Mid-Year 2019 Audit Training Notes

1. Audit Exceptions – When the auditor identifies an audit exception, he should carefully and completely explain what the exception is. He should write his description of the exception carefully so that the Stake Audit Committee members, the Stake President, the Assistant Area Auditor and the Area Auditor understand what has occurred.
2. Corrective Actions – When the auditor identifies and audit exception, he should carefully work with the Financial Clerk and the Bishop on the corrective action or actions that need to be taken. First, the corrective action should explain how the observed problem will be corrected. Second, the corrective action should indicate what additional actions are being taken so that the exception is not repeated. Both corrective actions should be spelled out clearly by the auditor in the audit, and clearly understood by the Financial Clerk and the Bishop.
3. Repeat Exceptions – When the auditor identifies an audit exception that is a repeat exception from the last audit, he should review with the Financial Clerk and the Bishop what corrective actions were taken unsuccessfully following the previous audit to try to correct the audit exception. He should then work with the Financial Clerk and the Bishop on corrective actions that can be accomplished so that the repeat exception does not happen again.
4. Payment Testing – The auditor instructions in the audit ask the auditor to focus selections for payment testing on fast-offering payments, large payments, and unusual payments.
5. Payment Testing for IROP's – The auditor instructions for questions #9 and #10 do not require the IROP to be printed. It can be as an option. The other method for testing is for the auditor to see the bishop's signature on the related financial statement and receive a verbal confirmation from the bishop that he was aware of the payment.
6. Other – If the auditor identifies a balance in the subcategory "Authorized Member-Financed Activities," these funds have not been properly allocated to a specific activity or purpose. The auditor should create an audit exception that requires a corrective action. All funds in the "Other" category should be allocated to a unit subcategory account that clearly describes the purpose for which the funds were collected. Once collected for a specific purpose, they should only be spent for that purpose. If excess collected funds remain after the activity, they should usually be returned to the contributors.

7. Unit and Consolidated Financial Statement – When auditors ask the questions of leaders about their review of unit and consolidated financial statements, they may detect that additional training should occur on how to review those statements. The stake audit committee should take the lead in to make sure that that training occurs. There is training available in the Help Center that ward and stake leaders can be encouraged to go through to help them understand this process better.
8. Stake President's Important Role In Stake Finances – Along with numerous other pressing duties and responsibilities, the stake president also plays a critical leadership role over finances on the ward level as he does the following:
    a. "He regularly reviews budgets and expenditures with bishops,…" (Handbook 1; 14.2.1)
    b. "The stake president reviews ward expenditures as part of his interview with each bishop." (Handbook 1; 14.7.1)
    c. "The stake president ensures that bishops administer Church welfare properly. In his regular interviews with bishops, he asks about the welfare of individual ward members and discusses the use of welfare assistance, including fast offerings, to help those in need." (Handbook 1; 5.1.1)