

COMMENTS ON THE FINANCIAL ALLEGATIONS CONTAINED IN THE 4TH  
INTERIM REPORT OF THE SCHLEBUSCH/LE GRANGE COMMISSION

1. INTRODUCTION (7.1.1)

Here it is interesting to note that despite the fact that this report was signed on 7th December 1973, the audited statement on NUSAS accounts dealing with the period 1st May 1972 up to the present have not even been mentioned. The relevant sections of the auditors' certificates under the dates given read as follows:

30th April 1973

"We have been unable to allocate affiliation fees to their respective years.

Subject to the above, we have examined the books, accounts and vouchers of the Union to the extent we considered necessary and have satisfied ourselves as to the existence of the securities. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion the above Balance Sheet and attached Income and Expenditure Account are in agreement with the books of account and present a true and fair view of the financial position of the Union for the year under review."

30th April 1974

"We have been unable to determine whether any provision should be made for Doubtful Debts and to verify the allocation of affiliation fees to their respective years.

Subject to the above, we have examined the books, accounts and vouchers of the Union to the extent we considered necessary and have satisfied ourselves as to the existence of the securities. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion the above Balance Sheet and attached Income and Expenditure Account are in agreement with the books of account and fairly present the financial position of the Union for the year under review."

Thus for the last two years NUSAS has received clear certificates. The explanation for the auditors not being able to allocate affiliation fees to their respective years is that administration within NUSAS causes problems with payment of these fees. Basically, the problem is that Universities within NUSAS and NUSAS itself have differing financial years. Thus the situation can arise whereby a constituent centre may pay affiliation fees to NUSAS at a time when they are in different financial years. For example, as constituent centres pay affiliation fees at the beginning of their financial year, this is at a time when the NUSAS financial year is ending. So if the Witwatersrand SRC, whose financial year runs from 1st January - 31st December does not pay its affiliation fees before 30th April NUSAS will not receive its due affiliation fees in the correct year.

However, NUSAS does recognise this problem which was discussed at the meeting of the NUSAS finance committee in June 1974. This committee decided that although this state of affairs was administratively inconvenient it never in any way affected the effective financial administration of NUSAS.

It can be added that this administrative problem for NUSAS is hardly an issue of State Security. In addition the failure of the commission to take the present NUSAS financial state of affairs into account could be interpreted as a deliberate omission in order to lend further credibility to the innuendo used as evidence in the Commission Report.

## 2. General Observations - Irregularities (7.2.1)

- \* The allegation that the books of account ARE not written up for long periods is a patent exaggeration. It may be added that the recurrent confiscations of the NUSAS books since 1971 by the Security Police and the commission have hardly enhanced good bookkeeping practice. Despite this NUSAS should not deny some validity in the Commission's allegation. Bookkeeping procedure WAS to an extent lax but this was rectified at least 20 months ago.
- \* The allegation that budget estimates are mere "guesstimates" can only be described as ridiculous. The NUSAS annual budget is at present based on "sure" income and expenditure estimated from previous experience. In this regard too NUSAS laid down budgetting procedures 20 months ago which have been followed. Here too, however, NUSAS will not deny budgetting procedure has in the past not been of a high enough standard.



- \* The allegation that NUSAS fundraising is accompanied by false information and fantastic schemes can only be described as gross exaggeration. Present NUSAS fundraising documents are well motivated and realistic. They deal with The South African Students Education Trust, South African Medical Students Trust, Prison Education, Wages research and publications and are available for perusal. Again the Commission is smearing NUSAS with out-of-date information on fundraising documents which despite the Commission conclusions can at worst be said to contain exaggerations.
- \* The allegation about the lack of receipts for disbursements must be rejected on the ground that it is accepted business procedure to regard cancelled cheques as receipts. However, where NUSAS has paid out cash amounts, generally for the Prison Education scheme, cash had to be given to individuals due to the refusal of the government authorities to co-operate with the scheme. Thus it is strange that a government appointed commission can berate NUSAS for a breakdown in bookkeeping procedure caused by the same government.
- \* Point 5 is substantially the same as point 1.
- \* The shortages of petty cash were investigated by Brian Draper who found that he could not trace the missing money but that it was probably spent on stamps, etc., which purchases at that time were not properly recorded. Brian Draper reached the conclusion that it was improbable that this money was stolen as it would have had to be stolen in small amounts over the years. This is borne out by the fact that over this period only small petty cash cheques were ever cashed. However, NUSAS recognised 20 months ago that petty cash procedure was deficient and this was rectified. No further petty cash discrepancies have occurred.
- \* On the allegation that overall financial control was "non-existent" must again be rejected as an unwarranted exaggeration. NUSAS decided 20 months ago that financial control was not as tight as it could be so policy on this was taken.
- \* The allegation that most top NUSAS office bearers are in the dark about NUSAS financial affairs and not interested either can only be labeled an exaggeration which certainly does not apply to the present NUSAS. Today more NUSAS leaders are completely au fait with NUSAS financial affairs than at any time in the history of the organisation.
- \* The final allegation that Trust monies are "handled recklessly and irregularly and are freely mixed with other monies and used together with them", is the most serious allegation made and the one with the least substance. This has never been true of NUSAS. It is agreed that prior to the new NUSAS budgetting procedure "Trust" and "other" money was mixed in the NUSAS budget. However, at no time

did NUSAS auditors do the same in the audited statement of accounts. Here the "Trust" money was always kept separate.

In the previous argument I have referred repeatedly to new NUSAS budgetting and financial procedure adopted 20 months ago. This was done at the December 1972 Congress at Rhodes and was done at the instigation of individuals within NUSAS who recognised a certain laxity in NUSAS financial affairs. It should be stressed that this was done by NUSAS before any external pressure was placed on the organisation. This then can only lead to confidence in the NUSAS administration. Here follows a quote from the December 1972 Congress minutes:

"It was felt by Finance and Organisation that the budgetting practice of the National Union could in many ways be improved. Advice and criticism on the present method of budgetting tendered by a member of the financial advisory panel was considered.

In principle it was agreed that the budget should as soon as possible be split into two sections: an administrative section and a project and programme section. This would benefit us in two ways. Firstly one could then easily develop a system whereby the general running expenses of Head Office could be financed out of stable income (e.g. affiliation fees) and projects only undertaken when and if finance becomes available.

Secondly, project money could be clearly seen to be used for the purposes that it was raised.

#### Res. 14 - Rules for Administering Finance

THAT this National Student Assembly lays down rules for the administration of the finances of the National Union and its affiliates to take effect from January 1, 1973, as follows:

##### 1. Reports

- (a) Annual audited accounts for the year ended April 30 each year shall be presented to the July meeting of NSA for consideration and adoption.
- (b) (i) Interim reports on the cash and investment of the National Union and its affiliates shall be prepared as at the end of every second month from April 30th, that is, June 30, August 31, December 31 and February 28.
- (ii) These interim reports shall be presented to the following meeting of National Council or of the National Student Assembly, for consideration and adoption and shall be circulated by post to SRC Presidents, SRC Treasurers and National Executive members.



## 2. Investments

At least once per month the President shall report to the SRC's and to the National Executive the position of and investment of the National Union or its affiliates whose value is of a fluctuating nature.

## 3. Cash Received

- (a) The person entrusted with the receipt of monies hereafter referred to as the Cashier, who shall not be the bookkeeper, shall follow the following procedure
- (i) All cheques and postal orders received shall be crossed and marked for payment to the relevant banking account
  - (ii) Cash received shall be counted and kept in a safe place until banked
  - (iii) A numbered receipt for every payment shall be prepared and issued promptly to the person making the payment. There shall be separate receipt books for each banking account maintained.
  - (iv) All moneys received shall be banked promptly and intact
- (b) The bookkeeper shall prepare the cash book from the receipt counterfoils with the aid of the bank deposit slips. Any discrepancy between the amounts received and the amounts banked shall be reported to the President for investigation.
- (c) (i) At intervals the President shall satisfy himself that the procedures outlined in 3(a) and 3(b) are being adhered to
- (ii) In particular the President shall verify whether
    - (a) all monies received are receipted and banked
    - (b) the receipt counterfoil totals correspond to the bank deposit slip totals
    - (c) The cash book entries correspond to the receipt counterfoils
  - (iii) At intervals the President shall scrutinise the cash books to ensure that monies received are being correctly allocated.

## 4. Payments

- (a) (i) The bookkeeper shall be responsible for the preparation of cheques

- (ii) No cheque shall be drawn or signed unless a corresponding cheque requisition form has been completed, and authority for payment has been obtained by means of any two executive members of the National Union signing or initialling the form.
  - (iii) The cheque requisition form shall include the name of the bank account from which payment is to be made, the name of the person to whom payment is due, the amount of the payment, the reason for payment, the cash book allocation, the cheque number and the authority for payment.
  - (iv) All statements, invoices, delivery notes and other supporting vouchers shall be affixed to the back of the relevant cheque requisition form.
  - (v) Cheque requisition forms, with supporting vouchers, shall be filed by the bookkeeper in numerical order with the returned paid cheques.
- (b) (i) Wherever possible, supporting vouchers should *be obtained before a payment is made.*
- (ii) Where no voucher is available, additional care should be exercised by executive members before authorising payment, and any necessary additional information should be entered on the cheque requisition form.
  - (iii) Wherever possible payments shall be made by means of crossed cheques, drawn to order of the relevant creditor. Where this is not possible, the order of the relevant creditor. Where this is not possible, additional care should be exercised by the bookkeeper and members of the executive to ensure proper payment.
  - (iv) At the end of each month the bookkeeper shall prepare in the cash books a bank reconciliation statement for each banking account administered by the National Union or its affiliates. The cashier shall scrutinise each reconciliation statement and, on being satisfied, both the cashier and the bookkeeper shall sign each statement in the cash book.
  - (v) At intervals the President shall, by examination of the relevant documents and books of accounts satisfy himself that these rules regarding the payments are being adhered to, that the cash books are being correctly prepared and that the allocation of items of expense in the cash books is correct.

5. Petty Cash

- (a) A petty cash float shall be kept at the Head Office by a petty cashier who shall keep a petty cash book.
- (b) Neither the cashier, nor the bookkeeper, nor the President shall act as petty cashier
- (c) Wherever possible, payments shall be made by cheque and disbursements from petty cash shall be kept to a minimum
- (d) No cash received shall be utilised directly for petty cash. All cash received shall be banked in terms of (3) above.
- (e) A petty cash voucher shall be prepared and authorisation obtained, before any payment is made from petty cash
- (f) All petty cash payments shall be authorised by means of any one executive member of the National Union signing the petty cash voucher
- (g) Petty cash vouchers shall be filed in chronological order with relevant supporting vouchers affixed to them
- (h) At the end of each month the petty cashier shall total the petty cash book
- (i) At the end of each month the petty cashier and the cashier shall count the petty cash on hand, and shall enter the amount on hand with the date and both their signatures, in the petty cash book
- (j) Any shortfall or surplus which is discovered in the petty cash shall be reported to the President immediately for the necessary investigation
- (k) The President shall satisfy himself from time to time that the above procedures are being complied with, and that the allocation expense items in the petty cash book is correct

6. Loans

- (a) No loans exceeding ten rand shall be made to any member of the National Executive, nor to any employee of the National Union, except for special purposes (such as the purchase of a motor vehicle to be used partly for the business of the National Union) with the express prior permission of the National Council
- (b) No loans shall be made from petty cash
- (c) Loans not exceeding ten rand, for a period not exceeding two weeks may be made to any office bearer or employee of the National Union provided that such loans shall not be made from any special funds administered by the National Union



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- (d) Collateral security shall be obtained before any loan exceeding ten rand is made
- (c) The President shall report to each ordinary National Council meeting and to the National Student Assembly the details of all outstanding loans exceeding ten rand made to present and past office bearers or employees of the National Union
- (f) Notwithstanding the above, office bearers and employees may purchase goods on NUSAS accounts with suppliers, provided that NUSAS shall be repaid within thirty days

#### 7. General

- (a) In matters of urgency any two executive members may disregard the provisions contained in sections one, two, three, four or five of these rules provided that they rectify the matter as soon as possible thereafter and provided that they report their actions to the next meeting of the National Council
- (b) All material departures from these rules shall be reported to the National Council
- (c) National Council in its discretion shall have the power of ratification, either prior or subsequent, of any departure from rules provided that it shall report on such matters to the National Student Assembly.

Passed  
60 for, 11 against, 1 abst.

The resolution was reviewed and then correlated as the required 2/3rds majority was obtained."

Further to this the July 73 Congress at Witwatersrand University considered and recommended a new executive position, Treasurer, in order to further improve the financial administration. Gordon Young was appointed to this position for the rest of his term of office and Brian Draper was elected to this position to take office in December 1973. Brian Draper sorted out the NUSAS financial system but unfortunately had to resign later in the year. However, Karel Tip took over the financial organisation and the nett result was that the auditors reduced the 1973/74 financial year audit fees due to the improved standard of the NUSAS books.

At the 1974 Congress where the structure of the NUSAS executive was changed a post of Finance Officer was created with the following duties:

The keeping of the books of NUSAS  
Supervision of NUSAS financial affairs  
Fundraising



## Supervision of student benefits

From this can only be deduced that the NUSAS organisation is concerned with maintaining strictly correct financial procedure. It should also be pointed out that NUSAS is a student organisation comprised of students and not a registered company. Thus although omissions and mistakes in the financial procedure of NUSAS should not be ignored, or condoned, they also are not in any way criminal or even male fide.

The Commission goes on to comment on the "misuse of Trust money." The first distinction which should be made is that between true Trust monies and those designated as "trust monies" by the Commission which in reality are project reserves, raised for particular projects. NUSAS formulates certain projects for which money is raised, however, NUSAS retains autonomy in the formulation and administration of these projects. NUSAS however has policy that money raised for particular projects shall be spent on that project. Agreement between NUSAS and donors of project money exists on this policy and on policy that NUSAS shall be entitled to 15% commission of all money RECEIVED for projects, not SPENT on the project. Thus the position of project reserves is not one of a legal trust fund, but can be spent by NUSAS on anything agreed to by the donors even if this should be something other than that for which the money was originally donated. **THUS DONORS AND POTENTIAL DONORS CAN REST ASSURED THAT NUSAS WILL ALWAYS RESPECT THE RIGHT OF DONORS TO SPECIFY ON WHAT NUSAS PROJECT THEIR MONEY SHALL BE SPENT.**

On the other hand NUSAS also has set up separate autonomous Legal Trusts administered by boards of Trustees. These are inter alia:

South African Medical Students Trust  
South African Students Education Trust  
Students Service Project Trust

These then are true trusts and such money as held by them are only disbursed by the Trustees in accordance with the aims of the Trust.

The Commission has seen fit to attack the sources of funds for NUSAS, in particular World University Services and International Universities Exchange Fund. Basically the NUSAS view must be that we receive money from these sources for specific legal NUSAS projects and that the particular circumstances, views and affiliation of the donor cannot and does not affect NUSAS administration of any particular project. A fact is that NUSAS receives money from Mr. Harry Oppenheimer but this does not mean that NUSAS is ideologically influenced by Mr. Oppenheimer.

The Commission makes much of the Prison Education scheme. Firstly, they are of the opinion that NUSAS "unlawfully appropriated" some R9,000 from the Prison Education project reserves to NUSAS General reserves for "political activities". However, despite the opinion of the Commission, NUSAS dealt with this transfer of project money in the prescribed manner as previously described. Another interesting point contained in this section is that NUSAS received R19,741,80 for the Prison Education project during the 1971/72 financial year, spent only R3,005,05 for this purpose but nevertheless claimed commission from this "Charity" money, an amount of R2,960. The Commission describes this as "reprehensible" and uses this as an example of mismanagement by NUSAS of its financial affairs. Firstly, as previously described the commission deducted by NUSAS from project monies received is done in agreement with the donors. Secondly, it is strange that the Commission, a government set up body, can cite as NUSAS financial mismanagement the fact that NUSAS receives money for a particular Prison Education scheme of which only a small proportion is actually spent on Prison Education. NUSAS should reject this interpretation and hold that this evidence points rather to a responsible and moral attitude on the part of NUSAS. The reason why only R3,005,05 could be spent on Prison Education was due to government hinderance of the administration of the scheme and so NUSAS spent as much of the money on Prison Education as possible and kept the rest in reserve in the hope that conditions for the scheme would improve. This was done rather than spend the money irresponsibly.

On the question of the loan fund, which was transferred to South African Students Education Trust, when this trust was established, outstanding loans to office bearers were included. However NUSAS subsequently reimbursed South African Students Education Trust for these debts out of NUSAS funds and is at present engaged in recovering outstanding loans, only small amounts of which are still outstanding.

Finally, on the question of the "Wood incident" it should be stressed that Chris Wood was acting as an individual and was not a NUSAS office bearer at the time. All that transpired was that Chris Wood acting as an individual raised money for use in paying for the defence of students. This in itself may be regarded as praiseworthy, however, in bringing the money into the Country Chris Wood made use of a NUSAS bank account. When this was realised the account was closed and the money transferred to Chris Wood. However, the administrative haze surrounding the affair has been used by the Commission to mystify the incident and so to convert an innocent action into some type of subversive plot.

Unfortunately this reply to the allegations made about the NUSAS finance is necessarily sketchy and brief. The tactics of the Commission have however been illustrated as particularly clever and subtle manipulation of facts, innuendo, falsities

and half-truths in order to fit their particular view of NUSAS and its activities. A full and detailed refutation of only the financial allegations made by the Commission would take the sort of time that only the Commission seems to have.

In conclusion, it should be said that all the allegations in the report on NUSAS finances are not applicable to the organisation of today. Many of these allegations were never applicable or justified at any time in the organisation's history, others have applied to NUSAS in the past but are grossly exaggerated in the report and certainly do not apply any longer.

CRAIG M. WILLIAMSON

Witwatersrand University SRC - Hon. Treasurer  
- NUSAS Finance Officer elect.