



HERMAN E. DUNCAN
Grand Council & Commandery, Knights Templar (PHA)
Jurisdiction of Oklahoma,
Western Europe, Far East and the Middle East

MEMORANDUM FOR RECORD

TO: Right Eminent Grand Commander, Grand Commandery Officers, District Deputy Grand Eminent Commanders, Eminent Commanders, Thrice Illustrious Masters, Sir Knights & Companions

SUBJECT: **Auditing Procedures**

Purpose

All Council & Commandery financial records must be audited annually and a written audit report must be given. Audits will be performed, read and accepted prior to any election. The audit should measure compliance with the Herman E. Duncan Grand Council & Commandery Administrative Procedures for Financial Records Maintenance, Grand Constitution and Bylaws and approved local administrative procedures.

Committee Members

The internal audit can be performed by one person who is knowledgeable of financial records or a several Knights or Companions within the Commandery or Council. Companions or Knights performing the audit must not be involved in the day-to-day financial transactions. Examples of individuals who must be excluded from the Audit committee, but will serve as resources, include the Treasurer, the Secretary or (Financial Secretary), and the three principal officers.

Frequency

All Council & Commandery financial records must be audited annually and a written audit report must be given. Audits will be performed, read and accepted prior to any election. An external audit may be conducted by non- members at the REGC requests.

Scheduling the Audit

The audit period should be from December 1 – November 30. The Treasurer and Secretary should surrender their financial documents to the Audit Committee within ten (10) days after the November meeting. The Audit Committee should make its report before election of officers for the ensuing year.

Internal Controls

Controls should exist within the organization in relation to financial transactions. Examples of internal controls follow:

1. Separation of Duties

No one member should receive and disburse funds. The Recorder/Secretary should receive funds. Receipts should be issued when funds are received. The Treasurer should disburse funds.

2. Use of Vouchers

Income Vouchers: An income voucher system will be used to summarize income received by the court. The Recorder/Secretary (Financial Secretary) shall write receipts for funds received, complete an income voucher and cash receipt ledger. The funds collected will be given to the Treasurer within 72 hours.

NOTE: (The Treasurer may give the Secretary a receipt for the funds that he received or the signature of the Treasurer can serve to confirm that he received the funds. A receipt, if issued, should be attached to the back of the appropriate income voucher.)

Payment Voucher: A payment voucher system will be used to authorize disbursements and to maintain an accurate record of the reason for all expenditures. Documentation for the expenditure should be provided. Written procedures should exist indicating who may approve a voucher. Generally the Payment Voucher is signed by the Eminent Commander/Thrice Illustrious master, Recorder/Secretary, and Treasurer.

Checking Account

A checking account should be maintained for deposit of all incoming monies and for all payments of court obligations. Two signatures should be required on all checks. All disbursement will be by check

Reports

A monthly Treasurers financial report will be presented to the Council/Commandery which summarizes all receipts and disbursements. This report should reconcile to the monthly bank statement. A copy of the report should be included with the records of the Recorder/Secretary.

QUESTIONS AUDITORS SHOULD ASK

- Is there a separation of duties between receipt and disbursement of funds?
- Were funds received, deposited in a timely manner?
- Were receipts issued for all incoming monies?
- Was a voucher used to approve each expenditure?
- Were all disbursements made by check?
- Was more than one signature required to issue a check?
- Were voided checks retained and accounted for?

- Were bank statements reconciled monthly?
- Was a monthly summary of receipts and expenditures prepared and presented?
- Was a budget prepared?
- Were expenditures made those which were budgeted?
- Is the previous Audit available?

Documentation to be Reviewed

- Minutes of Meetings—reference sections related to reports by the Recorder/Secretary and the Treasurer.
- The approved Budget
- Monthly financial reports
- Vouchers
- Receipt Books
- Check Book
- Cash Receipts Journal
- Cash Disbursement Journal
- Membership Ledger (if required)

Audit Review

Upon completion of the audit, the report may be first reviewed with the Treasurer and the Secretary in the event clarification is needed regarding any part of the report. Exceptions that have been clarified with the committee should not be included in the report.

Attest:

/////original signed/////
Kenneth H. Kendrick 33°, KYCH
Eminent Grand Recorder

/////original signed/////
Anthony E. Bowens 33°, KYCH
Right Eminent Grand Commander