



2019-2020 Program Action Plan AUDIT

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What is this program, and why do we have it?

Governance on all levels of our organization are the stewards of the American Legion Auxiliary and are responsible for guiding, supporting and sustaining our mission, values and assets. Their fiduciary duty and responsibility as our “shepherds” are a legal, ethical and moral obligation in ensuring that the resources of our organization are well protected and used efficiently in fulfilling our mission. It was in that spirit, and in administrative year 2009-2010, Past National President Virginia Hobbs was appointed to serve as the first National Audit Chairman. At National Convention the NEC confirmed the appointment of a National Audit Committee.

As provided in its Charter, the National Audit Committee is charged with assuming an independent oversight and advisory role, with the responsibility for decision making resting with Governance. It reviews policies that are designed to mitigate threats to our organization and provides perspective in areas that could be potential risks, if not effectively identified and managed. Its members understand that safeguarding our organization requires having, and following, proper procedures for oversight, internal controls and a system for checks and balances.

The Audit Committee does not duplicate the work of the Finance Committee. For clarification purposes; there is a distinct difference between an Audit Committee, which provides oversight of risk and compliance, and a Finance Committee, which provides oversight of strategic financial direction. Audit Committee members are not involved in daily accounting functions, but instead oversee the independent audit process. They should ensure that recommendations made by the auditor’s letter to management are implemented. In addition, they should address complaints about financial mismanagement and report to the board on an annual basis, or as needed, whether any complaints or concerns about financial improprieties have been raised by members or others, and how those complaints or concerns were investigated, managed, and resolved.



It confirms that our organization remains compliant and that all information reported substantiates to the IRS, and the public, that the organization is operating in a manner consistent with its exempt, charitable purposes and continues to serve the mission for which the IRS granted tax-exempt status.

Audit Committee members should be those who are not employed by, or providing any services to, the organization beyond her duties as a committee member, and may not represent themselves to be, accountants or auditors by profession or experts in the field of accounting, financial reporting or auditing. Appointees should have a strong background with respect to Governance, management/organizational policy and procedures, and have no conflicts of interest.

Audit Committee members are as “independent” as possible and work at arm’s length from the rest of the organization. This independence frees them to make unbiased judgments about internal financial procedures and the performance of Management—as well as the performance of the auditors—without undue pressure. Their primary goal is to demonstrate financial integrity and transparency.

The Committee also reviews, evaluates, and monitors the organization’s policies, standards, and compliance; and conducts risk-assessments to lessen the organization’s exposure to potential risk.

Risk assessment is a method toward helping identify hazards that could negatively impact our organization’s ability to conduct business. The information gleaned from risk assessments can aid in predicting potential liability and plan for it strategically, by implementing measures, processes and controls to reduce the impact of these risks to business operations.

It serves as a framework toward analyzing what can go wrong, how likely it is to happen, what the potential consequences are, and how tolerable (or acceptable) the identified risk is.

However, risk management does not have to be thought in terms of bad things that can happen. Think of it in terms of quality assurance – a means to consciously create a culture wherein risk is routinely examined and managed simply as a part of doing good business!

Conducting a self-assessment is an excellent first step in broadening awareness about the probability of risk and can be used as a tool/opportunity to solicit ideas in strengthening risk management strategies. Periodic risk assessments are one way to walk the walk of risk management and to avoid complacency.

The ongoing Strategic Plan encourages all levels of our organization, as part of its fiduciary responsibility to its members, and in complying with the Internal Revenue Service regulations and respective State law, to adopt appropriate governance policies and internal and financial reporting controls that will mitigate its exposure to risk. How adequately structured and resourced is your Unit?

Audit reporting

No Audit reporting is necessary