

# Maine Elks Association



## District Deputy Mentoring Program

*Guidance for the Development of District Deputy Candidates*

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# Introduction for the District Deputy Designate

Congratulations on your appointment as a District Deputy Designate. You have no doubt earned that recognition for exhibiting your hard work and dedication on behalf of the Elks in your district.

While you are not a District Deputy yet; you will soon be assuming the responsibilities of this very important position. Officially, those duties do not begin until you have taken the oath of office at the upcoming Grand Lodge Session. However, unofficially, there is much work to do in preparation to make your year as District Deputy go as smoothly as possible.

You may not be aware of this, but as a District Deputy (Designate), you are to serve as a mentor and role model for future District Deputies. As a mentor, you are responsible for not only choosing the members of your team, but also educating them on their roles and responsibilities during the inspections and clinics.

Here in Maine, the selection process for District Deputies is typically handled by the Area Special Representatives/Advisors. They receive the resumes, and based on their knowledge and experience, will make their recommendation to our area's Past Grand Exalted Ruler sponsor.

The selection of District Deputies will often take into consideration whether the candidate has served on a District Deputy Team. The preference will be for those candidates who have served as a member of a team in a prior year.

Again, the decision of who serves on YOUR team will be up to you, but your Area Special Representatives/Advisors and/or Past Grand Exalted Ruler sponsor may have people that they may recommend to serve on your team. It is highly recommended that you put those people on your team, as they are likely potential candidates for serving as District Deputy in the future.

The purpose of the *District Deputy Mentoring Program* is to offer District Deputy (Designates) with guidance on not only selecting members of their team, but also on training and educating those members so that they will have the knowledge and experience to serve as District Deputies in the future.

It is also your responsibility to read and thoroughly understand the contents of the Grand Lodge's District Deputy manual, as well as familiarizing yourself with the programs, statutes, rules, and regulations of the order well before your installation.

# Selecting Your Team

As the District Deputy (Designate), YOU will be responsible for selecting people to serve on your team to assist you with the inspection process, conduct clinics, as well as perform other responsibilities. It is therefore an important responsibility to choose the best people to get the job done.

## ***Team Recommendations by Grand Lodge***

As mentioned in the introduction, the Area Representative or our PGER Sponsor may recommend that certain people serve on your team. It is strongly recommended that you include those people on your team, as they are often potential candidates for the position of District Deputy in the future. The knowledge and experience they gain as a member of your team will be valuable to them in understanding the duties and responsibilities that go along with being a District Deputy.

## ***Use Members from other Lodges***

When considering who to put on your team, you should not limit yourself to members of your own Lodge. While having a friendly face to travel with to other Lodges is good; having members of different Lodges helps diversify the team so that the inspection process will not just reflect the operation and opinions of one Lodge alone.

In the past, District Deputies and their teams have often professed how things are done in their Lodge. They would espouse the belief that the way that their home Lodge conducts its business is the best; or sometimes the only way to do things. However, during the inspection process you will soon discover that there are many ways to accomplish the same thing, and still get the job done. While Grand Lodge requires that certain things must be accomplished; it still gives the Lodges some flexibility on how to accomplish them. The bottom line should be that the requirements of Grand Lodge are met.

## ***Team Members should be Knowledgeable***

Whoever you select to serve on your team, they should be knowledgeable about the various aspects of Lodge operations. It is important for them to have knowledge about how the Secretary or Treasurer's office works and how Accident Prevention and Club Operations are handled.

Putting people on your team who do not have a good understanding of business practices or lack operational knowledge will only cause your inspections to become less effective, as many items of importance or problem areas may be missed.

Therefore, it is so important to not just put anyone on the team. The actions of your team members who perform poorly will ultimately reflect on you as a District Deputy, and will not benefit the Lodge you are inspecting, or the Order.

When putting together your District Deputy team, you should consider consulting with your predecessor. They may have some recommendations on people to serve on your suite as well. You may even consider putting them on your team as they have invaluable knowledge of what has been happening at the Lodges in the district. They could best serve in the capacity as an advisor to you and your team, and can work directly with team members so that they are more comfortable inspecting the various operational areas.

How many people should you have on the team? That is up to you, but it should be large enough so that you can have sufficient people available to fill in if someone cannot attend an inspection or clinic due to sickness, work, or other reason. Ideally a team of five people has worked well in the past, but as few as three can do the job, if they take the time to do a thorough inspection. To make it easier on yourself, having additional people on your team allows you to have more flexibility, and to have more eyes and ears open to find potentially deficient areas.

It is important to point out that you, as District Deputy, will be ultimately responsible for the inspection of a Lodge. It is also important to point out that the members of your suite are not to make recommendations directly to the Lodge or its officers, but only to report to you. This is clearly described in the Grand Lodge District Deputy Manual; only the District Deputy can make recommendations to a Lodge.

In addition, the members of your team need to know that their positions are considered entirely unofficial and voluntary; and that there are no statutory provisions to pay for their travel expenses. As such, it is therefore suggested that team members who live near each other should coordinate to carpool to distant Lodge inspections to save money.

While the team may not receive any compensation from the Grand Lodge, it is has been a tradition that the District Deputy offer some small token of their thanks to the team members at some point during their term. While this is not required; the members of your team will know that you appreciate their time and effort.

Naturally, not everyone who serves on a District Deputy team will know everything there is to know about Lodge operations at the outset. In fact, this is very often the case. Therefore, it is important to provide some training ahead of the inspection process; ideally before your year begins.

Team members should maintain an Elks.org account so that they have access to the manuals made available through the Grand Lodge. They should be asked to review those manuals prior to the first inspection.

By the time they are assisting with inspections; the members of your team should have sufficient knowledge of what to look for, the questions to ask, and to follow up to get a good understanding of what is taking place at that Lodge. If not, it will again reflect on you, and will not benefit the Lodge that is being inspected.

It is therefore up to the District Deputy (Designate) to train the members of his or her team so that they are all knowledgeable and up to date on Lodge operations when the time for inspections arrive.

By following the recommendations in this section, you will have a more diverse and knowledgeable team to conduct your inspections and clinics. Remember that they are the eyes and ears of the District Deputy, and that you will find that a good team will make a significant difference toward making the process go smoothly and efficiently.

# The Inspection Process

Once the District Deputy Designate has been officially installed as the District Deputy Grand Exalted Ruler, he or she will need to schedule inspections of the Lodges in their district.

Per the Grand Lodge, the inspections need to take place between September 1<sup>st</sup> and December 20<sup>th</sup>. The District Deputy should contact the Lodge's Exalted Ruler to schedule a date and time to conduct the inspection. Once scheduled, the District Deputy will send a letter (Exhibit D) to the Lodge two weeks in advance of the inspection, and will provide the Lodge with forms that will need to be filled out, as well as indicate the time of the inspection and which officers and committee chairmen need to attend. These are outlined in the District Deputy manual.

On the date of the inspection, the District Deputy should arrive with their team at the agreed upon time, and should be suitably dressed for the occasion. Ideally this would be jacket & tie for men and appropriate business attire for women.

If time permits, the District Deputy will meet with the team prior to the inspection to point out some items that may bear closer scrutiny.

To conduct the inspection, each of the team members will be assigned to an area to be inspected. These include the Lodge Building and Grounds, Secretary's Office, Treasurer's Office, and the District Deputy will typically meet with the Exalted Ruler to review their year to date.

Team members should be professional and friendly. They are not there to create arguments or other problems for the Lodge. They are simply there to gather information. If the Lodge does not provide the information requested, then it should be noted and reported to the District Deputy.

Ideally, the District Deputy should try to schedule Lodge inspections on a day that is not a scheduled meeting day. In the past, the District Deputy and their team would arrive around 4 PM, only to have to rush through the inspection to get ready for a Lodge meeting around 7 PM. Prior to the meeting, the Lodges would often offer a meal, which would further cut into the time for the inspection to only 2 hours. This short amount of time does not afford the District Deputy and their team to fully inspect a Lodge. A thorough inspection of a Lodge will typically take between 2-3 hours, so plan accordingly.

As observance of the ritual is no longer a required part of the inspection, and that most Lodges are switching to a short form for the rituals; the inspection of the business office and facilities would be better suited to be conducted on another day of the week. Perhaps on a weekend, which would afford the team more time to ask questions, for the team to meet, and for the District Deputy to make recommendations to the officers.

After each of the team members have had their opportunity to inspect the Lodge, the team should meet with the District Deputy to review their findings, and to discuss recommendations with the District Deputy.

After all areas have been reviewed, the District Deputy should provide a verbal run down of the team's findings, and make any informal recommendations with the officers of the Lodge. The team members should be available to answer questions on what they found, but only the District Deputy is authorized to make recommendations.

Within a few days following the inspection, the District Deputy should file their inspection report with the Grand Lodge, and provide the Lodge with a copy of the report, as well as a detailed report of their findings and specific recommendations for improvement. In providing recommendations, the District Deputy should follow up at a designated future date to determine the progress made toward implementing the recommendations. A report of the Lodge's progress should be made to the area's PGER sponsor.

The District Deputy team will be provided with checklists to aid them in their review of the Lodge, the following pages will detail some of the items that the team should be looking for when conducting inspections.

The checklists are usually made up of Yes and No questions. While it would be easy to just answer yes or no for each item without digging further, it is not a very thorough way to determine the condition of the Lodge.

For better understanding of what to look for on these checklists, read the following pages for each of the checklist forms. The items numbered correspond with the questions on the form.

# Secretary's Office

When inspecting the Secretary's office, you will use **Exhibit F**, which will have been provided to each Lodge's Secretary prior to the arrival of the inspection team. This sheet has YES or NO questions, and each one should be answered (checked off) accordingly. Maintain a note pad with any discrepancies that are discovered. Don't just ask if the Lodge has the item. They should be physically examined as follows:

## EXHIBIT F

### CHECK SHEET FOR LODGE OF ITEMS REQUIRED FOR DISTRICT DEPUTY VISIT (To be completed and retained by the DISTRICT DEPUTY)

<u>LODGE NAME AND NUMBER:</u>	<u>DATE:</u>	
<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>I WILL WANT TO SEE IF YOU CAN ACCESS THESE PUBLICATIONS AT ELKS.ORG:</u></b>
_____	_____	1. Accident/Claim Prevention Manual — Code 513100 — {Fifth Edition} *
_____	_____	2. Americanism Manual — Code 512000 — {March 2013} *
_____	_____	3. Auditing and Accounting Manual — Code 510100 — {February 2015} *
_____	_____	4. Drug Awareness Manual
_____	_____	— {May 2015 — CD available at <a href="http://elks.org/resources/dap/">http://elks.org/resources/dap/</a> }
_____	_____	5. Elks National Veterans Service Commission Manual — Code 513500 — {December 2015} *
_____	_____	6. Government Relations Manual — Code 511000 — {February 2015} *
_____	_____	7. Investigation/Interview Committee Manual — Code 510200 — {February 2010} *
_____	_____	8. Liability Insurance Program Manual — Code 513000 — {Annual} *
_____	_____	9. Lodge Activities Manual — Code 510300 — {March 2013} *
_____	_____	10. Public Relations and Media Handbook — Code 510700 — {September 2010} *
_____	_____	11. Membership, Program & Planning Manual — Code 510400 — {May 2006} *
_____	_____	12. Exalted Rulers, Lodge Officers and Committee Members Manual — Code 510500 — {October 2015} *
_____	_____	13. Protocol Manual — Code 510600 — {November 2015} *
_____	_____	14. Ritual of Local Lodges — Code 511500 — {November 2012} *
_____	_____	15. Rituals of Special Services — Code 511601 — {August 2005} *
_____	_____	16. Ritualistic Contest Manual — Code 519900 — {Annual} *
_____	_____	17. Secretary's Manual — Code 510800 — {April 2014} *
_____	_____	18. Youth Activities Program Manual — Code 512100 — {February 2013} *
_____	_____	19. Youth Supervision Guide — Code 512200 — {July 2006} *
_____	_____	20. Discrimination and Harassment Guide — Code 510900 — {December 2014} *
<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>I WILL WANT TO SEE THESE PUBLICATIONS:</u></b>
_____	_____	1. Annotated Statutes — Code 520100 — {Latest Edition-Annual}
_____	_____	2. Directory of Local Lodges — Code 553700 — {Annual}
_____	_____	3. Grand Lodge and State Associations Directory — Code 553800 — {Annual}
_____	_____	4. Grand Lodge Proceedings — Code 511400 — {Latest Edition-Annual}
_____	_____	5. Grand Lodge Program Booklet — Code 514000 — {Annual} *
_____	_____	6. History of the Order, Vol. 1 and 2 — Code 511300 — {1992 and 2008}
_____	_____	7. Orientation DVD — Code 533300 — {2015}
_____	_____	8. Leadership Training Booklets (set of 5) — Code 511900
_____	_____	9. Property Plus Insurance Manual — {Obtained from Aon Risk Services}
_____	_____	10. Robert's Rules of Order (Parliamentary Procedures at a Glance) — Code 511700
_____	_____	11. Charity Records Workbook — Code 511100 — {Annual}
_____	_____	12. Constitution and Statutes (latest edition) — Code 520200 — (sufficient supply for membership)
_____	_____	13. What It Means To Be An Elk (Candidate Booklet) Code 511200 (sufficient supply for membership) {March 2009}
<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>I WILL WANT A COPY OF OR TO EXAMINE:</u></b>
_____	_____	1. Visitors Register — Code 553400
_____	_____	2. Lodge Charter displayed (or Dispensation, if Charter not yet issued)
_____	_____	3. Judiciary-approved Lodge By-Laws (sufficient supply for membership)
_____	_____	4. Judiciary-approved House Rules (sufficient supply for membership)
_____	_____	5. Seal of the Lodge
_____	_____	6. Annual Lodge Budget as adopted by the Lodge
_____	_____	7. Club Managing Body Budgets
_____	_____	(Club, Dining Room, Health Room, Swimming Pool and Golf Course) as adopted by the Lodge.
_____	_____	8. Detailed record of Charity Fund income, expenses, balance and plans
_____	_____	9. Minute Book of proceedings of the Lodge
_____	_____	10. Ledger containing the name of each member, birth place, etc.
_____	_____	11. Alphabetical list of expulsions, suspensions, and rejections
_____	_____	12. Account books to clearly present receipts and accounts of the Secretary and Treasurer and general financial and other transactions of the Lodge and Club, or any facility operated by them.
_____	_____	13. Charity Records Workbook with up-to-date entries
_____	_____	14. Forum Box — Code 5323
_____	_____	15. Minutes of P.E.R. Association meetings
_____	_____	16. Minutes of Board of Trustees' meetings
_____	_____	17. Minutes of Club Managing Body meetings
_____	_____	18. Minutes of meetings of corporations connected with the Lodge
_____	_____	19. Self-inspection checklist of accident prevention manager.

\* Denotes manuals available online

## ***Manuals & Publications***

In the past, a copy of each manual was made available in the Secretary's office for use by Lodge officers and members, and additional copies were made available so that others could take them home to review. Today, with widespread use of the computers, many of the manuals are now available on-line at Elks.org. The Secretary should also be requested to demonstrate that they can access those manuals via the Elks website.

On Exhibit F, you will note that items in the top section should be easily accessible on the Lodge's computer, and that physical copies should be available in the Lodge. The person inspecting the Secretary's office should verify that the individual manuals are physically in the Lodge, and that the date on the manual is the same as on the checklist, or newer. For online manuals, the Secretary should ideally create a "favorites" link or button on their browser for easy and quick access. This is not a requirement, but simply a suggestion. Any manuals that are not current should be noted on the form.

The same applies to the second section of the checklist. Each manual, video, book, or document needs to be physically examined as to its date, and compared to the date on the checklist. These items should exhibit the most current date available.

It is recommended that individuals examining these manuals know what they look like before the inspection. This will help expedite the process. Ideally, the Lodge Secretary should already have them displayed in the order outlined on the checklist. You may suggest this in your letter to the Lodge.

Certain manuals are created each year as information changes annually. These include the Subordinate Lodge Directory, Annotated Statutes, Grand Lodge & State Association Directory, and the Grand Lodge Proceedings. These are often the previous year's issue, as Grand Lodge has not yet distributed the latest version. This is acceptable.

For the Drug Awareness program, the information is available on the Elks website, and is not required to be seen directly in the Secretary's office. However, the Secretary should demonstrate that they know how to find the information, and can easily access it.

Charity Records Book is still issued in hard copy form to each Lodge, but the charity records are also available on the website. If the Lodge does not keep the information in the book, they should provide you with a printout of their Charity Records from the website. Either way, charitable records should be maintained by the Lodge.

### ***“Sufficient Amount”***

For the Constitution & Statutes (member’s version in smaller book) and “What it Means to be an Elk” booklets, there should be a sufficient number available to hold a moderate sized initiation. In other words, there should be at least 5 to 10 copies available at the Lodge.

For the Lodge Bylaws and House Rules booklets, there should be a much larger amount available, as these can be requested by any member of the Lodge, and should be provided to all new members when they are initiated. As these are updated every five years, there should be enough booklets to last until the next update. The number will depend on the size of the Lodge’s membership. Use your best judgement.

### ***Visitors Records***

The Lodge should maintain a visitor’s log to meet State Liquor requirements, and to provide a historical record of visitors to the Lodge. At times these logs are not kept up to date, or are in difficult to find locations. The examiner should find the current log, and examine it to see if it is being filled out, and how often. A log that has not been filled out for an extended period should be pointed out to the District Deputy, as it may indicate that the Lodge may be allowing visitors to use the facility without signing in. Without explaining why, the District Deputy should ask the Chairman of the Governing Body/House Committee if they have a lot of guests, spouses, significant others that attend the bar, and how often they come to the Lodge. If they answer every week, and the log does not reflect that on a regular basis, then it should be noted.

### ***Lodge Charter***

The Lodge Charter should be clearly displayed in the Lodge, and the date on the charter should be recorded.

### ***Lodge Bylaws***

The Lodge Bylaws should be examined, and a copy retained by the District Deputy for the District’s records. Examine the date on the front of the bylaw book, It should be within 5 years of the date of inspection. If not, it should be noted for the District Deputy. If the general revision date will be due within the coming year, you may provide a friendly reminder that the bylaws will need to be updated soon.

## ***House Rules***

The examiner should check to see if the House Rules have been updated every five years as well. Often, the House Rules can be found in the bylaw book, but may be maintained separately.

## ***Seal of the Lodge***

The examiner should make sure that the Lodge has a functioning seal, and that it is in the possession of the Secretary. Check the seal to make sure that it provides a good impression on paper. If not, it should be recommended that the Lodge obtain a new seal from the Grand Lodge.

## ***Annual Lodge Budget & Club Managing Body Budgets***

A copy of the Lodge & Club Budgets as adopted by the Lodge should be obtained for review by the District Deputy.

## ***Detailed Record of Charity Fund Income/Expenses/Balances/Plans***

Many Lodges have funds that are restricted for charitable purposes. To assure that the fund is being used for its intended purpose, the individual examining the office should review the charity income and balances, and especially the expenses to verify that the fund is not being used improperly. If anything appears suspicious, it should be reported to the District Deputy for further investigation.

## ***Meeting Minutes***

The examiner should request the Secretary to provide a copy of the Lodge's meeting minutes for the past year. Reviewing the meeting minutes, they should look for the following items:

**Continuity of Meetings:** Meetings should be consistent with the Lodge's bylaws. The examiner should note any meetings that are missing, and request a copy of the District Deputy's dispensation for meetings that are not held.

**Readability:** Meeting minutes should be clearly readable if written by hand. However, most records are now created using word processing software, so it should not be a problem.

**Votes:** Must include any actions that the Lodge will take on an issue. This includes a Motion, a Second, and whether the motion passed or failed, or tabled. Discussion is ideal, but not required.

**Proper Order:** The Lodge meeting minutes should follow the Order of Business as outlined in the Ritual Manual.

**Required Reports:** Check the meetings in August, October, January, and April for reports of the Auditing & Accounting Committee. If reports from that committee are missing, then check with the Secretary to see if reports have been filed at all. If any reports are missing, it should be noted for the District Deputy.

Trustee/Board of Directors Reports should also be made during the Lodge meetings on the first meeting of every month.

**Lodge Secretary Transaction Report** should be examined for the first meeting in April and October as required by Statute 12.050. (Found on Exhibit C [pg. 17])

**Receipts of the Session:** A detailed receipts of the session should be included in each meeting's minutes. Not just a total amount that is received.

**Bills against the Lodge:** A detailed list of the Bills against the Lodge should be included in each meeting's minutes. Not just a total amount that is owed.

Any items that are found out of the ordinary should be noted and reported to the District Deputy.

### ***CLMS2Web & CLMS2PC***

As these computer programs serve as the Lodge's membership ledger, it will be necessary for the examiner to have the Secretary pull up the program on their computer. If they are unable to do this because the computer is out of service, internet is out, etc. See if an alternative is available as a backup. Any discrepancies should be noted for review by the District Deputy.

### ***Expulsions, Suspensions, and Rejections***

The Lodge should maintain an alphabetical list of people who have been expelled, suspended, or rejected. If the Lodge is not maintaining an alphabetical list, it should be noted and reported to the District Deputy.

### ***Account Books***

The individual examining the Secretary's office should review the process by which funds are handled within the Lodge. There should be receipts for all transfers of money so that there is a paper trail. The examiner should be able to follow a transaction made in the Lodge, and follow it to the Secretary, Treasurer, and eventually to the bank. If the examiner is unable to fully follow a transaction through the accounting system, it should be noted for the District Deputy.

### ***Subordinate Forum Box***

The Subordinate Forum box should be updated in June and December, and that the Exalted Ruler should be the only one in possession of the Key (Statute 8.040). The examiner should ask the Secretary as to how the box is prepared, and if they have a key. If the Secretary has the key, it should be noted.

There should be at least 200 slips of paper with the names of members in the box (less if there are fewer than 200 members in the Lodge). The box should be opened and a few names should be selected from within the box and the Secretary be requested to pull up those names on CLMS2Web. If the name in the box is not on the current roster, check to see if they have transferred or died since the previous update of the box. If they have not, and they don't exist on the current roster, then this should be noted for further investigation by the District Deputy.

Some Lodges may use CLMS2PC as their "forum box." While it may be quick and easy for the computer to randomly select twenty-five names on the roster, it currently does not meet with the requirements of Statute 1.210. A computer-generated printout can lead to questions during a subordinate forum proceeding that the names were not truly random, and that they favored one side or another. It should be recommended that Section 8.040a of the Statutes be followed.

### ***Minutes of PER Association***

The examiner should request to see the meeting minutes of the Lodge's PER Association, and examine those minutes to determine if the association is meeting, and how often they meet. Also, note the number of PER's attending the meetings. If the association does not meet, it should be noted, and recorded on Exhibit F as a NO

### ***Minutes of Trustees***

With the latest information from Grand Lodge, this would also include the meeting minutes of the Board of Directors of the Lodge if the Lodge is incorporated. Most Lodges in Maine are incorporated and use a Board of Directors.

Review the Trustee/Board of Director Minutes for:

- Frequency-at least once per month
- Attendance by members of the Board (if any are missing on a regular basis it should be noted, and an inquiry as to why is warranted.)
- Votes to approve vouchers & bills
- Votes to make recommendations to the Lodge

## ***Minutes of Governing Body/House Committee***

Review the Governing Body or House Committee meeting minutes for:

- Frequency-at least once per month
- Attendance by members of the Body (if any are missing on a regular basis it should be noted, and an inquiry as to why is warranted.)
- Discussion of Club Financial Condition
- Votes to make recommendations to the Lodge

## ***Corporate Meeting Minutes***

As most Lodges are incorporated, review the meeting minutes of the Corporation, which should be held a minimum of once per year to elect officers. Officers of the Corporation should be the members of the Board of Directors.

## ***Self-Inspection Checklist (Exhibit J):***

Safety is everyone's concern, and the Grand Lodge takes this very seriously. If Lodges are unsafe for the members and guests, it can lead to legal issues, and eventually to higher insurance premiums for all Elks Lodges. Therefore, it is required under section 12.070 of the Statutes to require at least one Trustee to be designated as the Accident Prevention Chairman who shall conduct inspections of the Lodge on a regular basis to identify issues that may cause an accident in the future.

A copy of the inspection form is located on the following page. During the District Deputy inspection, a member of the team will conduct an inspection using this form to determine if there are any safety concerns. Deficiencies will be noted on the form, and brought to the attention of the District Deputy, who will make recommendations to the Lodge for repairs.

The individual examining the Secretary's office should find a copy of the Self Inspection Checklist on file for each inspection. This may be maintained in the Trustee records, or it may be found in the Secretary's office. An inspection of at least once per month should be maintained. The examiner should review the inspection sheets closely to see if they were just photocopied, with only the date being changed on each copy. If deficient items are noted on the sheet on a regular basis, they should be noted for the District Deputy.

The examiner should also compare their inspection sheet to the Lodge's inspection sheets to see if the issues are chronic, or if the Lodge just missed those items.

This program is often overlooked (or ignored) for its importance by Elk Lodges, whose officers may not take the time to read the manual or understand the program.

# EXHIBIT J

## SELF-INSPECTION

COMPLETED BY: \_\_\_\_\_ TELEPHONE: (     ) \_\_\_\_\_ DATE: \_\_\_\_\_

Lodge Name & Number \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

NOTE TO DISTRICT DEPUTIES: Please access Self-Inspection checklist at: <http://www.elks.org/members/dds/selfinspection.cfm> for filing online.

<b>1 Access Roads, Walkways, Parking Areas</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Free of debris, cracks, broken pavement			
b. Different elevations between adjacent walkways provided with guards or well marked			
c. Walkways flat, well-drained, without holes			
d. Fences & barricades secured & in good condition			
e. Pathways & parking areas have adequate lighting			
f. Walkways have safe clearance from motorized equipment			
g. Signs indicating "Park at your own risk"			
<b>2 Stairs, Ramps &amp; Elevators/Lifts</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Standard stair rails or handrails provided on stairways with four or more stairs & ramps			
b. Handrails well secured with no sharp or rough parts			
c. Stair treads & risers free of chips, cracks, unevenness			
d. Stair treads & ramps slip resistant			
e. Stairways & ramps have adequate lighting			
f. Stairs have at least 6½ feet overhead clearance			
g. Elevators/lifts inspected as required by local law			
<b>3 Floor &amp; Wall Openings</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Large glass areas subject to human impact well marked			
b. Floor opening provided with guard rail or cover			
c. Grate type covers designed not to affect foot traffic			
d. Safe, non-skid floors			
<b>4 Entrances/Exits</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Emergency lighting provided in corridors & stairways			
b. All exits marked & properly illuminated			
c. All doors, passages, stairs that aren't exits properly marked			
d. All exits & passageways free of obstructions			
e. At least two exits provided from upper floors			
<b>5 Exit doors</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. All exit doors open in the direction of exit			
b. Cold storage room doors provided with inside release			
c. Doors opening into street provided with warnings or barriers to prevent stepping into path of vehicles			
<b>6 Storage Areas</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Storage areas clean, dry & free of obstructions			
b. Storage area locked while unattended			
c. Flammables & combustibles stored away from heating devices & open flames			
d. Trash & debris in metal covered containers & regularly removed			
<b>7 Emergency &amp; First Aid</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Emergency numbers posted at each phone			
b. Employees instructed on reporting emergencies			
c. Employees instructed on use of portable extinguishers			
d. First Aid kits clean and fully stocked			
<b>8 Outdoor Fixtures &amp; Playgrounds</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Benches & tables free of cracks, slivers & broken parts			
b. Water fountains & taps in good repair without broken parts			
c. BBQ free of sharp edges or missing parts			
d. Playground equipment clean & in good repair			

<b>9 Swimming Pool</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Appropriate caution signs posted			
b. Properly enclosed to prevent falling into pool or access to children			
c. Glass cups & plates not allowed in pool area			
d. Remove diving board			
e. Certified lifeguard on duty when pool is open			
<b>10 Kitchen, Bar &amp; Restaurant</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Metal container with cover provided for greasy rags			
b. Knives stored in holders when not in use			
c. Electrical cords & plugs of appliances in good condition			
d. Food processing equipment properly guarded & in good repair			
e. Glass stored away from open ice storage & food storage areas			
f. Gas & beverage concentrate cylinders secured against tipping			
g. Drain & other floor openings covered			
h. Non-skid mats provided in line with sinks, ice machine, range, etc.			
i. Mats clean and free of grease or other build-up			
j. Food stored off the floor			
k. Food covered & stored in refrigerator when not being prepared; proper temperature maintained			
l. Hood & filters over range clean & not laden with grease			
m. Suppression system in hood inspected in last 6 months			
n. Chairs, stools & tables in good condition			
o. Board of Health certified server and inspection			
<b>11 Restrooms, Locker Rooms, Showers &amp; Saunas</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Well-maintained, dry, clean, sanitized & free of debris			
b. Adequate lighting; burned out bulbs promptly replaced			
c. Hand towel, soap, toilet paper & sink fixtures secured and in good repair			
d. Toilet stall & locker walls, doors & latches secure and in good repair			
e. Walking surfaces made of non-skid materials			
f. Appropriate warning signs posted: "CAUTION — SLIPPERY WHEN WET" or "DO NOT USE OVER 15 MINUTES," etc.			
<b>12 Personal Protection Devices</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. Appropriate protective devices provided for chemicals on site, including masks, safety aprons, gloves, goggles, etc.			
b. Compliance with "Right to Know" requirements where applicable			
<b>13 Protection Devices</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
a. All automatic fire sprinkler system supply valves wide open			
b. All heat/smoke detection systems in operation			
c. Portable extinguishers serviced in last 12 months & tagged			
d. Pressures in appropriate range on gauge			
e. Extinguishers properly mounted at stations			
f. Extinguishers recharged, as required			
g. All sleeping quarters provided with smoke detectors unless provided with automatic sprinklers and carbon monoxide detectors			

# Building and Grounds Inspection

Knowledge of building and operational safety is important, and that when performing the inspection, the examiner is helping the Lodge to find issues that may cause injuries or accidents to occur. Accidents do happen, but often they can be prevented. Working to reduce accidents can help keep insurance premiums down.

The inspection sheet is pretty much self-explanatory, but here are some things to consider when inspecting the Lodge facilities:

- Don't just nitpick trivial items. Things like a burned out light bulb in a room full of lights might only have to be mentioned in passing. However, if it is the only light bulb in an area such as a stairway, that is an important safety issue as someone could fall. Use common sense when identifying problem areas.
- Prior to inspection, it is suggested that some research on the internet of food safety laws, as well as general safety items that are not included on the form be reviewed. While the form is comprehensive, it may not list every safety issue that may come along. Again, the bottom line would be to use common sense.
- First Aid kits are required, and common sense tells us that they should be placed in areas where injuries could occur. These would include the kitchen and behind the bar, as both areas have knives and the potential for broken glass to cause cuts. The first aid kits should be opened to make sure they are stocked with personal protective equipment (gloves, mask, face shield, etc.) as well as enough supplies to handle minor injuries like cuts and scrapes. Often, people will use up the supplies and never restock them.
- Material Safety Data Sheets or MSDS Sheets are required by OSHA for every chemical in the Lodge. Lodge officers and members who work in the Lodge should know where this book is located, and be familiar with what an MSDS sheet is, and how it is used. The book should be kept up to date. Look for chemicals in the Lodge during the inspection, and try to find those chemicals in the MSDS book. If they cannot be found, it is likely that the book has not been kept up to date.
- All Employees (bar, janitorial, etc.) should know where to find the MSDS Book, and the "Right to Know" information is located, as well as know where to find and fill out accident reports, which will be sent to the insurance company. Ask the officers as well. If they don't know, then it should be noted for the District Deputy.

### **Exhibit C-Lodge Information**

Ideally, the Lodge Secretary will have this form filled out and the documentation available prior to the visitation. This will have been requested by the District Deputy in his/her letter (Exhibit D) to the Lodge regarding their official visitation.

### **EXHIBIT C**

#### **LODGE SECRETARY WILL HAVE THE SUCCEEDING INFORMATION READY AND LAID OUT FOR DISTRICT DEPUTY VISIT, IN THE FOLLOWING ORDER**

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Lodge Name and Number \_\_\_\_\_ Date \_\_\_\_\_

1. All items on the check sheet, printed in Exhibit F, in listed order.
2. Current membership \_\_\_\_\_, and year-to-date ENF donations \$ \_\_\_\_\_.
3. Copy of Grand Lodge Area Auditing & Accounting Committee evaluation form.
  - a) Have GL Committee questions or comments been replied to and/or complied with?  Yes  No
4. Date IRS Form 990/990T mailed \_\_\_\_\_.
5. Copy of Lodge By-Laws with general revision date. Date \_\_\_\_\_.
6. Copy of Lodge House Rules with general revision date. Date \_\_\_\_\_.
7. Salaries: Secretary \$ \_\_\_\_\_; Treasurer \$ \_\_\_\_\_; Tiler \$ \_\_\_\_\_; Organist \$ \_\_\_\_\_; Vocalist \$ \_\_\_\_\_.
8. Initiation fee \$ \_\_\_\_\_; Annual Dues \$ \_\_\_\_\_; Reinstatement fee \$ \_\_\_\_\_.
9. Amount of fire insurance \$ \_\_\_\_\_; date when last adjusted \_\_\_\_\_.
10. Number of meetings missed by Lodge Officers, to date:  
E.R. \_\_\_\_\_; Leading Knight \_\_\_\_\_; Loyal Knight \_\_\_\_\_; Lecturing Knight \_\_\_\_\_; Secretary \_\_\_\_\_;  
Treasurer \_\_\_\_\_; Tiler \_\_\_\_\_; Esquire \_\_\_\_\_; Chaplain \_\_\_\_\_; Inner Guard \_\_\_\_\_; Organist \_\_\_\_\_; Vocalist \_\_\_\_\_;  
1 year Trustee \_\_\_\_\_; 2 year Trustee \_\_\_\_\_; 3 year Trustee \_\_\_\_\_; 4 year Trustee \_\_\_\_\_; 5 year Trustee \_\_\_\_\_.
11. Is the Lodge incorporated?  Yes  No Date of incorporation \_\_\_\_\_.
12. What is current combined indebtedness of Lodge? \$ \_\_\_\_\_.
13. Current Profit/Loss Statement for each entity (Lodge, Club, Bingo, etc.).
14. Has Exalted Ruler appointed a Presiding Justice?  Yes  No; a Mediator?  Yes  No [GLS 13.020]
15. Has Exalted Ruler scheduled an Elks Training Session?  Yes  No  
Will that be done?  Yes  No
16. Does Lodge Secretary submit written transaction reports to the Lodge at 1st sessions in April and October?  
(See Exhibit R)  Yes  No
17. Does Board of Trustees submit written reports to the Lodge at 1st sessions of each month?  
 Yes  No
18. Does Lodge have an active P.E.R. Association and does it hold required meetings?  Yes  No  
[GLS 13.190]

Please have P.E.R. Association minutes available for District Deputy! Minutes of this body should be held in the Lodge office and be available at all times. All funds generated or held by a P.E.R. Association, other than P.E.R. Association Dues, belong to the Lodge, may only be used if budgeted and approved by the Lodge, and are subject to audit by the Lodge. [GLS 13.190, Opinion 02]

The examiner should make sure that each item on this sheet is filled in completely. If not, it should be completed at the time of inspection by inquiring from the Lodge Secretary.

#1-This refers to Exhibit F (on page 10 of this manual), which may be found on the other side of Exhibit C or on a separate page.

#2-Current membership information can be obtained on CLMS2's home page, and the ENF information can be obtained on the ENF website. This information is current as of the time of the inspection, not the annual report.

#3-A copy of the Grand Lodge Auditing & Accounting Evaluation Form (Page 39 of this manual)

#3a-If Exhibit C shows that the Lodge has responded to the Grand Lodge Auditing Committee, request a copy of the letter that was sent. This copy should be provided to the District Deputy for the district's files.

#4-IRS 990 Forms-Examiner should request to see the actual forms, and verify the dates provided on Exhibit C. A date shortly after the transmittal letter would be sufficient, but ideally the Lodge should have a postal receipt

#5 & #6 Bylaws—Examiner should verify the date on the Bylaw Books matches the date on the form.

#7-Examiner should verify the salaries on Exhibit C with what is in the Bylaw Book or any revised and approved bylaw changes since the last revision. The examiner should also cross check this with the Profit & Loss statement. If the amount is more than what is in the Bylaw book, or anticipated for the remainder of the year, it should be noted.

#8-Examiner should verify the Fees on Exhibit C with what is in the Bylaw Book

#10-Examiner should obtain a reason for absences of officers, and note these for the District Deputy.

#14-Examiner should request the name of the Presiding Justice, and Mediator to verify that they have been appointed. This should also be found on CLMS2.

#15- The Grand Lodge no longer has an Elks Training Program, but the Lodge may have its own training program, or one offered by the State Association. This is more for informational purposes.

#16-Examiner should verify that the Lodge Secretary has submitted the written transactions of the office on the first meeting of April and October, and request to see the most recent report. This information should also be in the Lodge meeting minutes.

#17-The examiner should check the meeting minutes to see if the Board of Directors/Trustees submits a written report at the first session of each meeting. Copies of this report may be on file in the Secretary's office.

#18-The examiner can determine if a Past Exalted Ruler's association is actively meeting by examining the association's meeting minutes, which should be retained by the Secretary. If no meeting minutes exist, it should be noted, and the District Deputy should be informed.

As part of the inspection, the District Deputy will need to obtain the following items:

- Grand Lodge Area Auditing & Accounting Evaluation Form (on page 39)
- Copy of the Lodge Bylaws
- Copy of the House Rules (May be in the Bylaw Book)
- Current Profit & Loss Statement (YTD) for each entity (Lodge, Club, Bingo, etc.)
- Annual Lodge Budget for each entity (Lodge, Club, Bingo, etc.)
- Budget Comparison for Year to Date

The District Deputy will be responsible for examining these documents to determine the financial condition of the Lodge, and to make recommendations on improvement to the business aspect of Lodge operations.

The District Deputy and their team should review the documents to determine the financial condition of the Lodge. Is the Lodge doing well financially or is it failing?

Information on how to review these documents can be found in the section on Lodge Reports and Documents.

# Treasurer's Office

The Accounting System is one of the most important aspects of the Lodge's operation that needs to be carefully audited by the District Deputy team. Using Exhibit E-1 to E-3, the examiner should get answers Yes or No to each question, and for each NO answer, there should be a reason given. Examine the office using Exhibit E-1 to E-3 (starting on page 31) as follows:

## Audit Committee Review

1. The examiner should request to see copies of the Auditing & Accounting Committee's reports and reviews for the Lodge. This would be the Lodge Auditing & Accounting Committee's reports, and not the Grand Lodge report. If copies of these reports are not available, it should be noted in the report to the District Deputy.

Review the reports to see if there is any issue that may have been identified by the committee, and determine if the issue has been resolved, or is ongoing. If it has been ongoing, it should be brought to the attention of the District Deputy.

2. Examiner should determine when the Accountant for the annual audit was selected. This should be found in the meeting minutes of the Lodge, Auditing & Accounting Committee's reports, or request to see the accountant's engagement letter. If it cannot be determined, or if the selection did not take place well in advance of March 31<sup>st</sup>, it should also be reported to the District Deputy.

Also, it should be determined if there was a signed "Accountant Contract" on file for the fiscal year ending March 31<sup>st</sup>.

3. The examiner should determine if the Auditing & Accounting Committee delivered the Annual Financial Report to the Lodge by June 15<sup>th</sup>. This can be identified in the meeting minutes of the Lodge.
4. The examiner should also review the Annual Financial Report's transmittal letter to check for the date it was signed by the Committee, and if it was sent to the Grand Lodge Auditing & Accounting Committee prior to June 30<sup>th</sup>.

## General Review

5. The examiner should review the Annual Financial Report to see if the Accountant has made any recommendations, and if the Lodge has taken any action to implement those recommendations. If no recommendations were made, this should be noted for the District Deputy.
6. The examiner should determine if appropriate action on the suggestions or recommendations made by the Grand Lodge Auditing & Accounting Committee member has been made. Also, determine if the Lodge sent a letter to the Area Auditing & Accounting Committee member informing them of the actions taken on their recommendations.
7. The examiner should verify that the Lodge is using the Grand Lodge Chart of Accounts. If using QuickBooks or Accounting Software, this should easily be done by referencing the Auditing & Accounting Management Manual and checking some line items. If not, it should be reported to the District Deputy.  
***(Note: The GL "Chart of Accounts" was updated on March 4, 2016, and Lodges should update their computer programs)***
8. The examiner should review the Lodge's combined Balance Sheet, which can be found in the Annual Audit report to see if all entities were included on that report. (e.g. Lodge, club, dining room, games of chance, bingo, separate corporations, etc.)
9. The examiner should obtain and review the annual budgets for each entity within the Lodge (e.g. Lodge, club, dining room, games of chance, bingo, separate corporations, etc.) If there is only one combined budget, ask if the treasurer can produce individual budgets. If not, it should be reported to the District Deputy.
10. Examiner should answer the type of accounting system that is being used. For most Lodges, this will be computerized.
11. Examiner should verify that postings are performed currently. This can be done by asking to see any bills that have come in to the Lodge recently. It should be clearly identified on the bill or attached voucher that it has been posted into the computer. If not, make a note for the District Deputy. A reasonable amount of time such as a week should be allowed for personal work schedules of the Treasurer.

12. Examiner should review the Lodge's meeting minutes to see if any monthly financial reports are provided to the membership. If possible, ask to obtain a copy of the Lodge's most recent financial reports to the membership.
13. Examiner should determine if monthly financial statements (e.g. Profit & Loss) include a budget comparison. If not, it should be determined as to how the Lodge compares its actual revenue and expenses to the budgeted amounts. There should be a separate report for each entity in the Lodge. If no budget comparison is made, it should be reported to the District Deputy.
14. Examiner should ask the following question: "If the Lodge membership makes a motion to purchase something that is not in the budget, how is this usually handled?" The Treasurer should indicate that it is given to the Board of Directors or Trustees to determine if the purchase can be made by adjusting the budget, and then a recommendation is made to the floor to adjust the budget, and make a recommendation to make the purchase or not. Any other answer should be noted for the District Deputy.
15. Examiner should ask the Exalted Ruler the same question as above, and should answer the question as above. If not, it should be noted.
16. Examiner should review the Board of Director and Governing Body minutes to see if there is any evidence that adjustment to line items that are over budget. If none can be found, then answer No, and report this to the District Deputy.
17. The examiner should ask to see the Lodge's most recent IRS 940 (Federal Unemployment Taxes) and 941 (Employers Quarterly Federal Tax Returns). Examine these forms to make sure that any payments have been made to the IRS for taxes owed.
18. The examiner should determine if all Sales Tax Reports and payments are current. This can be done by reviewing the Lodge's tax files. As some Lodges may file on-line, The Lodge should still maintain a copy of the filed report.
19. The examiner should review the Lodge's property taxes, and determine if the Lodge is current on its payments.

20. The examiner should review the W-2 forms, and see if they balance with the Lodge's IRS 941 report. The examiner should review the previous year's W-2 summary (or W-2 copies if not available), and compare the wages and taxes withheld from the W-2's to the 941 report (line 2 and 3). They should be the same. If not, it should be reported to the District Deputy.
21. The examiner should first determine if there are any contracted employees who work for the Lodge. These employees should receive IRS 1099 forms for any income that is paid over \$600 dollars. This might be for a custodian or janitor, maintenance person, or other who is considered an employee, but is not on the Lodge's payroll. The Treasurer should be able to produce the Lodge's copy of these forms for inspection.
22. The examiner should review the IRS 990-T form, and determine if payment has been made to the IRS for any taxes owed. This should be found in the bills against the Lodge.
23. The examiner should check that bank reconciliation is conducted monthly. This can be done by examining the computer program, which usually has a way of reconciling the accounts. All Bank Accounts should be reconciled. If not, it should be noted for the District Deputy.
24. The examiner should check that bank account balances are kept to a reasonable maximum. The Grand Lodge does not identify as to what is considered "reasonable;" however it does say that any funds over \$5,000 dollars that are not dedicated to any specific purpose be directed by the Trustees/Board of Directors for possible investment. The purpose of this is to make sure the Lodges don't just put large sums of money into a checking account that earns little interest, when another investment option may be more prudent.
25. The examiner should review employee records to see if payroll taxes are being paid on all employees. If the Lodge uses a payroll agent to process its payroll, this can easily be found in their reports. If not, the Lodge needs to show payment of those taxes to the IRS. If there are employees, and no payroll taxes, it should be noted, and reported to the District Deputy.

## Trustee & Club Management

26. The examiner should request a copy of the Lodge's inventory of fixed assets (Assets that cannot be quickly converted to cash). This would include all tables, chairs, bar equipment, kitchen equipment, etc.) The inventory should include the date it was created. The inventory should be conducted a minimum of once per year. The inventory is not only used for accounting purposes, but also for personal property taxes, and for insurance claims. An examiner should be aware that some Lodges have photocopied an inventory that was conducted years ago, and all they did was change the date. If there is any question, ask to see the previous year's inventory to compare. If the Lodge cannot produce the inventory, or it has been over a year since the last one was conducted, it should be noted and reported to the District Deputy.
27. The examiner should determine if the Lodge has any investments. Whether that is Stocks, Bonds, or CD's. Review the latest financial statements from those investments to determine if there are any "significant" losses. While Grand Lodge does not explain "significant;" the examiner should use their best judgment based on market conditions. If losses appear to be chronic, it should be noted for the District Deputy.
28. The examiner should determine whether interest from these investments is posted into the records on a monthly or quarterly basis. This can be determined by requesting the Treasurer to pull up the investment account in the computer and show any postings of interest to those accounts.
29. The examiner should determine whether there is a policy concerning cash overages/shortages from the Club or Dining Room. There should be some established way of dealing with them should they occur. If there is no policy, it should be noted for the District Deputy.
30. The examiner should determine whether the Lodge uses a voucher system to pay its bills. This can be done by requesting to see copies of completed vouchers for past bills against the Lodge.

31. The examiner should review past bills to see if there is a voucher for each bill. Per the Grand Lodge Auditing & Accounting Manual, ALL bills are to be vouchered, including recurring expenses such as utilities, mortgage, etc. The examiner should review bills such as the mortgage payments to see if there is a voucher for that payment. The examiner should also check to see if all signatures are included on the voucher as required. These include the Secretary, Treasurer, Exalted Ruler, and the Board of Directors (at least 3). If signatures are missing on paid bills, or the voucher system is not used for all bills, it should be noted and reported to the District Deputy.
32. The examiner should check the meeting minutes to determine if “Bills against the Lodge” are reported at each meeting.
33. The examiner should check with the Chairman of the Governing Body or House Committee to determine if they review the bills of the Club operation. This can be done by asking the Chairman, and/or examining the meeting minutes of the House Committee or Governing Body. Bills that are related to the Club operation should be examined at each meeting. If not, it should be noted and reported to the District Deputy.
34. The examiner should ask who does the inventory of the liquor and other supplies. If it is the bartenders or chef, it should be noted for the District Deputy. Inventories should be conducted by the managing bodies, or a club manager that oversees the operation. The inventory should be done no less than monthly. This can be determined by requesting copies of the inventory forms to see who conducted the inventory. If inventories are not being conducted, it should be noted for the District Deputy.
35. The examiner should ask how cash register receipts are checked with the cash turned in. This should be handled by a Club Manager or the Lodge Secretary. They should not be checked by the Bartenders. They should be daily, but it is understandable that they may not be. They should at the very least be checked every few days at the most. The examiner should ask to see if the receipts are turned over to the accountant. If not, it should be noted, and reported to the District Deputy.
36. The examiner should ask the Club Managing Body Chairman (Governing Body or House Committee) if the group reviews the income and expenses monthly. This should appear in their meeting minutes.

37. The examiner should determine when the last date the Lodge's insurance was reviewed. This information is also reported on Exhibit C.
38. The examiner should determine if the Board of Trustees reviewed the level of insurance on the Lodge, and determined if it was adequate or not. If the Lodge Trustees have not reviewed the Lodge's insurance, it should be noted for the District Deputy.
39. The examiner should determine if the Lodge has obtained a free insurance review from the Grand Lodge Insurance Department.
40. The examiner should determine if the Lodge carries any other voluntary insurance, such as Directors & Officers Insurance, Worker's Compensation Insurance, Automobile Insurance (if the Lodge has its own vehicle), etc.

## Secretary Review

41. Examiner should determine if the Secretary receives all revenue from all sources including Bingo, Charities, Club, Committees, etc. If the Lodge uses a revenue report to show income for meetings, the examiner should review that to see if all sources are registered. If not, then this should be noted for the District Deputy.
42. Examiner should review if the Lodge Secretary is entering the income received into a Cash Receipts Book or Summary (Revenue Report). If this is not being done, determine how the Secretary records all income.
43. Examiner should review the Secretary's receipt book to see if it is being used. If not, have them explain as to why. Does the Secretary issue a receipt for all funds submitted to them?
44. The Examiner should determine how the Secretary transfers the money to the Treasurer, and as to who posts the income into the records. A receipt from the Treasurer should be given to the Secretary for each transfer of money. If not, then this should be noted. It should also be determined as to how much time it takes to transfer money from the Secretary to the Treasurer. It should be done in a timely manner. What is considered timely? It would be reasonable to assume that the transfer be made within a few days of receipt.

45. The examiner should determine if the Secretary designates the accounts to which the money should be deposited (e.g. Bingo, Games of Chance, Lodge General Fund, Charitable Accounts, etc.)
46. Examiner should determine how the Secretary calculates the figures for the "Receipts of the Session Reports" that are made to the Lodge. Are the Cash Receipt Book or Revenue Reports used, or some other method?
47. Examiner should determine how cash is handled by the Secretary. Are proper entries made in the Cash Receipts book or Revenue Reports and are they designated as to where the cash came from?
48. Examiner should determine if the Secretary receives Committee Reports with the funds and bills attached (e.g. function reports)? If they are received, are they received in a timely manner? This includes Lodge Committees and the House Committee.
49. Examiner should determine if a gross income and expense report for each fundraising or special event is provided by the Committee Chairman. If the Lodge provides function reports, are they reported within 2 weeks after the event is held? Usually these reports should be included in the meeting minutes. Check a function report, and check the date. Look in the meeting minutes to see if a report to the Lodge was made on that function. If not, it should be noted for the District Deputy. A function report should be made for each fund-raising or special event of the Lodge. The examiner should ask to see the function reports, and review them to see if they are making or losing money. If many of the events are losing money, it should be noted for the District Deputy.
50. The Lodge should not be making cash payments. All payments, should be made by check, and be processed through the voucher system. If a vendor requires cash, a check should be written, and the vendor should endorse the check, and return it to the Lodge. The Lodge can then pay the vendor in cash, as they would essentially be cashing one of their own checks. There is now a paper trail for the expenditure. All committees should be aware of the no cash policy. Check with a few officers to see if this is the case.

51. Check to see if the Lodge Secretary or Treasurer reconciles the reports. Income should be recorded by the Secretary on these events, and the Treasurer posts the income into the computer. (It is possible for the Secretary to post the transactions into the computer as well). Either way, the reports should not just be placed on file. They should be checked for accuracy.
52. Check to see if the Lodge Secretary retains the reports for use by the committees the following year and for the annual audit. They should retain them, as it provides a historical record of the event to determine if the Lodge should continue the event or not.
53. The examiner should review and verify all employee personnel records for the following:
  - a. Examiner should request the Lodge provide copies of all I-9 forms as required for all employers in the U.S. Have the I-9 Forms (Employment Eligibility Verification Forms) been completed with Driver License, Social Security Card, and Resident Alien Card (if necessary)? If I-9 forms are not available, then this should be noted for the District Deputy.
  - b. Determine if the Lodge has a Harassment Policy, and verify that all employees have signed the Harassment Policy. If not, it should be reported to the District Deputy.
  - c. Have confidentiality agreements been signed by all non-member employees?
  - d. Is there an "At Will" Employment Agreement been used? Under Maine law, an at-will employee may be terminated for any reason not specifically prohibited by law. In most instances, people are an at-will employee unless they are covered by a collective bargaining agreement or other contract that specifies the process of termination. Are the labor posters (Right to Know Information) located where employees can see them, and do the posters explain "At Will" employment?
54. Examiner should determine if the Lodge has a Harassment Policy, and have officers and House Committee have signed it? If not, this should be reported to the District Deputy.

55. The examiner should request the tax forms (990's) for the past three years, and Payroll Records for the past four years. The Lodge should have these on file for that period. If not, make note of it and report it to the District Deputy.
56. The examiner should determine if the Secretary maintains all records of the Lodge. It should be asked if there are any records that are not being maintained by the Secretary, such as PER Association Minutes, etc.
57. The examiner should review restricted accounts to assure that funds are being used appropriately. This includes both income and expenses.
58. The examiner should determine if dues data is posted properly in CLMS2, and that dues payments are posted on a current basis. This can be done by asking the Secretary if there are any dues payments that have been received, and have not been posted in CLMS2. Dues should be posted within a couple of days of receipt.
59. Review the Secretary's Cash Receipt Book or Revenue Reports to determine if dues are being reported. Also, the examiner should check to make sure that dues for the following year that are received are placed in separate account from the General Fund.
60. The examiner should determine if the House Committee/Governing Body submits proper records to the Secretary relating to Bar Operations. This would include Cash Register Tapes, Daily Cash Reports, etc.

## Treasurer Review

61. The examiner should determine if the Treasurer is the Treasurer for all committees (including the Past Exalted Ruler's Association). Ask the Treasurer if there are any committees that have their own Treasurer and maintain their own funds.
62. The examiner should determine if the Treasurer signs all the checks for all accounts. Statutorily, it is allowed that one Trustee (member of the Board of Directors) be allowed as a second signature on checking accounts. However, this must be included in the bylaws of the Lodge. The examiner should ask the Treasurer if there are any accounts which they do not sign. (e.g. bingo?)

63. The examiner should request to see the Treasurer's receipt book so that it can be proven that the Treasurer received money from the Secretary. In some Lodges this can be done by reviewing the paper trail to show that the money has been transferred from the Secretary to the Treasurer.
64. The examiner should determine if the Treasurer maintains the financial accounts for the Lodge (books of record, disbursement journal, and general ledger). These are usually all contained within computerized software programs.
65. The examiner should determine if the Treasurer provides budget comparison reports for revenue and expenses in Chart of Accounts order to the Trustees/Board of Directors for the annual budget preparation.
66. Examiner should review the source documents to make sure that amounts and the code number of the Chart of Accounts is posted properly. This can be done by checking any recent bills or deposits, and that the Chart of Accounts code matches that of the Grand Lodge Chart of Account system. On a computerized system, the reports may already have the Chart of Accounts codes on each line. It would be just a matter of checking the a few transactions to make sure things are being posted correctly.
67. The examiner should determine if cash receipts and disbursements have been posted in a timely manner to the proper accounts. Lodges should not be using cash to make payments. There should not be many transactions, except for petty cash or an impress account that is used for small items. Make sure that receipts are received. Also, make sure that these accounts are in the computer so that records are kept.
68. The examiner should determine how Unrelated Business Activities are recorded, and are separate controls used to keep them separate? In other words, if a Lodge rents the function hall to the public, is the money accounted for separately as Unrelated Business Income? If not, it should be reported to the District Deputy.
69. The examiner should determine if interest from bank accounts and investments has been posted to the accounts when the statements are received.
70. The examiner should review a recent deposit to determine if the amount deposited reconciles with the Secretary and Treasurer's receipts/revenue reports.

71. Examiner should determine if the cash receipts journal has been balanced and totaled correctly. If this is computerized, it should be done automatically.
72. Examiner should determine if the entries on the revenue reports/daily cash summaries are posted to the correct accounts in the computer.
73. Examiner should follow the paper trail to make sure that the money that was received by the Secretary was the same as received by the Treasurer, and is that which was entered into the computer and then deposited in the bank. Check on a few deposits to make sure the amounts match.
74. Examiner should check to see if the check amounts that have been written agree with the invoices.
75. Examiner should determine if the latest monthly Cash Disbursement Journals were properly posted to the General Ledger. This takes place automatically if using accounting software.
76. Examiner should determine if the statements from bank accounts and investment accounts were reconciled monthly?
77. Examiner should determine if all tax payments, sales taxes, etc. are paid when due, or were they late?
78. The Examiner should determine if the Lodge is using the Grand Lodge Chart of Accounts as listed in the Auditing & Accounting Manual. This manual was updated as of March 2016, and many Lodges have not updated their records. Compare the GL Chart of Accounts in the current Auditing & Accounting Manual with those the Lodge is using in their accounting system. If the numbers don't match, then this should be noted for the District Deputy.

## EXHIBIT E-1

### GUIDE FOR REVIEW BY DDGER AUDITOR

— AUDIT COMMITTEE REVIEW —		YES	NO	N/A
1.	Did the Audit Committee perform its financial reviews in July, October and January and file a written report with the Lodge as required by Section 13.040(i) of the Statutes?			
2.	Did the Audit Committee engage the Accountant for the Annual Financial Report well in advance of March 31st?			
2a.	Was a signed "Accountant Contract" completed and on file for the year ending March 31st?			
3.	Did the Audit Committee deliver the Annual Financial Report to the Lodge by June 15th?			
4.	Did the Audit Committee review and sign the Annual Financial Report Transmittal letter and send to its Area A&A Committeeman prior to June 30th?			
— GENERAL REVIEW —		YES	NO	N/A
5.	Did the Lodge take appropriate action on the suggestions or recommendations made by the accountant?			
6.	Did the Lodge take appropriate action on the suggestions or recommendations made by the Area Member of the Grand Lodge Auditing and Accounting Committee?			
7.	Does the Lodge use, and are the books set up with, the "Chart of Accounts"?			
8.	Were all entities of the Lodge, club, dining room, health room, swimming pool, golf course, bingo, separate corporations, etc. included in the Combined Balance Sheet?			
9.	Are budgets prepared for each entity (Lodge, club, dining room, health room, swimming pool, golf course, bingo, separate corporations, etc.)?			
10.	Does the Lodge use an adequate bookkeeping system? Manual <input type="checkbox"/> Computerized <input type="checkbox"/> Computer Services Firm <input type="checkbox"/>			
11.	Are postings performed currently and cash receipts records current?			
12.	Are regular monthly financial reports or statements reported to the membership?			
13.	Do monthly financial statements include a budget comparison? <i>If not, explain on last page what action is taken to compare actual revenue and expenses to budgeted amounts.</i>			
14.	Are expenditures, which are not in the budget, cleared through the Board of Trustees before being presented to the membership? (Sec. 12.070)			
15.	Does the Exalted Ruler know that all expenditures not covered by the budget have to be presented to the Board of Trustees first, and then to the membership?			
16.	Is there evidence that decisions are made to adjust operations in order to prevent year-end losses?			
17.	Are 941 and 940 and state payroll reports and payments current?			
18.	Are all Business/Occupation and Sales Tax Reports and payments current?			
19.	Are all property tax reports and payments current (where applicable)?			
20.	Do W2's balance with 941 reports?			
21.	Are all 1099's reporting current?			
22.	Have tax forms 990 and 990-T been filed and are they current?			
23.	Are bank reconciliations and investment reconciliations performed monthly and current?			
24.	Are balances in each account kept to a reasonable maximum amount?			
25.	Are proper payroll taxes being paid on all employees?			
25a.	Are tip records maintained?			

## EXHIBIT E-2

— TRUSTEE AND CLUB MANAGEMENT —		YES	NO	N/A
26.	Do the Trustees have a current inventory of fixed assets?			
27.	If the Lodge has investment funds (stocks, bonds, CD's), does it appear that they are well-managed by the Trustees with no recent significant losses?			
28.	Is the interest from investment accounts posted to the books of record on a current/quarterly basis?			
29.	In reviewing the records of cash overages/shortages (club, dining room, etc.), does the Lodge have an adequate policy for handling cash shortages?			
30.	Is a voucher system used as authorization to pay bills for the Lodge and the club?			
	Are vouchers signed by the Exalted Ruler and Secretary as required by Section 12.060 of the Statutes?			
31.	After the ER and Secretary approve vouchers, are all bills then presented to the Board of Directors or Lodge Trustees for review and approval? (NOTE: ALL bills are to be vouchered, including recurring expenses such as utilities, mortgage, etc.)			
32.	Are all bills read at the Lodge meeting and approved by the membership?			
33.	Does the Chairman of the Club Management body review all club-related bills before they go to the Lodge Secretary?			
34.	Are inventories taken by individuals other than the bartenders, steward or chef?			
35.	a. Are register tapes checked daily against cash turned in, by someone other than the cashier or bartender? b. Are tapes/receipts turned over to the Lodge bookkeeper?			
36.	Does the Club Management body recap all club-related revenues and disbursements monthly?			
37.	When was the last date our insurance was reviewed? _____			
38.	The insurance review was made by the Board of Trustees and found: Adequate <input type="checkbox"/> Inadequate <input type="checkbox"/>			
39.	Has the Lodge obtained free appraisal from Grand Lodge Insurance Department? Yes <input type="checkbox"/> No <input type="checkbox"/>			
40.	Does the Lodge carry any other voluntary insurance programs? Directors and Officers/Employment Practices    Yes <input type="checkbox"/> No <input type="checkbox"/> Workers Compensation/Volunteer Coverage        Yes <input type="checkbox"/> No <input type="checkbox"/> Automobile insurance                                        Yes <input type="checkbox"/> No <input type="checkbox"/> Other insurance: _____ Type: _____			
— SECRETARY REVIEW —		YES	NO	N/A
41.	Are all funds submitted directly to the Secretary? (This includes funds from all Lodge Committees, House Operations, Refunds, Bank Transfers, etc.)			
42.	Are all funds entered into the cash receipts book? (If not, explain on last page)			
43.	Does the Secretary issue a receipt for all funds submitted to him?			
44.	Does the Secretary submit funds to the Treasurer on a timely basis?			
45.	Does the Secretary, when submitting funds, designate the accounts affected?			
46.	Does the Secretary properly report, in detail, "Receipts of the Session" at the Lodge meetings – using the Cash records as the basis for the data?			
47.	When the Secretary receives any cash, does he make the proper entries in his cash records, designating what/where the cash is from?			
48.	Does the Secretary receive all Committee reports with funds and bills attached, in a timely manner? (This includes Lodge Committees, House Committee).			
49.	a. Is a gross income and expense report for each fundraising or special event provided by the Committee Chairperson? b. Is it reported within two weeks after each event?			
50.	Do the various committees understand that they are not to make any cash payments (will be done through the Voucher System)?			
51.	Are these reports reconciled by the Secretary or Treasurer?			

### EXHIBIT E-3

52.	Are the reports retained by the Secretary for use in conducting the annual audit, and available for next year's committee?			
	Review and verify all employee personnel records for:			
	a. Are I-9 Forms complete with Driver's License, Social Security Card and Resident Alien card if necessary?			
53.	b. Verify that all employees have signed the Harassment Policy?			
	c. Confidentiality Agreement signed?			
	d. At Will Employment Agreement (where applicable)?			
54.	Have the Lodge Officers and House Committee members signed the Harassment Policy?			
55.	Does the Lodge retain employment tax records for four (4) years and income tax returns and records for three (3) years?			
56.	Does the Secretary maintain security of all records (G.L.S. Section 16.110)?			
57.	Review and verify that Restricted Fund Records are complete and funds are being disbursed to the appropriate recipients.			
58.	Is the dues data posted properly, and on a current basis, to the individual Membership Records? (Whether manual or computerized system)			
59.	Is the dues information posted correctly to the Secretary's Cash Receipts Book?			
60.	Does the House Committee submit proper records to the Secretary related to bar operations (Register tapes, proper allocation of all register readings, etc.)?			
<b>— TREASURER REVIEW —</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
61.	Does the Lodge Treasurer serve as Treasurer of all Committees regardless of what committee is involved?			
62.	Does the Lodge Treasurer sign all checks for all accounts as required by Section 12.060 of the Statutes?			
63.	Does the Treasurer issue a receipt to the Secretary for all cash receipts received?			
64.	Does the Treasurer maintain the books of record; Cash Receipts – Disbursement Journal and General Ledger?			
65.	Are the receipts, and disbursements for the year, along with the budget comparison presented to the Trustees (or budget committee), in Chart of Accounts order, for the budget preparation?			
66.	Do revenues from the following entries compare with source document and code number of the Chart of Accounts and are they posted properly?			
67.	Have the cash receipts and cash disbursements been posted in a current manner, and to the proper accounts?			
68.	Are separate controls set up for Unrelated Income activities and Restricted accounts?			
69.	Has Interest earned, as noted on bank statements, or from investments, been entered in the cash receipts journal?			
70.	Do the deposits reconcile with both the Secretary and Treasurer's receipts?			
71.	Was the Cash Receipts Journal correctly totaled and balanced?			
72.	Were entries from the cash journals correctly posted to the General Ledger?			
73.	Trace revenues entry to the General Ledger, to the entry in the Cash Journal, and to the bank deposit slip; was each entry correct?			
74.	Do check amounts agree with invoices?			
75.	Were the latest monthly Cash Disbursement Journals properly posted to the General Ledger?			
76.	Were the statements from each bank or Depository reconciled monthly?			
77.	Were all tax payments, payroll, sales, etc., paid when due? (Note section on taxes)			
78.	Are the Lodge records maintained utilizing the Uniform Chart of Accounts as required by Section 13.040?			

# Lodge Reports & Documents

## ***Grand Lodge Auditing & Accounting Evaluation Form***

On page 39, the Grand Lodge Area Auditing & Accounting Evaluation form can be found. On this form, the District Deputy, and their team should review it for the following:

- **Date that the form was filed.**
  - Was it before June 30<sup>th</sup> as required by Statute?
  
- **Working Capital: (*Current Assets/Current Liabilities*)** Working Capital determines whether the Lodge has sufficient assets to cover its liabilities.
  - Working capital should be at least 10% of its Equity
  - If the Lodge's assets do not exceed its liabilities, it will have a negative working capital. This shows that the Lodge is operating purely by cash flow, and may soon run into financial trouble if that cash flow slows.
  - Note the trend? Has it been increasing or decreasing.
  - A declining working capital ratio over a longer period could also be a red flag that warrants further analysis as to why.
  
- **Lodge Net Profit**
  - Is the Lodge making money or losing money?
  
- **Club & Other Operation Profit**
  - Is this negative or positive. Negative shows that the operation is losing money.
  - What is the trend? Is it a one-time thing, or is it continuous?
  
- **Bar Cost of Sales**
  - Liquor Cost/Liquor Sales
  - Should be 35% or lower
  - If over 35%
    - Indicates over-pouring or too much waste
    - Possibly too many "complimentary" drinks
    - Possible theft of liquor
    - Price of Drinks are too Low
    - Cost of Liquor is too High
  - What is the trend? Up or Down?

- **Dining Room Cost of Sales (Food/Meals)**
  - Food Cost/Food Sales
  - Should be 35% or lower
  - If over 35%
    - Indicates portion size is too large
    - Possible theft of food
    - Price of Food is too Low
    - Cost of Food is too High for the price charged
  - What is the trend? Up or Down?
  
- **Auditors Comments**
  - Did the Auditor make any comments regarding the report?
  
  - If the Auditor made comments, did the Lodge respond to those comments by writing to the Area auditor?
    - If yes, then request a copy of the letter to review what was done.
    - If no, then it should be noted and reported to the District Deputy.

The Grand Lodge Auditing & Accounting Evaluation form is a tool for a quick overview of the Lodge's audit prepared by the Accountant. It can show trends over the past three years to determine the direction the Lodge is headed financially, and can show whether a Lodge may be headed into trouble, out of trouble, or holding their own.

A copy of a sample form is on the following page.



**GRAND LODGE**  
*Benevolent and Protective*  
**ORDER OF ELKS**  
 UNITED STATES OF AMERICA

**AUDITING AND ACCOUNTING  
 COMMITTEE**

State OKLAHOMA  
 District SOUTHEAST  
 Area 6  
 Date JUNE 25, 2009

REDROCK Lodge No. 4510

**ACKNOWLEDGEMENT OF RECEIPT OF FINANCIAL REPORT AND EVALUATION THEREOF:  
 TO BE READ ON THE LODGE FLOOR AND RETAINED AS A PERMANENT RECORD OF THE LODGE:**

Report for Year Ended March 31st.....	2012	2013	2014
1. Date Report Received .....	6/20/12	6/15/13	6/20/14
2. Was Uniform Chart of Accounts Used?.....	Yes	Yes	Yes
3. Was Report Prepared by an Independent Accountant? .....	Yes	Yes	Yes
4. Was Report Presented to Members? .....	Yes	Yes	Yes
5. Amount of Working Capital..... \$	71,784	74,270	92,291
6. Amount of Total Equity .....	\$ 600,787	610,892	639,068
7. Lodge Net Profit (Loss) (Pg. 3)..... \$	29,978	23,111	667
8. Club and Other Operation Net Profit (Loss) (Pg. 4)..... \$	(2,398)	8,774	1,594
9. Restricted Funds Reconciliation (Pg. 5)..... \$	10,072	(5,439)	11,291
10. Was the Proper Budget Comparison Submitted For Each Entity? .....	Yes	Yes	Yes
11. Bar — Cost of Liquor Sold Percent (Pg. 8).....	35%	42%	30%
12. Dining Room — Cost of Food Sold Percent (Pg. 8).....	35%	50%	35%
13. Was a Complete Insurance Schedule Included? (Pg. 9).....	Yes	Yes	Yes
14. Were Grand Lodge Forms Used? .....	Yes	Yes	Yes
15. Was Copy of Federal Income Tax Return Enclosed?.....	Yes	Yes	Yes

**COMMENTS:**

**EXCELLENT REPORT. KEEP UP THE GOOD WORK.**

**ITEM 12 — DINING ROOM LABOR TOO HIGH AT 50%, SHOULD NEVER EXCEED 35%**

**ITEM 15 — LODGE MEMBERSHIP HAS DECLINED BY 160 MEMBERS THE PAST TWO YEARS.**

**FINANCIALLY THAT TRANSLATES TO THE LOSS OF OVER \$14,000 IN DUES REVENUE.**

**MEMBERSHIP IS MONEY. YOU MUST TAKE STEPS TO STABILIZE YOUR MEMBERSHIP AND TO**

**MANAGE IT LIKE YOU WOULD ANY OTHER VALUABLE ASSET.**

Note: If any questions are answered "NO" this indicates deficiency in the report as it has been submitted. You should consult the Auditing & Accounting Manual, Auditing Committee Manual and Section 12.040 of the Laws of the Order and make the necessary correction(s).

\_\_\_\_\_  
 G/L Auditing & Accounting Committee Member

Rev. 2/2014

## ***Lodge Bylaws***

The Lodge Bylaws should be reviewed for the following:

- Review General Revision date on the front of the Bylaw booklet to see if it is within 5 years.
- Meetings are held on the proper dates
- Salaries for the Secretary, Treasurer, Tiler, Organist, and Vocalist are what they are being paid.
- Fees in the Bylaw book are what is currently being charged. (Check CLMS2 settings to see what the Lodge is currently charging for fees).
- Review any Bylaw changes since the last general revision.
  - Have they been approved by Grand Lodge Judiciary?
  - Obtain a copy of the approved revisions for the District's records.

## ***House Rules***

A copy of the House Rules may be found in the Bylaw booklet. These rules should be readily available for all members, and should be posted in the Club/Lounge for all to see.

## ***Current Profit & Loss Statement for Each Entity***

The Lodge should provide a current Profit and Loss Statement for each operational area of the Lodge. This would include:

- The Lodge
- The Club or Bar Operation
- Dining Hall/Catering Operation
- Bingo
- Games of Chance

The purpose of having a Profit & Loss statement for each operational area of the Lodge is to determine whether each area is making or losing money.

This report should be used by the managing bodies of the Lodge to identify the financial trend of the operation, and to make corrections as needed to prevent losses.

An overall Profit & Loss for the entire operation will show whether the Lodge, w is making money or losing money overall. If it is losing money, this should be reported to the District Deputy.

The Profit & Loss report is a snapshot of operational performance over a specified period (e.g. Month, Year-to-Date, etc.). A monthly report for at least three months can show a trend, which provides the management with the direction that the Lodge's finances are headed. If time permits, request the treasurer to provide a monthly profit and loss statement for the previous two months, and identify what the trend is. Is the Lodge making (or losing) more money, less money, or staying the same?

A sample Club Profit & Loss statement can be found on page 48.

### ***Annual Lodge Budget for each entity (Lodge, Club, Bingo, etc.)***

A segregated budget is required to be presented to the Lodge no later than the final regular meeting in April.

The Annual budget is a tool that is used by the managing bodies of the Lodge to estimate income and expenses for each operational area of the Lodge during the coming year.

The Annual Budget process should begin early, and should not be just a copy of numbers from the previous year. The Annual Budget should be developed with the incoming Exalted Ruler and committees to determine what programs are planned in the coming year, and using the previous year's figures as a "starting point" adjusted as necessary, based on what is planned.

The Annual Budget establishes the baseline for keeping track of income and expenditures throughout the year, and can be used in programs like QuickBooks to create a budget comparison, which compares the actual numbers to the projected numbers in the budget.

When reviewing the Annual Lodge budget, the District Deputy team should look in the meeting minutes to determine if the budget was presented by the last meeting in April. If not, the District Deputy should note that for their recommendations.

***In addition, each operational area should not show a Negative or Deficit budget.***

A sports coach does not plan to lose, so, why should we? Each entity should be self-sufficient, with income equal to or exceeding expenses.

***Ideally, the Lodge’s Annual Budget should build in a “Profit!”***

While it may be argued that the Lodges are non-profit, a balanced budget approach will lead a Lodge to have to scramble if a large unexpected expenditure takes place during the year. The Lodge should attempt to build in a profit, that at best, would be put into savings, and at worse could be used to offset unexpected expenditures. A sample annual budget for one entity can be found below.

**Anytown Lodge #12345**  
**Annual Budget-Function Hall**  
**April 1, 2016 through March 31, 2017**

<b>INCOME</b>	<b>Apr 1-Mar 31st</b>
Hall Rental	\$ 6,500.00
Catering Sales	<u>\$ 7,000.00</u>
<b>Total Income</b>	<b>\$13,500.00</b>
<b>EXPENSES</b>	
Janitorial/Cleaning (60%)	\$ 1,200.00
Electricity (30%)	\$ 2,200.00
Gas (30%)	\$ 1,000.00
Water & Sewer (30%)	\$ 1748.00
Waste Disposal (30%)	\$ 300.00
Advertising	\$ 700.00
Equipment & Repairs	\$ 200.00
Kitchen Supplies	\$ 200.00
Licenses	<u>\$ 910.00</u>
<b>Total Expenses</b>	<b>\$ 8,458.00</b>
<b>Net Income/Loss</b>	<b>\$ 5,042.00</b>

Now the annual budget is a best guess as to the how the entity will perform during the year. As you can tell from the above example, the Annual Budget has been set so that there is a built-in profit of \$5,042.00 by the end of the year. The examiner should first look to see if the bottom line figure is negative or positive. If it is negative, this should be a red flag, as the entity is projecting a loss for the year. If it is positive, the examiner should check the other entities to see if those are positive. If any are negative, it will be necessary to add all the positive numbers and subtract

the negative number to see the overall income or loss for the entire operation. A negative number would be a red flag, and should be noted for the District Deputy.

You will note that the utility expenses are marked as 30% and Janitorial is 60%. As each operational area should be self-supporting, the monthly bills should be broken down into percentages. These percentages are pre-determined based on hours of operation and square footage of the facility. Each month, the bills for utilities and janitorial services are broken down into the appropriate percentage, and applied to the different operational areas of the Lodge. The examiner should look to see if these expenses are broken out, or if all the costs are charged to one operational area. If the costs are not broken out, then this should be noted and reported to the District Deputy.

An optional, and somewhat better way to account for the overhead expenses would be for the Lodge Operation to pay the utilities in full, and charge each of the other operational areas an internal rent to cover these expenses. This would show as "income" to the Lodge, and an "expense" to the operational area that is being charged the internal rent. The amount of internal rent is determined the same as above based on hours of operation, square footage, and the amount of revenue produced. This is often the easiest, and provides the Treasurer with the least amount of work.

### ***Budget Comparison for Year to Date***

The Profit & Loss Statement shows the current situation of each are of operation as to whether it is making or losing money. The Annual Budget shows what the Trustees/Board of Directors believe is their best guess at what will be the final numbers for the year based on experience and the previous year's totals. Putting both together will produce a Budget Comparison. Comparing the actual numbers with what was projected in the budget. This is where the rubber meets the road.

Each operational area of the Lodge should have a Year-to-Date Budget Comparison for the inspection. Often, this report can also serve as a year to date Profit & Loss statement as well; as the actual numbers are used in the report.

The Budget Comparison is used to inform the managing bodies whether a line item is under or over budget, and by how much. It also shows how the entity is doing overall.

When reviewing the Budget Comparison, the District Deputy and their team should determine if the budget is being adjusted on a periodic basis. The team should look at Income and determine if the income is lower than expected, or if the expenditures are higher than budgeted. Both could indicate the Lodge could experience a cash flow problems (more money going out than coming in)

If the income is at or above budget, and the expenditures are below budget; the Lodge is doing a good job.

If the income is below budget, and the expenditures are below budget; it could indicate a business slowdown, and that the Lodge managing bodies should review to make sure that the income is still at or above expenditures.

If the income is above budget, and the expenditures are above budget; it could indicate that business is doing well, but the managing bodies should review to make sure that the income stays above the expenditures.

If the Income is below budget; and the expenditures are above budget, it shows that financial problems could ensue, as the Lodge is spending more money than it has coming in. If the Lodge has a considerable savings in the bank, it could draw on this for a short time, but the managing bodies should work to correct it before the Lodges savings dry up.

If the Lodge has no savings, the only alternative is that the bills be put off, and not be paid on time. This too can only be done for a limited time, as vendors will eventually cut off their services to the Lodge. If a critical service such as a utility bill is cut off, the Lodge can quickly go out of business, as it will be unable to operate. If the managing bodies are doing their job, this will be prevented, but only if they review the financial statements, and act.

It is recommended that the Lodge Trustees, Board of Directors, Governing Body or House Committees review this report monthly and adjust operations prevent year end losses.

# Anytown Lodge #12345

## Budget Comparison-Function Hall

April 1 through March 31, 2017

<b>INCOME</b>	<u>Actual</u>	<u>Budget</u>	<u>Over/Under</u>
Hall Rental	\$4,500.00	\$ 6,500.00	(\$2,000.00)
Catering Sales	<u>\$5,000.00</u>	<u>\$ 7,000.00</u>	(\$2,000.00)
<b>Total Income</b>	<b>\$9,500.00</b>	<b>\$13,500.00</b>	<b>(\$4,000.00)</b>
<b>EXPENSES</b>	<u>Actual</u>	<u>Budget</u>	<u>Over/Under</u>
Janitorial/Cleaning (60%)	\$1,200.00	\$ 1,200.00	\$ 0.00
Electricity (30%)	\$2,100.00	\$ 2,200.00	(\$100.00)
Gas (30%)	\$1,500.00	\$ 1,000.00	\$ 500.00
Water & Sewer (30%)	\$1,700.00	\$ 1,748.00	(\$ 48.00)
Waste Disposal (30%)	\$ 500.00	\$ 300.00	\$ 200.00
Advertising	\$ 700.00	\$ 700.00	\$ 0.00
Equipment & Repairs	\$ 50.00	\$ 200.00	(\$150.00)
Kitchen Supplies	\$ 25.00	\$ 200.00	(\$175.00)
Licenses	<u>\$ 910.00</u>	<u>\$ 910.00</u>	\$ 0.00
<b>Total Expenses</b>	<b>\$8,685.00</b>	<b>\$ 8458.00</b>	<b>\$227.00</b>
<b>Net Income/Loss</b>	<b>\$ 815.00</b>	<b>\$ 5042.00</b>	<b>(\$4227.00)</b>

Looking at the budget comparison above, the Lodge overestimated its income from hall rentals and catering sales. The numbers will confirm this in the Actual column vs. the Budget Column. On the expense side, the Lodge had a good estimate of its expenses for the year, ending only \$227.00 dollars over their estimate.

First, if the Governing Body or House Committee was monitoring the Budget Comparison monthly, they would have noticed early on that income was not as high as anticipated. This would indicate that the managing bodies should have taken some action to find a way to either increase revenue, or possibly cut expenses. If changes were made to the way that business was conducted, the year ending profit could have been higher. This illustrates that the Budget Comparison is an important tool for Lodges to see how well they budgeted, and to make corrections throughout the year to prevent year end losses.

# Club Operations

## ***Cost of Sales***

The cost of sales is an important indicator of inventory control and pricing. It is determined by dividing the cost of a product (e.g. Liquor) by the income derived from the sale of that product, and expressed as a percentage. The information to make this calculation can be found in the Bar Profit & Loss Statement, an example of which can be found on Page 48.

In the example, the overall Cost of Sales Percentage is 38.7%, which is slightly above the Grand Lodge recommendation of 35 percent. It can be further determined that the Cost of Sales for Liquor was 35.4%, for Beer was 49.5%, for Wine was 23.5% and for Soda it was 50.6%.

These numbers only give you a rough estimate of where the Lodge stands regarding Cost of Sales percentages. To get the “true” cost of sales percentage, the sales tax (7% in Maine) should be subtracted out of the income before making the calculation. By doing so, the Cost of Sales percentage increases to 38.1% for Liquor, 53.3% for Beer, and 25.2% for Wine; a significant difference.

In the example, the Governing Body/House Committee will find by making this calculation that their Liquor is close to the 35% recommended by the Grand Lodge, but the percentage for beer is very high, and it should be determined as to why the percentage is high. (over-pouring, waste, or underpriced). For wine, the percentage is well below the 35% recommendation, which is good. However, while this would be fine for a professional bar, the Governing Body/House Committee may look at whether they are over-pricing their product.

## ***Labor Cost Percentage***

Another thing that the managing body should determine is the cost of labor, as it relates to sales. The Grand Lodge has established that the cost of labor should not exceed 35% of sales.

By looking at the sample Bar Profit & Loss on page 48, the labor cost percentage can be determined by taking the labor cost, and dividing it by the income. In this case, the labor cost for payroll is \$2,321.00 dollars and the sales are \$22,476.98 dollars. Dividing \$2,321 by \$22,476 will produce a percentage of 10.3%, which is well below the maximum of 35% established by Grand Lodge. Often this low percentage is achieved using volunteer bartenders.

## **Food Cost Percentage**

If the Lodge had food Costs or Catering, the total cost of food provided divided by the sales would produce the percentage which should not exceed 35%. For food, this is controlled through pricing and portion control, and should be considered when pricing meals at Lodge functions.

## **Entertainment Percentage**

Entertainment provided in the Lodge should not exceed 6% of sales. In this case, the entertainment should not exceed \$1,348.56 for the year to date.

If a Lodge's entertainment costs exceed the 6% threshold, it could be due to the Lodge not charging for that entertainment through either a service/cover charge or higher drink prices during the functions.

## ***What does the Cost of Sales Percentage mean?***

Reviewing the Club Operations, the District Deputy team should analyze the cost percentages, and the District Deputy can then make a recommendation to correct the problem. Here are some of the reasons for a Lodge's club to lose money.

### **Cost of Sales Higher than 35%**

- Over-Pouring of Liquor (Measured Pourers, Bartender Training)
- Under Pricing (Price based on cost of product)
- Theft of product due to lack of Internal Controls (Security)
- Price of Liquor too High (Take advantage of Sales)
- Waste and Spillage
- Complimentary Drinks and Free Drinks to Friends
- Poor Accounting Practices

### **Cost of Labor Higher than 35%**

- Paying Bartenders too much money
- Not enough sales for the Hours of Operation
- Too many employees working for the sales produced

### **Cost of Food Percentage Higher than 35%**

- Portion Size too large
- Meals are under priced
- Food is too expensive
- Lack of Support for the Meals leading to fewer meals sold
- Spoilage
- Waste

## Cost of Entertainment Higher than 6% of Sales

- Entertainment is provided and paid for without charging the members, or offsetting the cost through a cover charge or higher drink prices to pay for the entertainment
- Over Priced Entertainment
- People coming to the Lodge for the entertainment and not purchasing anything

**Recommendation:** The Lodge's Governing Body or House Committee should review the profit and loss statement every month and determine these percentages. If the percentage is higher than allowed, adjustments to the operation should be made based on their determination of the cause.

## Anytown Lodge #12345

### Profit & Loss Statement-Bar Operations

April 1 through March 31, 2017

INCOME	Apr 1-Dec 31st
Liquor	\$12,029.52
Beer	\$ 7,239.81
Wine	\$ 1,172.61
Soda	\$ 1,131.68
Food	<u>\$ 903.36</u>
<b>Total Sales</b>	<b>\$22,476.98</b>
<b>Cost of Goods Sold</b>	
Liquor	\$ 4,262.04
Beer	\$ 3,589.01
Wine	\$ 275.36
Soda	\$ 572.90
Food	<u>\$ 0.00</u>
<b>Total Cost of Goods Sold (COGS)</b>	<b>\$ 8,699.31</b>
<b>Gross Profit/Loss</b>	<b>\$13,777.67</b>
<b>EXPENSES</b>	
Payroll	\$ 2,321.00
Sales Tax	\$ 311.04
Electricity	\$ 2,586.32
Gas	\$ 1,053.96
Water & Sewer	\$ 2,039.42
Waste Disposal	\$ 333.17
Licenses	<u>\$ 910.00</u>
<b>Total Expenses</b>	<b>\$ 9,554.91</b>
<b>Net Income/Loss</b>	<b>\$ 4,222.76</b>

To reduce waste and theft within the Club operation, it is necessary to have some internal controls to maintain inventories. The District Deputy team should review the Lodge's bar operation to determine how often inventory is done, as well as by whom.

It should not be done by the bartenders, but by a member of either the Audit & Accounting Committee (with or without notice), as well as a monthly inventory by the Governing Body or House Committee. Also, Liquor inventory in storage should only be accessed by one responsible person, and requisition requests be made for liquor contained in inventory.

In addition, cash register tapes should remain locked in the cash register upon completion of a shift, and the cash counted and verified with the register tape by someone other than the bartender. It would be very easy for a bartender to look at the Z-Tape, and pocket any over charges or adjust the tape by doing an X-Tape (shift tape) finding out the balance and then putting in adjusting entries into the cash register to balance out the money if it were short.

If the cash in the register does not balance with what is on the tape, what is the policy for dealing with amounts that are over or under?

Lodge Governing Bodies and House Committees need to make sure that internal controls are in place to prevent waste and theft.

## Other Information to Obtain

The District Deputy and/or the Team should also determine the following:

### ***Membership Control Manual***

If the Lodge is using the Membership Control Manual. It should be inquired as to how the Lodge brings in new members and what it does to retain members. Familiarity with the Membership Control Manual will help guide the questioning to see if the Lodge is using it.

### ***Membership Management Team***

Inquire if the Lodge has a Membership Management Team, who they are, and what they do to manage the members. This should not be just the Secretary. It should include people serving on the Investigation Committee, Lapsation Committee, as well as the Orientation Committee. It is also recommended that the Lodge have a Retention Committee charged with determining ways to keep members engaged in the Lodge and the Order.

### **Lapsation Committee**

Determine how often the Lapsation Committee meets, and what it does to keep members from dropping out. Is it active? How many people are involved?

### ***Stray Elks***

Years ago, the Stray Elks list was sent out by Grand Lodge to all Elks Lodges showing members of the Order who reside within the Lodge's jurisdiction. These members were to be invited to attend Lodge functions and to be made welcome to prevent them from dropping their membership. The Stray Elks list can be found in CLMS2.

### **Investigating Committee**

Does the Lodge have an Investigating Committee? How many people serve on this committee? What is the process they use to investigate a potential candidate? Does the committee meet with the candidate to ask questions, and have questions asked by the candidate?

### ***Billing of Dues Monthly***

Determine if the Secretary is billing the delinquent members monthly as required in section 12.050 of the Statutes.

### ***Programs of the Grand Lodge to Review***

- Americanism
- Drug Awareness
- Hoop Shoot
- Elks Memorial Day Service
- Flag Day Service

### ***Community Service Programs***

Determine what the Lodge does in the community beyond the required Grand Lodge programs above.

### ***Exalted Ruler, Lodge Officer, and Committeeman Manual***

Determine if the Lodge officers have read and understood their duties outlined in the Exalted Ruler, Lodge Officer, and Committeeman Manual. This can be done by asking a few of the officers if they have read the manual. If not, it should be noted and reported to the District Deputy to recommend that they read and understand their duties in the manual.

### ***Antlers Program***

Determine if the Lodge has implemented the Antler's program for youth in their community. Most Lodges have not done this, but it is something that will need to be determined for Grand Lodge to know.

### ***Officer Meetings Missed***

The District Deputy and their Team should review the absences of all officers since the beginning of the year. A reason for the absences should be provided. If officers are consistently absent, it should be reported to the District Deputy for a recommendation.

## District Deputy Responsibilities

Additional Responsibilities of the District Deputy can be found on the following page on Exhibit H

### DISTRICT DEPUTY'S WORK AND FOLLOW-UP SHEET

This work sheet is to be used as a Check List and should be retained in your files to assist you in following up on recommendations to your Lodges to determine that proper action has been taken.

If proper action is not taken, notify your Past Grand Exalted Ruler(s).

**It is the District Deputy's duty and responsibility to require that:**

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| (a) The Visitor's Register be available at all times;  | an annual Lodge budget adopted by the Lodge and selection of one of them as Accident Prevention Manager;   |
| (b) The Charter be properly displayed in the Lodge;  |  |
| (c) The Lodge By-laws be up-to-date and approved by the Committee on Judiciary. It is required that a general revision of the By-laws be made at least once every five years, to keep them in conformity with changes made by the Grand Lodge. If the By-laws have not been approved in the last five years, a general revision must be made. The mere amendment of specific sections is not acceptable. | (r) The Club management body be required to hold meetings regularly, keep minutes of their meetings and perform all duties as required by Section 16.040 - including the establishment of an annual Club, Dining Room, Health Room, Swimming Pool and Golf Course budget adopted by the Lodge; |
| (d) Elks Memorial Services be held annually on the first Sunday in December or by permission of the District Deputy on a designated date of the week before or after the first Sunday;   | (s) The Lodge have an annual audit review, or compilation of Lodge, Home, Club or separate corporation and committee accounts as required by Section 13.040; and copies sent to the Area Grand Lodge Auditing and Accounting Committee Member;   |
| (e) The Lodge maintain an appropriate Memorial Tablet or Necrology;  | (t) The Lodge keep a file of Elks Magazines and a copy of the "History of the Order of Elks" for members to read;  |
| (f) The Lodge hold appropriate Flag Day Services;  | (u) The Lodge have a copy of the Membership Manual and use the Procurement, Indocriination and Lapsation sections properly;  |
| (g) All committees required by Statute be appointed and active;  | (v) The Lodge have an up-to-date Indocriination Program Video which is used properly by the Indocriination Committee;  |
| (h) The Secretary's and Treasurer's salaries be provided for in the By-laws;   | (w) The Lodge have an adequate Lapsation Program and active Lapsation Committee;   |
| (i) A Mediator and a Presiding Justice of the Subordinate Forum be appointed;  | (x) The Lodge have a broad program of charitable, welfare, community and youth activities based on the needs of the community, with participation statistics posted up-to-date in the Charity Records Booklet on file at the Secretary's desk;   |
| (j) Provisions and procedures of Section 1.210 on a Forum Box be complied with;  | (y) The Lodge have an active Elks National Foundation Committee and support by the Lodge and its individual members;   |
| (k) The Lodge have a copy of the Annotated Statutes (latest re-issue);   | (z) The Lodge officers understand and comply with the provisions of Section 16.140. The penalty for such solicitations will be invoked;  |
| (l) All officers and committee members have copies of appropriate manuals;   | (aa) The Lodge have an active National Veterans Service Committee and support by the Lodge.  |
| (m) Lodge officers understand and comply with requirements of Sections 14.010-14.020;  |  |
| (n) The Secretary knows the assignments of Grand Lodge Trustees and the Judiciary Committee are listed in the current Grand Lodge and State Associations Directory;  |  |
| (p) The Trustees be advised of the requirements of Section 16.050;   |  |
| (q) The Trustees be required to hold meetings regularly, keep minutes of their meetings and perform all duties as required by Section 12.070 - including the establishment of  |  |

## EXHIBIT H

# Other Considerations

## ***Professionalism***

For those who are examining the books, they are to always act in a professional manner. Often Lodges may offer the team alcoholic drinks prior to or during the inspection. It is strongly recommended that team members do not accept this offer until after the inspection is complete, or ideally not at all.

Also, team members who are examining the books may encounter members who have served as District Deputies, State Presidents, even Grand Lodge Committeemen or Officers. Team members should not be intimidated by their titles, and should conduct a thorough review of their responsibilities in the Lodge in a professional manner. Often, these members have “been there and done that,” and understand that the team member is just doing their job, and will not intentionally make them feel uncomfortable. If a team member does run into a situation where the officer is obstructing the inspection, it is recommended that they discuss the issue with the District Deputy.

## ***Compliance with State Laws***

Another area that should be reviewed is compliance with State Laws. That would include things such as making sure that the Lodge has the appropriate licenses for bingo and games of chance, as well as liquor license, et al.

In addition, in Maine, compliance with the smoking laws should be reviewed. It should be determined when the last membership and employee vote took place. The vote should have been within a 3 year period prior to the inspection, and the results needed to have been sent to the State Center for Disease Control (CDC). If not, it should be noted for the District Deputy. The District Deputy should include a question on the notification letter when it is sent to the Lodge prior to the inspection.

## ***Meeting Attendance***

While it is not on Exhibit C, it is required for input in the online District Deputy report. A question: “**What is the average meeting attendance?**” should be added to the Exhibit C when it is sent to the Lodge prior to the inspection.

## ***Incorporation Dates***

On occasion, a Lodge may provide the wrong incorporation date on Exhibit C. The dates provided should be crosschecked and verified with existing records, as well as online through the State website (if available) using a corporate search.

## **Some Final Items**

Often in the past, District Deputies were selected by the Grand Lodge Sponsor from long time experienced members who had a good understanding of business and Lodge operations. There were usually many members who either had their own businesses or understood how a business works. These members often served as officers of the Lodge.

Today, this is no longer the case. It is much more difficult to find members who either own or operate their own businesses, AND have the time to serve Elksdom. There are members who are willing to serve, but they may not possess the knowledge of business and Lodge operations.

It has been the intent of this District Deputy mentoring program to assist with the development of new talent to serve in the important position of District Deputy in the future.

Having knowledgeable District Deputies in the future will benefit all our Elk Lodges, and will help keep the Order thriving for many years to come. Catching problems early will help keep many Lodges out of financial trouble.

For those who are not District Deputies yet; serving on a District Deputy team will provide you with the necessary knowledge and experience that can only obtain through actual inspections. This experience will be invaluable should you have the honor of being appointed to the position of District Deputy Grand Exalted Ruler.