

Straight Outta Compton ... And Into His Pockets

Written by Nick Sanders
Thursday, 06 April 2017 00:00

Sigh.

Another [story](#) of corruption by a public official. This time it's about the (former) Deputy City Treasurer of the city of Compton, California. According to the LA Times story (written by Joseph Serna and Angel Jennings), Salvador Galvan "brazenly skimmed more than \$3.7 million from City Hall, taking anywhere from \$200 to \$8,000 a day" over a six-year period starting in 2010.

Six years. That's a long time to get away with stealing city money. How did Galvan execute his scheme? The LA Times story reported—

Galvan had worked since 1994 in the Compton treasurer's office, where he was responsible for handling cash, city officials said. As part of his duties, he collected money from residents paying their water bills, business licenses, building permits and trash bills. While Galvan maintained accurate receipts of the cash he received for city fees, he would submit a lower amount to the city's deposit records and, ultimately, on the deposit slips verified by his supervisors and the banks, federal prosecutors said in court documents.

Essentially, then, the cash being deposited didn't match the recorded revenue. Seems kind of basic, like something any basic internal control might have prevented. Apparently, though, the discrepancies were "small enough" that they didn't "trigger" any alarms. Kind of like designing a computer program to catch the rounding of pennies in payroll and deposit the rounding into one's bank account. (And we know how *that* worked out.)

The amount allegedly stolen varied by month. Early on, Galvan was allegedly stealing \$1,400 each month, but that amount grew. The story stated "Galvan is accused of stealing \$395,824 in 2012 and \$719,345 in 2013. The biggest loss was in 2015, when \$879,536 was unaccounted for in the city's books, court documents show."

Apparently the discrepancy between reported and deposited cash receipts had grown to the point that it triggered an alarm. Another city worker noticed the discrepancy and reported it. Well, that and the fact that Galvan was living above his income. The LA Times story reported—

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Colleagues told investigators that Galvan always had the newest cellphone and cash on hand. He paid for office parties, bought gift cards for cashiers and bought the office a Keurig coffee machine and boxes of K-cup coffee pods for it, documents show. They noted that Galvan started at work with an old Toyota and moved up to a black Audi sedan during his employment with the city, officials said. A search of Galvan's home turned up 72-inch flat-screen TVs in three bedrooms and a living room, as well as 20 pairs of Ugg shoes that belonged to his wife and daughter, the criminal complaint stated.

Reportedly, Galvan was confronted and confessed.

The LA Times story quoted one "community activist" as saying "What were the checks and balances that he could pull something like this off? Was he alone? Did he have help? And what procedures have been put in place that the next man don't do this going forward?"

We think those are *excellent* questions.

Segregation of duties, such that the person reporting cash receipts is not the same person making the bank deposits.

A two-person count of cash received.

A regular reconciliation between cash receipts and cash receipts deposited.

These are *not* hard things to do. These are easy things to do, when an organization has the intent to create internal controls to prevent or detect employee wrongdoing.

Apparently, however, it was too hard for the City of Compton. And now its citizens are \$3.7 million poorer for the lack of effort.

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