10000/109/289

ACC

000/109/289

COLUMBIA CLUB
MAY-DEC. 1945

Only for the eyes of:

<u>Chief Commissioner.</u>

1. At the Regional Commissioners' meeting in June Colonel MARSHALL asked for a discussion on the situation of the "Columbia Club". It did not seem to me an appropriate moment to do so at that time but I ordered an audit to be made of the "Columbia Club" accounts which met with the agreement of Colonel MARSHALL and others present who had intimated concern over the matter. The report of the Joint Director, Finance Sub-Commission is opposite.

2. A little later, quite independently and unknown to me, an inspection of the "Columbia Club" was made by a representative of the Office of the Inspector General, MTOUSA. I do not know at whose request this inspection was made. The report of this officer is given at Page 4. The two reports show lack of control in the administration of the Club, particularly on the financial side. The Club is suffering a serious monthly deficit.

1 copy only – on file with CC

3. My recommendation is that the Club should be liquidated forthwith and that two financial officers should be appointed on the recommendation of the Joint Financial Advisers to the Committee, for the process of liquidation.

<u>14 August 1945.</u>

Brigadier,
Executive Commissioner.

C.R. Jones

Action on p. 2c please 27/8.

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Brigadier,
Executive Commissioner.

14 August 1945.

36

C.R. Jones

Action on p 25 please. see 27 B.

4157

31

Ex Com. P. 30 for information

Seen by Ex Com. C.C. has copy

P.A.

2A

TO: Staff Officer to CC

The Columbia Club has already been approached by the club now occupying space in the Barberini Palace, and preliminary arrangements had been made to transfer the Columbia Club to these premises. However, in view of the Chief Commissioner's orders, all negotiations have been brought to an immediate halt and no move will be made.

17 May 45

W. STEARNS
Major, AGD

JAG
18 5

PA

8.

Executive Commissioner

At folios 7, 6 & 5 are copies of correspondence re account of the Columbia - for information.
This file will be kept in my safe.

31/5/45.

Executive Committee

At folios 7, 6 & 5 are copies of correspondence re account of the Columbia – for information.

This file will be kept in my safe.

[illegible]

31/8/05.

4156

ON HIS MAJE[STY'S SERVICE]
FASTEN Envelope by gum
OPEN by cutting Label

583
RA

30

ALLIED FORCE HEADQUARTERS
G-5 Section
ALLIED SUPPLY ACCOUNTING AGENCY
Care of
FINANCE SUB-COMMISSION
HEADQUARTERS ALLIED COMMISSION
APO 394

Columbia Club in Liquidation.

29 December 1945

The Chief Commissioner
HQ Allied Commission
APO 394.

1. Further to the Receipts and Payments Account of the Columbia Club in liquidation; for the period 7th October 1945 to 7th November 1945 and my attached report dated 10th November 1945.

2. The cash balance of $ 1,467.87 has been paid over to the Custodian, Theatre Central Welfare Fund ($ 733.94) and the British Roman Relief Fund ($ 733,93) in accordance with instructions furnished to me.

3. Official receipts in respect of the above donations are held in this office. The financial affairs of the Columbia Club in liquidation are now closed.

Major R.A.
Chief Accountant
Allied Supply Accounting Agency.

JSF/cl
Copies to: The Executive Commissioner
~~Columbia Club Committee~~

4155

19.31

(050)

583

29

BRITISH EMBASSY.
ROME.

250/6/45 17th December, 1945.

DEC 20 1945

Dear Colonel Jones

28

This is to acknowledge, with my renewed thanks, the receipt of your letter (ref: 583/EC) of 11th December, forwarding a cheque for Lire 73,393. - for distribution to British Relief Funds in Italy. The cheque has, as suggested, been handed to the Honorary Treasurer of the Roman British Relief Fund, --- whose receipt I enclose herewith.

Believe me

Yours sincerely

[signature]

Colonel J.L. Jones,
Executive Officer (Br.),
H.Q. Allied Commission,
ROME.

21/12

J.L.J.

PA
21/12

(Col. Jones)

Hook

28

From: Colonel J.L.Jones,
Executive Officer (Br.)

HEADQUARTERS ALLIED COMMISSION
APO 394

Ref:583/EO

11 December 1945

My dear Sir Noel.

<u>Roman British Relief Fund.</u>

25

Reference your letter 250/4/45 dated 5 December addressed to Brig. Lush.

On behalf of the British officers in this Commission I have pleasure in enclosing cheque for Lire 73,393 as a contribution towards the a/m Fund, and shall be glad if you will kindly make arrangements for the amount to be distributed in the way you suggest in your letter.

Please may I have a receipt in due course.

Yours sincerely
J.L.J.

J.L. JONES,
Colonel.

H.E.Sir Noel Charles, KCMG.,
British Ambassador,
Rome.

My dear Sir Noel.

25

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J. L. J.

H.E.Sir Noel Charles, KCMG.,
British Ambassador,
Rome.

14/12.

12/12

11/12

Declassified E.O. 12356 Section 3.3/NND No. 785017

27

HEADQUARTERS ALLIED COMMISSION
APO 394

10 December 1945

REFERENCE: 583/ED

SUBJECT : Columbia Club

TO : S/Ldr C.A.McKenzie

The British share of the funds remaining after the closing of the Columbia Club, amount to lire 73,393, is to be subscribed to the Roman British Relief Fund.

Please arrange to have a cheque made out for this amount in favour of this Fund and pass to me for transmission to the British Ambassador.

Colonel
Executive Officer (B)

TO : S/Ldr C.A.McKenzie

25 ...

The British share of the funds remaining after the closing of the Columbia Club, amount to lire 73,393, is to be subscribed to the Roman British Relief Fund.

Please arrange to have a cheque made out for this amount in favour of this Fund and pass to me for transmission to the British Ambassador.

Colonel
Executive Officer (B)

4152

25

BRITISH EMBASSY,

ROME.

250/4/45

5th December, 1945.

24

Dear Brigadier,

Many thanks indeed for your letter (Ref: 5?3/EC) of 2nd December. I gladly accept, on behalf of local relief funds, the handsome gift you and the British Officers of the Allied Commission have so kindly made.

I should like to suggest that it may be distributed by the Embassy in the proportion of one-half to the British Relief Fund in Rome and one-half to similar funds at various posts in Northern Italy which, because they have been more recently re-established than posts such as Naples and Florence, are likely to have made less headway in the matter of re-organizing and replenishing their committees and funds. We should have to make enquiries and it would perhaps be simplest, if you agree, to pay the money into the Roman British Relief Fund account in the first place, for allocation according to needs at those other posts.

Please convey in the manner you deem most suitable an expression of the sincere thanks of myself and Consular Officials throughout Italy for this very generous gift to British people who find themselves in hard circumstances. It will certainly do those in distress good to know that their countrymen in H.M. Forces have thought of them.

Believe me

very sincerely yours

[signature]

4151

Brigadier M.S. Lush,
H.Q. Allied Commission,
ROME.

See min. 26. + 727

(24)

Ref: 583/RQ.

2 December 1945.

My dear Sir Noel

A certain (quite reputable) club run by the Allied Commission for the entertainment of its officers has recently been liquidated with a profit of $.733.93 (Lire 73,393) on the British side.

It is the wish of the British officers of this Commission that this sum be given to a deserving British charity or charities in Italy. We can think of no more deserving charity than the Rome British Relief Fund of which I understand you are patron. We realise that there must exist other British Relief Funds in Italy and if you wished that the sum be divided as between two or three of them, we would gladly consent with the proviso that the Rome fund received a larger proportion than the others - for the club existed in Rome.

Would you be good enough to let me know if you as patron of the funds would accept the donation and, if you favour division of the sum, would you advise me as to how you think it could best be divided.

Yours sincerely

(Sgd) [illegible]

4450

H.E. Sir Noel Charles, KCMG,
British Ambassador,
British Embassy,
ROME.

Copy to: Colonel J.L. Jones,

MSL/JG.

See 25

[illegible]

Declassified E.O. 12356 Section 3.3/NND No. 785017

(23)

[redacted]

ALLIED CONTROL COMMISSION
INTER-OFFICE MEMORANDUM

FILE No.

SUBJECT:

30 Nov. 1945

TO : Executive Commissioner

Reference your suggestion that the £733.93 from the Columbia Club shall be subscribed to the British Relief Fund in Rome, I have spoken to the following officers, all of whom are enthusiastically in agreement with your proposal:

Cols. Findlay, Frizelle, Dye, Lt.Cols. White, Hannaford.

Will you please tell me to whom you wish the cheque to be made out and I will have it prepared for attachment to your letter to Sir Noel Charles.

J. L. T.

Ex.C (B)

I am most grateful to you. Do you agree the attached letter. There are other such funds which might cover victims from Rath. [illegible]

(22)

BRITISH RELIEF FUND IN ROME.

This Fund has been in existence for 66 years. It was created for the purpose of helping unfortunate and deserving British subjects to tide over any period of hardship caused by illness or other circumstances beyond their control. It has in the past also helped individuals to return to their homes in British territory, when that appeared to be the best solution of their difficulties. It also included within the categories of persons to whom help could be given British-born women married to foreigners who, because of illness or other temporary cause, might be in absolute need and require some temporary assistance from the people of their country of birth.

The Relief Fund is managed by a committee and is under the patronage of His Excellency Sir Noel Charles. The committee consists at present of some local ladies, the Chaplains of the Church of England and the Church of Scotland, and three members of the Embassy, including the British Consul.

Thus over a period of many years the local Fund, which has been kept alive by subscriptions from local British residents and non-British donors who took an interest in our local community, has helped a large number of our fellow nationals to tide over their difficulties. It has never before, however, been faced with any situation such as the one that is arising from this war. There will be the same cases of purely temporary need, but also a number of cases calling for a more constant measure of relief.

These are old ladies who came out to Italy many years ago, made their home here and earned a living as teachers and governesses. They were usually cultured women and helped to spread a knowledge and appreciation of our country, its people and manners. When the War came they stayed here because they were too old to uproot themselves and return to the United Kingdom; they had no home there, and, as a rule, no surviving relatives able to help them. . They have struggled through the war years, only to find, in common with all other local residents, that because of high prices and scarcity of food and clothing, a period of even greater difficulty now faces them. They will continue to be helped for some time to come by means of advances from public funds and grants of additional food; and they help the people of their country of birth.

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The help given from public funds will, however, eventually come to an end and our local charitable fund will have to step into the breach. It derives a small income (about £100 a year) from past investments, and it is hoped that with the return of British residents and personnel to Rome subscriptions may once more reach a useful figure. Even then, it is unfortunately only too evident that these resources will be insufficient to meet more than a fraction of the demands that will be made on the fund.

J Cameron

Consular Section,
British Embassy,
Rome.
29/11/45.

[redacted]

Declassified E.O. 12356 Section 3.3/NND No. 785017

583 A

(21)

LAND FORCES HEADQUARTERS
G-5 Section
ALLIED SUPPLY ACCOUNTING AGENCY
care of
FINANCE SUB-COMMISSION
HEADQUARTERS ALLIED COMMISSION
APO 394

15th November 1945

NOV 16 1945

SUBJECT : Financial Supervision of the Columbia Club (in liquidation).

TO : Chief Commissioner Allied Commission.

(70)

1. In accordance with your letter dated 2nd November, I submit for your approval a copy of the receipts and payments Account of the Liquidation Fund of the Columbia Club, showing that the affairs of the Club have been finally liquidated except for final distribution of the surplus funds to the proper American and British Authorities.

2. A treasury check numbered [illegible] for $ [illegible] being the American share of the surplus was sent on 10th November 1945 to the Adjt of 2675 Regiment for onward transmission to the Theatre Central Welfare Fund (U.S. Armed Forces).

3. Instructions for the disposition of the British share have been requested.

4. I will report finally when I have verified the receipt by the respective interested parties of the amounts due to them.

[illegible] Maj RA.
CHIEF ACCOUNTANT
Allied Supply Accounting Agency

Enclosure - (1)

Copy to : Executive Commissioner,
The Columbia Club Committee.

(Please substitute this copy for almost identical one sent to you on 13 Nov.) [illegible] 20/11

[illegible] 15/11

Blue 20/11 for EC

(58)

20

THE COLUMBIA CLUB IN LIQUIDATION

Receipts and Payments Account for the period from 7th October 1945 to 7th November 1945

Receipts	$	Payments	$
To Cash Balance handed to trustee and deposited with Bank	1,563.89	By Redemption of Coupons	98.75
" Reimbursement for counterfeit notes	20.00	" [illegible] Supplies	14.87
		" Cheque Book	.40
		" Balance - Cash at Bank on 7th November c/d	1,467.87
	$ 1,583.89		$ 1,583.89

APPROPRIATION ACCOUNT

To Balance - Cash at Bank b/d	1,467.87	To distribution :	
		U.S. Army cheque to the Custodian, Theatre Central Welfare Fund	733.94
		" Balance held in bank for distribution to British Army	733.93
	$ 1,467.87		$ 1,467.87

4145

AUDITORS REPORT

I have examined the books and accounts of the Columbia Club in liquidation and have obtained all the information and explanations I have required. In my opinion the account now presented shows a true record of the receipts and payments of the Columbia Club for the period 7th October 1945 to 7th November 1945, as shown by their books.

A certificate dated 8th November 1945 to the effect that there are no outstanding liabilities against the Columbia Club has been addressed to me by S/Ldr Mackenzie with the approval of the Chairman Lt.Col. Lloyd R.Stearns.

The cash at bank as at 7th November 1945 has been substantiated by a statement from the Banca D'America e D'Italia. The balance of £730.93 shown on the Appropriation Account is held for distribution to the British Army according to King's Regulations.

10 November 1945

R.Dugman
MAJOR R.A.
Chief Accountant

4144

[redacted]

5835

(19)

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

8 November 1945

SUBJECT : Columbia Club in Liquidation.

TO : S/Ldr. C.M. Mackenzie.

1. In accordance with instructions issued by Rear Admiral Ellery W. Stone U.S.N.R., appointing me Special Financial Supervisor of the Columbia Club in liquidation, I have examined the final financial accounts of the Club and consider that they should be closed.

2. Accordingly the balance held in the Bank on account of the Columbia Club as at 7th November 1945, will from that date be held by you as Trustee for the American and British Armies, pending final distribution in accordance with the current regulations of both armies. No further payments will be made without my authority.

SGD. [illegible] MAJOR R.A.

Major R.A.
Chief Accountant.

Copy for info to: Executive Commissioner, A.C.
~~Columbia Club Committee.~~

FRWB/mc.

4143

(C50)

(17)

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

8 August 1945

SUBJECT: Audit - Columbia Club.

TO : Executive Commissioner.

1. Acting on orders received from you I have completed an audit of the books and records of the Columbia Club, Via Gregoriana 9, Rome, and submit herewith my report thereon together with accounts for the quarter ended 30th June 1945 and Balance Sheet as on that date. Accounts for the period from the start of the Club up to 31st March 1945 were prepared by a previous auditor and reported upon by him (see below).

MANAGEMENT

The Club is managed by a Committee on the basis of a Constitution and By-Laws issued by them and approved by the Chief Commissioner. I am informed that no Minutes or other records of the deliberations of the Committee are available as evidence of instructions given to the officer in charge of the operation of the club.

PREVIOUS AUDIT

A previous audit was made by Tec 3 K. Nashner, ASN 32357980 who was employed in a professional capacity by the Club Committee at a fee of Lit. 15,000. This auditor submitted a report to the Club Committee dated 28 April 1945 in which he states: "There has been no system of internal control in operation for safeguarding the income received by your Club. Consequently I was unable to effect a verification of the amount thereof, and the amount as recorded on the books and accounts of your Club was used in the preparation of the exhibits accompanying this report."

THE PRESENT SITUATION

Control of Club Revenue. The unsatisfactory position as found by the previous auditor was unchanged at the date of my audit. I have to report that, with the exception of revenue from Membership fees and miscellaneous sales to Messes, etc. there is no means whereby the figures for revenue shown in the Club books can be verified or audited. The figures for revenue shown in the attached accounts are therefore the unverified figures as appearing in the books of the Club.

The principal reason for the impossibility of verifying the revenue is that the original Tally sheets showing the issues from barman to waiters have been regularly destroyed as soon as the cash book entries

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The principal reason for the impossibility of verifying the revenue is that the original Tally sheets showing the issues from barman to waiters have been regularly destroyed as soon as the cash book entries have been made from them. There is therefore no original document from which cash book entries can be checked.

This would have been less serious if sales had only been made against chits as laid down in No. 6 of the Club By-Laws. Unfortunately during the whole of the period covered by my audit cash has been accepted from officers as frequently or more frequently than chits and By-Law 6 has not been complied with.

I am informed that cash paid to waiters or barmen in payment for drinks, etc. is replaced by club Bar Books, and parts of Bar Books, to an equivalent value, and is treated as cash received for the sale of bar books.

This does not provide any control because:

(a) The original sheets showing the amount of cash to be accounted for and exchanged for bar books, have been destroyed, as explained above.

(b) Bar Books are not numbered consecutively and no reliable quantitative stock records of books received, sold and on hand is kept.

(c) Loose chits are sold as well as complete books.

4142

(d) I was informed by Lieut. Mancourt and the cashier that complete Bar Books turned in by members in payment of their bills are resold without any record being maintained.
Such a complete lack of system is, of course, a serious matter, and until the position is rectified there can be no assurance that the Club's revenue is being properly accounted for.

The following steps should at once be taken (actually I understand that some have already put into force since the start of my audit):

(a) Sales should only be made for chits.

(b) Bar Books should be consecutively numbered and a proper and accurate stock record kept of the books received, sold and on hand. Members purchasing Bar Books should sign for the amount paid by them.

(c) Loose chits should not be sold. Only complete books should be sold. If the price of Lit. 500 is too high for members making very occasional visits to the Club it is suggested that a series at Lit. 100 be printed.

(d) Complete books turned in should not be re-issued but should be immediately render unfit for re-issue; officers visiting the club should be requested to see that this is done at the time of the book being handed to the waiter.

PAYMENTS

I wish to point out that some of the vouchers submitted could not be considered as valid invoices under normal business conditions as they were in the form of notations on Club paper detailing the merchandise received. In these instances the cash disbursement voucher is signed by the individual or firm selling the merchandise or service. In all cases the disbursement appeared normal for the operation of the Club and were accepted by me as bona fide evidence of payment.

STOCKS

An inventory of wines and liquors on hand as at the close of business on 30 June 1945 together with a statement by the Club officer that such list was true to the best of his knowledge was presented to me. I have satisfied myself that these stocks are valued at cost.

ACCOUNTS

The attached accounts which are subject to the qualifications set out above show a loss for the three months to 30 June 1945 of Lit. 69,506.

The loss of Lit. 69,506 for the quarter nearly absorbs the previously accumulated surplus leaving a balance of only Lit. 3,283.

The Club has a reserve in respect of unredeemed Bar Chits amounting to Lit. 130,718, much of which may eventually prove to be profit as a result of chits never being presented.

It is apparent that the finances of the club are in a critical condition and should losses continue (which would appear to be not unlikely during the summer months) the solvency of the club may depend entirely on the extent to which outstanding bar books are turned in for redemption or used in the club. Should the majority of the outstanding

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It is apparent that the finances of the club are in a critical condition and should losses continue (which would appear to be not unlikely during the summer months) the solvency of the club may depend entirely on the extent to which outstanding bar books are turned in for redemption or used in the club. Should the majority of the outstanding bar books be turned in or used the club may be approaching insolvency and the deficit would have to be made good by members sacrificing their bar books if outside creditors are to be paid.

In conclusion I would remark that the control of the finances of an undertaking such as the Columbia Club calls for skilled, conscientious and careful accounting. I do not consider that the position with regard to accountancy and control of revenue is likely to be satisfactory until the above recommendations are strictly enforced and the management includes an officer with knowledge of accountancy procedure. I regard this as being of particular importance in view of the serious loss concerned during the three months through 30 June, firstly because accurate accounting is essential to efficient and economical management and secondly because, should the losses continue, there is danger of the club becoming insolvent before this is realised by the management.

J. G. HANWELL,
Captain, R.A.

4141

JGH:jbh

NOTE: See also supplementary report submitted by Lieut-Colonel F.D.Banning, attached hereto.

THE COLUMBIA CLUB

BALANCE SHEET AS ON 30th JUNE 1945

ASSETS

Cash in Hand		50.554
Stock		
Wine, spirits etc. at cost as per Club secretary's certificate	83.307	
Sugar etc.	1.600	
Liquers purchased in Milan by Lt. Rancourt	16.800	101.707
signed Stock - Santini as per Club secretary's certificate	44.420	
Less amount payable in respect thereof on sale (see note below)	44.420	-
Sundry Debtors		
For sale of liquers (since paid)	6.270	
Santini (overpayment)	2.580	8.850
Tables and chairs		
50 chairs (purchased)	18.500	
22 Tables (constructed)	4.680	
	23.180	
Less amount written off	11.590	11.590
		172.701

Sundry accounts outstan

Due to Lt. Rancourt for

Milan (see contra)

Reserve for Bar Books i

Accumulated fund Accoun

Balance as on 1 April

Balance Sheet (credit

Less Loss for the qu

operating Statement

NOTES:

I have prepared the above Balance Sheet dated 30th June 1945 from such books and records

The Balance Sheet must be read in conjunction with my report dated 8 July 1945 a copy of

____________________ 1945

The figure of Lt. 44.420 for Stock on consignment shown above represents the residue of on a written contract that the Club shall pay him as the stock is sold. I am informed that under no obligation to do so.

Declassified E.O. 12356 Section 3.3/NND No. 785017

THE COLUMBIA CLUB
BALANCE SHEET AS ON 30th JUNE 1945

			LIABILITIES		
		50.554	Sundry accounts outstanding		21.900
			Due to Lt. Rancourt for liquors purchased in Milan (see contra)		16.800
			Reserve for Bar Books in hands of members		130.718
	83.307		Accumulated fund Account		
	1.600				
urt	16.800	101.707	Balance as on 1 April 1945 as per last Balance Sheet (credit balance)	72.789	
	44.420		Less Loss for the quarter as per operating Statement	69.506	3.283
	44.420	-			
	6.270				
	2.580	8.850			
	18.500				
	4.680				
	23.180				
	11.590	11.590			
		172.701			172.701

nce Sheet dated 30th June 1945 from such books and records of the Columbia Club as were produced to me.
in conjunction with my report dated 8 July 1945 a copy of which is annexed hereto.

———————— 1945

J.G. MANWELL
Captain R.A.

ock on consignment shown above represents the residue of a stock of liquor left by one Enrico Santini
shall pay him as the stock is sold. I am informed that the Club has the option to purchase but is

[redacted]

14

The Columbia Club

Operating Amount for the Three Months
through 30 June, 1948

Membership Fees			Lit. 92,300
Sales of liquors, etc.:			
For consumption on Club premises		Lit. 1,130,880	
For consumption outside the Club premises		173,953	
		1,304,833	
Less: Cost of sales		773,688	
Gross Profit on Sales		531,145	
Deduct			
Wages Of Barman and Waiters	108,925		
Glasses, printing and sundries	16,125	125,050	
Net Bar Profits			406,095
			498,395
Deduct			
Operating Expenses: Orchestra		349,050	
Cabaret		123,350	
General Wages		9,050	
Audit Fee		15,000	
Microphone Hire		14,400	
Laundry		8,544	
Sundries		2,200	
Sundry Maintenance Expenses		34,717	556,311
Operating Loss for the Period			(57,916)

Less Cost of sales		773,588	
Gross Profit on Sales		531,145	
Deduct			
Wages Of Barman and Waiters	108,925		
Glasses, printing and sundries	16,125	125,050	
Net Bar Profits			406,095
			496,385
Deduct			
Operating Expenses: Orchestra		349,050	
Cabaret		123,350	
General Wages		9,050	
Audit Fee		15,000	
Microphone Hire		14,400	
Laundry		8,544	
Sundries		2,200	
Sundry Maintenance Expenses		34,717	556,311
Operating Loss for the Period			(57,916)
Deduct			
Amount written off furniture to reduce it to 50% of cost			11,590
Net loss for the Period		Lit.	(69,506)

4139

For Audit Report
(13)

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

1364/F/A

10 August 1945

SUBJECT: Audit - Columbia Club (Supplemental Report).

TO : Executive Commissioner.

1. On completion of the audit of the Columbia Club by Capt. J.G. Hanwell it was ascertained that Lieut. Henri P. Rancourt had made purchases of liquors in Milan for resale to the club for an amount of Lire 16,800 (See letter from Lt. Rancourt dated 3 August 1945). In the absence of Capt. Hanwell, I was instructed to investigate this transaction and make any necessary adjustments in the report prepared by Capt. Hanwell. Copies of correspondence between myself and Lieut. Rancourt are attached.

2. Vouchers Nos. 5 and 29 of the Columbia Club state that "The liquors were purchased by Lieut. Rancourt while in Milan and sold to the Club when needed". The liquor was shipped to the Club in June but no payment was made by it to Lieut. Rancourt until July. A subsequent letter from Lieut. Rancourt however states that the liquors were purchased on behalf of the club and should be considered an asset with a corresponding liability as at 30 June 1945. The accounts have therefore been adjusted to reflect this position.

3. I must point out that there is no independent evidence as to the amount paid by Lieut. Rancourt for the liquors. All that is available is Lieut. Rancourt's signed letter that he expended Lire 16,800 and that liquors have been resold to the club at prices calculated to provide the exact amount spent by him.

Paul D. Banning Lt Col.

Deputy Chief Accountant,
For Joint Director
Finance Sub-Commission.

PDB/ma.

(17)

THE COLUMBIA CLUB
ALLIED COMMISSION
ROME

3 August 1945

SUBJECT: Milan Liquor Purchases.

TO : Finance Sub-Commission, Hq Allied Commission
(Attn. Lt. Col. Paul D. Banning).

1. In reference to our conversation on the morning of 2 August 1945 concerning the purchase of certain liquors in Milan I wish to submit the following clarification statement.

2. On arrival in Milan, the first part of May, I noticed that there were stocks of high quality liquors being offered for sale by street vendors. Upon taking over the management of the Continental Hotel in Milan I was approached by several such vendors and recognized an opportunity to acquire a small stock of fine liquors for the Club. In my capacity as Club Manager I have always supervised and purchased liquor stocks for the Club. Not having any Club funds in my possession, inasmuch as I did not expect to purchase for the Club while in Milan, I took it on my own to lay out $ 168 of my personal funds for a total of 42 bottles of assorted liquors. These liquors were purchased at a price ranging from 300 to 590 lire per bottle, or an average cost of 400 lire per unit and accordingly, I invoiced the Club at the average unit cost.

3. I did not have any assigned transport, that is transport at my disposal travelling between Milan and Rome, therefore, I was obliged to ship this liquor in small lots by various AC officers who were returning to Rome (for example: Mr. Wickersham and Capt. Montant). In all cases. the liquor was sent to the Columbia Club, c/o Regimental S-4 Office.

4. On my return to Rome (18 June 1945) I informed Colonel Perkin, S/Ldr McKenzie and Major Stearns about these liquor purchases and obtained their approval with the understanding that there was no profit to be realized in the transaction, and that I was acting in my capacity as Club Manager to purchase good liquors when it was available.

5. I can, given sufficient time, go to Milan and obtain various receipts for the purchase of the liquors mentioned above. However, it must be realized that vendors were disposing of liquor during the period of the Armistice when there were a great number of vendors operating throughout the city, the ligitamacy of which no one questioned. Hence it may be impossible to obtain receipts for some of the small Unit purchases.

4137

Declassified E.O. 12356 Section 3.3/NND No. 785017

(11)

6. In conc[illegible]ion, I will certify that I turn[illegible] this liquor over to the Club at no profit to myself. To date the Club has sold [illegible] of this liquor thus purchased. It should be noted that the same liquors on the Rome wholesale market are quoted anywhere from 100% above the Club purchase price.

(Signed) Henri P. Rancourt
HENRI P. [illegible]
1st Lt. [illegible]
Club Manager

1st Ind.

THE COLUMBIA CLUB, ALLIED COMMISSION, ROME.

TO: Finance Sub-Commission, Hq Allied Commission
(Attention: Lt.Col. Paul D. Banning)

The actions cited in basic communication were, as stated in para 4 thereof, approved b[illegible] the Vice President of the Club and the Club Committee.

(Signed) L.W. Stearns
L.W. STEARNS
Major, AGD
Club Committee

(Signed) C.M. Parkin
C.M. PARKIN
Colonel, Inf.
Vice President

(Signed) A.A. Guarino
A.A. GUARINO
Capt. FA
Club Committe

(Signed) C.A. McKenzie
C.A. McKENZIE
S/Ldr
Club Committee

4158

COPY (10)

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION
Accounting Sub-Section

13644/F/A

4 August 1945

SUBJECT: Milan Liquor Purchases.

TO : 1st Lieut. Rancourt,
Columbia Club.

1. With reference to your letter of 3 August on the above subject further explanation is required before it can be decided how, if at all, these purchases affect the accounts as at 30 June 1945.

2. Were the liquors purchased on behalf of the club with a definite obligation on the part of the club to take over the whole lot and to refund you the full amount laid out by you, or is the club merely taking over the liquor as and when required by them, reimbursing you only when they take the liquor with no obligation to take over the whole quantity (as is suggested by the wording of the vouchers).

3. The point is that if the first assumption is correct the stocks were the property of the club as at 30 June and the accounts should reflect this in an inventory on the one hand and as a debt due to you on the other. If however the second assumption is correct the club had no liability for these stocks as at 30 June because they did not begin taking them over until July, nor would they have any liability for the balance not yet taken over by them.

4. An immediate clarification would be appreciated as the accounts cannot be completed until this position is cleared.

(Signed): PAUL D. BANNING,
Lieut-Colonel,
Deputy Chief Accountant,
Finance Sub-Commission.

(9)

1st Ind.

CLUB OFFICER, COLUMBIA CLUB ALLIED COMMISSION, APO 394, 7 August 1945, To: Headquarters Allied Commission, APO 394, Finance Sub-Commission, Accounting Sub-Section.

Reference basic communication, the Columbia Club assumed the obligation immediately upon approval by the committee in June. Hence, to be absolutely correct, the liquor should be included in its entirely in the June 30th Inventory.

(Signed) Henri F. Hancourt
HENRI F. HANCOURT
1st Lieut. C.M.P.
Club Officer.

2nd Ind;

COLUMBIA CLUB COMMITTEE, Allied Commission, APO 394. 13 August 1945.

TO : Finance Sub-Commission, Hq., A.C.

Action indicated in first indorsement is approved.

For the Club Committee:

(Signed) L.W. Stearns
L.W. STEARNS
Major, A.G.D.

583/9

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

13167/F

2 August 1945

SUBJECT: Audit of Columbia Club.

AUG 2 1945

TO : Executive Commissioner.

1. Herewith copies of recent correspondence exchanged with the Columbia Club Committee.

2. I thought you should be informed as to how this matter now stands.

A.P. Grafftey Smith
Brig

Joint Director,
Finance Sub-Commission.

see M8

(CSO)

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

13167/F

1 August 1945

SUBJECT: Audit of Columbia Club.

TO : Committee, Columbia Club.

1. In the absence of Col. Menapace I attach herewith comments by the Chief Accountant on your letter of 31 July.

2. Further explanation is required in connection with the vouchers referred to in your para 1(h) and I understand that Lt-Col. Banning has arranged for a meeting on this subject with Major Stearns at 1000 hours Thursday, 2nd August. Lt-Col. Banning will return the vouchers.

3. I would point out that the audit has been carried out on instructions from the Executive Commissioner and the report will be rendered to him and not to the club committee.

(Signed) A.P. G[illegible] SMITH

Joint Director,
Finance Sub-Commission.

HGC/jbh

4132

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION
Accounting Sub-Section

13644/F/A. 1 August 1945

SUBJECT: Audit of Columbia Club.

TO : Joint Director,
Finance Sub-Commission.

1. With reference to the letter dated 31 July from the committee of the Columbia Club I have discussed the position with Capt. Hanwell and give below the reply to the criticisms raised by the committee. These criticisms are dealt with below in the order and reference contained in their letter:

(a) It is essential to keep a record as to how takings are divided between Cash and Chits; this was not previously done. Now that no cash is received the only innovation installed by Capt. Hanwell is a total column in the cash book. This does not constitute a change in system but is merely a minor alteration in the cash book ruling and is a common sense procedure.

(b) This in no way affected the bookkeeping. It was an analysis on a blank page in the cash book of past entries therein. It can in no conceivable way have caused any inconvenience. On the contrary it provided in the cash book a permanent record of the cash balance which owing to the ruling of the cash book was not previously shown.

(c) This is a perfectly normal procedure for an auditor to follow since he cannot allow figures in pencil which could be subsequently altered or filled in in ink erroneously, to remain after his audit (see (e) below).

(d) This is not understood.

(e) These adding machine totals showed the totals entered in ink by Capt. Hanwell in the cash book referred to in criticism (c). Once the totals had been entered in there was obviously no need for the retention of the adding machine tapes which merely show the additions of the columns. It must be emphasized that a proper record can only be maintained by indelible totals in the cash book and not by loose machine tapes which although normally retained as a convenience for the auditor are usually destroyed when he has finished with them.

(f) The entries did not constitute any alteration of figures in the books but were confined to inking in total figures and entering an analysis of already recorded entries. In such circumstances initialling is not usually considered necessary.

434

(g) It not understood how this constitutes an irregularity; it was a perfectly normal request in view of the fact that Lieut. Rancourt in the first place informed Capt. Hanwell that he had no such record and agreed to give a statement to that effect.

(h) It cannot be maintained that the club has suffered any loss of inconvenience as a result of the temporary retention of these vouchers. The examination thereof constituted the last work required to complete the audit and Capt. Hanwell retained them temporarily with his audit papers as a matter of convenience when making final adjustment to the Accounts. It is pointed out that the Columbia Club is an AC club and the vouchers were taken to the AC Headquarters where Capt. Hanwell was working on the accounts.

2. I would point out that any entries in the club books made by Capt. Hanwell were made with the intention of being helpful. All the criticisms raised by the committee are quite frivial and I cannot help feeling that had the club management really wished to cooperate with the auditor their attitude towards him would have been different throughout and their letter of the 31st July would not have been written in the terms it was.

(Sgd) H.G. CRAWSHAW - Col

Colonel,
Chief Accountant,
Finance Sub-Commission.

HGC/jbh

THE COLUMBIA CLUB
ALLIED COMMISSION
ROME

31 July 1945

SUBJECT: Auditing.

TO : Finance Sub-Commission, HQ Allied Commission
(Attention: Colonel Manypace, Joint Director)

1. It is requested that Capt Hanwell, detailed to audit the books at the Columbia Club on 5 July 1945, complete his work without delay and submit a copy of his final report to the Club Committee for review. It is understood that according to the written directive which was given to Capt Hanwell by the Finance Sub-Commission he was to make a complete regular audit. The Committee wishes to draw to your attention certain irregularities that have been noted in Capt Hanwell's conduct of this audit.

a. Without any approval of the Committee, Capt Hanwell entered in the General Journal, "new cash and chit account system" and ruled the book in accordance with his new system.

b. Entered directly in the General Journal a cash summary for the period 1 April to 30 June.

c. Entered, in ink, column totals in various sections of the Journal where bookkeeper's totals had been noted in pencil prior to final closings.

d. Numerous other direct ink enteries in various accounts throughout the Journal.

e. Removed from the General Journal the bookkeeper's adding machine tapes which totalled up the records for the months of May and June, as has been the bookkeeper's custom upon completion of the month's accounts to add all columns by machine and attaching the tape to the final account for ready checking.

f. None of the above-mentioned entries or alterations were evidenced, i.e., initialled, as being made by the auditor

g. In reference to the accountability of bar books, Capt Hanwell asked Lt Rancourt, Club Manager, to sign a certificate as follows; "I am unable to state the number of unsold bar books in hand as on 30 June 1945 as no record has been kept and no count was made".

h. Removed from the Club premises, vouchers number;

#5, dated 2 July for $84.00 representing liquors purchased - 21 bottles - in Milano by Lt Rancourt

0826

and delivered on 18 June to the Club.

#14, dated 3 July for $124.00 representing cost of liquor - 31 bottles champagne - purchased from Sentini

#28, dated 7 July for $56.00 representing liquors purchased - 14 bottles - in Milano by Lt Hancourt and delivered in June to the Club.

Gunner Miles, Club Cashier, was questioned by Capt Hanwell on afternoon of the 30th of July as to how the above vouchers were paid and had vouchers in his possession at the time (3 o'clock) of questioning.

Neither the Committee or any officers of the club authorized Capt Hanwell to make direct ink enteries in the original accounting records or to install a new system of accounting.

2. The above action is entirely uncalled for and considered most irregular in line with standard recognized auditing procedure. Any changes that are considered desirable in the procedure now being followed should be covered in his report. Analysis of the original accounting records of the club should not be made by direct personal entries by the auditor. As noted in the Committee's 1st indorsement to Capt Hanwell's directive, the audit of the Columbia Club's books is entirely welcome and any suggestions for basic improvements thereof will be given careful consideration by all concerned.

3. It is requested:

a. that this letter be brought to Capt Hanwell's attention,

b. that the audit which has been in progress for the past four weeks be brought to rapid conclusion,

c. that a copy of the audit report be immediately released to the Club Committee,

d. that Capt Hanwell return to the Club Manager at once the vouchers cited in para 1 h and any other records that he has removed from the Club. In view of the fact that strict instructions were given to Capt Hanwell by Major Stearns and again by Lt Hancourt on 5 July that absolutely no records were to be removed from the Club premises, a full explanation is requested as to why such irregular action was taken.

The Club Committee:

A. A. GUARINO Capt. FA	L. B. STEARNS Major, AGD
H. P. HANCOURT 1st Lt, CMP	C. A. MACKENZIE S/Ldr

583 A

(1)

HEADQUARTERS ALLIED COMMISSION

Office of the Chief Commissioner

APO 394

17 May 1945

Office of the Executive Commissioner
Attention: Major Stearns

MAY 17 REC'D

Subject: Night Club

For some time past a night club has been operating next door to the Barberini Palace, residence of the American Ambassador. This place has already been raided several times by the police. The American Ambassador now informs Admiral Stone that in order to give the place a cloak of respectability the proprietors have announced that it is being offered to the Allied Commission as a night club.

Will you please investigate the truth of this allegation and note the Chief Commissioner's direction that no further night clubs are to be taken on by, or in the name of, this Commission, and especially these premises next to the Barberini Palace.

J. A. Quayle

J. A. QUAYLE
Major, R. A.
Staff Officer to CC

(Maj Stearns)

19/5

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