BACKGROUND

For School Year 2008 – 2009, approximately 580 students were enrolled at Ludington Magnet Middle, which has grade levels fifth through Eighth. Ms. Alero Comer-Maxwell was the Principal during this time period and has been serving in this capacity since July 2008.

Ms. Marlene Rakestraw is the Secretary and is currently performing the bookkeeping duties for Ludington Magnet Middle School and has been doing so for 21 years.

Ludington Magnet Middle School maintained both a commercial checking and savings account with Chase Bank. Primary sources of General School Funds included fundraising activities and donations (Target) and special projects funding (Skillman Grant and Title I). Sources of District Fund Revenues include Food Services (i.e., lunchroom).

AUDIT OBJECTIVES

The objectives of the audit were to ensure that:

1) The cash management system is effective in controlling the receipt, processing, deposit, disbursement and accounting of funds to limit any risk of theft, misuse and/or misappropriation, and

2) General School funds (for example, student fees, fundraising activities, grants, etc.) and District funds (for example, lunchroom receipts, fines, athletic/league game receipts, summer school tuition, etc.) are properly accounted for, safeguarded and used as intended.

SCOPE & METHODOLOGY

The scope of the audit was to review the cash management activities from July 1, 2008 through March 31, 2009 for school year 2008-2009.

1) Interviewed key school officials to obtain an understanding of their cash management process.

2) Prepared a process narrative documenting the controls in place for each source of revenue.

3) Reviewed monthly cash receipt and cash disbursement ledgers: If the ledgers did not exist, transaction activities were compiled by totaling cash receipt records and reviewing the check register for cash disbursements.

4) Completed a cash receipt ledger template: The ledger was designed to identify funds, which may have been received but not deposited. Performed research as necessary.
5) **Performed a cash count:** All cash on hand waiting to be deposited, as of the audit date, was counted under dual control by a field auditor and witnessed by a school official. The count did not include sealed cash for lunchroom deposits.

6) **Compiled financial data via bank reconciliation templates:** Reviewed reconciliations completed by the schools to identify banking irregularities and reconciling items outstanding for an extended period of time. Confirmed bank reconciliations were completed as reported to the Office of Central Accounting.

### FINANCIAL SUMMARY

**Table 1.1:** Cash Receipts from General and District School Funds (July 2008 – March 2009)

<table>
<thead>
<tr>
<th>ACCOUNT TYPE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Checking Deposits</td>
<td>$42,720</td>
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</tbody>
</table>

### AUDIT RESULTS IN BRIEF

Based on our review of the cash management process, no control weaknesses were noted.

**Achievement**

Ludington Magnet Middle is a recipient of the *Skillman Foundation Good Schools Grant* with a designation as a High Performing School. This indicates that they have met criteria such as: (1) Meeting or exceeding grade-level expectations in English, math and science; (2) Offering challenging curricula to all students; and (3) Demanding consistent attendance and punctuality from all students, etc.
Our audit was performed in accordance with U.S. General Accounting Office Government Auditing Standards and Standards of the Institute of Internal Auditors.

This report is intended solely for management and should not be used for any other purpose. This restriction is not intended to limit the distribution of the report which is a matter of public record.

Odell W. Bailey, CIA
Auditor General