

POST HOUSE COMMITTEE

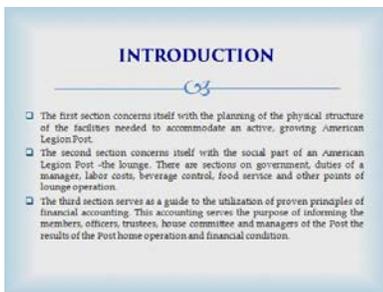




The House Committee supervises the operation of the post's physical facilities, such as a clubroom, American Legion center, meeting room, etc. Responsibilities include administration, equipment, and the hiring and direction of employees, as authorized by the post executive committee and general rules applicable to the conduct of members while on the post's premises.

Much of this manual is adapted from a publication entitled "Auditing, Accounting & Management Manual" issued by the Grand Lodge of the Benevolent, Protective Order Elks. We are indebted to the Benevolent, Protective Order of Elks for permission to use the material developed by that organization.

INTRODUCTION



This Post Operations Manual is divided into three sections. These sections should be used in conjunction with each other, since they are all part of good management.

The first section concerns itself with the planning of the physical structure of the facilities needed to accommodate an active, growing American Legion Post.

The second section concerns itself with the social part of an American Legion Post -the lounge. There are sections on government, duties of a manager, labor costs, beverage control, food service and other points of lounge operation.

The third section serves as a guide to the utilization of proven principles of financial accounting. This accounting serves the purpose of informing the members, officers, trustees, house committee and managers of the Post the results of the Post home operation and financial condition.

Many Posts have formed separate entities, such as Corporations, Building Associations, etc. Of course, it is necessary to maintain a separate set of books on each of these entities. A Consolidated Balance Sheet should be prepared at the end of each Post's fiscal year, including all entities controlled by the Post.

This Post Operations Manual is intended to be used as a guide to set up an accounting procedure for the smallest to the largest Post. In a small, newly organized Post, this initial duty might be assumed by the Post Adjutant .

In a larger Post operation the duty will normally be assumed by the Finance Officer working with the full time Manager.

Beyond that, however, it is hoped that this manual will be used by the House Committee, Board of Trustees and the elected officers of the Post in the planning of their operations.

Recognizing the importance of lounge operations and efficient business management as important aspects of total Post activities has made it necessary to provide certain guides for the use of those members confronted with the challenging duties. This manual is presented to provide assistance and is not in itself an answer nor

an end to all the problems that will confront those chosen to perform the tasks and duties of lounge management.

No single project undertaken by an American Legion Post has greater importance to its future or to its relationship with its community than its decision to build or acquire an adequate activity and service center. Second only to building a new housing facility is the improvement and/or expansion of an existing building in order to serve better the needs of its membership and its community.



VALUE TO POST. The value to a Post in having an adequate building to house its activity and service center can go beyond any measurement in dollars and cents. Such a structure signifies to the community the stability of the organization and expresses the confidence of the members of the organization in the future of their community and their Post.

SPECIFIC COMMUNITY NEEDS. On a continuing basis each Post should analyze carefully the services its facilities provide to the community. Those conducting such an analysis should also take a long look at any specific needs of the community, which might be met by the Post through the erection of a new building or the expansion and improvement of an existing structure.

FACILITY HAS MANY USES. Scratch the surface of a Legion Post that's alive and dynamic in its service programs, and chances are good that the Post has physical facilities, which are used for other than strictly Legion activities. Such activity and service centers may provide meeting facilities for the community, Boy Scouts, teen parties and dances, recreation programs for senior citizens, banquet facilities for community organizations, offices for Legion Service Officers, storage for community flags, and a myriad of other functional uses.

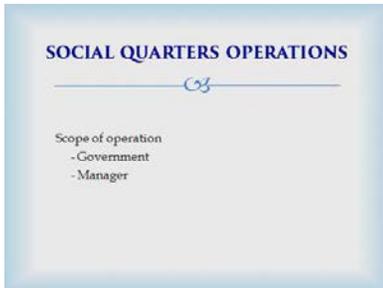
LIVING MEMORIALS. While the properties of American Legion Posts are used with an eye to the future, they are also dedicated to the memory of those who have paid the supreme sacrifice for the preservation of our freedom. These buildings become "living memorials" to the heroic dead and, at the same time, provide community centers with meeting and dining areas, recreation rooms, and all other facilities needed for wholesome community development.

WHY VETERANS JOIN. An estimated two - thirds of the members of The American Legion joined because of real or expected comradeship, fun, or social activities. As more leisure time becomes a reality, there will be an even greater service provided by that organization which has the facilities for its membership and/or the community to use for social and recreational outlets.

ASSET OR LIABILITY. A well -operated American Legion clubroom or activity center can be a valuable asset, just as a poorly operated one can be a liability for everyone and can harm both the name and the important work of the organization. This is especially true if there is a bar included in the facilities. It's up to the individual Post to decide whether it is going to have a building, and, if it does have one, whether there will be a bar. But if the Post has either or both, they should be good ones.

SOCIAL QUARTERS OPERATIONS

SCOPE OF OPERATION



Lounge operations vary widely from those of a newly formed Post, or one in which the social rooms are extremely limited and so encompassed by local regulations and State laws, which confine this area to that of a self-help or limited service function, to the other extreme where large Posts and operations may extend to Country Clubs with rooms, bar service, restaurant and food service, bowling alleys, golf courses, and swimming pools. The problem of one may be no less challenging than the other, yet no single manual can spell out specific procedures, staff duties and responsibilities.

GOVERNMENT

The three most common types of government for management of the Lounge or social rooms are:

- a. House Committee
- b. Board of Trustees
- c. Post Officers and Trustees

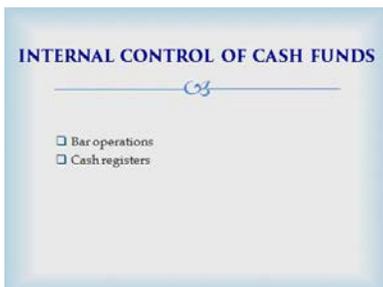
MANAGER

The term Manager as used can be loosely defined as the Chairman of the House Committee, Chairman of the Board of Trustees, or Post Commander, depending upon the type of government, or it may refer to a professional or part-time manager to whom the ruling body delegates certain duties and responsibilities of management.

The duties of the manager are many and varied, covering selection of an adequate staff, providing internal control of funds and assets, establishing competent record keeping; and the supervision of purchasing, receiving, operation of the grills, restaurant, entertainment, and other club activities, as well as the responsibility for maintenance of equipment, sanitation, buildings and club quarters.

This may vary in a small operation from a steward or bartender with janitorial duties, to one of such magnitude that it would encompass many people from elevator operators and janitors, stewards, chefs, waitresses, accounts payable bookkeeper, secretaries and stenographers. It is important that each manager survey his staff requirements, interview and select proper personnel, provide for physical examinations and health certificates when necessary, indoctrinate them with their duties and responsibilities, provide bonds for those handling funds, and constantly control by checks and observation the performance of these duties.

INTERNAL CONTROL OF CASH FUNDS



It has been found in some instances that adequate internal control of Lounge operations is entirely lacking. This may be due to the lack of sufficient personnel necessary to maintain full and complete control of this segment of lounge operation. Bar operations, in particular, are historically problem areas. This is due to spillage, over pouring, free drinks, and theft. All these create losses, which could be avoided by good internal control.

Each lounge should have recording cash registers, with sufficient flexibility to record all sales by product, together with a provision for other miscellaneous cash receipts. A numbered continuous tape should be locked within the cash register.

The cash registers should also be provided with additional tapes to record each sale and individual slips handed to the purchaser, together with any change necessary, immediately upon being served.

Where it is possible, someone other than the bartender should have access to the tape locked in the cash register. This tape should be checked with the cash receipts turned in by the bartender. Only a minimum of cash should be on hand to cover essential daily needs. Receipts should be deposited in the bank on a daily basis.

BEVERAGE COST CONTROL



The cost of Goods Sold in the bar should range from 30% to 40% of the Sales. This can be controlled by proper pricing, avoidance of over pouring and spillage, proper purchasing and good inventory control.

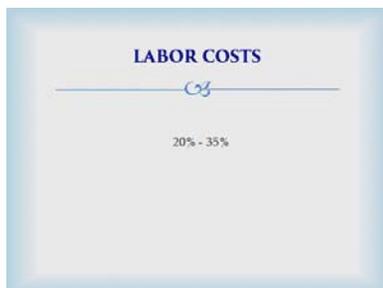
All purchasing should be under the direct control of the manager. Payment of purchases should only be paid as authorized by him. The exception would be when it is required that certain items be paid upon delivery.

Whenever it is physically possible to do so, the inventory stock room should be controlled by someone other than the bartender. This room should be kept securely locked at all times and only one person should have access to it for the purpose of storing and issuing the merchandise. Requisition in duplicate should be required for all merchandise issued

A perpetual inventory record should be maintained. Physical inventory should be taken each month and compared with the balances shown on the inventory cards. These perpetual inventory cards can be spot checked at any time during the month, if desired.

At the end of the Post's fiscal year, in the preparation of the required annual audit, it is necessary that the "Qualified Public Accountant" conducting the examination, have available inventory records that can be easily verified, and it is desirable for him to be present during the taking of the inventory.

LABOR COSTS



Salaries and wages should range from 20% - 35% of sales. If labor costs exceed this, an immediate review should be made. Many Posts cannot afford a full-time manager as such, in which case a working manager should be employed. Perhaps a study should be made regarding the hours the bar is open during non-productive periods.

FOOD SERVICE



This phase of lounge business is probably the most controversial and potentially dangerous of all the various aspect of our operation from a profit and loss standpoint.

No Post should enter this field without a thorough survey and evaluation of many factors; for example: Is there a sufficient demand for these services? Are there enough member customers to provide a profit or breakeven, or is a loss indicated which might be partially or completely overcome by increased beverage sales? What new investment is required? Would competition with area restaurants damage the Post in any manner?

Should we consider meals or short orders? Are physical facilities adequate? What are the sanitation requirements? What licensing regulations exist?

If your survey indicates that food service may be profitable or if you are one of the Posts now providing food service, an efficient operation requires planning and close supervision.

Typical food service jobs can be divided into two categories, sales and production. Sales jobs are performed by a hostess, table or counter waiter and waitresses, busboys and a cashier.

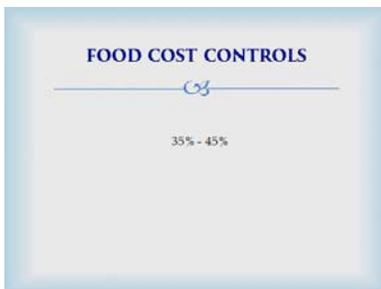
Production jobs include cooks, salad and sandwich workers, bakers, assistants and dishwashers. In a small operation the staff must perform multiple jobs. Personnel requirements vary with the physical characteristics of buildings, the number of meals served, the type of service and the size of the menu. Constant control and careful check on all food handlers are necessary to prevent loss through theft, waste, improper service, and cash accounting.

Menus must be built around the preferences of your membership and be fitted to the type of service most in demand. Business lunches may be a crowd pleasing attraction in one locale, while in another Post the demand may be for dinners with an interesting and varied menu, and in a third Post the only demand may be for soup, sandwiches and beverage.

Prices may be developed to provide a profit and yet be attractive enough to bring people into the Post.

It is important that monthly profit and loss statements be carefully prepared and studied to relate current results. Sales volumes for food service in specific hours should be tested frequently and correlated with bar sales to determine of a loss in one operation is being offset or recovered in the other through increased patronage.

FOOD COST CONTROL



Food cost should range from 35% - 45% of sales. If the food cost is higher, immediate steps should be taken to correct it.

No control system has yet been devised which, by means of the paperwork alone, will bring about the desired results. Food control is not only a clerical function, but is also calls for close attention on the part of the management and the crew to proper purchasing, receiving, storing, preparation, production costs, and merchandising. The preparation of daily cost figures through a food control system serves as a guide to those in charge and enables them to take corrective steps when the costs

fluctuate too sharply and are out of line.

Because of the importance of proper purchasing, receiving, sorting, preparation and production control in every restaurant operation, a brief discussion of these functions should precede any consideration of control procedures.

Stated simply, efficient purchasing is the obtaining of the quality of merchandise desired at the most favorable price. To accomplish this it is necessary to know food in order that the grade, size, weight, pack and quality most suitable to the particular restaurant operation may be specified.

Competitive bids are advisable whenever it is possible to obtain them and, in this connection, established specifications are again important. Overbuying should be avoided and the contracting for future deliveries is not recommended.

As prefabricated or "ready foods" are becoming increasingly available and are being more and more extensively used, purchase specifications should be established for these items.

Proper checking of the quality, weight, and count of merchandise when it is delivered is probably the most frequently ignored of all the rules of good control and yet it is the most important.

Adequate scales should be available, and if it is at all possible, the authority to receipt for merchandise should be limited to one trustworthy person. It is not good business to allow anyone in the kitchen to sign for deliveries or to permit the delivery man to place his merchandise in the stock room or coolers without first checking it in. Both of these circumstances invite losses and increased costs.

The control of merchandise is much more efficient if a daily receiving record is kept on all deliveries and if requisition forms are used for all goods withdrawn from the storeroom. These records can be obtained at most hotel and restaurant stationers, who carry them in stock form.

Merchandise should be stored promptly after it is accepted. The storage area should be kept clean and orderly. Old merchandise should be moved to the front so that the "first in – first out" practice can be followed.

The temperatures of the coolers should be checked frequently to protect the contents. Locks should be provided for all storage areas.

Inventories should be taken at each month-end. A bound split-leaf inventory book, which provides for twelve consecutive inventories with a single listing of the items, is recommended and this can also be obtained in stock forms from any stationer.

Merchandise should be prepared in moderate quantities and as near to the time it is to be served as possible. Advance preparation not only results in the deterioration in the quality and appearance of the products but also in substantial direct losses.

The quantities of the various menu items to be prepared should be predetermined and recorded for the guidance of the respective kitchen employees.

This record should also be used to note the quantities, which remain unsold so as to minimize future production of these items in excess of existing demands.

LABOR COSTS

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SUGGESTED HOUSE RULES

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- The following shall be admitted:
 - All members of The American Legion showing current American Legion card and wife or escort.
 - All members of The American Legion Auxiliary showing current card and husband or escort.
 - All members of The Sons of The American Legion showing current card and wives or escort.
 - Out of town guests if accompanied by American Legion or Auxiliary member showing current card.

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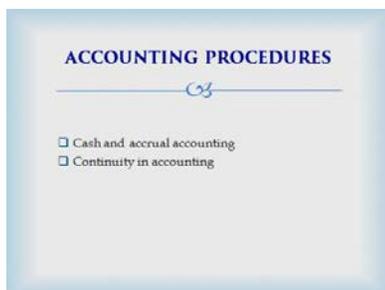
Members are responsible for their guests and may not leave before guests.

2. Persons are expected to dress comfortably and desirably clean clothes and clean shaven. Attire such as shorts, halters, pedal pushers, Bermudas, and sweatshirts are restricted after 6:00 pm.
3. Legionnaires and guests are kindly requested to help keep Post home clean and tidy. Please use ashtrays for matches and cigarette butts.
4. All members must remove their hats when entering Legion Post. Wearing of Legion caps is encouraged.
5. The steward or employee in charge shall have full authority to enforce house rules while on duty and may reject any member for misconduct or violation of club rules. The members may have right of appeal to Executive Committee if necessary.
6. No member shall reprimand an officer or an employee of The American Legion. Any suggestion or criticism of the lounge or Legion operation shall be submitted to the House of Executive Committee and it will be given due consideration.
7. The employees or attendants on duty may refuse service to anyone.
8. Any member removing, damaging, or destroying any property of The American Legion shall pay for damages.
9. Cashing of checks (limit), credit, or lending of lounge funds is strictly prohibited.
10. No games played anywhere except in game room.
11. Legion meetings start promptly at 8:00 pm and the lounge shall close and stay closed until

meeting is adjourned.

12. There shall positively be no drinking of any kind during Legion meeting or drinks brought into the meeting room.
13. If you receive a phone call while you are at the Post you must answer.
14. No intoxicated members will be tolerated in the lounge.
15. There shall be absolutely no drinks of any kind taken from the premises at any time.
16. Positively no alcoholic drinks are to be served to minors under any circumstances.
17. Dogs or other pets will not be allowed in lounge.
18. Loud, boisterous, or profane language will not be tolerated in Post home.
19. The lounge will close not later than midnight. On special occasions the House Committee may grant extensions by advance notice.
20. All forms of amusements shall stop 15 minutes prior to the stated closing time.
21. Social quarters shall be closed Sundays, (preferably) Christmas Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and Election Day.

ACCOUNTING PROCEDURES SCOPE OF CHART OF ACCOUNTS



To effect some internal control over the various facilities of a Post, the Chart of Accounts has been prepared, providing for a segregation of each separate functional activity of the Post.

It provides for the segregation of assets, liabilities, revenues, and expenditures into separate groups for accounting purposes.

CASH AND ACCRUAL ACCOUNTING

There are some Posts, which use a cash accounting method. Such a system leaves much to be desired. It excludes good internal controls, proper safeguards and does not always produce accurate information.

A cash accounting method may not properly reflect the true operation of the Post. For instance, for the proper distribution of Post revenues, such as prepayment of membership dues, these revenues should be allocated to the subsequent year, rather than to the Post year in which paid, since the dues actually apply to the subsequent year. The same criticism of the cash method applies to prepaid expenses, such as insurance, which should apply to future fiscal years.

In the accrual method of accounting all revenues and expenditures are allocated to the period to which they are properly applicable. This system will properly reflect the result of operations during any given fiscal period by including only the revenue and expense applicable to that period of operation.

It is respectfully suggested that all of the Posts adopt the accrual method of accounting.

CONTINUITY IN ACCOUNTING

By maintaining some uniformity in accounting procedures in the Post, many benefits will result.

Such procedures will materially assist in the development of sound financial statements, properly reflecting the financial condition of the Post.

It is of utmost importance that either interim or annual financial and operating statements, furnished to the administrative management, should be based upon comprehensive and dependable, consistent

information.

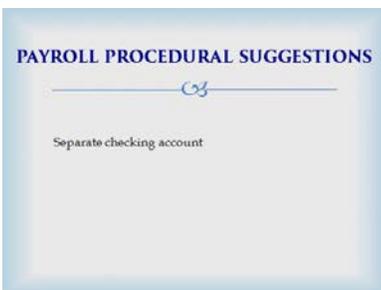
Eventually, it is hoped, that by adoption of accounting procedures being proposed, a great deal of meaningful statistical data will be forthcoming, which should prove valuable to all Posts. There are many facets in Post operations where accurate statistics will be of valuable assistance for comparative purposes.

A qualified accountant should review your present accounting system and make any necessary changes required. In the selection of any accountant, investigation should be made to select the one best suited for the job required.

Smaller Posts which do not maintain trained clerical assistance capable of handling the accounting procedure may wish to employ a public accountant to do the installation and bookkeeping. Such an arrangement could be on a monthly, semi-monthly, or quarterly basis, whichever is most suitable. It will be found that charges for such services are nominal. The final result will be of inestimable value to the Post and its officers.

A cash receipt book in duplicate should be maintained for all monies received. Cash Receipts, Disbursements and General Ledgers are necessary.

PAYROLL PROCEDURAL SUGGESTION



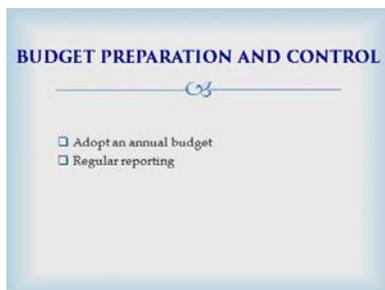
Where a Post provides various services and depending upon the number of employees involved, it is practical to have a separate Payroll Checking account. This account serves as a clearing account for the issuance of all payroll checks. All payrolls are thereby consolidated in a single account.

Once adopted, the details to maintain it are quite simple. Each operation would issue a single check, payable to the Payroll Account, on or about the date that payrolls are disbursed. The check would cover gross wages, and in addition thereto, the applicable payroll taxes chargeable as an expense item to such operation.

After issuance of the payroll checks, it is necessary to post the individual transactions, to a payroll record form, which, at the proper time, can be prepared, Federal Form W2 and, in those instances where local law requires it, forms showing wages paid and other pertinent information.

The above suggestion centralizes payroll procedures. It minimizes the detail work involved in maintaining separate payroll records for each operation.

BUDGET PREPARATION AND CONTROL



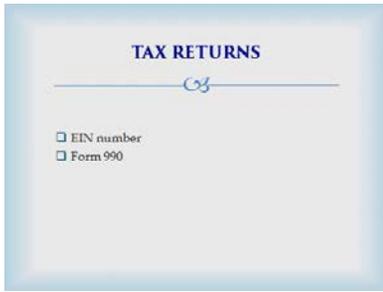
Each Post should adopt an annual budget. Adoption of an annual budget requires good administrative planning, and careful consideration must be given to every detail of revenue and expenditure.

As an aid in the administration of the budget, a system of informative reporting is essential if the budget program is to be of value to those in charge of the administrative affairs of the Post.

It is advisable to pattern the budget along the same lines as your Chart of Accounts. This way, comparisons are made very simple.

TAX RETURNS IMPORTANT

Newly Chartered Posts



In order that your Post may be included in the blanket application for tax exemption from the payment of Federal Income Tax, filed by the National Organization with the Internal Revenue Service, it is necessary that your Post supply to the Office of The National Judge Advocate the following information:

1. Please have your Post Commander execute the letter on Page 17, authorizing the National Organization of The American Legion to include your Post in our blanket application for exemption from the payment of Federal Income Tax.

2. "Employer Identification Number": To Secure this number, your Post Commander should execute Form SS-4 and file it immediately with the District Director of Internal Revenue Service in your geographical area, who, in return, will furnish your Post its Employer Identification Number. Immediately upon receipt of this number, it should be furnished to the National Judge Advocate. Form SS-4 is available from the District Director of the Internal Revenue Service in your area.

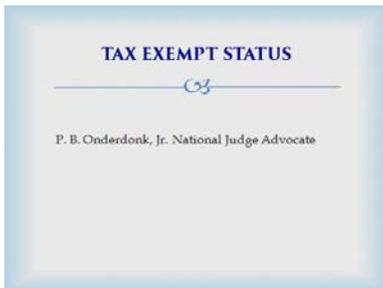
Information Return Form 990

It is immaterial that you have no employees. Federal Tax Regulations require that every subordinate unit required to file an Annual Information Return (Form 990) have an EMPLOYER IDENTIFICATION NUMBER. Failure to furnish the National Judge Advocate with an EMPLOYER IDENTIFICATION NUMBER, and the executed authorization referred to in the first paragraph of this Section, will result in your Post not being included in our tax exemption purposes.

THE AMERICAN LEGION AND TAX EXEMPT STATUS

By: P. B. Onderdonk, Jr. National Judge Advocate

INCORPORATION



As a general rule it is recommended that Posts incorporate in the states in which they are located. Such an action helps to protect their individual members from liability and generally makes the holding of real estate a much easier matter.

The incorporation of a Post is a simple matter. In general, the cost of incorporation is small. This is particularly true in the case of non-profit corporations. As a general rule, the statutes in the several states govern the requirement for incorporating a non-profit entity. In most states, application is made to the Secretary of State of the state involved. Also as a general rule, the application for incorporation is uncomplicated and not unduly burdensome.

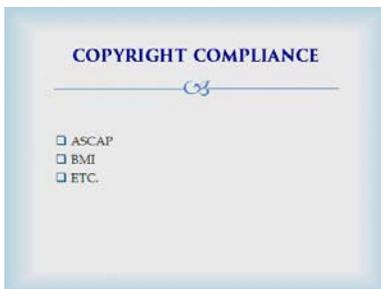
In that connection, your Department can assist your Post in its desire to incorporate by offering assistance and guidance in the preparation of the necessary application of incorporation. Normally a Post incorporates after it receives its permanent charter.

After incorporation has been effected, the Post should apply to the National Organization, through the Department having jurisdiction over it, for a supplemental charter, which has the effect of extending recognition to the Post as a component part of the National Organization in its corporate status.

This action was authorized by a resolution adopted by the National Executive Committee of The American Legion in May 1938, at which time a question was raised as to whether a Post upon incorporation, following receipt of its permanent charter from The American Legion, was or was not the same legal entity and therefore could, or could not, operate as a corporation under its permanent charter. It was decided legally, since a Post upon incorporation was first answerable to the state in which it was incorporated, rather than to the National Organization of The American Legion, that a supplemental charter be employed as a device to give due recognition to the status of a Post following incorporation as a component part of the National Organization of The American Legion.

In this regard, before action is taken you should consult an attorney and/or the Department Judge Advocate. Some states have statutes for charitable or service organizations, which provide a mechanism, which leads to the same results. (One example, but by no means the only example, is New York's Benevolent Orders' Law which deems duly chartered American Legion Posts, Auxiliary Units, and 8 & 40 Chapeaus to be incorporated entities providing the Post and members with protection similar to that provided by incorporation.)

COPYRIGHT (ASCAP, BMI, ETC.)



The subject of compliance with copyright laws and the payment of royalties for the performance of musical or other works at a local Post is a very technical one. United States Law generally provides for royalties to compensate a writer, artist or composer for this work, talent and genius.

The American Society of Composers and Publishers (ASCAP) takes assignments of such rights and moves aggressively to enforce them. (So do other groups such as BMI.) At least one lawsuit has been filed against a Post and a number seem to be on the threshold of being filed.

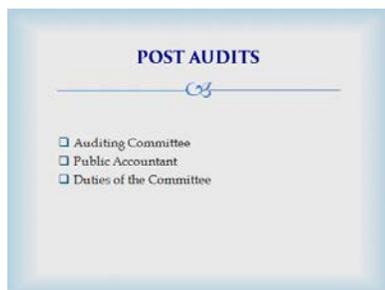
The entire subject of copyright and royalty payments is very technical. For example P.L. 97-366 restored a limited exemption from payment of royalties. This is contained in 17 USC Section 110(10), which provides:

“110. Limitations on exclusive rights; exemption of certain performances and displays
“Notwithstanding the provisions of Section 106, the following are not infringements of copyright:

“10. Notwithstanding paragraph 4 above, the following is not an infringement of copyright; performance of a non- dramatic literary or musical work in the course of a social function which is organized and promoted by a non-profit veterans' organization or a non-profit fraternal organization to which the general public is not invited, but not including the invitees of the organization if the proceeds from the performance, after deducting the reasonable costs of producing the performance, are used exclusively for charitable purposes and not for financial gain. For purposes of this Section the social functions of any college or university fraternity or sorority shall not be included unless the social function is held solely to raise funds for a specific charitable purpose.”

POST AUDITS

APPOINTMENT OF THE POST AUDITING COMMITTEE



This committee is one of the most important committees of the Post. Its function is to oversee the accounting procedures and methods of internal control as a means of conserving the financial interest of the Post at every level. This committee should be thoroughly familiar with the accounting system.

Much care should be taken by the officers of the Post in the appointment of a chairman for the Auditing Committee. The chairman should be either appointed by the Executive Committee or be a member of the Executive Committee. It is possible that the Post Officers might want the Auditing Committee to function as a sub-committee of the Executive Committee during the entire year. The Post Finance Officer should serve as an advisor and consultant to this committee since he handles the financial records of the Post.

The members of this committee should be qualified individuals with knowledge of accounting and the procedures inherent to the knowledge. Experience has shown, where qualified members are appointed to this committee and their duties and assignments are fulfilled, that they can be of immeasurable assistance to those in charge of the administrative affairs of the Post.

SELECTION OF A “QUALIFIED PUBLIC ACCOUNTANT”

Much care should be taken in the selection of a “Qualified Public Accountant” to examine the Post’s accounting records and render an audit report from such an examination. He should be versed in fraternal accounting. A “Qualified Public Accountant” is one who holds himself out to the public generally full time, for the performance of accounting services. Many states require the accountant to be licensed by the State Board of Accountancy. In these states, an unlicensed accountant is not “qualified” to perform the annual audit. Since the intent is to have reasonably independent auditing service, it is deemed inappropriate, even though otherwise qualified, for an officer, or member of the auditing committee to perform the audit. A member of the Post, properly “qualified”, can be engaged to audit the books.

DUTIES OF THE AUDITING COMMITTEE

1. Engage a “Qualified Public Accountant,” who should have the approval of the majority of the Post. If this method is chosen it should be done in enough time to allow the auditor to arrange this time in order that the report can be submitted at the end of the Post’s fiscal year.
2. The Auditing Committee should recommend to the Executive Committee the name of a “Qualified Public Accountant.” The Executive Committee should then secure the approval of the membership and the final report should be addressed to the chairman of the Executive Committee.
3. The report should be carefully reviewed by the auditor and the chairman of the Auditing Committee. Questions in connection with the report should be fully clarified.
4. The final report of the auditor should be presented to the Post for approval. The chairman of the Auditing Committee should be in a position to explain any portion of it to the Post.

The work of the Auditing Committee is very important and an integral part of Post activities. Their duties should be strictly adhered to for the information and protection of all the members of the Post.

In many instances the auditor will include in a “Management Letter” his recommendations to the Executive Committee unless these recommendations are pertinent to the presentation of his Audit

Report. This "Management Letter" refers to changes in operations or systems, suggestions for internal procedures and recommendations for increased control. The Audit Report is usually reserved for presentation of financial data with such footnotes as required for full disclosure of financial facts.

This management letter is usually comprehensive and meaningful. It is the result of the accountant's experience and knowledge, and is only offered when there is a real need for corrective procedure. In some circumstances, these comments generally go unheeded because the Audit Report is not studied and proper consideration is not given to his suggestions. The Audit Report should be carefully scrutinized and personally discussed with the auditor submitting the report. Then, due consideration should be given to any recommendations made, and if feasible, corrective action taken to carry out such suggestions.

It is found that the management letter covers a wide area. Weaknesses in accounting procedure are covered. Lack of proper internal control of the Post's funds are pointed out. Many other worthwhile suggestions can be found in the management letter.

