

CH #1 Exercise Room

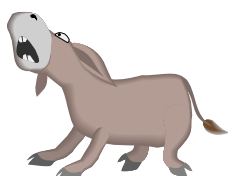
“Forensic Audit;” Does Residents Voice want a “forensic” audit? You bet it does. Will it cost \$10 million? Only if you use Mr. Blodgett’s logic. I must assume that when he goes swimming he jumps into the middle of the ocean rather than use one of our swimming pools. Yes, Mr. Blodgett, it can be a long swim and certainly more than you want if you start from the middle of the ocean.

A “forensic” audit defines the DEPTH of the audit, not necessarily the WIDTH of the audit. Our annual audit by KPMG is a very shallow audit and covers the entire width of the corporations. Per KPMG the intent of that audit is NOT to locate fraud but merely verifies that the proper accounting procedure was used at the top of the accounting ledger.

A forensic audit of several departments will not cost \$10 million and Mr. Blodgett knows that. His implication that the cost is prohibitive and does not justify a forensic audit, suggests that he believes that there is never a need for such an audit. A little research reading the law suits brought against KPMG by their clients, refutes that assumption. The courts have found that regardless of what the auditors say, they are obligated to look for fraud. The courts have decided that looking for fraud is one of their responsibilities.

If KPMG doesn’t do it, then we need someone that does, and we can find a couple of PCM departments in which to begin the forensic audit, without spending \$10million.

We look forward to your response Mr. Blodgett, to help us create a future issue of “The Voice.”



Take a walk by the Clubhouse #1 Exercise Room any weekday morning and you will find an almost empty room being utilized by a select few individuals who have the room to themselves.

Last year, this room was utilized by approximately 1000 Saddleback Community College students during this time period. How did this transition happen? Several active residents decided that it would be in their best interest to be able to use this facility anytime they wanted to without having to wait until the class was finished.

The GRF Board concurred with their wishes and we now have two new situations;

1. Instead of, state college provided staff professionals to manage the classes at no cost to LWV, we have additional PCM staff persons to manage the exercise room. Additional PCM staff equates to higher assessments. If PCM says that they, “Don’t need any additional staff with this new arrangement,” then, they were overstaffed last year when the college provided the staff.
2. LWV is caught between a “Rock and a Hard Place.” PCM arranged for LWV to be classified with the IRS as a 501(c)(4) corporation which is defined in very loose terms, as a social organization. Providing social amenities for just the Home Owners Association is illegal since the IRS classification assumes that the entire community derives a benefit from our IRS arrangement.

We have found ourselves digging deeper and deeper holes when we look at the long range