

Temple Financial Audit—Instructions

Conducting the Audit

Before you begin the audit, read the following instructions and the entire audit checklist. You should contact the temple recorder at least two weeks before your visit to schedule the audit for a mutually acceptable time. Please notify the Temple Department controller as soon as the audit is scheduled.

The auditor should obtain the following information prior to beginning the audit:

1. Operating statements for the current and prior years
2. A list of approved maintenance projects for the current and prior year
3. A copy of the prior year's audit results, including the response from the Temple President (the auditor should assess if exceptions from the prior audit have been corrected and, if not, should include repeat exceptions in the current audit report.)

Requests for item 1 could be directed to the area office or to the Temple Department. Items 2 and 3 can be obtained from the Temple Department.

Begin the audit by meeting with the temple president and recorder to inform them that the purpose of your visit is to review business procedures at the temple. The recorder and his staff are to be present during the audit and make available all financial records. The temple engineer should also be present sometime during the audit (for checklist items 79–82). Take the time to walk through business procedures with the recorder and verify by observation the actual procedures used.

As you complete the checklist (pages 2–13), mark the applicable box next to each statement to indicate whether the statement is true, false, or not applicable (NA).

Temple personnel should have followed all policies and procedures as stated in the audit checklist. For any item marked "False," write the number in the boxes on the report (page 14).

In the United States, direct questions about audit exceptions to the Temple Department at 1-800-453-3860, extension 2-4977, or the Church Auditing Department at extension 2-6648. Outside the United States, dial directly to the Temple Department at 1-801-240-4977 or the Church Auditing Department at 1-801-240-6648.

Cash Receipts and Disbursements

The primary objective in testing cash receipts is to determine that procedures are sufficient to ensure that no funds are diverted and that all receipts are properly recorded in the accounting records.

The primary objective in testing disbursement activities is to determine that procedures are sufficient to ensure that only legitimate temple expenditures are paid and that transactions are paid promptly and recorded properly.

You should determine if controls and procedures are adequate to ensure that Church resources are not used by individuals for personal gain.

While affirmative answers to checklist items indicate that proper procedures are being followed, they do not guarantee that controls are effective. Note any circumstances which, in your judgment, would allow for funds to be diverted and go undetected, regardless of how well the statements are answered and the procedures you observe are performed.

Other Audit Procedures

One of the most important concepts in control over cash receipts and disbursements is segregation of duties. When one individual has responsibility to record an entire transaction and receive funds or make disbursements, a control weakness exists. For this reason, it is important that you identify situations in which one person has recording, authorization, and custody responsibilities at the same time. You should also look for and report any activities in which separate cash funds or bank accounts have been established or donations have been solicited. Likewise, note any checking accounts or working funds that appear to be outside normal temple operations or otherwise excluded from the usual control procedures.

Flowcharts

The attached flowcharts have been designed to describe the basic procedures and control points in the various cash receipt and disbursement processes. These flowcharts also identify where duties are usually segregated. On each flowchart, control points are represented by arrows. Numbers inside the arrows refer to the checklist item that describes the control. You should ensure that the flowcharts are accurate. Note differences in procedures or timing of procedures on the flowcharts, and return them with the audit report if there is a difference. You may scan or fax the flowcharts (801-240-1372).

Service Centers and Area Administration Offices

When local service centers or area offices provide cash disbursement, cash deposit, and project management services to the temple, audit procedures should include following transactions through the administration office processes to ensure control objectives are being met.

Preparing the Report

When the audit is complete:

- Share your conclusions with the temple president and recorder. Fill out the audit report (pages 14–15), but leave the "Suggestions" column blank. Make a copy of the report, write *DRAFT* at the top, and leave it with the temple recorder as a record of the exceptions discussed. Do not make suggestions or recommendations to the recorder. Your responsibility is to identify control weaknesses, procedural exceptions, and unusual activities. The Temple Department will determine what remedial actions are needed and will communicate with temple leadership.
- After you have given the temple recorder a copy of the audit report, complete the "Suggestions" column, and include any relevant details. This report will be used to make recommendations to temple leadership, so it is important that you be clear and concise.
- Notify the Temple Department controller that the audit is complete and that you will send the checklist, the report, and all flowcharts within five days.
- Return the completed checklist, report, and flowcharts to:

DIRECTOR OF FINANCE, CONTROLLER
TEMPLE DEPARTMENT
50 E NORTH TEMPLE ST RM 406
SALT LAKE CITY UT 84150-6400
glenndj@ldschurch.org

Temple Financial Audit—Checklist

For every statement you mark "False," write the corresponding number in the boxes on the Temple Financial Audit—Report (page 14).

Laundry and Cafeteria Cash Receipts. Complete this section after discussion with the recorder, assistant recorder, and other personnel involved in cash-receipting processes and after testing samples of applicable documents. Refer to the flowchart for this section, and make corrections to the flowchart as necessary.

True	False	NA	Laundry and Cafeteria Cash Receipts
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>1. The laundry (clothing rentals) and cafeteria use a cash register, which clearly displays to the patron the amount charged, to record every sale and collect cash at the time the sale is made.</p> <p>Mark "False" if money is collected at the time of sale but not entered on the cash register until later.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>2. Checks are restrictively endorsed as soon as they are received at the cash register.</p> <p>The preferred restricted endorsement is a stamp with the words <i>deposit only</i> [into the temple, area office, or service center bank account] and the proper bank account number.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>3. Refunds given from cash registers are supported by a voucher that is signed by the person receiving the refund and is placed in the register drawer.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>4. Free meals or free clothing rentals are rung up on the cash register and are supported by a voucher that is placed in the register drawer. Free meal vouchers should be signed by a member of the temple presidency, recorder, or assistant recorder (may be a register receipt with supporting signature on the back). It is recommended that the register be programmed to provide a button for the non-cash transaction.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>5. Cash registers are closed and counted in the presence of two people who both sign a cash count sheet.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>6. After cash in the register is closed and counted, someone other than the register cashier prepares an accounting receipt (REFIS PS Interface Report for temples using REFIS) by the end of the next working day.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>7. The duties indicated on the flowchart are being performed by separate people.</p>

Temple Financial Audit—Checklist

For every statement you mark "False," write the corresponding number in the boxes on the Temple Financial Audit—Report (page 14).

Accounting and Bank Deposits. Complete this section after discussion with the recorder, assistant recorder, and other personnel involved in cash-receipting processes and after testing samples of applicable documents. Refer to the appropriate flowchart (there is one for temples using REFIS and another for temples not using REFIS). Make corrections to the flowchart as necessary.

True	False	NA	Accounting and Bank Deposits																
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>8. The control and grand total numbers from the cash register tape appear to be in order.</p> <p><u>It is expected that the control numbers be kept on a log to help identify any variances up front and allow the recorder to document the reason for the variance.</u> A log is available from the Temple Department. If a log is not kept, then this item should be marked "False."</p> <p>Most cash registers have two control items. The first is called a "Z" or "REST CTRL" number and indicates the number of times the cash register has been cleared. Each time the register is cleared, this number increases by one. The other control is the accumulated grand total, or "NRGT2." Each time the register is cleared, the accumulated grand total increases by the total being cleared. Therefore, the difference between the current day's accumulated grand total and the previous day's accumulated grand total should be the amount being receipted.</p>																
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>9. All accounting receipts have a unique identification number, and all receipts are accounted for and used in consecutive order.</p> <p>The objective of ensuring that all receipts are used in order is to determine that all cash collected has been appropriately accounted for. If the temple uses REFIS, a unique identification number is automatically assigned to each entry on the PS Interface Report.</p>																
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>10. Cash register tapes agree with the accounting receipt (REFIS PS Interface Report for temples using REFIS).</p> <p>Sales from the cash register tape should equal the amount coded to the income account on the accounting receipt. Exceptions for over-rings, for example, are acceptable if clearly documented.</p>																
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>11. The over/short account balance and activity are reasonable. (Consider volume, operating factors, magnitude of individual amounts, etc.) Significant variances should have been reviewed and documented by the recorder.</p> <p>Write below the final short (over) amounts for the prior year and the year-to-date short (over) amounts for the current year.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;"><u>Prior Year</u></th> <th style="width: 20%; text-align: center;"><u>Current Year</u></th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Laundry \$ _____ (2xxx300 5465)</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> <td>To (date) _____</td> </tr> <tr> <td>Cafeteria \$ _____ (2xxx400 5465)</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> <td>To (date) _____</td> </tr> <tr> <td>Vending \$ _____ (2xxx400 5465 TE0004)</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> <td>To (date) _____</td> </tr> </tbody> </table> <p>Some over/short accounts may show little or no activity. If this is the case, the auditor should check to see if there is a fund maintained to make up any differences between cash register totals and the amount of cash on hand. If this type of fund is used, mark "False."</p>		<u>Prior Year</u>	<u>Current Year</u>		Laundry \$ _____ (2xxx300 5465)	\$ _____	\$ _____	To (date) _____	Cafeteria \$ _____ (2xxx400 5465)	\$ _____	\$ _____	To (date) _____	Vending \$ _____ (2xxx400 5465 TE0004)	\$ _____	\$ _____	To (date) _____
	<u>Prior Year</u>	<u>Current Year</u>																	
Laundry \$ _____ (2xxx300 5465)	\$ _____	\$ _____	To (date) _____																
Cafeteria \$ _____ (2xxx400 5465)	\$ _____	\$ _____	To (date) _____																
Vending \$ _____ (2xxx400 5465 TE0004)	\$ _____	\$ _____	To (date) _____																
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>12. The total amount on the bank-validated deposit slip equals the total amount on the accounting receipt (REFIS PS Interface Report for temples using REFIS).</p>																

Temple Financial Audit—Checklist

For every statement you mark "False," write the corresponding number in the boxes on the Temple Financial Audit—Report (page 14).

True	False	NA	Accounting and Bank Deposits, continued
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>13. All receipts are deposited intact at least twice weekly.</p> <p><i>Intact</i> means that all funds received are deposited, funds are not used in any other way, and there are no personal checks cashed or petty-cash payments made out of cash receipts. For temples that use a service center to make temple deposits, ensure that temple cash remains intact while in service center custody.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>14. <i>For temples in the United States and Canada:</i> If the temple receives a bank statement for the temple depository account, a reconciliation is done monthly.</p> <p><i>For temples outside the United States and Canada:</i> The temple bank account is reconciled monthly.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. Bank account reconciliations are correct, and reconciling items are recorded or corrected promptly.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16. <i>For temples using REFIS:</i> Every month, activity reflected on the Church unit bank statement is reviewed, and there is sufficient follow-up on items needing attention (such as old outstanding checks, stop payments, voided checks, and deposit variances from bank amounts). The reviewer needs to document the review by initialing the statement, or this item should be marked "False."
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>17. Every month, someone other than the person preparing accounting receipts and deposits randomly picks at least two days and verifies that the cash register tapes equal the accounting receipts and the bank-validated deposit slip. A simple log needs to be kept with review date, reviewer name and initials, and which two days' documents were reviewed, to help easily confirm that review is occurring consistently, or this item will be marked "False."</p> <p>For temples using REFIS, the accounting receipt is the REFIS PS Interface Report.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>18. All cash funds are recorded on the temple's general ledger.</p> <p>If there are any unrecorded funds, mark "False." Inquire about any special-purpose funds the temple may have, and make sure they are recorded on the general ledger. Count petty cash, change funds, and funds stored in the safe. If the total amount does not agree with the general ledger, mark "False."</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19. At least quarterly, change funds are counted and compared to the general ledger by someone other than the person who normally has access to the funds. The reviewer needs to document that the fund agreed to the general ledger by initialing beside the balance on a copy of the general ledger or on a simple log, or this item should be marked "False."
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>20. The duties indicated on the flowchart are being performed by separate people.</p> <p>The principle behind "segregation of duties" is that no one individual should have custody, authorization or approval authority, or recording responsibility at the same time. The auditor should make sure that the assignment of job responsibilities is such that no one individual could divert funds without detection. If one employee can divert funds and detection would not be likely, mark "False."</p>

Temple Financial Audit—Checklist

For every statement you mark "False," write the corresponding number in the boxes on the Temple Financial Audit—Report (page 14).

Missionary or Patron Housing. Mark the statements in this section "NA" if the temple does not have missionary or patron housing or if the housing is managed by the area office or service center. Otherwise, complete this section after discussion with the recorder, assistant recorder, and other personnel involved in cash-receipting processes and after testing samples of applicable documents.

True	False	NA	Missionary or Patron Housing
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The following item applies to missionary and patron housing operations that use cash registers to record and receipt housing rentals.</p> <p>21. The same control procedures used for laundry and cafeteria sales and accounting and bank deposits are being used for missionary and patron housing (see checklist items 1, 5, and 6).</p> <p>In the space below, indicate which control procedures are not adequate.</p> <p>_____</p> <p>_____</p> <p>_____</p>
			<p>The following item applies to missionary and patron housing operations that use methods other than a cash register to record and receipt housing rentals.</p> <p>22. The method of recording funds received from patrons or missionaries for housing rental is adequate.</p> <p>In the space below, describe the method of recording funds received (such as prenumbered receipts, a guest book, and so on). If no method is used, mark "False."</p> <p>_____</p> <p>_____</p> <p>_____</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The following items apply to all types of missionary and patron housing operations.</p> <p>23. Every month, someone other than the person who collects rent fees from patrons randomly picks two nights, determines which rooms are not rented for the night, and physically inspects each of those rooms to ensure that they are, in fact, vacant.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>24. Housing office cash funds are kept in a dual-access safe overnight and are adequately secured during operating hours. (A single-access safe is acceptable if only one person can access the safe, and if that person is solely accountable for the cash.)</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>25. Checks are restrictively endorsed as soon as they are received.</p> <p>The preferred restricted endorsement is a stamp with the words <i>deposit only</i> [into the temple, area office, or service center bank account] and the proper bank account number.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>26. All cash receipts, along with copies of documentation (such as prenumbered receipts, a guest book, or register summary tapes and cash count sheets, depending on the method of recording funds), are delivered to the temple intact at least twice weekly.</p> <p><i>Intact</i> means that all funds received are delivered, funds are not used in any other way, and there are no personal checks cashed or petty-cash payments made out of cash receipts.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>27. The cash receipts submitted to the temple office always equal the amounts recorded on the prenumbered receipts, the guest book, the cash register summary tapes and cash count sheets, or other records of original entry.</p>

Temple Financial Audit—Checklist

For every statement you mark "False," write the corresponding number in the boxes on the Temple Financial Audit—Report (page 14).

Donations and Other Asset-Management Matters. Complete this section after discussion with the recorder, assistant recorder, and other responsible individuals, and after testing samples of applicable documents.

True	False	NA	Donations
			Note: It is not expected that temples receive donations. The following items apply in rare occasions when donations are received.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	28. A receipt is given to the donor for each donation made.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	29. Donated funds are deposited intact. <i>Intact</i> means that all funds donated are deposited, funds are not used in any other way, and there are no personal checks cashed or petty-cash payments made out of cash receipts.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	30. Donated funds are credited to the General Temple Patron Assistance Fund.
True	False	NA	Other Asset-Management Matters
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	31. Rebate checks received from suppliers (usually cafeteria food suppliers) are in the name of the Church or temple and not the individual who does the purchasing.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	32. All change funds and cash funds are kept in a dual-access safe overnight and are adequately secured during operating hours (preferably in the safe, except as needed for operating purposes).
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	33. Two people are required to open the safe. Safe keys should not be loaned to another individual, even temporarily. If the temple recorder, temple engineer, their assistants, or any other person, has access to a copy of both keys, this should be marked "False." When an individual opens the safe he or she is to be accompanied and observed by a second individual. To facilitate this, the safe should have two locks with keys appropriately assigned and controlled, or physical arrangements should be such that two individuals are required to gain access. List below any individuals who can access the safe independently (without anyone else knowing). This should be marked "False" if anyone is listed below. _____ _____ _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	34. The safe where cash is stored is not preset to open easily, even during operating hours, by presetting the tumbler on a combination safe, leaving the door unlocked, or leaving a key in the safe. If the safe is not completely secured, requiring either the entire combination or both keys to open it, mark "False."

Temple Financial Audit—Checklist

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True	False	NA	Other Asset-Management Matters
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>35. A log is maintained of all significant lost and found items, including cash. All lost and found items are appropriately secured. Cash and coins are rung into the laundry cash register daily and coded to the temple's clothing rental revenue account, 2XXX300-4250. Small, valuable items are kept in the temple safe. Return of lost and found items to owners is documented in the log. The returned funds may come from petty cash or as a refund from the laundry cash register. The person receiving returned cash should sign the log and the amount should be coded to account 2XXX300-4250, as a reduction to revenue.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>36. If the temple has vending machines, the following is done to safeguard cash and inventory in the vending machines:</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>a. Whenever machines are stocked, a record is kept of quantities of inventory added to and removed from each vending machine. The stocking record should include beginning inventory, quantities added (including dates and initials), and any adjustments (including dates and initials), and reasons for adjustments (such as spoilage).</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>b. At least monthly, cash is removed from each machine and counted, and ending inventory in each machine is counted. The counting of cash and inventory is performed by two people, at least one of whom is not involved in stocking the machine.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>c. A reconciliation between cash, inventory, and "Z" totals (where available) is done separately for each machine each time cash is removed and inventory is counted.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The stocking record and ending inventory are used to calculate the number of items sold in each price class (beginning inventory plus quantities added, minus adjustments, minus ending inventory, equals quantity sold). The quantity sold in each price class is multiplied by the price. The aggregate amount for all price classes is compared to cash received and the "Z" total. Differences are recorded in an over/short account. Significant differences should receive immediate follow-up.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>d. Cash inside vending machines is secured with a lock, where possible.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>e. Keys to vending machines are appropriately controlled and assigned.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>f. Vending over and short amounts and income are recorded in the appropriate accounts, with product code TE0004, in the cafeteria DeptID.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>37. Accounts receivable are reasonable and justified.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Investigate the nature of any accounts receivable, and give an explanation in the space provided below. If an account receivable is the result of a policy exception, or if the temple leadership is not actively working to collect or correct the amount, mark "False." There are few instances in which accounts receivable are justified, and accounts receivable generally should be collected or cleared within 30 days. Ask the recorder if he is aware of any accounts receivable that are not recorded on the general ledger. If there are any such accounts receivable, describe them below and mark "False."</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>_____</p> <p>_____</p> <p>_____</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>38. Inventories and equipment (of the cafeteria, engineering, and grounds staffs) are adequately monitored and secured. Formal inventory systems are not required.</p>

Temple Financial Audit—Checklist

For every statement you mark "False," write the corresponding number in the boxes on the Temple Financial Audit—Report (page 14).

Invoice Processing and Disbursements. Complete this section after discussion with the recorder, assistant recorder, and other personnel involved in the acquisition and payment process and after testing samples of applicable documents. Refer to the flowchart for this section, and make corrections to the flowchart as necessary.

Important Note: The authorization of the temple recorder or an assistant recorder is required for all disbursements. While temple presidency members may provide one of two approvals, temple presidency members are no longer required to approve individual invoices or sign checks.

True	False	NA	Invoice Processing & Disbursements
			The following items apply to all disbursements:
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	39. Every expenditure is supported by either an original invoice (no photocopies) from the vendor or a check requisition prepared by the temple.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	40. Invoices have initials or a signature indicating that the goods or services were actually received.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	41. Invoices or check requisitions have two approval signatures: one from the recorder or an assistant recorder, and the other from the budget steward. If the recorder or an assistant recorder is the budget steward, the other signature may be provided from other temple personnel.
			The following items apply to temples that provide paper copy authorization for service centers to make payments:
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	42. Invoices or requisitions are sent to the area office or service center promptly. The auditor should follow through with the service center to assess if payments are made to temple vendors within the discount period specified in the payment terms or within a reasonable time considering local business practice.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	43. The auditor should follow through with the service center to assess whether payment requests from the temple are processed with less than two signatures or with other than authorized signatures.
			The following items apply to temples that electronically authorize payments:
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	44. Disbursements are electronically approved to provide for payment within the discount period specified in the payment terms or within a reasonable time considering local business practice.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	45. Access to electronic payment processing and approval is controlled by password. Each authorized individual has not shared their password with anyone else and has not used their password to log on to a computer for someone else to obtain access.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	46. Once an invoice is authorized, it is "canceled" with a stamp that marks it as paid.
			The following items apply to temples that prepare their own checks:
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	47. Invoices appear to be approved and the corresponding checks released to payees within the discount period specified in the payment terms or within a reasonable time considering local business practice.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	48. Once an invoice is paid, it is "canceled" with a stamp that marks it as paid.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	49. Blank checks are kept in a key-locked file cabinet or safe, safeguarded from unauthorized access. If blank checks are kept in a desk or non-locking file cabinet, mark "False."

Temple Financial Audit—Checklist

For every statement you mark "False," write the corresponding number in the boxes on the Temple Financial Audit—Report (page 14).

True	False	NA	Invoice Processing & Disbursements
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	50. Checks are used strictly in numerical sequence.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	51. Someone periodically takes an inventory of unused checks to determine that all are accounted for.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	52. Before a check is signed, the signer reviews the related invoice or requisition.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	53. Checks are signed by two authorized signers, one being the recorder or an assistant recorder; checks are never signed without support.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	54. Authorized signers sign checks only after the checks have been completed, including the date, numerical amount, written amount, and payee.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	55. Voided checks are canceled by tearing off or cutting out the signature portion; the voided check is retained in the numerical file for audit purposes.

Temple Financial Audit—Checklist

For every statement you mark "False," write the corresponding number in the boxes on the Temple Financial Audit—Report (page 14).

Purchasing Card Purchases. Mark the statements in this section "NA" if the temple does not use purchase (credit) cards. Otherwise, complete this section after discussion with the recorder, assistant recorder, and other personnel involved with purchasing card purchases and after testing samples of applicable documents. Refer to the flowchart for this section, and make corrections to the flowchart as necessary.

True	False	NA	Purchasing Card Purchases
			The following items apply to all purchasing (credit) cards, not just Church-issued cards:
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	56. There is clear justification for using purchasing cards other than those issued by the Church, such as a very significant discount, or the card issued by the Church is not accepted when making necessary purchases, etc.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	57. The temple maintains a list of all cards issued, showing the issuer, name of each card custodian, the card number, the monthly limit, and the individual transaction limit.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	58. Each card custodian has completed a signed Purchasing Card User Agreement form. A signed copy of the form is in his or her personnel file for every card issued to him or her.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	59. All cards are kept in a secure location, and card numbers are not posted or written down (except on a list maintained by the recorder in a secure location; see item 57).
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	60. <i>For cards in the name of the temple and not an individual:</i> A card usage log is maintained by the card custodian to track when cards are checked out and in.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	61. Purchases are supported by receipts, with proper account coding noted, signed by the budget steward. (Individual receipts need not be signed by the budget steward if the budget steward is a signer of the monthly report referred to in item 65 or if the budget steward is an online approver referred to in item 66.)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	62. Purchases are for valid Church purposes and are made in an authorized manner. Examples of unauthorized use include making personal purchases, splitting transactions to avoid transaction limits, and using the card number without physical possession of the card.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	63. Purchasing card statements are reviewed and reconciled to supporting documents for individual transactions. For Church-issued card users who are authorized to review and approve transactions online, this can be accomplished through the online review and approval process.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	64. Procedures indicated on the flowchart are performed by separate people.
			The following items apply only to Church-issued cards:
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	65. <i>If approval is <u>not</u> recorded online on a computer system:</i> A report is prepared each month that summarizes the purchasing card transactions and indicates which account codes should be charged for the expenditures. This report is signed by the recorder and another individual, indicating review and approval of the transactions, and is submitted each month to the Finance Division of the Temple Department at Church headquarters or to the area office.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	66. <i>If approval <u>is</u> recorded online on a computer system:</i> Proper controls are in place to assure that all transactions are approved by the appropriate individuals (for example, password controls appropriately limit access to the online system, and the approver does not make purchases on the card). Describe the process below: _____ _____ _____

Temple Financial Audit—Checklist

For every statement you mark "False," write the corresponding number in the boxes on the Temple Financial Audit—Report (page 14).

Petty Cash. Complete this section after discussion with the recorder, assistant recorder, and other personnel involved in the handling of petty cash and after testing samples of applicable documents.

True	False	NA	Petty Cash
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	67. The petty-cash fund appears to be necessary and approximately the right amount, with reimbursements generally every two to four weeks. This step may be marked "True," even if reimbursements are less frequent than every two to four weeks, if existence of the fund itself is justified and the fund amount is minimal.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	68. Petty-cash disbursements are supported by receipts, with proper account coding noted, that are attached to a petty-cash voucher. Receipts are signed by the budget steward.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	69. Petty-cash vouchers are signed by the person receiving the reimbursement at the time it is made.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	70. Personal checks are never cashed.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	71. Petty cash is counted and reconciled to the fund amount each time the fund is replenished.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	72. At least quarterly the petty-cash fund is counted and reconciled to the general ledger by someone other than the person who generally replenishes the petty-cash fund. The reviewer needs to document that the sum of the cash and vouchers agreed to the general ledger by initialing beside the balance on a copy of the general ledger or on a simple log, or the item should be marked "False."

Temple Financial Audit—Checklist

For every statement you mark "False," write the corresponding number in the boxes on the Temple Financial Audit—Report (page 14).

Human Resources. Complete this section after discussion with the recorder, assistant recorder, and other personnel involved in human resources and after testing samples of applicable documents.

True	False	NA	Human Resources
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	73. Sufficient cross training in financial functions has occurred to provide continuity and coverage when those who normally perform financial duties are not available.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	74. Time cards or time sheets are approved by the appropriate supervisor and by the recorder.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	75. Overtime hours are recorded on time cards or time sheets, and employees are paid for overtime hours worked.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	76. If the temple uses contracted labor (such as for grounds maintenance), contract guidelines (including obtaining certificates of insurance and signed contracts) and local labor laws are complied with. Labor is "contracted" if some or all of the following are true: The contractor maintains a business and has other customers; the work is usually done by contract; the contractor has skills that most employees do not; the contractor supplies his or her own tools and sets his or her own schedule; the contractor is paid for the job and not by the hour.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	77. All temporary employees are hired for up to six months and are limited to seasonal work, temporarily replacing a full-time employee (FTE), testing the feasibility of additional FTEs in break-even operations, or employment during a short-term increase in workload. Scheduling temporary employees to work in a pattern inconsistent with these guidelines may subject the Church to risk of non-compliance with labor laws pertaining to payment of employee benefits and may circumvent Church FTE limits.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	78. On-call employees are not scheduled to work on a regular basis. On-call employees are called on occasion to fill in for employees who are off due to sickness or other leave. Temporary employees should be used, rather than on-call employees, to fill in for employees on long-term leave (over one month). Scheduling on-call employees to work on a regular basis may subject the Church to risk of non-compliance with labor laws pertaining to payment of employee benefits and may circumvent Church FTE limits.

Temple Financial Audit—Checklist

For every statement you mark "False," write the corresponding number in the boxes on the Temple Financial Audit—Report (page 14).

Project and Contract Management. Complete this section after discussion with the recorder, assistant recorder, temple engineer, and other personnel involved in project and contract management and after testing samples of applicable documents. Items in this section relate to construction, repair, or maintenance projects.

True	False	NA	Project and Contract Management
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	79. For projects for which the decision is made to use a contractor and sealed bids are requested (see 79d, below), two or more people are always present at each bid opening.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	80. For each project, the temple has a file copy of: <ul style="list-style-type: none"> a. An approved TFR (Temple Facilities Request). A TFR is a form used to request funding, receive approval, and track expenditures for all temple facility projects over U.S. \$5,000 or that would modify the structure, decor, mechanical equipment, or landscaping of the temple. b. An up-to-date payment history (may be kept in Temple Recorder's files). If the payment history is kept in the recorder's files, the engineer has and uses access when he authorizes payments or places orders, so he knows the project status. Alternatively, no separate payment history need be maintained if the engineer can demonstrate that he has and uses access to TFIS to obtain payment information. c. For completed projects, a TFR signed by the engineer, recorder, and temple president; a copy is also sent to the Facilities Division of the Temple Department. For each project for which a contractor is used, the temple file also includes the following: <ul style="list-style-type: none"> d. A completed Bid Summary Form and copies of bids with a minimum of two bids for projects between U.S. \$5,000 and U.S. \$10,000 or a minimum of three bids for projects more than U.S. \$10,000. Any exceptions are documented by notation on the Bid Summary Form. e. Letters sent to all bidders with results of the bidding. f. Written and signed contracts. g. Drawings and specifications supporting the project approval. h. For contracts over U.S. \$1,000, or even for contracts less than \$1,000 when the type of work poses a potential risk of significant damage, a certificate of insurance covering the contractor.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	81. Projects are completed within budget; change orders, if needed, are on file and are properly completed, submitted, and approved.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	82. There is no evidence of conflicts of interest in the selection of vendors or contractors. <p>Review with the temple recorder and temple engineer the Conflict of Interest forms on file for the temple recorder, temple engineer, assistant engineers, and grounds supervisor. Ensure the forms are updated to disclose potential conflicts of interest including: second employment, relationships with enterprises or individuals doing business with the Church, or relatives working for any vendor doing business with the Church.</p> <p><u>Note:</u> A <i>conflict of interest</i> is any situation or arrangement in which one can sway a decision in a way that may benefit oneself, possibly to the detriment of one's employer. A conflict of interest is also a situation in which a knowing third party would have cause to question one's fairness or objectivity. Consider any potential conflict-of-interest situations for all key members of the temple staff.</p>

Temple Financial Audit—Report

Temple	Date of audit
Temple president	Temple recorder
Executive summary	Name of auditor
Audit Scope. All receipts and disbursements, cash handling, segregation of duties, human resources, and project management controls.	Distribution: Temple Department Controller (Director of Finance)

In the boxes below, write the numbers of the checklist items marked "False."

Use the table below to comment on the items marked "False." Do not communicate suggestions to temple personnel.

Checklist item number	Comments	Suggestions

