



**KETRON ELEMENTARY SCHOOL CAFETERIA
SULLIVAN COUNTY DEPARTMENT OF EDUCATION**

Comptroller's Investigative Report
September 6, 2018

Justin P. Wilson, Comptroller





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September 6, 2018

Director of Schools and Members of the
Board of Education
Sullivan County Department of Education
P. O. Box 306
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Director of Schools and Board Members:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Ketron Elementary School Cafeteria, Sullivan County Department of Education, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Haslam, the State Attorney General, the District Attorney General, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

Ketron Elementary School Cafeteria Sullivan County Department of Education

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Ketron Elementary School Cafeteria (cafeteria). The Comptroller's Office initiated an investigation after school system officials reported concerns about cafeteria operations.

INVESTIGATIVE RESULTS

- **Former cafeteria manager Deborah Beckman misappropriated cafeteria funds and made false entries into cafeteria collection and deposit records**

During the period August 2017 through November 2017, cafeteria manager Deborah Beckman misappropriated cafeteria funds, including frequent and repeated use of an indeterminate amount of cash collections, to pay personal expenses. Ms. Beckman employed at least three schemes to misappropriate cafeteria funds for her personal use without the authority or knowledge of school system officials or other cafeteria employees. Ms. Beckman entered false information in the cafeteria accounting system and manipulated the deposit process, effectively concealing her misappropriation of cafeteria funds.

- *Former cafeteria manager Deborah Beckman misappropriated funds totaling at least \$758 donated to provide ice cream to Ketron Elementary School (KES) kindergarten students*

In September 2017, Ms. Beckman misappropriated cafeteria collections totaling at least \$758 which had been donated to provide ice cream each Friday to all KES kindergarten students at no charge.

In September 2017, after observing that some kindergarten students were not able to purchase ice cream sold a la carte by the cafeteria each Friday¹, a student's family member raised and donated sufficient cash to provide ice cream at no charge to every kindergarten student in the school for the remainder of the school year. The donor gave two separate cash donations to the cafeteria manager, Deborah Beckman. The donor stated he based the amount on calculations provided by Ms. Beckman. Based on the school calendar, the number of students enrolled in each class, and the unit price of the ice cream, the amounts donated totaled at least \$1,258. Ms. Beckman did not provide receipts to the donor.

¹ KES was designated as a Community Eligibility Provision (CEP) school under the US Department of Agriculture's National School Lunch Program. As such, the cafeteria offered every student both breakfast and lunch each school day at no charge. For some serving periods, the cafeteria made available for purchase extra meals and certain snack items.

Ms. Beckman took at least \$758 of these ice cream donations from the cafeteria for her personal use. Ms. Beckman concealed her fraudulent actions by:

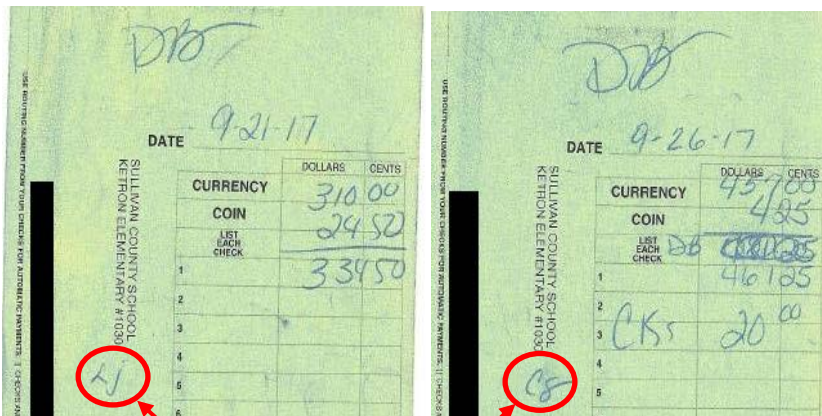
- o Falsely reporting in the cafeteria accounting records that the donations totaled only \$500; [Refer to Exhibit 1.]

Exhibit 1

Date	Time	Item#	Nut. Code	Status	Description	Serving Site	Check#	Payments	Purchases	Extra Credit	Balance After	User
09/26/17	10:58:40	PLUN	6		LUNCH PAYMENT	0215		400.00	0.00	0.00	500.00	DBECKMAN
09/21/17	08:15:15	PBRK	6		BREAKFAST PAYMENT	0215		100.00	0.00	0.00	100.00	DBECKMAN

Although she received Kindergarten class ice cream donations of at least \$1,258.50, Ms. Beckman recorded in the Ice Cream account only \$500 of the donations (\$100 on September 21, 2017, and \$400 on September 26, 2017).

Exhibit 2



Initials of other cafeteria employees signed by Ms. Beckman. The \$100 and \$400 amounts are included in the currency amounts shown on the deposit slips.

- o Preparing deposit slips that reflected the false donation amounts she reported (donation amounts included with other daily collections) [Refer to Exhibit 2.];
- o Signing the initials of other cafeteria employees on the related deposit slips to falsely indicate the other employees agreed with the amounts shown. [Refer to Exhibit 2.]; and
- o Subsequently understating and/or failing to record the amounts of ice cream actually served to kindergarten students, thereby falsely inflating the remaining donation balance she recorded in the accounting records.

Ms. Beckman admitted to investigators that, without the knowledge or the authority of school nutrition officials and other cafeteria employees, she took cash donated to provide ice cream to KES kindergarten students for her personal benefit. Ms. Beckman stated that she used these funds to purchase personal groceries and pay a personal utility bill. Ms. Beckman also admitted that she made false entries in cafeteria records to understate the amounts donated. Additionally, she acknowledged that she prepared the deposit slips and that she was solely responsible for entering all data related to kindergarten ice cream in the cafeteria's computer system.

The school system subsequently provided necessary funds so that all KES kindergarten students would receive Friday ice cream as per the donor's intention.

- *Former cafeteria manager Deborah Beckman submitted at least seven mileage reimbursement claims for trips on days that deposits were not made*

On at least six occasions from August 2017 through November 2017, Ms. Beckman submitted reimbursement claims for travel to the bank related to dates for which no deposits were made. On another occasion, Ms. Beckman submitted a duplicate travel claim. Ms. Beckman received payments of school nutrition funds to which she was not entitled as a result of her submission of the false travel reimbursement claims.

- *Former cafeteria manager Deborah Beckman misappropriated an unknown amount of cafeteria funds by taking money from daily deposits and using it for her personal benefit*

Ms. Beckman admitted to investigators that she took cash from daily cafeteria collections and used it to pay for groceries and other personal expenses. She stated that she used cash from subsequent deposits as well as funds from her paychecks to make up amounts she took.

Although Ms. Beckman told investigators that she counted and reconciled collections and prepared a cafeteria deposit each day, she did not make daily deposits. The timing of cafeteria collections and Ms. Beckman's deposits were consistent with a lapping scheme. This involved Ms. Beckman diverting daily cash collections for her personal benefit and then concealing that misappropriation by depositing in its place either cafeteria cash collections received on a subsequent day or cash from personal or other unknown sources. Cafeteria records were insufficient to establish the amount of cafeteria collections she took and/or replaced. Investigators were able to determine that from January 2017 through November 2017, Ms. Beckman delayed deposits of over \$15,000, extending her access to use these funds for her personal use.

- **Cafeteria manager Deborah Beckman signed the initials of other cafeteria employees on deposit records without their knowledge or consent**

The investigation revealed that Ms. Beckman routinely signed the initials of other cafeteria employees on cafeteria deposit slips without their knowledge or consent, falsely indicating their agreement with the amounts shown and facilitating her ability to misappropriate funds from daily deposits without prompt detection.

The employees stated that they rarely counted deposit amounts with Ms. Beckman and most stated that they had never signed or initialed deposit slips prepared by Ms. Beckman. In fact, only two employees had initialed a cafeteria deposit slip for Ms. Beckman within the previous year. Those two employees indicated that they did so per Ms. Beckman’s specific instructions on days when school nutrition program auditors were present in the cafeteria. Employees stated that they were neither aware of, nor had they given permission to Ms. Beckman to sign, their initials on deposit slips. From September 2017 through November 2017, Ms. Beckman signed the initials of other employees without their knowledge or consent on 50 separate deposit slips.

Sullivan County Department of Education officials terminated Ms. Beckman’s employment with the department on December 4, 2017.

The Comptroller’s Office referred this matter to the local district attorney general. On August 22, 2018, former Ketron Elementary School cafeteria manager Deborah Beckman was indicted on ten counts of Forgery of \$1,000 or Less, six counts of Theft of \$1,000 or Less, and six counts of Destruction of and Tampering with Governmental Records.

ADDITIONAL ISSUES

As noted above, the former cafeteria manager did not follow approved financial processes; instead she used her position to override required collection and deposit procedures. She gave herself total control over incompatible financial duties, thereby facilitating her ability to conceal her misappropriation of daily collections. When her activities were detected, school system officials promptly reported them to the Comptroller’s Office. Our investigation revealed an additional deficiency in the cafeteria’s financial processes that contributed to Ms. Beckman’s ability to perpetrate her misappropriation scheme without prompt detection. This financial process deficiency resulted from:

- School system officials failed to ensure that some collections were deposited within three days as required by law and the school system’s required procedures for cafeterias. In addition, when the former cafeteria manager made deposits, she often did not deposit all the collections on hand, facilitating her ability to conceal her misappropriation of cash from daily collections.

Sullivan County Department of Education officials have indicated they have corrected these deficiencies.