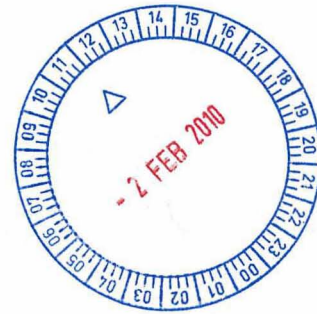


The Chairman
Standing Committee on Public Administration
Legislative Council
Parliament House
PERTH WA 6000



29 January 2010

Dear Sir

Inquiry into Western Australian Strata Managers

I am a member of the Forensic Accounting Special Interest Group within the Institute of Chartered Accountants in Australia and have many years experience in forensic accounting. In the last 2 years I have been engaged by four strata companies to review the accounting and management performance of their strata managers.

The financial information analysed during the reviews raised the following concerns in relation to the accounting and management services provided by the strata managers:

1. General lack of internal controls over payments and recording of payments by strata managers;
2. Significant number of unauthorised and unsubstantiated payments by strata managers to creditors and employees of the strata companies;
3. Payments to related parties;
4. Numerous double payments to creditors and payments to creditors for work relating to other properties;
5. Several late payment penalties incurred by strata managers as a result of not paying accounts on time;
6. Late lodgment of Business Activity Statements and Income Tax Returns on behalf of strata companies;
7. Errors in calculation of PAYGW tax liabilities;
8. Misallocation of receipts received from unit owners resulting in inaccurate arrears balances and disputes;
9. Missing levies – cannot be traced to strata bank accounts or records;
10. Lack of cash-flow management and untimely recording and reporting;
11. Delayed or no follow-up on queries from unit owners.

Please do not hesitate to contact me should you require further information and/or copies of my reports.

Yours faithfully

Danae Coombs