

Outside scrutiny long overdue

Our view: Financial oversight needed by water agency that is far behind on audits.

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The Beaumont-Cherry Valley Water District - and its ratepayers - figure to benefit greatly from all the outside scrutiny coming the district's way.

The latest entities to take a look at the way the board and top managers run the district are the Riverside County grand jury and the county's Auditor-Controller Office.

We're glad to see it, because this is a district that appears largely unaware of financial best practices.

The Auditor-Controller Office has stepped in because the district hasn't even managed to conduct financial audits of its own operations for the past few years. Public agencies are required to conduct annual audits, but the district's last audit was for 2003.

The lack - or lateness - of audits apparently caught the grand jury's attention, as did the district's policy of allowing its top four executives to live free of rent and utility bills in district-owned homes.

Other items the grand jury probably is looking at include an expensive case of nepotism - the district's lavishing ratepayer money on the college education of the general superintendent's son - and the district's overspending by \$14,000 in 2007 of the budgeted amount on directors' compensation for attending other agencies' meetings.

Hmmm, maybe there are good reasons the district hasn't been conducting audits.

The county ordered the district to complete its overdue audits and make them available to the public. But the firm the district hired to conduct the audits, Mayer Hoffman McCann, said it could not complete the audits because the district's financial records were deficient.

So district General Manager Chuck Butcher hired a consultant, a public auditor, to get the financial records in shape for Mayer Hoffman to begin its audit.

Along the way, the county Auditor-Controller Office became concerned about the slipshod record-keeping and decided to do its own review alongside Mayer Hoffman.

"We don't usually do that," said Larry Berenato, a spokesman for the Auditor-Controller Office. "And that's because districts usually have adequate financial records to conduct an audit."

But not the Beaumont-Cherry Valley Water District.

"We're following the audit process of (Mayer Hoffman), and we're reviewing some additional financial records to obtain greater assurance that the financial standing of the district is fairly presented," Berenato said.

That's what the 13,000-plus customers of the water district in the San Geronio Pass area need: greater assurance that the district is handling their money properly - or not.

Between the Auditor-Controller Office's oversight and the grand jury's investigation, they should find out soon enough.