments, which were compiled and redacted of identifying information to protect confidentiality. All of the feedback was shared with senior leaders and the Board of Governors.

The narrative responses revealed employees' deep commitment as stewards of the Red Cross mission. Many of those who provided comments expressed a strong desire to hold senior leadership accountable for the organization's current state, ensure that reductions occurred proportionately at all levels, and be quickly informed of their employment status.

Following the downsizing, ARC leadership embarked on the ongoing process to streamline NHQ operations and emphasize vital field programs.



## GENERAL OUTREACH

During its first year, the Ombudsman Office participated in numerous outreach activities with diverse stakeholder groups to provide information about the office's role and explain the advantages of an effective ombudsman program. Nearly 300 individuals participated in conflict resolution training or services sponsored by the office. The office visited locations throughout the country served by the eight Chapter Service Areas in existence at the time. The Ombudsmen also met regularly with senior leaders at the American Red Cross to focus on corporate programs and discuss case trends.

We also became engaged in a professional ombudsman network to cultivate our development and stay abreast of best practices. We participate in quarterly continuing professional education conferences of the International Ombudsman Association and in monthly roundtables of the D.C. Area Ombudsman Network.

An overview of FY2008 outreach activities includes—

- Exhibitor and Workshop Sponsor— American Red Cross National Convention, American Red Cross Volunteer Administration Institute
- Presenter—American Red Cross Chapter Chair Institute, American Red Cross Ethics Fair, American Red Cross Metro Managers Meeting, Disaster and Emergency Volunteer Conference, Montgomery County, MD Public Schools, Northern Virginia Mediation Service
- Brochure distributed to all chapters and Biomedical Services Divisions/Regions

**We have also received cases from Brazil, Germany, Indonesia, Mexico, Northern Mariana Islands, and Puerto Rico.**



**Our constituents come from every state in the Nation.**



States with highest case volume ■

# Areas of Interest

## GOVERNANCE

### SITUATION:

The 2007 Modernization Act clarified that the role of the Board of Governors should be to provide governance and strategic oversight to the Red Cross. This was significant in that the Board historically had management responsibilities and functioned as a supervisory and policy-making group. (See American Red Cross Governance for the 21st Century, October 2006, page 30.) Achieving a transition from an operational to strategic board not only required changes on the part of the Board of Governors, but also on the part of the Senior Leadership Team that interacts with the Board.

### OMBUDSMAN ROLE:

The Ombudsman Office became aware of an opportunity to support the Senior Leadership Team when a possible conflict of interest issue was surfaced regarding non-profit board governance. In collaboration with the leadership, the Ombudsman Office sponsored an educational forum with non-profit governance experts and the Senior Leadership Team. In preparation for this session, the Ombudsman Office solicited questions and concerns from the attendees in a confidential manner so that all issues could be addressed.

### RESULT:

The forum helped senior leadership clarify the respective responsibilities of the Board of Governors and its committees, corporate officers, and senior management. It also provided an opportunity for the new senior leadership team to engage in a collaborative session.

## A FIELD-BASED ENTERPRISE

### SITUATION:

As the Red Cross began the difficult process of balancing its budget and downsizing its national headquarters operation, it undertook a wholesale reexamination of the way it did business, not just a tweaking of existing structures. Senior leadership began a transformation that would shift NHQ toward a more service-oriented culture in support of frontline programs offered by the field chapter network and blood regions.

### OMBUDSMAN ROLE:

To be a resource as the American Red Cross transitions to a field-based enterprise, our office helped to engage the community in discussion about this new paradigm. The Ombudsman Office helped facilitate a forum at the National Convention to engage management, employees, and volunteers in a discussion on:

- Creating a culture around service and serving first as a way of leading
- Leadership competencies and skill sets for such leadership, and
- Practices that support learning, leading, innovation and cultural adaptation.

### RESULT:

Nearly 200 individuals representing numerous American Red Cross units across the country participated in this transformative forum. We were encouraged that many individuals found the topics of value to their work with the Red Cross. The Ombudsman Office will continue to serve as a resource as the organization shifts to a field-based and service-oriented culture.

### A New Universe\*

“The premise is that the new structure will resemble an upside down pyramid, with NHQ being the smallest portion at the bottom, supporting the work of the field units.”

*Mary Elcano, Acting President and CEO,  
March 2008*

\*2008 National Convention Workshop discussing new direction of American Red Cross

## CONFLICT RESOLUTION

### SITUATION:

Currently, many employees, volunteers and other individuals are unaware of the formal and informal options available to them to seek help in resolving issues. In some cases individuals are aware of the conflict resolution options but don't know how they work or whether their best interests will be protected. The Ombudsman Office is charged with helping individuals and the organization to identify creative options for issue resolution.

### OMBUDSMAN ROLE:

In 2008 the Ombudsman Office sought to both expand services and increase awareness of services already available to American Red Cross employees and volunteers, and the general public.

### RESULT:

The Ombudsman Office has initiated a facilitated resolution process that expands the informal resolution options for our constituents. The new facilitated service is available to managers, employees, local boards, and volunteers on a voluntary and confidential basis. At the option of the affected individuals, the Ombudsman will facilitate a mediation process with the parties in dispute, bringing them together to clarify concerns, increase understanding of interests on all sides, generate options for resolution and potentially agree on actions to be taken. This process will be expanded in 2009.

The Ombudsman Office is not a substitute for, but a complement to existing offices, such as:

- Management
- Human Resources
- Investigations, Compliance and Ethics

Internal and external stakeholders may bring complaints and concerns to, and seek redress from these formal avenues.



Sarah Kith leads an Ombudsman Office workshop on conflict resolution at the Red Cross Volunteer Administration Institute.

## HURRICANE RECOVERY PROGRAM

### SITUATION:

Approximately 10% of our external cases involved individuals who were directly impacted by Hurricanes Katrina and Rita and had applied for benefits under the auspices of the American Red Cross Hurricane Recovery Program (HRP). Case workers from the American Red Cross or locally-based third-party providers applied for housing or transportation benefits on behalf of clients who had those disaster-caused needs. Of those who called the Ombudsman Office, most expressed frustration with the process for review and approval of that assistance. Several individuals were denied benefits under the program because they were either unable or unwilling to submit requested documentation of their needs, or they missed program deadlines. Others complained that their applications were not submitted on time by case workers.

A common thread among these cases related to the program's perceived lack of communication. People expressed disappointment with the absence of consistent and clear communication and understanding about available benefits, resources, application procedures, and steps for reviewing and approving applications submitted on their behalf.

### OMBUDSMAN ROLE:

As an organizational ombudsman office, we undertook to provide a neu-

As a listening post that can give feedback on trends, the Ombudsman Office is able to—

- help identify areas for organizational change
- enhance communication between parties
- offer facilitated resolution services
- facilitate the review of decisions, policies or processes
- coach constituents or change agents
- help the organization increase its transparency

tral ear to listen to and understand the individuals' questions, concerns, and needs in all of these cases. We helped provide options and guidance on how people could resolve their issues. We found that the organization was better situated to respond to issues involving cases handled by the American Red Cross field offices as compared to cases handled by third party providers and we passed this information on to the program office.

### RESULT:

In some cases, when the Ombudsman Office contacted the HRP program office about applications that had been processed internally and denied, the Red Cross office followed up with the individuals to discuss options that could connect them with additional local resources and services.

## HUMAN RESOURCES

### SITUATION:

Approximately 30% of our cases throughout the year touched on human resources issues. Most of the issues fell into the following categories:

#### **Separation**

Many cases involved issues related to the involuntary separation of employees and volunteers from the organization whether located at headquarters, chapters, or blood regions. Separation issues were particularly problematic where people reported that dismissals occurred without notice, prior counseling or progressive discipline.

#### **Discrimination/Respect/Diversity**

Other contacts involved employees who believed they were being discriminated against, complained of a hostile work environment, or perceived a lack of diversity in the workplace.

#### **Relationship with Supervisor**

Individuals facing challenges with their supervisory chain also felt that the Red Cross had not implemented reliable or fair conflict resolution procedures.

#### **Clarification of Policy**

Some constituents contacted our office with questions about human resources policies and procedures; in these cases, concerns were also raised about whether the policies were appropriately applied.

### OMBUDSMAN ROLE:

The Ombudsman Office was able to provide these individuals with a safe, confidential place to discuss their concerns and options for moving forward. As a neutral and independent resource, the office assisted the individuals to identify options for resolving issues.

# Areas of Interest

Individuals who had already been separated from the organization were more willing to discuss their concerns with management directly or through the Ombudsman Office, while those still employed generally chose to share information only with the Ombudsman Office. Many chose confidentiality with the Ombudsman Office because they feared some type of retaliatory conduct by management.

Virtually all individuals who contacted our office to resolve human resources issues were unfamiliar with the Red Cross's issue resolution process which provides "a comprehensive method of resolving staff member concerns that builds trust and produces prompt and fair resolution."<sup>3</sup> They were also skeptical about using formal resources due to fear and lack of understanding of the processes. We were able to help individuals better understand their options and what to expect from all the various resources available to them. We explained that the Ombudsman Office

was the only informal resource but that there were other formal resources available for assistance. In some cases, we were able to coach individuals so they could more clearly articulate their concerns and desired outcomes to the formal channels. As these issues surfaced, we explained the scope of our office as a resource for informal conflict resolution and also advised that we were unable to accept formal complaints against the organization or conduct formal investigations.

## RESULTS:

Shortly after launching the Ombudsman Office, we established feedback loops with key Human Resources and Business Unit officials to timely communicate issues and concerns while maintaining confidentiality as appropriate. For policy-related inquiries, the office was able to consult with Human Resources officials to answer specific questions and to facilitate the policy's appropriate application.

<sup>3</sup> American Red Cross, Human Resources Policy and Procedure Manual, Policy No. 505.00 (Aug. 28, 2007).

S 655 RFH

110th CONGRESS

1st Session

S. 655

IN THE HOUSE OF REPRESENTATIVES

March 16, 2007

Referred to the Committee on Foreign Affairs

AN ACT

To amend the Congressional Charter of The American National Red Cross to modernize its governance structure, to enhance the ability of the board of governors of The American National Red Cross to support the critical mission of The American National Red Cross in the 21st century, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## **SECTION 1. SHORT TITLE.**

This Act may be cited as the 'The American National Red Cross Governance Modernization Act of 2007'.

## **SEC. 2. FINDINGS; SENSE OF CONGRESS.**

(a) Findings- Congress makes the following findings:

(1) Substantive changes to the Congressional Charter of The American National Red Cross have not been made since 1947.

(2) In February 2006, the board of governors of The American National Red Cross (the 'Board of Governors') commissioned an independent review and analysis of the Board of Governors' role, composition, size, relationship with management, governance relationship with chartered units of The American National Red Cross, and whistleblower and audit functions.

(3) In an October 2006 report of the Board of Governors, entitled 'American Red Cross Governance for the 21st Century' (the 'Governance Report'), the Board of Governors recommended changes to the Congressional Charter, bylaws, and other governing documents of The American National Red Cross to modernize and enhance the effectiveness of the Board of Governors and governance structure of The American National Red Cross.

(4) It is in the national interest to create a more efficient governance structure of The American National Red Cross and to enhance the Board of Governors' ability to support the critical mission of The American National Red Cross in the 21st century.

(5) It is in the national interest to clarify the role of the Board of Governors as a governance and strategic oversight board and for The American National Red Cross to amend its bylaws, consistent with the recommendations described in the Governance Report, to clarify the role of the Board of Governors and to outline the areas of its responsibility,



including—

- (A) reviewing and approving the mission statement for The American National Red Cross;
- (B) approving and overseeing the corporation's strategic plan and maintaining strategic oversight of operational matters;
- (C) selecting, evaluating, and determining the level of compensation of the corporation's chief executive officer;
- (D) evaluating the performance and establishing the compensation of the senior leadership team and providing for management succession;
- (E) overseeing the financial reporting and audit process, internal controls, and legal compliance;
- (F) holding management accountable for performance;
- (G) providing oversight of the financial stability of the corporation;
- (H) ensuring the inclusiveness and diversity of the corporation;
- (I) providing oversight of the protection of the brand of the corporation; and
- (J) assisting with fundraising on behalf of the corporation.

(6)(A) The selection of members of the Board of Governors is a critical component of effective governance for The American National Red Cross, and, as such, it is in the national interest that The American National Red Cross amend its bylaws to provide a method of selection consistent with that described in the Governance Report.

(B) The new method of selection should replace the current process by which—

- (i) 30 chartered unit-elected members of the Board of Governors are selected by a non-Board committee which includes 2 members of the Board of Governors and other individuals elected by the chartered units themselves;
- (ii) 12 at-large members of the Board of Governors are nominated by a Board committee and elected by the Board of Governors; and
- (iii) 8 members of the Board of Governors are appointed by the President of the United States.

(C) The new method of selection described in the Governance Report reflects the single category of members of the Board of Governors that will result from the implementation of this Act:

- (i) All Board members (except for the chairman of the Board of Governors) would be nominated by a single committee of the Board of Governors taking into account the criteria outlined in the Governance Report to assure the expertise, skills, and experience of a governing board.
- (ii) The nominated members would be considered for approval by the full Board of Governors and then submitted to The American National Red Cross annual meeting of delegates for election, in keeping with the standard corporate practice whereby shareholders of a corporation elect members of a board of directors at its annual meeting.

(7) The United States Supreme Court held The American National Red Cross to be an instrumentality of the United States, and it is in the national interest that the Congressional

Charter confirm that status and that any changes to the Congressional Charter do not affect the rights and obligations of The American National Red Cross to carry out its purposes.

(8) Given the role of The American National Red Cross in carrying out its services, programs, and activities, and meeting its various obligations, the effectiveness of The American National Red Cross will be promoted by the creation of an organizational ombudsman who—

(A) will be a neutral or impartial dispute resolution practitioner whose major function will be to provide confidential and informal assistance to the many internal and external stakeholders of The American National Red Cross;

(B) will report to the chief executive officer and the audit committee of the Board of Governors; and

(C) will have access to anyone and any documents in The American National Red Cross.

(b) Sense of Congress- It is the sense of Congress that—

(1) charitable organizations are an indispensable part of American society, but these organizations can only fulfill their important roles by maintaining the trust of the American public;

(2) trust is fostered by effective governance and transparency, which are the principal goals of the recommendations of the Board of Governors in the Governance Report and this Act;

(3) Federal and State action play an important role in ensuring effective governance and transparency by setting standards, rooting out violations, and informing the public; and

(4) while The American National Red Cross is and will remain a Federally chartered instrumentality of the United States, and it has the rights and obligations consistent with that status, The American National Red Cross nevertheless should maintain appropriate communications with State regulators of charitable organizations and should cooperate with them as appropriate in specific matters as they arise from time to time.

### **SEC. 3. ORGANIZATION.**

Section 300101 of title 36, United States Code, is amended—

(1) in subsection (a), by inserting `a Federally chartered instrumentality of the United States and' before `a body corporate and politic'; and

(2) in subsection (b), by inserting at the end the following new sentence: `The corporation may conduct its business and affairs, and otherwise hold itself out, as the `American Red Cross' in any jurisdiction.'.

### **SEC. 4. PURPOSES.**

Section 300102 of title 36, United States Code, is amended—

(1) by striking `and' at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting `; and'; and

(3) by adding at the end the following paragraph:

`(5) to conduct other activities consistent with the foregoing purposes.'

## **SEC. 5. MEMBERSHIP AND CHAPTERS.**

Section 300103 of title 36, United States Code, is amended—

- (1) in subsection (a), by inserting `, or as otherwise provided,' before `in the bylaws';
- (2) in subsection (b)(1)—
  - (A) by striking `board of governors' and inserting `corporation'; and
  - (B) by inserting `policies and' before `regulations related'; and
- (3) in subsection (b)(2)—
  - (A) by inserting `policies and' before `regulations shall require'; and
  - (B) by striking `national convention' and inserting `annual meeting'.

## **SEC. 6. BOARD OF GOVERNORS.**

Section 300104 of title 36, United States Code, is amended to read as follows:

### **`Sec. 300104. Board of governors**

`(a) Board of Governors-

- `(1) IN GENERAL- The board of governors is the governing body of the corporation with all powers of governing and directing, and of overseeing the management of the business and affairs of, the corporation.
- `(2) NUMBER- The board of governors shall fix by resolution, from time to time, the number of members constituting the entire board of governors, provided that--
  - `(A) as of March 31, 2009, and thereafter, there shall be no fewer than 12 and no more than 25 members; and
  - `(B) as of March 31, 2012, and thereafter, there shall be no fewer than 12 and no more than 20 members constituting the entire board.

Procedures to implement the preceding sentence shall be provided in the bylaws.

`(3) APPOINTMENT- The governors shall be appointed or elected in the following manner:

`(A) CHAIRMAN-

`(i) IN GENERAL- The board of governors, in accordance with procedures provided in the bylaws, shall recommend to the President an individual to serve as chairman of the board of governors. If such recommendation is approved by the President, the President shall appoint such individual to serve as chairman of the board of governors.

`(ii) VACANCIES- Vacancies in the office of the chairman, including vacancies resulting from the resignation, death, or removal by the President of the chairman, shall be filled in the same manner described in clause (i).

`(iii) DUTIES- The chairman shall be a member of the board of governors and,

when present, shall preside at meetings of the board of governors and shall have such other duties and responsibilities as may be provided in the bylaws or a resolution of the board of governors.

`(B) OTHER MEMBERS-

`(i) IN GENERAL- Members of the board of governors other than the chairman shall be elected at the annual meeting of the corporation in accordance with such procedures as may be provided in the bylaws.

`(ii) VACANCIES- Vacancies in any such elected board position and in any newly created board position may be filled by a vote of the remaining members of the board of governors in accordance with such procedures as may be provided in the bylaws.

`(b) Terms of Office-

`(1) IN GENERAL- The term of office of each member of the board of governors shall be 3 years, except that—

`(A) the board of governors may provide under the bylaws that the terms of office of members of the board of governors elected to the board of governors before March 31, 2012, may be less than 3 years in order to implement the provisions of subparagraphs (A) and (B) of subsection (a)(2); and

`(B) any member of the board of governors elected by the board to fill a vacancy in a board position arising before the expiration of its term may, as determined by the board, serve for the remainder of that term or until the next annual meeting of the corporation.

`(2) STAGGERED TERMS- The terms of office of members of the board of governors (other than the chairman) shall be staggered such that, by March 31, 2012, and thereafter, 1/3 of the entire board (or as near to 1/3 as practicable) shall be elected at each successive annual meeting of the corporation with the term of office of each member of the board of governors elected at an annual meeting expiring at the third annual meeting following the annual meeting at which such member was elected.

`(3) TERM LIMITS- No person may serve as a member of the board of governors for more than such number of terms of office or years as may be provided in the bylaws.

`(c) Committees and Officers- The board—

`(1) may appoint, from its own members, an executive committee to exercise such powers of the board when the board is not in session as may be provided in the bylaws;

`(2) may appoint such other committees or advisory councils with such powers as may be provided in the bylaws or a resolution of the board of governors;

`(3) shall appoint such officers of the corporation, including a chief executive officer, with such duties, responsibilities, and terms of office as may be provided in the bylaws or a resolution of the board of governors; and

`(4) may remove members of the board of governors (other than the chairman), officers, and employees under such procedures as may be provided in the bylaws or a resolution of the board of governors.

`(d) Advisory Council-

`(1) ESTABLISHMENT- There shall be an advisory council to the board of governors.

`(2) MEMBERSHIP; APPOINTMENT BY PRESIDENT-

`(A) IN GENERAL- The advisory council shall be composed of no fewer than 8 and no more than 10 members, each of whom shall be appointed by the President from principal officers of the executive departments and senior officers of the Armed Forces whose positions and interests qualify them to contribute to carrying out the programs and purposes of the corporation.

`(B) MEMBERS FROM THE ARMED FORCES- At least 1, but not more than 3, of the members of the advisory council shall be selected from the Armed Forces.

`(3) DUTIES- The advisory council shall advise, report directly to, and meet, at least 1 time per year with the board of governors, and shall have such name, functions and be subject to such procedures as may be provided in the bylaws.

`(e) Action Without Meeting- Any action required or permitted to be taken at any meeting of the board of governors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing, or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

`(f) Voting by Proxy-

`(1) IN GENERAL- Voting by proxy is not allowed at any meeting of the board, at the annual meeting, or at any meeting of a chapter.

`(2) EXCEPTION- The board may allow the election of governors by proxy during any emergency.

`(g) Bylaws-

`(1) IN GENERAL- The board of governors may—

`(A) at any time adopt bylaws; and

`(B) at any time adopt bylaws to be effective only in an emergency.

`(2) EMERGENCY BYLAWS- Any bylaws adopted pursuant to paragraph (1)(B) may provide special procedures necessary for managing the corporation during the emergency. All provisions of the regular bylaws consistent with the emergency bylaws remain effective during the emergency.

`(h) Definitions- For purposes of this section—

`(1) the term `entire board' means the total number of members of the board of governors that the corporation would have if there were no vacancies; and

`(2) the term `emergency' shall have such meaning as may be provided in the bylaws.'.

## SEC. 7. POWERS.

Paragraph (a)(1) of section 300105 of title 36, United States Code, is amended by striking `bylaws' and inserting `policies'.

## SEC. 8. ANNUAL MEETING.

Section 300107 of title 36, United States Code, is amended to read as follows:

### `Sec. 300107. Annual meeting

`(a) In General- The annual meeting of the corporation is the annual meeting of delegates of the chapters.

`(b) Time of Meeting- The annual meeting shall be held as determined by the board of governors.

`(c) Place of Meeting- The board of governors is authorized to determine that the annual meeting shall not be held at any place, but may instead be held solely by means of remote communication subject to such procedures as are provided in the bylaws.

`(d) Voting-

`(1) IN GENERAL- In matters requiring a vote at the annual meeting, each chapter is entitled to at least 1 vote, and voting on all matters may be conducted by mail, telephone, telegram, cablegram, electronic mail, or any other means of electronic or telephone transmission, provided that the person voting shall state, or submit information from which it can be determined, that the method of voting chosen was authorized by such person.

`(2) ESTABLISHMENT OF NUMBER OF VOTES-

`(A) IN GENERAL- The board of governors shall determine on an equitable basis the number of votes that each chapter is entitled to cast, taking into consideration the size of the membership of the chapters, the populations served by the chapters, and such other factors as may be determined by the board.

`(B) PERIODIC REVIEW- The board of governors shall review the allocation of votes at least every 5 years.'

## SEC. 9. ENDOWMENT FUND.

Section 300109 of title 36, United States Code is amended—

(1) by striking `nine' from the first sentence thereof; and

(2) by striking the second sentence and inserting the following: `The corporation shall prescribe policies and regulations on terms and tenure of office, accountability, and expenses of the board of trustees.'

## SEC. 10. ANNUAL REPORT AND AUDIT.

Subsection (a) of section 300110 of title 36, United States Code, is amended to read as follows:

`(a) Submission of Report- As soon as practicable after the end of the corporation's fiscal year, which may be changed from time to time by the board of governors, the corporation shall submit a report to the Secretary of Defense on the activities of the corporation during such fiscal year, including a complete, itemized report of all receipts and expenditures.'

**SEC. 11. COMPTROLLER GENERAL OF THE UNITED STATES AND OFFICE OF THE OMBUDSMAN.**

(a) In General- Chapter 3001 of title 36, United States Code, is amended by redesignating section 300111 as section 300113 and by inserting after section 300110 the following new sections:

**Sec. 300111. Authority of the Comptroller General of the United States**

The Comptroller General of the United States is authorized to review the corporation's involvement in any Federal program or activity the Government carries out under law.

**Sec. 300112. Office of the Ombudsman**

(a) Establishment- The corporation shall establish an Office of the Ombudsman with such duties and responsibilities as may be provided in the bylaws or a resolution of the board of governors.'

(b) Report-

(1) IN GENERAL- The Office of the Ombudsman shall submit annually to the appropriate Congressional committees a report concerning any trends and systemic matters that the Office of the Ombudsman has identified as confronting the corporation.

(2) APPROPRIATE CONGRESSIONAL COMMITTEES- For purposes of paragraph (1), the appropriate Congressional committees are the following committees of Congress:

(A) SENATE COMMITTEES- The appropriate Congressional committees of the Senate are—

- (i) the Committee on Finance;
- (ii) the Committee on Foreign Relations;
- (iii) the Committee on Health, Education, Labor, and Pensions;
- (iv) the Committee on Homeland Security and Governmental Affairs; and
- (v) the Committee on the Judiciary.

(B) HOUSE COMMITTEES- The appropriate Congressional committees of the House of Representatives are--

- (i) the Committee on Energy and Commerce;
- (ii) the Committee on Foreign Affairs;
- (iii) the Committee on Homeland Security;
- (iv) the Committee on the Judiciary; and
- (v) the Committee on Ways and Means.'

(b) Clerical Amendment- The table of sections for chapter 3001 of title 36, United States Code, is amended by striking the item relating to section 300111 and inserting the following:

300111. Authority of the Comptroller General of the United States.

300112. Office of the Ombudsman.

300113. Reservation of right to amend or repeal.'

Passed the Senate March 15, 2007



American Red Cross

## American Red Cross Ombudsman Office Charter

### Establishment of Office

The Board of Governors, in *American Red Cross Governance for the 21<sup>st</sup> Century: A Report of the Board of Governors*, recognized the need for an organizational ombudsman to improve the organization's ability to resolve disputes and take action on significant issues confronting the Red Cross. The Congress and the President agreed and, in The American National Red Cross Governance Modernization Act of 2007, amended the Congressional Charter of the American National Red Cross to establish an Office of the Corporate Ombudsman (Ombudsman Office). The accompanying report (H.R. Rpt. 110-87 at 25 (April 16,2007)) provides for an office that:

will act as a neutral and impartial dispute resolution center whose major function will be to provide confidential and infonnal assistance to the many internal and external constituents with concerns or complaints about the American Red Cross. The Office of the Ombudsman will have unfettered access to the entire corporation and all persormel, corporate reports, [and] documents, and will report directly to the organization's Chief Executive Officer and on a regular basis to the Audit and Risk Management Committee of the Board of Governors.

In addition to conflict resolution, the Office ofthe Ombudsman will report annually to the U.S. Congressional Committees of juri sdiction<sup>1</sup>, areas and types of concerns, including trends and systemic matters that the Ombudsman determines to be confronting the organization. As a practice, these reports will also be made available to the public through the Red Cross external website, [www.redcross.org](http://www.redcross.org).

The Red Cross Corporate Ombudsman will receive inquiries from members of the American Red Cross community including internal stakeholders such as employees and volunteers, and external stakeholders such as Red Cross donors, suppliers, partners, and the public at large. Given the role of the Red Cross in disaster relief, blood services, international treaty obligations of the Geneva Conventions, armed forces emergencies, and health and safety services it is essential that the

Corporate Ombudsman be focused on the organization as a whole and be accessible to internal and external stakeholders.

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<sup>1</sup> Senate Committees on Finance; Foreign Relations; Health, Education, Labor, and Pensions; Homeland Security and Governmental Affairs; and Judiciary. House Committees 011 Energy and Commerce, Foreign Affairs, Homeland Security, the Judiciary, and Ways and Means.





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As noted in the American Red Cross Code of Business Ethics and Conduct, the Ombudsman Office provides confidential and informal dispute resolution services, and is not a substitute for existing formal complaint or problem resolution channels at the American Red Cross. Unlike the Ombudsman Office, Human Resources; management; the Office of General Counsel ; and Investigations, Compliance and Ethics are empowered to conduct investigations, make decisions and policy. and receive official notice for the American Red Cross. Parties who wish to make a formal complaint for the American Red Cross to act on or formally document their concerns must go through one of these formal channels. The Ombudsman Office is a supplement to these formal channels, not a replacement for them or a necessary step to reach them. No one is required to use the independent and impartial services of the Ombudsman Office.

### **Standards**

The Corporate Ombudsman and the staff of the office shall adhere to the International Ombudsman Association Code of Ethics and Standards of Practice. These tenets require Ombudsman Offices to function independently of the organization, to be confidential and neutral, and to limit the scope of its services to informal means of dispute resolution. The American Red Cross recognizes that the Ombudsman Office will operate consistently with the following essential characteristics:

- (1) **Independence.** The Corporate Ombudsman shall be, and shall appear to be, free from interference in the legitimate performance of his or her duties. The Corporate Ombudsman shall report trends and systemic issues that he or she observes to the President and CEO and be scheduled regularly to report such matters to the Audit and Risk Management Committee of the Board of Governors. The Corporate Ombudsman shall not perform other ad hoc roles and is not part of management.

The American Red Cross recognizes that no one who may be affected by actions of the Ombudsman Office shall: control or limit the Corporate Ombudsman's performance of assigned duties, eliminate the office, remove the Corporate Ombudsman without cause, or reduce the budget or resources of the office for retaliatory purposes.

The American Red Cross affirms the right of individuals to seek assistance from the Ombudsman Office without fear of retaliation.

- (2) **Neutrality and Impartiality.** The Corporate Ombudsman shall conduct inquiries in an impartial manner, free from initial bias and conflicts of interest. He or she shall not take sides in any conflict, dispute or issue. The Corporate Ombudsman shall consider the interests and concerns of all parties involved in a situation impartially with the aim of facilitating communication and assisting the parties in reaching mutually acceptable agreements that are fair and equitable.



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Impartiality shall not preclude the Corporate Ombudsman from developing an interest in securing changes that are deemed necessary as a result of the process. The Corporate Ombudsman shall be an advocate for fair processes and fair administration of the same, and shall be an advocate within the entity for change where the process demonstrates a need for it.

- (3) Confidentiality. The Ombudsman Office shall not disclose names of individuals or any information provided in confidence, unless in the course of discussions with a constituent, the Corporate Ombudsman asks for and receives permission to make a disclosure or unless the Corporate Ombudsman determines that there is an imminent risk of serious harm. The Ombudsman Office shall not confirm communicating with any party or parties. The Corporate Ombudsman shall neither willingly participate as a witness with respect to any confidential communication, nor be compelled to participate in any formal process inside or outside of the American Red Cross.
- (4) Voluntary. Individuals shall not be required to meet with the Corporate Ombudsman. To the contrary, all interactions with the Corporate Ombudsman must be voluntary.
- (5) Privilege. Communications between members of the Ombudsman Office in their official capacity and others shall be confidential and privileged and cannot be waived by others, including the American Red Cross as an entity. This allows constituents to come forward in a confidential setting with no risk of reprisal. Mediation communications shall be privileged against disclosure consistent with District of Columbia law. D.C. Code §§ 16-4201 to 16-4213.
- (6) Informality. The Ombudsman Office shall be a resource for informal dispute resolution and mediation services. The Corporate Ombudsman shall not investigate, arbitrate, adjudicate or in any other way participate in any internal or external formal process or action. The Ombudsman Office shall not keep records for the American Red Cross, and shall not create or maintain documents or records for the American Red Cross about individual cases. Notes, if any, taken during the course of working on a case shall be routinely destroyed at regular intervals and at the conclusion of a matter. The office will retain non-identifying data and information for purposes of analyzing and reporting trends regarding concerns and systemic problems. This non-identifying data and information shall not be property of the American Red Cross, but of the Office of the Corporate Ombudsman.



American Red Cross

### Responsibilities and Duties

The Corporate Ombudsman shall be authorized to:

- (1) receive complaints, concerns, and questions about alleged acts, omissions, improprieties, and systemic problems from internal and external stakeholders;
- (2) exercise discretion to accept or decline to act on a complaint, concern, or question;
- (3) act on his or her own initiative to address issues and conduct inquiries within his or her prescribed jurisdiction;
- (4) gather relevant information and require the full cooperation of the managers, employees, and volunteers of the American Red Cross;
- (5) facilitate fair and equitable resolution of issues at the most appropriate level of the entity;
- (6) advocate for organizational change;
- (7) develop, evaluate, and discuss options available to affected individuals;
- (8) educate, facilitate, negotiate, and mediate;
- (9) make recommendations for the resolution of an individual complaint or a systemic problem to those persons who have the authority to act upon them;
- (10) identify trends and opportunities to improve the American Red Cross or to prevent problems from recurring;
- (11) provide overview information, trends and analyses regarding concerns and systemic problems in reports to the President and CEO; the Board of Governors, principally through its Audit and Risk Management Committee; U.S. Congressional Committees of jurisdiction; the public; and other constituencies as appropriate. In no case shall confidentiality or anonymity be breached; and
- (12) request and receive legal counsel and representation as appropriate independent from the American Red Cross in the event a conflict of interest or dispute arises between the Ombudsman Office and the management of the American Red Cross.

The Corporate Ombudsman shall not, nor shall an entity expect or authorize him or her to:

- (1) make, change or set aside a law, policy, or administrative decision;
- (2) make management decisions;
- (3) directly compel any entity or any person to implement the Corporate Ombudsman's recommendations;
- (4) conduct formal investigations;
- (5) accept jurisdiction over an issue that is currently pending in a legal forum or the subject of a formal investigation (exceptions may be made on a case-by-case basis at the sole discretion of the Corporate Ombudsman);
- (6) address any issue arising under a collective bargaining agreement;
- (7) act in a manner inconsistent with the grant of and limitations on the jurisdiction of the office when discharging the duties of the Ombudsman Office;



**American Red Cross**

- (8) be a substitute for formal channels;
- (9) accept notice of claims on behalf of the American Red Cross;
- (10) participate in formal proceedings;
- (11) provide legal advice or determine rights; or
- (12) testify or serve as a witness on matters brought to the Corporate Ombudsman's attention.

**Not Authorized to Receive Notice of Claims Against the American Red Cross**

Communications to the Corporate Ombudsman shall not constitute notice to the American Red Cross. These communications include allegations that may be perceived to be violations of laws, regulations or policies, such as sexual harassment, and issues covered by the whistleblower policies. Because the Corporate Ombudsman does not function as part of the management or administration of the American Red Cross, even if the Corporate Ombudsman becomes aware of such an allegation, the Corporate Ombudsman shall not be required to report it to the American Red Cross.

A handwritten signature in blue ink that reads "Beverly Ortega Babers".

**Beverly Ortega Babers**  
**Corporate Ombudsman**  
**American Red Cross**

A handwritten signature in blue ink that reads "Mary Elcano".

**Mary Elcano**  
**Acting President and Chief Executive Officer**  
**American Red Cross**

A handwritten signature in blue ink that reads "Sanford Belden".

**Sanford Belden**  
**Chair, Audit and Risk Management Committee**  
**Board of Governors**  
**American Red Cross**

Effective Date: January 15, 2008



Office of the Corporate Ombudsman  
American Red Cross  
1730 E Street, N.W., Suite 113  
Washington, D.C. 20006

INDEPENDENT

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**om-buds-man: a safe place to voice concerns**

NEUTRAL

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**American  
Red Cross**