

## 2006 Temple Financial Audit Checklist Summary of Significant Changes

The Temple Financial Audit Checklist has been modified for 2006, to reflect information gleaned from the prior years' audits and responses from temples. The most significant changes from the prior year are outlined below, with references to the corresponding item numbers in the checklist, where applicable.

### Most Significant Changes:

- *The Temple President's Handbook* indicates, "Under the direction of the temple presidency, the recorder is responsible for the temporal operations of all temple functions, including finances and physical facilities. . . . Although the temple presidency should not become too involved in temporal operations, the recorder is to keep them fully informed of all temporal matters." (Section 5: Temporal Operations – First Paragraph, page 25) Consistent with these guidelines, temple presidency members are no longer required to approve individual invoices or sign checks.

While temple presidency members may provide one of two signature approvals, we recommend that this be done only in unusual or extraordinary circumstances. The authorization of the temple recorder or an assistant recorder is required for all disbursements. Electronic authorizations are an increasingly common way for payments to be processed and will require approvers to be trained to use computer disbursement systems and maintain necessary password controls. The disbursements section of the audit checklist has been updated to reflect varied invoice processing and disbursement methods throughout the world. [Items #39-55 & "Important Note" preceding #39]

Although the temple presidency is not required to approve individual expenditures, it is important to note the following from the Temple Presidents Handbook:

1. The temple president, as chief administrative officer, has overall responsibility for temple finances.
2. The annual budget is completed under the direction of the temple presidency.
3. The temple presidency and recorder should review the monthly statement of operations and general ledger for accuracy and use them for planning expenditures.  
(Section 5: Temporal Operations – Finance, page 28)

- There should be clear justification for using purchasing cards that are not issued by the Church. [Added item #56]
- The auditor will 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, ensuring that the forms are updated to disclose potential conflicts of interest. [Added item #82]
- Sufficient cross training in financial functions needs to have occurred to provide continuity and coverage when those who normally perform financial duties are not available. [Added item #73]

### Special Emphasis Requested:

The following internal controls are not new, but present relatively high risks when not in place and warrant special emphasis to ensure they are being applied in all temples.

- **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, or any other person, has access to a copy of both safe keys, this is an audit exception. [Item #33]
- **For each project for which a contractor used, the temple has a written and signed contract.** [Item #80f]
- **For each project over U.S.\$1,000, or even for contracts less than \$1,000 when the type of work to be done poses a high risk of damage, the temple obtains a certificate of insurance covering potential damage by the contractor.** Often the amount of the contracted work does not correlate with the damage that could occur to the temple. A minimum threshold of contracts over \$1,000 has been set by the Temple Department Facilities Division, but in actual operational experience the type of work done for contracts even less than \$1,000 could also

necessitate a certificate of insurance in the particular situation where the risk of damage would warrant requiring it. [Item #80h]