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 Bcc:



Subject: THE QUAYS - WHAT A MESS!
 Date: Tuesday, 18 October 2022 9:00:00

Dear Owners

An information update for you given that the committee currently appears disinclined to tell Owners what is going on.

In relation to the financial year ended 31/3/2022

Owners agreed to an audit at the 2021 AGM (24/8/21) - **the committee failed to effect this lawful decision.**

The motion to appoint an auditor was defeated by Owners at the 2021 AGM (24/8/21) - **the committee failed to include a motion to appoint a new auditor at two (2) subsequent EGMs.** Financials passed at the 2022 AGM (16/6/22) - **the committee approved and presented to Owners, unaudited and false financials that did not comply with any accounting standards or with the BCCM requirements.**

This was despite being advised in detail, and demonstrated in no uncertain terms, that the financials were incorrect and non-compliant in multiple aspects prior to the AGM - **the committee failed to verify and/or act on this advice.**

Finally, after being forced to face independent, professional confirmations regarding the illegitimacy of the financials, **the committee took it upon themselves to appoint an auditor to review the accounts.** Note that they appointed the same auditor they urged you not to vote for at the 2021 AGM.

While the long-awaited appointment may have had good intent, it continued the trend of the committee making illegal decisions. The **committee** has no authority to appoint an auditor, it is an Owners' decision to be made at a general meeting. **And, they failed to even advise us, the Owners, of their decision.**

Furthermore the committee, at last week's committee meeting failed to table or confirm a VOCM record as to when, where and how the committee made this auditor appointment decision.

At the committee meeting held last Thursday 13/10/22 (previous meeting was 5 months ago on 5/5/22) the committee organised to have the recently appointed auditor in attendance - **Owners were not advised.**

Also at the same meeting, the committee had organised a Zoom conference with a prospective Body Corporate Manager, Stansure Strata - **Owners were not advised of this or the fact that Value Strata was terminating its agreement with The Quays.** I am sure many Owners would have liked to have known prior to the meeting that these important items were on the agenda.

BTW - the auditor, Tracey Adam of Dickfos Dunn Adam, said that the financials were a complete mess since the handover due to Value Strata's apparent lack of legislative, accounting, bookkeeping and software knowledge & skills; and, that it required hundreds of journal entries to correct the mistakes. The Quays quarterly GST returns have not been lodged with the ATO and current bank statements are still to be sighted and reconciled. You can expect to see radically changed 2022 financials at some stage.

Which brings us to the next problem - the committee seems determined to further compound their mismanagement of our BC by rushing with undue haste to:

1. Appoint an unknown BCM, Stansure Strata, as recommended by of all people, Value Strata! Given their massive failures and regulatory breaches over the past year this is not a recommendation I would even contemplate. (See note 1 below)

The excuse for the rush is that they, the committee, can approve a transfer agreed to by the current BCM;

but, they would need an EGM for Owners to approve a new BCM appointment.

2. Issuing revised 2022 financials and the auditor's report.

While Owners should welcome these items that are well overdue, if circulated in a rush as the committee

proposes, it will result in Owners **having two sets of 2022 financials.**

One set, unaudited and with incorrect figures but as approved by the committee and Owners at the last AGM;

and a second set, hopefully with correct audited figures, but unapproved by Owners. So which set is legal?

Unfortunately it is the first set with unaudited and incorrect figures but as approved by the Owners.

Also Owners will have an audit report from an auditor appointed by the committee but not, as required

under law - appointed by Owners.

Potential buyers & Owners will be appalled by these anomalies & the resultant legal liability.

The Way Forward - the only solution to this mess is another EGM - which will need motions to:

1. Revoke the resolution in regard to the financials made at the 2022 AGM on 16 June 2022;
2. Confirm the committee's appointment of the auditor;
3. Present the revised, audited financials for approval;
4. Include an apology from the committee to Owners for their mishandling of our financials and their failure to keep

Owners informed, especially as to matters that only Owners can decide.

An EGM will also give the committee the opportunity and time to complete due diligence on several prospective BCMs and allow Owners to vote, as they should, on the appointment of a new BCM.

Maybe we as Owners should think about what caused this mess and why it happened this year and not in any of the previous 15 years from 2006 - 2021.

Note 1 - the committee doesn't need Value Strata to approve a transfer of its BCM agreement with the Quays. It has irrefutable grounds to sack Value Strata and I cannot understand why they didn't do it a long time ago.

Value Strata has consistently and continually breached the BCCM Code of Conduct in relation to its agreement with the Quays and on at least 32 documented occasions. At least 3 of these breaches/errors will impact negatively on the Quays finances to a total of at least \$90,000. For example; shortfall in levies \$82k, water charges and GST fiasco \$5k, extra audit and accounting expenses \$5k. And possibly ATO penalties in regard to failing to lodge quarterly GST/BAS returns.

Regards

Andy Doves

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