

Provincial Grand Lodge of Somerset

Guidance for Lodge Accounts Examiners

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Introduction

The Guidance Notes for Lodge Treasurers were formerly written by my predecessor W Bro Michael Webb PJGD, have been updated by me, and serve to give guidance to Lodge Treasurers without being too prescriptive. The guide has the constitutional finance rules all in one place. The guide can be downloaded from the Provincial website.

These Guidance Notes are taken from the above Guidance Notes and contain some advice and guidance for Lodge Accounts and examiners. The Notes are not exhaustive and if any issues arise please do not hesitate to contact me.

Keith R S Surry

Provincial Grand Treasurer

1 March 2019

The main purpose of this booklet is to provide Accounts Examiners with guidance on their duties and responsibilities.

Grand Lodge Requirements

The definitive rule for Auditors is Rule 153 Book of Constitutions and relevant sections are reproduced below in Bold type. In a different font are the points raised by UGLE in their publication Information for the Guidance of Members of the Craft which being an Extract from Report of Board of General Purposes, adopted 13 March 2013 are mandatory.

Some explanation has been added to each point raised shown in italics

Rule 153 Book of Constitutions:

4 He (the Treasurer) shall prepare a statement of accounts annually, at a date to be determined by the members, showing the exact financial position of the Lodge, which statement shall be verified and audited by a committee of members of the Lodge annually elected for that purpose.

(d) The form of the certificate of the Audit Committee is effectively set out in this paragraph of the Rule, and it should be noted that the audited accounts bearing the certificate must be sent out with the Lodge's summons so that every member has the opportunity to raise any issues whether or not he is able to be present at the meeting. For this reason it is not permissible for the accounts to be distributed at the meeting at which they are to be considered.

4.1 This means that the Treasurer must prepare accounts that truly reflect the financial position of the Lodge based on the properly kept books and records and pass these to the Audit Committee for review and verification.

4.2 This means that the accounts for all bank accounts should be sent out in good time to enable members to consider them prior to the meeting. The accounts should not just be handed out at the meeting, as is often the case.

5 Copies of the accounts and of the certificate signed by this Audit Committee that all balances have been checked and that the accounts have been duly audited shall be sent to all the members of the Lodge together with the summons convening the meeting at which they are to be considered.

(e) Every fund maintained by or in connection with the Lodge must be the subject of annual accounts, which must be audited and formally presented to the Lodge. This paragraph does not require that the Lodge's Treasurer be a signatory on cheques making payments from those funds, or that he be the person who keeps their accounts. It is, however, essential that the Lodge approve the bank at which such funds are held as well as the signatories on the respective accounts.

6 Such meeting shall not be later than the third after the date to which the accounts are made up. The books of account shall be produced for inspection in open Lodge at such meeting, and on any other occasion if required by resolution of the Lodge.

6.1 This means that the accounts should be prepared and audited/ examined as soon as practicable after the year so that they can be presented to the members no later than the third meeting after that date.

6.2 The books and records should also be available at the meeting and it is also a good idea if the Treasurer brings them to each meeting (see the comments above about computerized accounting).

7 The same procedure of annual accounts, audit and presentation to members shall, mutatis mutandis, be followed in relation to any other funds maintained by or in connection with the Lodge (whether by the Treasurer or by a Charity or other Steward or by any other member of the Lodge) such as, but not limited to, a Lodge Benevolent Fund, the funds of Charity or Benevolent Association, Dining Fund, Charity Box collections or other monies receivable from individual members of the Lodge or any of its Officers.

7.1 This means that all subsidiary accounts or activities of the Lodge that do not form part of the main Lodge accounts should have their own set of accounts which should be audited and signed off. The Treasurer is not required to be a signatory to cheques from these accounts or keep the accounts, but in every event the lodge should pass a resolution approving the bank and signatories.

7.2 The different functions may mean that the format of the accounts varies but the procedure should be the same, mutatis mutandis (i.e. adapted to suit the circumstances).

7.3 Note that in “Information for the guidance of members of the Craft” it states that “Receipts and disbursements for Ladies Nights and similar functions must never be included in the accounts relating to Lodge funds”. Whilst a separate account ought to be shown to the members, these monies should never appear in the Lodge General Fund.

Auditors/Examiners/ Scrutineers

Auditing the Finances of a Masonic Lodge

The Lodge requires assurance in order to be confident that the Treasurer is doing his job correctly and keeping the necessary records. It is the auditors’ role to provide this assurance. Competent auditors will be able to verify that the records are appropriate, complete and accurate and reassure the members of the Lodge that - to the best of their knowledge - all monies have been correctly accounted for.

A Lodge appoints two members to carry out the audit and, ideally, they should work as a team and agree each stage of the audit process together. Checking accounts is not always a simple process so two heads are better than one.

Grand Lodge recommends that the Auditors should be senior members of the Lodge, preferably with an understanding of accounts

Due to legislation many Lodges call the Auditors “Examiners” or “Scrutineers”

Following these simple guidelines will help to ensure that the checks made are purposeful and give the assurance needed.

Preparation

It will be helpful to ask the Secretary to provide certain information: For example, a full list of members from whom subscriptions have been required. Also, details of the value of Alms collected and raffle proceeds throughout the year. These sums should be announced at each meeting and duly recorded. The Dining Steward may provide details of how many dined at each meeting and the cost of each meal.

It may well be necessary to raise queries with the Treasurer which arise during the audit. The Auditor should always be confident in doing this and indeed would be failing in his duty to his lodge to shirk this responsibility. It may be helpful to arrange a meeting between the Auditors and the Treasurer to resolve the queries.

Remember that the Auditors have to sign a declaration that the Accounts have been checked and found to be accurate - therefore, do not underestimate the importance of this job!

The following documents / information should be obtained:

Annual Accounts

Receipts and Payments Accounts / Ledgers. If records are kept on computer, these must be made available and preferably printed. Bank statements, Cheque Books, Paying in Books

Record of subscriptions received, invoices for all expenditure, dining records.

Reports on funding activities and donations made.

Records of Lodge expenses held by any other party eg Almoner.

A copy of the Minutes for each Lodge meeting and also Committee meetings, which may record the authorisation of expenditure. Any other records which have been kept.

Conducting the Audit

Annual Accounts

This is the document that the auditor has to sign with the declaration that all balances have been checked and the accounts have been duly audited.

Check that all columns on this document are correctly totalled.

Check that all bank balances shown are correctly recorded by comparing to bank statement details at the appropriate dates.

Examine the Receipts Account, ensuring that all totals under each heading have been correctly brought forward.

Examine the Payments Account likewise, ensuring that all totals under each heading have been correctly brought forward.

Receipts

Check that columns have been correctly added up. If they are too numerous do this at random .

Verify that the deposit values shown on the bank statement are correctly recorded and consistent with the Receipts Account. For example adding the recorded amount of dining fees - alms - raffle proceeds and any other miscellaneous income at any one meeting should total the amount deposited into the current account following that meeting. If the figures are not consistent raise a query.

Note: Time may not permit every suggested check to be carried out for every deposit in which case review enough deposits, at random, to feel comfortable with the accuracy of reporting.

Verify that deposits made for all activities match the amount reported. e.g., if the Lodge minutes recorded that £250 was raised at the raffle, there should be a £250 deposit.

If any deposit amount differs from the recorded values raise the question with the Treasurer.

Payments

Check that columns have been correctly added up - at random if necessary.

Compare cheque reference numbers and values to the bank statements and also compare to cheque stubs to ensure that all expenditure is accounted for.

Ensure that no money has left the account which cannot be traced to a cheque stub (for example from a cheque book bearing a different sequence of numbers or an unaccountable miscellaneous transfer). Verify that every cheque stub is present and legible. In cases where a cheque is not issued (due perhaps to a mistake in its completion) it should be retained and both it and the stub should be marked CANCELLED.

Invoices

Endeavour to trace each cheque stub to an invoice or reference in the minutes which authorizes the payment. Each payment should be recorded in the Accounts.

Depending on the volume of transactions, random selection may be appropriate.

Note: All cheques should have an accompanying invoice. It is good practice for the Treasurer to note the cheque number on each invoice and retain them in order to help facilitate an audit trail.

Reimbursements for expenses – e.g. Secretary or Almoner - should include individual invoices for each item and a schedule which is totalled to show the sum claimed.

Conclusion

This guidance offers advice on conducting the most basic of audits and it is hoped it will prove helpful to any Lodge Auditors who feel unsure about the process.

Remember that you are not there to catch the Treasurer out, but merely to reassure your lodge members that the money they pay in subs, for meals and donations to charity has been correctly received, accounted for and deposited into the bank.