

Bamfield & Co Accountants have been providing accounting audits to large strata complex managed by Raine & Horne Strata Sydney BCS Strata Management at Macquarie Park, Sydney for number of years without tender.

Number of poor accounting practices have been uncovered by owners, but the Executive Committee, in co-operation with BCS, continues to use Bamfield & Co (acquired by Hayes Knight Accounting in 2014). All attempts to warn the accountant about poor practices were met with silence and no response were ever received.

Under owners' complaints, BCS Strata Management issued amended six-monthly balance sheet for this large strata complex in April 2013 (BCS document 5304628), correcting some serious errors in expenditures:

5304628	N		MACQUARIE PARK NSW	Financials	SIX MONTHLY AMENDED	30/04/2013
5200006	N		MACQUARIE PARK NSW	Financials	Sx mthly accounts	9/04/2013

However, just before the Annual General Meeting in October 2013, BCS deleted the document 5304628. It is not an unusual practice for this strata agency to remove evidence. In this strata complex the same strata agency destroyed ballot papers straight after the AGM in 2001, for example. Refusals to provide access to strata documents as per SSMA 1996 Section 108 are common.

6306911	r	PARK NSW	MACQUARIE	Financials	Bamfield & Co audit report 2013	10/10/2013
6306912	r	PARK NSW	MACQUARIE	Financials	Bamfield & Co audit report 2013	10/10/2013
5200006	N	PARK NSW	MACQUARIE	Financials	Sx mthly accounts	9/04/2013

- It is not new for BCS Strata Management to be investigated for poor financial accounting and mismanagement practices. This is extract from NCAT (old CTTT) case SCS 14/31418 in which strata complex at Casuarina requested appointment of compulsory strata manager to replace BCS:
 - BCS accounting methods – organise a forensic accountant or thorough investigation (use a Forensic Accountant) of the accounting on Kleenheat and all bills. Also on BCS's use of a combination of cash and accrual accounting that has caused issues.
 - Initial updated budget be prepared within 6 weeks
 - Prepare a budget to show the real shortage – including the approximately \$50,000 for Gas billing
- Large strata complex in Sydney CBD recorded the following Motions at AGM 2012 (BCS contract was terminated at that meeting):
 - 13.6 That determination be made to subcommittee to investigate \$600,000.00 painting expenses in 2008 within 3 months.
 - 13.7 That determination be made to subcommittee to investigate more than 3 million dollars plumbing and other expenses from 2007-2010 within 4 months.
 - 13.8 That determination be made to subcommittee can fully and free access all the records as request.
 - 13.9 That determination be made to subcommittee investigation will be without any monetary rewards.
 - 13.10 That determination be made to subcommittee is able to report investigations to police service and Fair Trading once the subcommittee has found the funds have been misappropriated or misused.
 - 13.11 That determination be made to elect subcommittee at the general meeting.

These were some of the questions sent to Bamfield & Co to explain their incorrect financial audit for AGM 2013. They were sent to their staff three times and reply never received. AGM 2014 did not correct any of the errors for FY 2013.

Strata Plan Macquarie Park FY2013 Examples of Mismanaged, Wrong, Excessive, or Unauthorized Expenses (why Bamfield & Co Accountants approved them as valid?)	Comment
AGM 2013 reported Gas and Oil \$24,734.47	Real: \$21,822.31 (Aug to Aug calculation)
AGM 2013 reported Electricity \$102,147.41	Real: \$89,044.95 (Aug to Aug calculation)
AGM 2013 Water \$75,843.90	Real: \$85,739.13 (includes hidden water usage reimbursements for selective townhouses)
AGM 2013 Caretaker Fees \$156,230.07	Real: \$9,587.15 x 12 = \$115,045.80
AGM 2013 Security \$41,491.28	Real: \$6,822.38 x 12 = \$81,868.56
AGM 2013 Plumbing \$12,553.73	Real: around \$40,000.00
AGM 2013 Note 9 missing in the AGM agenda with Income and Expenditure Statement	
AGM 2013 Note 8 contains wrong accrued electricity expense paid on 13.09.2013 (\$9,671.96)	Real: \$7,724.44
AGM 2013 Note 8 contains wrong accrued gas expense paid on 13.09.13 (\$7,737.72)	Real: \$9,685.42
AGM 2013 Legal and debt recovery fees \$14,859.48	Real: \$28,458.84 (Solicitor) plus debt recoveries for late levy payments
AGM 2013 GST claimed for gas reimbursements \$302.24	Even that figure is dubious because 18 townhouse owners received payments for gas usage in amount of \$5,626.14, which means the GST component is \$562.61 n(GST not applied equally to all parties)
AGM 2013 GST claimed for legal expenses \$2,587.17	The legal costs in FY 2013 were above \$28,000.00 so far. The Executive Committee and the Strata Manager then made insurance claims for legal expenses with the CHU. Because the insurer did not cover the GST component of the legal claims, the Strata Manager and the Executive Committee recovered the GST through the ATO in attempt to hide losses from owners' funds (even worse, GST cannot be claimed for payments given from common funds to proprietors who paid levies for common funds!)

Lift maintenance contract not tendered in 2005; signed for seven-years in 2010 without a tender or even knowledge of the EC and the owners corporation	<p>ThyssenKrupp Elevator charged four quarters for maintenance in FY 2010/2011</p> <p>On 15 March 2010, ThyssenKrupp Elevator sent a letter to the Strata Manager in response to his request to obtain quote for lift maintenance contract. Their offer was based on THREE-YEAR contract through two types of services (this quote never provided to members of EC; instead EC Chairperson and Strata Manager negotiated seven-year unfavourable contract alone)</p> <p>Over the last two years, the lift maintenance contract fees grew by:</p> <p>July 2012: 5.00%</p> <p>July 2013: 5.000078709169618%</p> <p>In the contract, these increases should be linked to the CPI and the inflation rates which are much lower in Australia (based on one owner's requests, ThyssenKrupp set the rebates on 25 September 2013 to be included in the next invoice)</p>
Raine & Horne Strata Sydney BCS Strata Manager's Bundled Disbursements	<p>Flat-fee of \$541.82 per month GST exclusive (not based on real expenses) charged monthly in non-compliance with Strata Management Agreement 2671 Section 4.1 (b), 4.2, 4.5 and Schedule of Fees; Should be $218 \times \\$1.60 \times 12 = \\$4,185.60$</p>
Raine & Horne Strata Sydney BCS Strata Manager's Contract (alleged "loyalty rebate")	<p>From 1 September 2011 it should have dropped to \$29,900.00 + GST) instead of previous \$33,498.96 + GST, as per Mr. Greg Freeman's private email on 24 October 2011); currently charging \$2,791.58 GST exclusive per month</p>
Raine & Horne Strata Sydney BCS Strata Manager's BAS Disbursements	<p>Flat-fee of \$136.36 GST exclusive per quarter (not based on real expenses) charged quarterly in non-compliance with Strata Management Agreement 2671 Section 4.1 (b), 4.2, 4.5 and Schedule of Fees</p>
Courier Service 19 April 2013 on \$851.56	<p>Strata Manager incurred this expense without consultation with the EC and failed to answer why it happened; Chairperson of the EC notified on 10 July 2013</p>
Caretaker's Callout Fee for Easter Saturday \$250.00	<p>Security workers in our complex are not seemingly paid holiday ratings so why is the Caretaker issuing these charges; not in contract</p>
\$13,656.27	<p>Undeclared and hidden water and gas reimbursements to selective townhouse owners, including long-serving Chairperson (18 out of 26 lots without Registered Special By-Law or Special Resolution)</p>

Hayes Knight, who merged with Bamfield & Co failed to respond to owners' direct challenges why their accounting figures were wrong for 2013 and 2014. For 12 months now, no reply or correction of any figure.

Reputable company would immediately address the customers' concerns and prove they were either right, or apologise and correct errors if they were wrong. Instead, silence is the mode of operation, well-known in this strata complex.

Hayes Knight had previous brushes with law and complaints against its offices. Here are few examples:

<http://www.nbr.co.nz/article/international-yachting-companies-taken-ride-fudging-accountant-mb-118380>

http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10804436

<http://www.justanswer.com/australian-law/6n7xc-hayes-knight-accounting-tax-returns-years-2005.html>

The value of auditor's reports is worthless if they cannot answer questions for obviously incorrect and dubious figures. The undisclosed or unauthorised expenditures easily amount to around \$50,000 in FY2014 alone. BCS Strata Management even goes to extreme to refuse to access to full accounting books in spite of legal requirement as per SSMA 1996 Section 108.