

COMMISSION OF ENQUIRY  
INTO THE SOUTH AFRICAN COUNCIL OF CHURCHES

HELD AT PRETORIA

ON 3 SEPTEMBER 1982

CHAIRMAN:

THE HONOURABLE MR JUSTICE C.F. ELOFF

COMMISSIONERS:

MR S.A. PATTERSON

MR T.L. BLUNDEN

PROF. P. OOSTHUIZEN

MR F.G. BARRIE

CHIEF INVESTIGATING OFFICER: ADV. K.P.C.O. VAN LIERES S.C.

INVESTIGATING OFFICER: ADV. ETIENNE DU TOIT

SECRETARY: MR M.L. MARAIS

ON BEHALF OF COUNCIL FOR

THE S A C C :

ADV. S. KENTRIDGE S.C.

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DANIEL JAMES VAUGHAN, sworn states -

EXAMINATION BY MR KENTRIDGE: Mr Vaughan, you are an officer of the South African Council of Churches? -- I am a staff member.

Yes, what is your position? -- I am director of planning on the staff.

And when did you take up this position? -- Approximately 18 months ago.

Yes. -- 2 years, I have not..

From what other position had you come? -- I was previously the director of mission and evangelism, My Lord, of the S A Council of Churches. <sup>(10)</sup>

Yes. How long had you been in that position? -- I took up that position part-time in 1977.

Mr Vaughan, a memorandum has been placed before the Commission of which you are aware and chapter 3 starting at page 20 refers to the organisation of the South African Council of Churches and there is a reference to the organisational development and at the top of page 21 there is a reference to the initiating of a process of restructuring <sup>(20)</sup> of the whole Council and establishing a more effective administrative infrastructure. -- This is so.

And you have here a summary of the structures, departments and divisions. -- That is correct.

And in the volume of documents which has accompanied that memorandum, document 4 is an outline of the "certain organisational charts". -- This is correct..

Now there are three. There is document 4, 4.2 and 4.3. What is the first document which is headed: "Organisational Chart: Staff Structures"? -- This is indeed the staff structure. It shows the line of authority from the general secretary / .. <sup>(30)</sup>

secretary through to the full staff of the Council of Churches showing the ranks and positions of the senior directors and the directors as well as the deputy general secretary.

Yes. And on the left of the chart is "fin off" which I suppose - that means financial (intervenes) -- Finance officers.

Yes. -- This is the direct responsibility of the deputy general secretary.

Yes, and the deputy general secretary now is - who?  
-- Mr Matt Stephenson. (10)

Yes. And do you know when Mr Matt Stephenson joined the South African Council of Churches in that capacity? -- October 1979.

And it has been said in the memorandum and elsewhere that he was brought in to strengthen and improve financial controls. -- Because of the concern in the Council.

Yes, and that is what he has been doing? -- Correct.

And then your document 4.2 talks of present committee structures. What does that represent? -- This is the decision-making structures of the Council, My Lord, start at the membership of the Council which are the churches who are members of the Council through to the national conference which is the policy-making body. (20)

Yes. -- And to the executive committee and onto committees.

Yes, and on the right is the praesidium which is a small body which acts as the day to day controlling body. -- Between executive meetings in fact.

Yes. And then 4.3 is an organisational chart of the proposed committee structures. Could you just tell us what the object is of the changes which are reflected in 4.3? -- (30)

Basically / ..

Basically the divisions of the SACC shown on 4.2 represent a number of individual divisions and the span of control, especially as far as the staff control is concerned was very wide and for this reason the executive committee decided to cluster these divisions into three departments and this is reflected in 4.3. 4.1 which is the staff organisation and 4.3, which is the committee organisation, must be put together because the staff are intimately linked with the divisions of the Council. But the object was to ensure more efficient and better control over the divisions of the Council. (10

By whom? -- By the general secretary on the staff level and by the executive on the programme and decision-making level.

And has that yet been put into effect? -- My Lord, we have in the Council clustered the divisions into three departments and the general secretariat is the fourth, but the commissions which would be the governing and programme setting groups for the departments have not yet been established. We are still operating under the divisional committee system.

Yes. Now Mr Vaughan, it is still the early days of this commission and it is perhaps not yet clear to us just (20 what aspects of the organisation are going to be of importance to the members of the commission, but I take it that you are the person who is now in a position to inform the commission of any aspects of organisation on which they wish to be better informed. -- I believe I would, yes.

And if there are any questions or explanations in amplification of the memorandum on organisation are you in a position to amplify? -- I believe I would.

Yes, My Lord, in a sense what I am doing is tendering Mr Vaughan to Your Lordship, but of course I fully realise (30 that at this stage it might be rather early for Your Lordship

to have anything specific put to him, so I am simply doing this by way of laying a foundation and if at a later stage as the commission develops, there are questions regarding organisation which Your Lordship wants to put either orally to the witness or first through me or in writing, we will ensure that Mr Vaughan gives Your Lordship any further information that Your Lordship may require on organisation.

CHAIRMAN: I very much appreciate that and I am grateful for the co-operation which we can then look forward to from Mr Vaughan. I think that as a practical measure we could do it (10 in this way - as we carry on points might occur to us which we could note. And then in writing or otherwise put it to the legal representative, Mr Barrett, and then at a later stage if Mr Vaughan would be so kind as to come back, he can then answer those either by way of a memorandum or by giving oral evidence.

MR KENTRIDGE: Yes, My Lord, he can come here, yes.

CHAIRMAN: Well, does that complete what you have in mind for the moment?

MR KENTRIDGE: Well yes, unless anyone has any questions (20 for Mr Vaughan, that is all I am going to ask him at the moment.

CHAIRMAN: Well, I will at a later stage probably have more. I wonder if you could assist me on something which is perhaps not your sphere, but of planning. In the memorandum, page 2, paragraph 8.1 it is said that the South African Council of Churches "is a Council of the majority of the established churches in South Africa. It is noted that 81% of the churches listed by name, that is the larger churches, represent 70% of the Christian population of South Africa in the official (30 1970 census statistics are members of the SACC". Now I think

there / ..

there has been a more recent census, the 1980 census and I have obtained a copy of that. It lists a number of churches not all of whom I see are listed - or several of them are listed twice and so on and it makes it a little difficult for me to ascertain exactly what the present position is. Would it at all be possible for your or somebody in your organisation to look at the 1980 figures and give me something more specific about the membership. -- We could indeed, My Lord.

Is the figure of 81%, is that based on the census? (10  
Because I see what the census people probably do is to ask the persons whom they approach in what belief they subscribe to or what church they belong to and that I take it is what your figures are based on? -- We use the census figures, My Lord.

Have you not got other figures, the membership figures of your member churches? -- We could find them, My Lord, but it would be quite a task.

Oh. It is not that important, so I do not want you to take up any time about that but I would be grateful - I (20  
have got a copy here if you have not got one yourself, of the 1980 census figures. If you could have a look at that and see whether your figures need any alteration. Please do not think this is the most important thing I want to know. It is just one which occurs to me at this stage. --  
Thank you, My Lord.

You are excused then until later. -- Thank you, My Lord.

NO FURTHER QUESTIONS

EUGENE LESLEY ROELOFSE, still under oath -

MR VON LIERES: I think at the adjournment yesterday you (30  
had reached the stage where you were dealing with paragraph

72 of page 73 of the memorandum. -- Yes, Mr Chairman. Before I resume may I have the permission of the commission just to draw attention to something that appeared in the newspapers this morning, Sir. I know it is not my function to correct newspaper items but in the Rand Daily Mail of this morning there is a paragraph on page 9 of the Inside Mail, on which I am quoted as saying that I could not understand the attitude of Bishop Tutu who at times had reacted spitefully. I just wish to point out that this does not reflect the evidence that I gave yesterday; and secondly, there is in another (10 column a report that it was Mrs Motlana who had said that it was unfortunate that Bishop Mokoena was the one who had been found out. It does not reflect my evidence and it certainly did not reflect the views of Mrs Motlana, who on the contrary expressed grave shock at that statement when it was reported to her.

CHAIRMAN: Well, if the reporter of the Mail is here he will no doubt take note of what had been said and see that the correction is brought about in the next edition. Proceed.

-- Mr Chairman, if we then resume at paragraph 73 of my (20 report, page 24. A month later on March 11, 1980, Annexure 60, Bishop Tutu replied that the finance committee had resolved that all documentation relating to the matter of financial irregularities be sent to the auditors. This is the letter addressed to me - The Ombudsman, Braamfontein - and the letter also asked me to provide documentation about the serious allegations that I had made in the last paragraph of my first letter, later corrected to read second letter, Annexure 61, which evidence would be sent to the auditors to determine its validity. Bishop Tutu added that the (30 finance committee would take stringent action against anyone

who / ..

who might be proved guilty of malpractice. Now I found Bishop Tutu's reply disillusioning. In my opinion (a), the finance committee had for months had ample information at hand on which they could have based stringent action; (b), far from taking any action at all they had the previous year come to the conclusion that the general secretary "was controlling Asengeni adequately". This in the absence of proper records on audited statement - Annexure 62, page 6. This Annexure 62, Mr Chairman, is the report of the finance committee for the year ended December 31, 1978. And on page 6, item 4, the (10 finance committee says:

"We concur with the comments made by the auditors in their report and are satisfied that the general secretary is controlling Asengeni adequately".

Now this finance committee's report was signed on behalf of the finance committee by Mr Matterson, Bishop Tutu and Mr Mbatha. (c), my memorandum, Annexure 56, had contained nothing not already known to the finance committee and the auditors, because virtually all this information had been (20 gleaned from reports prepared by that very same firm of auditors and discussed by the finance committee, or to their knowledge. (d), the memorandum had openly questioned the accuracy of the auditors' report, that is, my memorandum. The auditors had, to the best of my knowledge, not noticed the unpaid rent at SATCIC and yet the self same people were now to determine the validity of what I had written. (e), the auditors, in their report for 1978 financial year, had stated that they had accepted the approval of members of the finance committee for disbursements made without (30 satisfactory documentation to be included in the records.

That / ..



That is Annexure 62, page 2, item 3:

"Disbursements made during the year were not always supported by satisfactory documentation for audit purposes and we have accepted the approval of members of the committee for such disbursements being included in the record."

I seriously doubted whether the finance committee had any such authority delegated to it by the national conference.

Did you establish whether they in fact had such authority? (10

-- I was unable to establish that but it would appear to my reading to be in conflict with the provisions of the constitution of the SACC in regard to the powers of the finance committee. (f), I had been told by a member of the finance committee who I questioned about this, that he knew nothing of any approval having been given in that way, as stated by the auditors. I am not suggesting that the approval had not been given, Mr Chairman, I am suggesting that another member of the finance committee was unaware of it. (g), Mr Allan Wentzel, chartered accountant and financial adviser to the (20 SACC, had claimed in a memorandum dated December 7, 1979 - Annexure 96(J), page 5, that he trusted his comments would underline the need for the finance committee to take serious note of the report it receives, and also to be much more definitive in its decisions and the guidance it gives. Annexure 96(J), page 5. Where am I now?

96J, page 5? -- Yes. I seem to have made an error here in my reference, Mr Chairman, but can we just find that please? It is quite important. Oh, that is the last paragraph of that memorandum marked Annexure 96(J). "I hope that these (30 comments will help to clear up everybody's thinking regarding

the / ..

the present situation, and will also underline the need for the finance committee to take serious note of the report it receives and also to be much more definitive in its decisions and the guidance it gives". May I continue, Sir?

Was this actually a response to the letter you had written about alleged financial irregularities to Dr Kistner just before, just after the Bishop went overseas? -- This was in response to the memorandum, no 56, which had been discussed by the finance committee of the Council. (10

And what basically was the reaction expressed in this letter to your problems? -- I at a later stage would like to come back to that unless the commission wants me to deal with it right now?

No, carry on. -- From this extraordinary statement I felt that one could fairly draw the conclusion that the finance committee did not as a matter of course treat reports seriously; that it was undecided and ambivalent and in fact that it lacked the very characteristics one would look for in a finance committee. The finance committee at the time, (20 to the best of my knowledge, included two chartered accountants, two lawyers and of course Bishop Tutu in his capacity as general secretary. (h), considering the powers and functions of the finance committee as set out in paragraph 9 of the SACC constitution, Annexure 106, item 9, that is page 10 of that annexure, Mr Chairman, it says in item 9.2 that the finance committee shall be responsible for advising and assisting the national conference, the executive committee and the general secretary on matters of finance and shall report to them fully and regularly. In particular, it (30 shall be the function of the finance committee to consider and approve / ..

approve the annual budget submitted to the executive committee for ratification; to advise on methods of securing funds and so forth, and when we get to item 9.27: to appoint an auditor who shall prepare and audit the annual accounts for approval of the national conference.

Mr Roelofse, let me just interrupt you there for a moment. The constitution that you are referring to, was that the constitution that was valid at the time when you were an employee of the Council? -- To the best of my knowledge, this constitution was operative at the time. (10

Are you aware that subsequent to your departure from the Council the constitution was amended and a new constitution was prepared? -- I do not know what amendments were made to the constitution of the SACC after I had left their employ.

Yes, the new constitution that I have been provided with by their Counsel, which is attached in the bundle of documents as SACC document no 2, for example reflects 4 different items under paragraph 9.1, whereas yours that you have referred to is just one solid block and it has also got a different heading. So you are referring to an older constitution. --(20 I am referring to a constitution that was given to us in the office and which we accepted as a valid one.

Fine. It has been subsequently amended and we place that on record. -- Yes, considering the powers and functions of the finance committee as set out in paragraph 9 of the SACC's constitution, Annexure 106, item 9, I was tempted to draw the conclusion that if it were necessary for the SACC's own financial adviser to pass a comment of this nature, then I would be ill-advised to show complete confidence in the financial committee until I had been reassured of its diligence and efficiency. (1), at a meeting of the SACC executive committee / ..

committee held on December 5, 1978, Annexure 63, page 3 - I refer to the first paragraph actually starting on that page, page 3 of Annexure 63, Mr Wentzel then presented the accounts as at 31st October. The Council is not short of money overall but the problem areas are RVOG, which is Radio Voice of the Gospel, St Ansgar's and possibly the dependents' conference and I do not know the MTF stands for at the moment ..

Medical Trust Fund. -- I see. Thank you, Sir. It was reported that the Level of the Voices expenditure is too (10 high - that is a newspaper. It was reported that the finance committee is unhappy with the operation of SACCAS - that is South African Council of Churches Accounting Services (Pty) Ltd which has been careless with serious and embarrassing results. Consequently a firm of accountants has been called in temporarily to oversee SACCAS's operations. It was requested that the finance committee submit a more meaningful report to the executive.

Could I perhaps just interrupt you? This Radio Voice of the Gospel, could you perhaps just for background purposes explain to the commission what the Council's connection with that was? -- I do not feel myself qualified to speak on that. It seemed to be quite a complicated arrangement and I know that I once broadcasted on one of their programmes but that is as far as I - I do not know the inner structure of that adequately.

Carry on. -- What interested me was the instruction by the executive committee that the finance committee should submit a more meaningful report to the executive. Now it was not quite clear to me whether this report should be (30 more meaningful than the information made available by SACCAS

to / ..

to the executive, whether the new report of the finance committee should be more meaningful than what Mr Wentzel has quoted as having said here, or whether the finance committee's new report should be more meaningful than another report already submitted by the finance committee. Again there was this suggestion of inconclusiveness on the part of the finance committee. I also had to take into account that the chairman of the finance committee, Mr Neville Matterson, had resigned with effect from 31 December 1979 and it was told to me, due to pressure of work. I could understand that pressure of (10 work could easily escalate suddenly and that people have to resign from things, but for them to come with such intensity that he could not even remain as an ordinary member of the committee after such a long - and I might add distinguished association with the affairs of the SACC, I found strange coming as it did within weeks of my memorandum on irregularities - Annexure 56. My own view was that if at all possible here was the one man who could have helped to clear up these misunderstandings and to get things on a better footing than they were before. Finally, I could not overlook the fact (20 that although the finance committee consisted of top people they had not reported in full detail to the executive committee on the known irregularities. These are now the things that were coming up in various reports that I had submitted. My confidence in the finance committee was at an ebb. My reply to Bishop Tutu dated April 17, 1980 - Annexure 64 - stated that I had not made allegations and that it would have been both premature and foolish for me to have done so. I now specifically suggested that the auditors be instructed to do a probe of all SACC accounts and that this should enable (30 the finance committee to take retributive action, if necessary.

If / ..

If I can refer to Annexure 64, Mr Chairman, the third paragraph I quoted from my previous letter in which I said:

"Regrettably I am not of the opinion that all the moneys queried in my memorandum represented losses resulting from inefficient administration. The ghastly alternative of possible theft on a large scale should therefore be faced squarely and I would strongly recommend incisive and retributive action on this score."

(10)

I explained the meaning of what I had intended in that letter in this particular memorandum, and pointed out that - on page 2:

"It should, however, be emphasised that .." that is in the last line of the first paragraph:

"It should, however, be emphasised that every single figure I mentioned came straight out of the auditors' reports."

In a nutshell, the auditors have queried a sum in excess of R1 million. Clearly we are all agreed that the auditors (20 have uncovered a very serious situation indeed. The only point of apparent difference is whether the situation in its totality arose from administrative ineptitude alone or whether administrative ineptitude together with such factors as dishonesty was the cause. My intuition tells me that the second option should be thoroughly explored. The most logical step would therefore, in my opinion, be for the auditors to do for all accounts what they were instructed to do in the case of SATCIC and to determine:

1. Payments unsupported by satisfactory (30 documentation;

2. Payments supported by satisfactory documentation but no evidence to satisfy themselves that payee received payment;
3. The total value of cash cheques issued;
4. Cheques with irregularities which have been processed by the bank.

The reason why I asked that, Mr Chairman, was that the auditors had already been instructed to do this for SATCIC, which to some views at certain stages of the proceedings, was an independent organisation. So therefore it would be logical for (10 them to do it for the SACC itself in the same manner. Secondly they have already had this experience of doing a project on that particular pattern, therefore it should have been relatively easy for them to use the same pattern in looking at the other areas. In the meantime, I had also studied the memorandum of Mr Wentzel dated December 1979 - Annexure 96(J) - which had been sent to me by Bishop Tutu under cover of his letter dated March 11, 1980 - Annexure 60. Did I say Annexure 96(J)? If we can look at that briefly, Mr Chairman. This memorandum headed financial irregularities, was addressed (20 to the director of administration, Mr Stephenson, and was a response by Mr Wentzel as financial adviser to the SACC, to the original memorandum that I had written. He explained the role of auditors as he saw it, and pointed out or gave, shall I say, certain explanations about what had happened and why these problems had come into being, the problems that had been highlighted by the auditors' report and in mine. My reply to Mr Wentzel's document is dated April 15, 1980 - Annexure 65. This is a letter from me to the general secretary, Bishop Tutu. I do not (intervenes) (30

Mr Roelofse, perhaps before you deal with 65, what were  
the / ..

the reasons Mr Wentzel advanced for the problems in Annexure 96(J)? -- I explained or comment on his reasons in this particular annexure which I have before the commission at the moment.

Are you referring to 65? -- Yes, Sir.

Yes? -- And I thought if I dealt with this particular memorandum then his explanations would come to the fore.

Right. -- I wrote - if I could refer to the second paragraph - to Bishop Tutu:

"Forgive me when I say that Mr Wentzel seems (10  
to have done an awful amount of beating about  
the bush. His document I found regrettably  
vague. It also appears to be contradictory."

Now Mr Wentzel had said that - in one place, that the control of moneys once they have arrived in South Africa, has generally caused no problems; that is page 2, paragraph 2 of his response. Quote (b):

"The use of these controls (that is financial controls) leaves a lot to be desired. I am (20  
sure that if you were to review the majority  
of the cheque requisitions that are presented  
they are deficient in many ways. It had been  
difficult to exercise the correct discipline  
that one might wish."

That is on page 2, paragraph 4. Quote (c):

"The question of controlling moneys that have  
gone to parties outside of the Council has  
been an area of concern to many people,  
particularly Mr Neville Matterson, and during  
the course of many meetings he particularly has (30  
recommended the appointment of some kind of



inspectorate."

Now my comments on his comments were as follows: on the face of it quotes (b) and (c) are flat contradictions of (a). In other words, I found it difficult to understand how a chartered accountant could say on the one hand that there are deficiencies in the cheques, that the use of the controls are giving problems; that the control of moneys that had been funnelled through the SACC to other organisations was of such concern that no less a person than the chairman of the finance committee had, in the course of many meetings, (10 recommended a sort of inspectorate, but at the same time Mr Wentzel says that the control of the moneys once they have arrived in South Africa, has generally caused no problems. I could not quite fathom that and I pointed that out to the Bishop. My second comment was that secondly, <sup>the</sup> various auditors' reports for the Inter-church A Development Fund, show that from 1974 to 1978, a total expenditure of approximately R1½ million was made. Of this huge sum no less than R860 000 or about 55% has been queried for various reasons by the auditors in their special reports tabled at a meeting of (20 the SACC executive held during mid 1979. Thirdly, the auditors' probes of SATCIC revealed an extremely serious situation:

1. 26,5% of expenditure was made without supporting vouchers; and
2. that 80% of the payees were not positively identified by the auditors.

In the face of these facts, it is to me incomprehensible that Mr Wentzel, who is an accountant, can claim that "the control of moneys once they have arrived in South Africa, has generally caused no problems". Now one of the difficulties I had now (30 was the question of what are the duties of an auditor. As I

stated / ..

stated in my previous evidence, Mr Chairman, I am not an auditor, I am not an accountant, and my lack of knowledge on their duties was pointed out to me by Bishop Tutu in a previous letter and I am pleased that he did point this out, because otherwise I would never have got around to going out and buying the Public Accountants' and Auditors' Act. Mr Wentzel gave a description of what the duties of an auditor was as he saw them, and I commented on that in saying that Mr Wentzel's description of the duties of an auditor is so informal and chatty that it confused me a bit, so I have (10 obtained a copy of this Act. As I read section 26, the auditor does not simply have a responsibility regarding the correctness of the balance sheet, income and expenditure account and assets. Section 26, paragraph 1, relates to:

"any financial statement including any annexure thereto .."

which you will agree is a very wide concept. Paragraph 3 of section 26 states categorically that if an auditor has reason to believe that a material irregularity has taken place or is taking place which has caused or is likely to cause (20 financial loss, he shall forthwith despatch a report in writing. From my point of view it was paragraph (b) that was important. When I said that while page 3 of Mr Wentzel's report might be interesting to read, he does not in my view adequately translate into everyday language the direct and severe responsibilities with which an auditor is charged in terms of this Act. (c), the Act does not even by implication suggest that an audit should or might be done in one way if ministers of religion control the funds, and in another way if done by somebody else. There I pointed out in section 4(b) that (30 Mr Mbatha, who in terms of the SATCIC constitution was a

mandatory / ..

mandatory signatory, did not sign a single cheque, and that on this point 2, the views of the auditors' board might be useful. When I started talking about the Asengeni Relief Fund this is where I think people became a little bit impatient with me. I pointed out to Bishop Tutu that I have not questioned the propriety of the system where disbursements made from the Asengeni Relief Fund are at the discretion of the general secretary. I do not think it is improper at all. The point was that according to the auditors, they were, as they said, unable to examine adequate supporting (10) documentation for the majority of the disbursements. The cash flow through Asengeni for 1978 was about R1 million; the majority of disbursements could therefore represent a sum in excess of half a million, or about R40 000 a month. Mr Wentzel said in his explanation that the general secretary had to deal with urgent legal aid for some of the victims of the 1976 disturbances; that they had to provide funerals and coffins etcetera, and therefore there were no vouchers or that were some of the reasons why there were no vouchers. I pointed out to Bishop Tutu that I am confident that vouchers (20) were obtained or could have been obtained because artificial limbs simply could not be purchased from a street stall like roast mealies and neither could coffins, and that the urgent defence Mr Wentzel mentions would have involved lawyers and that they too had to send out accounts or receipts, even for their own income tax purposes. In other words, if the receipts were missing or the vouchers were missing, all one had to do was to phone up whoever it was and said look you know, somebody opened the window, it all blew out in the street; please can we have a copy and it should not have (30) been - all that degree of problem about it. I posed the

question / ..

question: what happened to those vouchers, half a million rands' worth. Who put them into safe keeping and how were they lost, because I felt that this would be a proper line of investigation for the finance committee or for some administrative official to pursue. It was said by Mr Wentzel that the finance committee received regular monthly accounts about Asengeni - as on page 5. Now for the finance committee to have received accounts, I presumed that surely vouchers must have been available to somebody because it escaped me how one could draw up accounts without having (10 vouchers. I pointed out again this statement of Mr Wentzel that the finance committee should take serious note of the reports it receives, and said that this particular quote had many implications and that none of them were very flattering to the members of the finance committee. I believed that the finance committee, I suggested in this report to Bishop Tutu, that I believed that the finance committee should ask Mr Wentzel to motivate his statement, if indeed the finance committee had not already done so. I could well have imagined the situation where the finance committee had called in Mr (20 Wentzel and said, now wait a minute, we do not like this type of comment at all; it is a reflection on our capabilities - please explain. Unless I was mixing up my dates, Mr Wentzel's report was written shortly after a member of the finance committee had attempted to draft a report on the Council's finances. After the Council had in fact taken serious note of the reports it had received from SACCAS, of which Mr Wentzel was the chairman. The upshot was a row in the Council, allegations about inaccurate information supplied by SACCAS. I heard there was a conflict between the president, or the (30 then president of the Council and other people as to whether

that/...

that particular report should have been submitted or not, and these accusations about inaccuracies in the financial report submitted by SACCAS were made regularly by senior staff and it would appear that there was some truth about this matter of financial inadequacies in the reports by SACCAS. Finally I pointed out that I had regrettably found Mr Wentzel's report neither pointed nor informative and that this was a pity, because I had looked to having some of my doubts and fears removed, with the clear implication that I still had doubts and fears. Relations between Bishop Tutu and myself had by (10 now deteriorated even further. At a meeting of senior staff held on April 29, 1980, which is Annexure 66, the Bishop said that the staff was ungrateful as no one had thanked him for the salary increments that had been awarded. I was rather astonished about this, because I had not heard that any salary increases had been awarded and it was only then that I discovered that everybody <sup>had</sup> apparently received increases, or most of them, excepting anybody on the staff of the Ombudsman's office. We had a staff, a total of about 5 people at the time and none of us were considered meritorious to warrant such (20 an increase and we drew our own conclusions. Around this time Bishop Tutu called me in and accused me of having an affair with another woman. I was very suspicious of his sudden offers of pastoral care and did not accept his offer. Shortly afterwards Bishop Tutu told me not to attend the pending national conference which was scheduled for early 1980. My progress report for that year which I understand was acclaimed by the national conference, was presented on my behalf by the chairman of the Ombudsman committee, the Reverend Gerrie Lubbe. According to a report in the Rand Daily Mail (30 dated Saturday, May 10, 1980 - which is annexure 67 - a delegate questioned / ..

questioned my absence to which Bishop Tutu - this is a report headed: "SACC unhappy with handling of finances" - a delegate questioned my absence to which Bishop Tutu, according to this report, replied: "He is not present at this conference". That is in the third column. A report in the Transvaler, dated May 12, 1980 - Annexure 68 - quoted Bishop Tutu as saying that I had requested leave to be absent, although Bishop Tutu felt that I should be present:

"Die hoofsekretaris van die SARK.."

it is headed: "Ek sal aanhou delf in SARK geldsake" - (10

"Die hoofsekretaris van die SARK, Biskop Desmond Tutu sê egter dat mnr Roelofse aanvanklik verlof gevra het om weg te bly ofskoon die Biskop gemeen het hy behoort die konferensie by te woon."

Now this was untrue, this press report, as I had requested leave as soon as possible after April 10, 1980, but had said that I would do my share at the national conference in May, if you required it of me - Annexure 69, the second last paragraph and the last one of that particular letter. (20

Bishop Tutu's reply dated April 23, 1980 - Annexure 70 - confirms this: "You will have no difficulty about 4 weeks' leave after the national conference". If Bishop Tutu was correctly reported then I believe that he misled the conference. My own impression is that he wanted to avoid my presence at the national conference and that in particular, he wanted to avoid my contact with the delegates there. At the same conference Bishop Tutu announced that Mr Tim Potter had been appointed (intervenies)

Excuse me for interrupting you. Why would the Bishop (30 want to avoid you contacting the delegates? -- I do not know,

Mr / ..

Mr Chairman. I had always been on very good terms with the delegates. I had always done not only my normal duty as ombudsman at the national conference, but a lot of other jobs had been given to me such as looking after the security system and standing by the gate overnight to see that there were no intruders at the St Peter's seminary. It was rather novel for me to be put in charge of St Peter's gate, but I did all these things and I thought that I fulfilled a good function at the time as well. May I continue?

Yes. -- At the same conference Bishop Tutu announced (10 that Mr Tim Potter had been appointed to conduct an enquiry into SACC finances - Rand Daily Mail, May 3, 1980, which is Annexure 71. It is headed: "SACC names probe man". The report on the second column, three paragraphs from the bottom, the last section. The report quoted Mr Potter as saying that his report - ja, the first paragraph says that he hoped that the report would be made public and the other one that I have referred to says, confirms that he had the authority to report irregularities to the Public Accountants' and Auditors' Board. The report clearly conveyed that he would (20 be acting as an auditor, as only an accountant acting in such a capacity has this authority in terms of section 26(3)(b) of the Public Accountants' and Auditors' Act. Otherwise he would fall foul of section 2(1)(h) of the disciplinary rules under the same Act. Mr Potter subsequently denied that he had acted in the capacity of an auditor. On May 10, 1980, the Rand Daily Mail reported that the SACC senior vice president, the Reverend Peter Storey, had given a resumé of my investigations into the financial affairs of the SACC and that he had claimed that I had made allegations without producing (30 evidence, that is Annexure 67. If one refers to the fourth:

paragraph / ..

paragraph of report - in the second column of the report headed: "SACC unhappy with handling of finances":

"If there had been only evidence forthcoming we would happily have handed it over to the auditors and the appropriate actions would have been taken, Mr Storey said."

I wrote to the Rev. Peter Storey on May 13, 1980 - that is annexure 72, and I refer to paragraph 3: "As the report stands it is not only an inaccurate reflection of what the correspondence between Bishop Tutu and myself contained, (10 but also damaging to my professional standing. I have already requested my chairman, Rev. Gerrie Lubbe, to draw the matter to your attention and ask you to correct this press report. It does not appear that you have done so. Please be good enough to take appropriate steps to correct the unfortunate impression that the press report has created and point out to the press:

- (a) that every single point I made in my memorandum was based on information obtained from the reports of the Council's own auditors; (20
- (b) that at no stage had I made a single "allegation" that the second and third letters were not mere repetitions of allegations made in the first;
- (c) that the content of the original memorandum were ample justification for appropriate action and that the question of additional evidence was therefore irrelevant to the question of whether a full-scale investigation (30 should be undertaken or not.



I asked for prompt attention to this request. The Reverend Peter Storey replied on May 20, 1980, stating in the second paragraph of this letter to me:

" I believe that in reporting to the national conference on the background to the setting-up of an independent examination of the SACC's financial and administrative affairs, I have discharged my duty for the time being towards this matter. Those other members of the finance committee who were present at the national conference are agreed that my report was both factual and fair and the conference duly received it.

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Short of publishing verbatim everything that I said in a longish statement, no press report could adequately convey what I had to say. I am naturally not responsible for the accuracy or otherwise of any brief reference to my statement in any newspaper. I have already indicated to the press that I regard any public discussion of this matter to be counter-productive to the task of Mr Potter, which seems to me to be the most important issue at present. You will, no doubt, have full opportunity to put your views to him during the course of his work."

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To me this sounded evasive and I wrote back on May 21, 1980, pointing out that the remarks attributed to the Reverend Storey were untrue and misleading and that while I did not wish to make an unnecessary issue of the matter, I again called upon him to correct this statement. I refer to Annexure 74, Mr Chairman, the second last paragraph on the first page:

(30)

"I / ..

"I accept that you are not responsible for the accuracy or otherwise of what the press published, in the sense that you did not yourself write the report. On the other hand a person who has been wrongly reported is entitled to request a correction, particularly as the Daily Mail provides a special service in this respect. My problem is that I, in my capacity as ombudsman, frequently make press statements about a large variety of matters. What has appeared in the report under discussion will undoubtedly put a sort of discount on what I have to say next time and probably on what I have already said, and therefore injure my effectiveness. This is especially so because the statements 1 to 4 were allegedly made by my own, my very own senior vice president.

(10)

I am not trying to make an unnecessary issue of this matter and regret to trouble you about it. However, it is very important to my professional standing. If you have therefore been reported incorrectly either materially or by inference, please be good enough to put it right. It would be simply a matter of phoning them. Surely this is little enough that I am asking of you?"

(20)

The Reverend Peter Storey replied on June 12, 1980 - Annexure 75 - and I refer to this Annexure 75 which is a letter from Reverend Storey to me:

(30)

"I have taken careful note of what you say

in / ..

in your letter, but quite frankly I feel that at the moment it would be better for all concerned if the matter is kept out of the newspapers as much as possible. Some time has now elapsed since the national conference and I feel it would be counter-productive to bring the article in question into the limelight again, and I doubt whether my doing so would have the effect you wish and it may well be that bringing this once more into the public eye will have the opposite effect. I do not think that the report is likely to put a discount on what you may have to say in future as reports on the national conference varied widely from newspaper to newspaper. As you know, I have no control over what particular newspapers print and I doubt very much whether a paper would print a correction such as you suggested, as it would probably not be regarded as being sufficiently newsworthy to warrant further space.

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I am well aware that the Rand Daily Mail in particular has a service entitled "Matter of Fact" but quite frankly I feel that the issues are far too complex to be dealt with in that way.

Mr Potter will be carrying out his mandate in the near future and I hope that you will now let the matter rest until such time as he has made his report."

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My confidence in the Reverend Peter Storey was badly shaken. I wrote to him again on June 25, 1980 - Annexure 76. I say here quite frankly I could have replied to his letter much earlier but deliberately kept the matter in abeyance: I wanted to let some water flow under the bridge and to overcome my sense of shock at your attitude and more particularly at your refusal to put right a press report which was and still is so damaging to me. Despite the advice that I have obtained I do not intend to do anything further about attempting to put the record straight". In other words, I was told by a (10 journalist that look, if I wanted to correct the statement myself the Mail would have carried that for me. I came to this painful decision because of the urgent and overriding need for everybody to help preserve some semblance of unity within the S A Council of Churches in the troubled times that are upon us all. I received no reply to this letter. By that date, Mr Chairman, the ombudsman committee met and on my recommendation had decided to adopt administrative independence. This was on May 23, 1980 - Annexure 77. I refer to this, headed "Minutes of a special meeting of the (20 ombudsman committee" and refer to section 3(a):

"The following resolution be adopted: "

It was decided that the following resolution be adopted:

"The committee requests the members who represent the S A Council of Churches to obtain authority from the SACC praesidium for them to propose the altering of the procedure of the ombudsman's office so that it is administratively independent of the S A Council of Churches."

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Was this decided upon because you had seen the writing

on / ..

on the wall? -- Mr Chairman, we had had difficulties. The staff of the ombudsman office were not being very well received at Diaconia House where the SACC was housed. We thought that it would be better that we would go our own way in a sense, that we would still be co-operating with the SACC very closely but working on the principle as it is often quoted in Afrikaans: "Hoë mure maak goeie bure". May I continue, Sir?

Yes, you may proceed. -- The committee, perturbed about the comments I had made in the Sunday Times - Annexure 78 - (10 there was quite a discussion about this and what the ombudsman committee, bearing in mind that there is quite a interflow between membership of the ombudsman committee and the SACC executive, they were a little disturbed about paragraph 2 of this report in the Sunday Times where I was quoted as saying or where they write - "A question about the amounts involved.." that is in connection with irregularities, Mr Roelofse said half a million here and half a million there, it all adds up. So the committee resolved that in future all statements about SACC finances be made only through the general secretary of the SACC. Now if we refer to those minutes, Mr Chairman, Annexure 77, the second page - that is item 7 on page 2:

"The ombudsman pointed out that while he had no objection to such arrangement, and that he indeed considered it both realistic and fair, it could not be taken to apply in cases where he felt that his personal integrity was directly or indirectly affected by factors such as statements made by or on behalf of the SACC".

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In other words, all press statements about the SACC's finances - obviously / ..

obviously it is correct procedure that it comes from the general secretary of the SACC - the only right I reserve and it was accepted by my committee was that if there was now strange happenings then I would have the right to correct them in the light, as I saw, of the particular problem. The procedure I had to adopt in the quest for administrative independence was to draft a letter for the signature of my chairman, the Rev. Lubbe, to the praesidium. I had to write on behalf of the committee of which 2 of the 5 members who are on the praesidium, to the praesidium of which 2 of (10 the 3 members were on the ombudsman committee. The humour of the situation did not escape me. At the meeting of the ombudsman committee on May 12, 1980, I had spoken to the chairman, the Reverend Lubbe, about serious irregularities within the SACC, involving funds earmarked for the ombudsman's office. I followed this issue up in a letter to him on May 26, 1980, which is Annexure 79. I refer to annexure 79 which is on a letterhead of the ombudsman office, addressed to the chairman of the ombudsman committee. This is an official, formal communication to the Reverend Gerrie Lubbe (20 because I felt that the time had arrived - he seemed to be a little confused about what the arrangement was between the SACC and the ombudsman office, and I was a bit confused myself at times and so were others. So I thought it fit to set this whole thing out so that once and for all - a), he knew what the situation was and secondly, he could now transmit this to the SACC and discuss it with them and try and bring about some clarification. "You will recall that during the meeting of the ombudsman committee held on Friday May 23, 1980, I expressed grave misgivings about the manner (30 in which funds earmarked for our work were being handled by

the/...

the South African Council of Churches. For obvious reasons the whole issue will have to be discussed in detail with the S A Council of Churches and I therefore thought it would be helpful if the following points were put down on paper:

1. As you are aware, the ombudsman office does not itself control any funds. This duty is undertaken by the SACC and the bookkeeping is done by SACCAS. All payments are initiated by means of a requisition which is completed by my secretary, countersigned by me and then sent to the deputy general secretary, administration, Mr Matt Stephenson, for approval. After his approval has been obtained the requisition is sent to SACCAS who makes out the cheque which is then returned to Mr Stephenson who obtains the required two signatures. The cheque is then returned to us and it is our responsibility to ensure that the creditor gets paid. Our requisitions are debited to funds earmarked by our donors for the ombudsman office but held by the SACC for this purpose.

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Although laborious and time-consuming, the system has in the past worked reasonably well and we regularly receive computer print-outs indicating how much had been spent on what and the balance of our funds.

2. Since the beginning of this year, that is 1980, we have not been getting these statements.

Secondly, our accounts are not being paid promptly." (30

I want to only quote from two or three examples. To illustrate

our / ..

our problems -

- (a) on April 1, 1980, we made out a requisition for rent due before April 7. The cheque was made out on April 8, then held back by the SACC until May 9. We were told by the SACC that the reason for the delay was that money was expected from Germany and that until this was received they could not issue these cheques.

I complained about our telephone accounts that were not paid. I complained about several of our other claims that (10 were held back by the SACC, also apparently because there were no funds available. And then I put my problem - (e), I have no money for travelling expenses. Investigations of the utmost priority is standing over because of this. I refer to paragraph 2(e) at the bottom: Our donors - ja, I referred to one investigation I was supposed to have gone on and I have still not been able to do anything about it because we have no funds to cover travelling expenses. In my opinion this is a totally unacceptable state of affairs. Our donors provide money because they believe in what the ombudsman office (20 is trying to do. The money comes into South Africa, it is received by the SACC but when we want to use it, it does not seem to be there. This situation is undermining the morale of our staff and if we are evicted from our offices by our landlord or our telephone is cut because of non-payment, we will be the laughing stock of the country, particularly because we are the very ones who advise consumers to budget carefully, to pay in cash and to settle accounts promptly. In desperation I obtained a computer print-out of our account. It showed that the ombudsman office had about R29 000 to its (30 credit as at April 30, 1980. How is it possible that we can, according / ..



according to the computer print-out have a balance sufficient to cover about 5 months' operations and yet at the same time be unable to promptly pay our rent, a paltry telephone account or even to refund me the cost of a few bus tickets. It would appear that a most irregular situation exists and if that is indeed the case, then my staff and I herewith disclaim all responsibility for it. We have since our establishment been constantly aware of the fact that we are working with God's money and that it had been donated to combat the injustices in our society. If this money had been siphoned off or (10 diverted to other purposes, then it has been done without our knowledge. Some of the questions to which, in my opinion, we should obtain answers immediately are: What has happened to the R29 000 or whatever the correct balance is; if it is in the bank, then why do we have difficulty in having our accounts paid? Has any of the money earmarked for the work of the ombudsman office been used for other purposes? If so, who did so and for what purposes? On whose authority was it done? Was the approval of the ombudsman committee obtained - if so, why was this never brought up or discussed at any meeting (20 of the ombudsman committee? If approval of the ombudsman committee was not sought, then why not? Is there any reason why I, as ombudsman, was not consulted or at least informed? Was the approval of our donors obtained in advance? Included in the sum of R29 000 was a \$10 000 donation from America which was to have been held in trust and not touched without their approval. 14. If the S A Council of Churches had been short of ready cash at any particular time and the ombudsman committee had a surplus, I do not think for a moment that our committee would have hesitated to help the SACC (30 out as a temporary measure. I think that these issues should

be/...

be discussed with Mr Matt Stephenson and Bishop Tutu as a matter of urgency." I did not receive a reply to this particular letter because I think largely by then other events had come in. The praesidium met on June 6, 1980 - that is Annexure 80. This is a letter by my chairman by Bishop Tutu and he says that the praesidium met on June 6, 1980, to consider the request contained in your letter and decided as follows:

"The praesidium accedes to the committee's request that the ombudsman office should become administratively independent of the SACC as soon as possible, subject to these conditions: (10

- (a) that the committee of the ombudsman office approve the deduction from the funds of the ombudsman office held by the SACC, of the total staff loans made by the SACC to employees of the ombudsman office.
- (b) that the general secretary informs all donor partners of this latest development and finds out the status of the pledges made for the ombudsman office by SACC donor partners at the Copenhagen meeting last September and, (20
- (c) when the first two conditions are met, all SACC appointed members of the ombudsman office committee cease to be such SACC appointees."

The practical result was that the committee would cease to exist. The committee members said they had all been appointed by the SACC and if they were no longer representing the SACC, they could not continue to serve on this committee. (30

Furthermore / ..

Furthermore (intervenes)

That is now your ombudsman committee? -- The ombudsman committee. Furthermore, there was no real assurance that moneys held by the SACC for the ombudsman office would be paid over. That Bishop Tutu could have ended this letter with: "We hope this will make you all happy. God bless you richly." I found inexplicable. It was around this time that the SACC attorney, Mr Oliver Barrett of Bowens, took a direct hand in the matter. He discussed the attitude of Bishop Tutu with me at length and said that it was essential to placate (10 Bishop Tutu as donors would only give support on Bishop Tutu's recommendation. He offered to draft a letter on my behalf, which he did, and I signed it. I had found Mr Barrett very sympathetic towards the work of the ombudsman office and at times when I discussed some of the investigations that I had done, particularly into the field of assaults on labourers I found him to be visibly moved by the evidence that I was able to present and I believe that it went far beyond his line of duties in assisting the ombudsman in its investigation, which I was also appreciative of. The content of (20 this letter which he drafted was accurate and I again confirm, as stated in the letter, that it was never my intention to attack Bishop Tutu as a person or to subvert the work of the SACC; that I was astonished to hear allegations that I had said that Bishop Tutu would shortly face fraud charges; that I had not approached overseas donors who contributed towards SACC funds and that I have not denigrated the SACC overseas. This put us in a tremendous difficulty of course, because we were now trying to raise new funds; without raising funds, if we could help it, from donors who were regular contribu-(30 tors to the SACC. Now our financial needs were critical and

in practice over the years, the SACC had made contact with virtually all donors who would try and contribute towards some project or another in South Africa. So we were having a thin time but despite that, in one discussion I had with a donor who does contribute to the SACC, we made it clear: If you have earmarked certain moneys for the SACC we do not want any of that money. If you have got additional money, okay, but the SACC does important work in our view. The letter pointed out that there might have been confusion overseas between the names of Bishop Tutu and Bishop Mokoena. This (10 is quite understandable, I have even made a slip of the tongue myself for which I apologised and again apologise here. The next point was that Bishop Tutu might well have found me to be a pain in the neck. I am a pain in the neck, I do not deny it - and the letter pointed out that I hoped that the new arrangement for the ombudsman office could be made in the spirit of reconciliation. Bishop Tutu responded in a positive way on July 7, 1980, and that is Annexure 82. He said that he was staggered and overwhelmed and wanted to thank me for it, and suggested lunch with Mr Barrett and (20 he said: "You are aware of the new arrangements we are making for finalising the complete autonomy in every sense of the ombudsman office, which will enable your office to continue certainly up to the end of the year, whilst other arrangements are made for funding". There was an implication here not only that other arrangements would have to be made by the ombudsman office direct, but an implication that other arrangements would be made with the co-operation and assistance of the SACC itself. And he pointed out that despite everything, particularly as far as my farm labour project (30 was concerned, that I was doing a good job of work and reasonably

well / ..

well. The lunch took place a few days later. It was a disaster. At the beginning the Bishop was somewhat effusive and he indicated that financial support for the ombudsman office could be arranged. I gained the impression that some horse trading may be in the offing so I made it clear that while I did not suspect Bishop Tutu of theft, I believed that somewhere along the line official money was benefiting private people and that I thought that a cover-up was taking place especially as certain individuals, known for their acute minds, were starting to appear - were appearing to be (10 increasingly obtuse when I asked questions. Bishop Tutu became ill at ease and he left suddenly, he had another appointment. On August 13, 1980, a special meeting of the ombudsman committee was held - Annexure 83. Present was the Reverend Gerrie Lubbe in the chair, Mrs Sally Motlana and Bishop Tutu, myself in attendance. Now 2 of the 3 members present at that meeting had attended the meeting of the praesidium, because they were members of the praesidium and they had already decided the issues that were now going to be discussed by the ombudsman committee. Now that was (20 an unusual meeting. I had never seen Bishop Tutu se angry before. He produced a telex dated July 30, 1980, from a Mrs Haas of Switzerland - Annexure 84, that is the telex. This telex was sent "at the request of SACC officers" and contained wild allegations of what I was supposed to have said about Bishop Tutu; that she was apparently able to produce verbatim a casual conversation held 4 months previously and, if I might add, under conditions of particular stress for her - I found strange. When I challenged the truth of the telex the chairman, the Reverend Lubbe, ruled that it was not necessary to (30 prove the accuracy of this telex. This too I found strange

as the SACC and Bishop Tutu in particular had so often won my admiration for the courageous way in which they had defended the principles of natural justice which were being eroded in South Africa. The committee decided to revert to the original decision of the praesidium and would sever links forthwith - that is the second paragraph on page 2 of Annexure 83. That is to say it would resign en bloc and leave the ombudsman committee without leadership or funds. This is in fact what happened, for although the minutes state that Bishop Tutu would ask donor partners to release funds pledged to the (10 ombudsman office, no moneys were ever paid over. At this meeting Bishop Tutu forbade me to ever enter the SACC buildings again. Several days after the meeting I received by mail from Bishop Tutu's office a copy of the minutes. As it was part of my duties to produce minutes and I had done so since the inception of the ombudsman office, the arrival of these minutes without any explanation had rather unpleasant implications.

Are these minutes included in the annexures that you received from the SACC? -- The minutes which I received from (20 Bishop Tutu's office are marked Annexure 83.

I see they are unsigned? -- Yes well, the ombudsman committee had then died. There was no further committee on which to confirm the minutes. So this was a sort of loose thing trailing out at the back of our achievements. It was clear from Bishop Tutu's minutes, Annexure 83, that there was no longer a question of administrative - I am sorry, it was clear from Bishop Tutu's minutes that there was no longer a question of administrative independence as originally requested but of a severance of links. This situation had (30 been brought about by a questionable telex and on the basis

of what Bishop Tutu claimed Mr Matt Stephenson had claimed that a certain anonymous person had in turn claimed.

Now could I just ask you - did you meet this woman mentioned in the telex, Mrs Haas? -- Yes, Mr Chairman.

In South Africa? -- In South Africa, Sir.

Did these suggestions contained in the telex, did you convey them to her? -- I certainly did not convey what she has allegedly conveyed in this telex. I can understand that she could have got the wrong end of the stick, that she could have been confused. The situation I said was one of (10 stress for her, in which we had discussed - and if I could just briefly say under what conditions it happened. I had been in the Northern Cape where I met her for the first time. She was..

What was she doing there? -- She was looking at certain projects involving farm children. She is connected to some organisation that helps to fund relief and distress aid for victimised people. Now the project there basically concerned taking promising children from farms, bringing them into the town where they could have the benefit of schooling, so that (20 they were trying to break this vicious circle of father being a labourer, his father was a labourer, my son is going to be a labourer, etcetera. So the promising ones were taken where they could get schooling and some of them were doing very, very well and the organisation to which, which Mrs Haas was interested in was apparently really doing some fine work in sponsoring some of these children.

What is the name of the organisation? -- I cannot recall what organisation she represented. Now I was there in the same area for another reason. I had been called out to investi- (30 gate an allegation of a young child on a farm who had pinched

a piece of biltong. He was caught by the farmers, the one picked him up by his ankles and the one picked him up by his wrists and tossed him in the air, dropped him on the ground and tramped him the stomach. Now I had got preliminary information about this and I happened to meet her at a church there while she was looking at the other, and she said she would like to see the area where it had actually taken place and I said well, I will introduce you to some of the youngsters and let us go out and see if I can get some photographs of the site, because this is important for my evidence. Now (10 I went out there and tried to photograph this site through a telelense because for some reason I am unwelcome on these farms, and she got very involved in this and having spoken to the actual victim, I can well understand that she was not herself and she was showing very clear signs of distress. So it is quite possible that she got this story wrong.

But what has this got to do with the money disappearing from the Council? -- We were discussing the question of irregularities in the Council and I said look, you are a donor and I have been investigating certain things. It (20 would appear that some of the moneys given to the Council had been used for private purposes. I do not know who, this is still an investigation that is going on. I understand there was the assurance that the finance committee was going to look into it, all sorts of people were going to look into it, but at this present time we are opting for independence because we do not want our administration mixed up with this administration that did not appear to be regular in all respects. During September 1980, Mr Chairman, the staff of the ombudsman office each received a cheque for 3 months' (30 salary, being severance pay. This was now severance of links.



On October 16, I wrote to Bishop Tutu, asking him to honour his promise to fund the ombudsman office by transferring the sum outstanding - Annexure 85. That is a letter to Bishop Tutu, October 16, 1980. I quote from the middle of that letter:

"It is now more than 2 weeks since the ombudsman office became independent on October 1980. To date no money whatsoever has been transferred to us, we have been left without a single cent. In order to pay the rent and to undertake essential work, I have been forced to put a substantial amount of my personal savings into the ombudsman office. I am now owed in excess of R900. I have made repeated requests for this issue to be settled and have discussed the matter with Mr Barratt several times. There has been no progress. In a nutshell, we are bankrupt, this despite your assurances that this will not be so. It has now become a matter of desperate urgency to have 3 months' operating expenses, one quarter of our annual budget - about R11 000 - transferred from the SACC to our bank account forthwith. I simply must leave for overseas immediately on urgent business and I do not have the money for tickets or travelling expenses, neither can I leave my office unless I know that we have funds to renew the office lease and to meet our other commitments. Please be good enough to give instructions that these funds be transferred as a matter of utmost priority."

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(30)

and further down:

"I / ..

"I shudder to think of the irreparable damage such a step - the shutting down of us - will do to the interests of the poor, the oppressed and the humble Blacks who suffer the sadism of farmers and whose interests the ombudsman office has served so faithfully and as you yourself have said, with distinction.

Please treat this matter as one of the utmost urgency."

Bishop Tutu replied on October 17 - Annexure 86. He said (10 that the SACC had no financial obligations -- Annexure 86 - no financial obligations towards the ombudsman office. Now I think the interesting point about this reply from Bishop Tutu is that it tended to show pique on his part and he says that the SACC had in fact carried the ombudsman office financially because whilst pledges had been made to meet the 1980 budget, requirements of the office, those pledges have not yet been turned into funds, which could have been transferred into our accounts. And he spoke about the severance pay we had been given. But then I was rather surprised (20 because he did say: I want to say I wish you could write letters with a better tone because I could perhaps have been moved by a better tone, than that in your letter, to consider an ex gratia payment to help you out. We were rather astonished to receive this letter, because in no way did we think that the tone of our letter could have led to an upset of this nature. He says: "...but you think a hectoring and demanding tone will serve you better. In this case it has not. We have sometimes had a bad press through the machinations of various malicious persons. The operations of the SACC has (30 always been above board and so I have no fear of exposure,

even / ..

even though I would obviously prefer to avoid negative publicity. I have absolutely nothing to fear because we have nothing to hide. I still want to see your work prosper and a different approach on your part could assist you. God bless you richly.." Now, Mr Chairman, as I say we were perplexed that this particular letter could have given such tremendous offence to Bishop Tutu, so much so that he even felt that this was the watershed, that if the tone had been sweeter and nicer, he would have provided the office with money; but because this did not quite reach what he had (10 expected from us, no money. I thought this was rather extraordinary grounds on which to base a decision of financial support one way or another. One interesting comment made in this letter was that the operations of the SACC have always been above board. Now what I understand by "above board" is not something involving honesty or dishonesty, but where it was open for everybody to see. This was untrue, because when he wrote this letter he must have known it to be untrue because the disbursements from the Asengeni Fund were so secret that not even the SACC executive committee or even (20 the SACC auditors were permitted to see adequate documentation. To me this does not suggest above board, in the sense of being open. Secondly, huge sums from other funds had been spent without having been properly audited, mainly because of lack of proper documentation. Thirdly, as came out in a subsequent court case, the acceptance by Bishop Tutu for private purposes of a R14 000 gift from an anonymous donor via Mr John Rees could only be called above board in the sense that it was open. It was only in evidence that this actually came out many years apparently after the gift was (30 made. I am not questioning the gift, I am just mentioning the manner / ..

manner in which it was done. The hand of Bishop Tutu had at that stage been significantly strengthened because of the statement reported in the Star of August 15, 1980 - Annexure 87. It was headed: "No thefts from SACC - Auditor". The report stated categorically that Mr Potter had found no evidence that funds had been misappropriated, or used for personal gain. According to the Star, the SACC executive committee had asked Mr Potter to extend his investigation despite the fact that Mr Potter did not consider such extension as serving any purpose. In a nutshell, this statement (10 completely exonerated the SACC and left an impression of rectitude and frankness and it also seriously prejudiced my credibility in the documentation that I had submitted. The ombudsman office collapsed in September 1980. I therefore approached a few people and a committee of 5 persons was formed on September 22, 1980. The name of the new organisation was changed to the Independent Ombudsman Office. The constitution and objects remained substantially as before. Immediately the application was made for registration in terms of the Fund Raising Act, or until such registration (20 was granted, no funds could be solicited or accepted from the public. This created a critical situation. I loaned my severance pay to the new committee and made repeated appeals to the SACC for my pension refund and my leave pay so that I could provide bridging finance to the Independent Ombudsman Office - Annexures 88, 89 and 90. In 88 we write to the SACC and point out that it was more than 3 months that had passed since our initial request for payment of leave due. In Annexure 89 we addressed a letter to Bishop Tutu, pointing out that by the end of this month the ombudsman office will (30 owe me about R3 500, while I put all my private savings

including / ..

including the termination of service pay into keeping our work alive. We are simply asking that the leave pay which was due to us on the last day of service be paid. If we close down at the end of the month at least I want to pay Elizabeth - who is a Black woman employed with us - who is a breadwinner. her salary, as well as the office rent, telephone account even if it comes out of my own pocket. We did not receive these moneys during December. I had the problem of Elizabeth, who was a breadwinner. We normally close down during the period between Christmas and New Year. I earned her salary(10 to feed her children with my hands, doing welding, some brick-laying, electrical repairs and as it came in, R20 here, R30 there, R10 somewhere else. It was paid to Elizabeth. She got her final bit of it at the middle of January. That was the best I could do. We still tried to get the money out of the SACC so it was not a gift we were asking, it was ours legally. It dragged on until 11th February and I pointed out that despite this humiliation we still wanted to keep this problem an internal one. We did not want to call in a labour inspector to go and trample all over the records of the SACC(20 and find out what was going on there, but we tried. And we also tried to preserve our self-respect in the process, but at the same time the interests of the SACC.

Did the money come? -- Yes, Sir.

When? -- If I can just refer to a supplementary document here, Sir. To the best of my knowledge we received this in March.

That was how many months after you severed your.. --  
5 months after.

Yes, carry on, please. -- According to the 1980 finan-(30  
cial report of the SACC, it is clear that while no receipts  
were / ..

were recorded for the ombudsman office during 1980, there was a credit balance of R40 000 odd on January 1, 1980. Of this only R29 696 was disbursed, leaving a credit of R11 000 as at December 31, 1980. Annexure 103, page 8. On page 8 of a document headed: "South African Council of Churches - Summary of Receipts and Payments for the Year ended 31 December 1980", there is a column on the right hand side of the document headed "Ombudsman". It shows income, it shows a credit balance of R11 000. This was now 3 months after the ombudsman office and the SACC had parted ways. The (10 statement by Bishop Tutu in his letter dated October 17, 1980 - Annexure 86, page 1 - the one we have already referred to, Sir, that the SACC has in fact carried the ombudsman office financially because whilst pledges have been made to meet the 1980 budget requirement of your office, these pledges have not yet been transferred to our accounts - appears to be so misleading as to be false. The essence of the matter is that the SACC had R11 000 earmarked for the ombudsman office in its bank account. It did not transfer it at the time, nor has it done so since. (20

Do you know what has happened to the money? -- I have no idea, Sir. I am reluctant to approach the SACC to ask for that money. We still struggle but by now we feel that even if we had to be paid over this money today, we could not accept it until such time as the SACC has put its house in order as far its own financial controls are concerned. As is by now well-known, a special report of Mr Potter dated November 11th, 1980, led to charges being laid against Mr Alpheus Mbatha, chief accountant of SACCAS (Pty) Ltd. By early 1981 the Independent Ombudsman Office had been given (30 a limited degree of support by the Federation of Evangelical

Lutheran / ..

Lutheran Churches and had been registered in terms of the Fund Raising Act. Its operations continued, that is the ombudsman office operations continued although on a hand-to-mouth basis. Our landlord - its agents were sympathetic; we found other people sympathetic too when we simply did not have the money to pay our way. I was still trying to obtain my pension refund and leave pay in order to provide funds for the office. As I said, we received this money at a time when it was apparent to everybody that the ombudsman office would not die. (10

The separation between the Council and the ombudsman office..you took the furniture with you? -- We applied to the SACC to ask them what now about the furniture and equipment and after some correspondence we were able to clarify the position in regard to the furniture and equipment which the SACC transferred to us, and we wrote an appropriate letter of thanks to the SACC for this gesture. It was in this respect again that Mr Oliver Barrett showed his sympathy for the work that the ombudsman office does. Now while I was suspicious of what was happening within the SACC and (20 disenchanted with its leadership, I still believe that generally it was doing good work and that whatever its shortcomings, it had an important role to play. Far from wishing to destroy, even harm it, I was simply satisfied that the ties had been cut and that I was able to concentrate on my duties without the complication of emotional displays by Bishop Tutu. The reason why I mention this is because the work in which I was now involved in helping people that had been injured and bashed about and so forth, already has a very, very high emotional content and seeing the manner (30 in which people fear in the platteland - when I move into

a community where the obviously criminal element is afraid of the police, it is a well-ordered society; but when I go into a community, Mr Chairman, and obviously law-abiding people are terrified of the police, there is something wrong and I was getting all this and I did not want to have a battle on the home front at the same time. I made it clear to all concerned that I would still be willing to co-operate with the SACC on projects of common interests such as investigations of serious assaults on labourers on farms. During mid 1981 I was visited by Warrant Officer Mills of the South African Police, Commercial Branch, and <sup>at</sup> his request - I gave <sup>(10)</sup> a statement that I had not given permission to Mr Mbatha to bank a certain cheque into his private account. I thought that was the end of the matter, Mr Chairman, but I was subsequently summonsed to give evidence at Mr Mbatha's trial. Allegations of irregularities within the SACC then received great press prominence. I was questioned about a lot more than this particular cheque and it appeared - in fact it did not appear, it was so - that the Counsel for the defence of Mr Mbatha had somehow obtained a copy of the confiden- <sup>(20)</sup> tial reports that I had submitted to Bishop Tutu. We were now busy, we had cut our bonds with the SACC, we had let some of our staff..we had helped them to find other jobs and we gave up some of the office premises, started reorganising everything in order to make more economic use of what we could afford in terms of rent and in this process at that stage I located various documents relating to the SACC which had been sent to the ombudsman office during the previous year as had been normal usage - we received the minutes and so forth, excepting for certain confidential <sup>(30)</sup> things. One was a report by Bishop Tutu dated September 1980,



Annexure 93, page 3. He praised overseas donors for their support in prayer and money and disclosed on page 3 that he had approached the private sector in South Africa for funds, that is under "Independent Investigation":

"I have approached the private sector in South Africa to try and raise more funds locally.

This is Annexure 93, the annual report of the general secretary, 1979/80, dated September 1980. And he said that he had approached them with a reasonable response - reasonably positive response especially to its educational (10 programmes. I found this astonishing, if not immoral because at the time of his appeal for funds he must have been aware of irregularities of the most serious nature in the SACC's books; (b), the auditors had warned the SACC that it might be reported to the Public Accountants' and Auditors' Board; c), especially as investigation by Mr Potter was in progress; (d), hundreds of thousands of rand had been spent from the Asengeni Fund by Mr John Rees and by Bishop Tutu himself without - as I read the picture - adequate records having been kept or, if they were kept, (20 produced for audit. A total of about R1,7 million, representing 49% of the entire budget for 1979 had been disbursed without subsequent audit. Expenditure from the Dependents Conference had not been audited for the third successive year. This involved a total of R1,4 million. A total of R191 000 representing 49% of loans granted had to be provided for bad debts. Unless prospective donors had been made aware of this rather chaotic financial situation beforehand an approach for further financial support would under the circumstances, in my opinion, have lacked moral justification. (30 In the same report, Annexure 93, page 2 - Bishop Tutu complained that / ..

that the SACC had received its worst auditors' report as a result of the gross dereliction of duty in SACCAS the company 75% owned by the SACC. That is on page 2, under "Finances":

"As result of the gross dereliction of duty in SACCAS, the company 75% owned by the SACC, we have received our worst auditors' report where we are guilty of a material irregularity because SACCAS whom we paid R50 000 did not keep proper books".

You are now quoting from page 2 of Annexure 93? -- Yes, (10 item 4 on page 2. The item is headed "Finances".

Yes. -- This statement is open to attack on various grounds. In the first case if we look at Annexure 62(A) - that is now a report of the finance committee.

Yes? -- For the year ended December 31, 1978. It says here in the second sentence under "financial recordkeeping"

"We are persisting with the use of Black accountants and clerks in SACCAS. The majority of the staff lack in-depth commercial experience which does mean that (20 shortcomings in the work are evident from time to time."

In other words, this is now the policy of the finance committee to persist in the use of partially qualified or trained people to run their accounting system. Now (intervenes)

Is this - excuse me, is this related in any way to Annexure 50? -- I am coming to that, Mr Chairman.

Okay, carry on. -- If we look at Annexure 50, the auditors are saying - that is a report by Pim, Whiteley & Close - dated 31 August 1979, addressed to the executive committee (30 of the South African Council of Churches, for the attention

of Mr Wentzel. It says on the third paragraph:

"In the past we have issued management reports in which certain improvements were suggested, but as there has not been anyone qualified to implement these suggestions, no effective improvement has occurred. The Council is committed to the policy of employing Black accountants and clerks in the SACC Accounting Services (Pty) Ltd, the policy which provides the financial and secretarial services to SACC and its associates. This policy of employing relatively untrained persons responsible for the implementation of adequate controls and procedures has not been successful due to their inexperience and lack of formal training. Consequently, they are not equipped for the task."

(10)

So here we have a situation, as I understand it, Mr Chairman, that the SACC finance committee says look, we have got to give these people a chance to learn this type of work; we are going to employ them, they are going to do this job although they are not properly qualified, these particular individuals, as we would like to see it. That is during the course of 1979, this report for the year 1978 is signed by the finance committee.

Now the report, Annexure 93, that you refer to is dated September 1980. That is some 13 months after the Pim, Whiteley report which is Annexure 50. As far as you are aware have any steps been taken or has any changes taken place from which one could deduce or infer that the Council is not committed to the policy of employing Black accountants and / ..

and clerks in the SACC? -- I have no knowledge of this. You know we had this severed relationship in 1980 and my other duties have precluded my taking a particular interest in the internal developments of the SACC as regarding this type of thing.

The point - up to the time you left.. -- Yes, they were still employed.

Was this policy still being implemented as far as you are concerned? -- The policy was still (simultaneously)

The policy of employing Black accountants? -- Yes. I (10 must just say (intervenes)

You left - excuse me, you left on 13 August 1980, that was the final break? -- No, we left the end of September Mr Chairman.

Yes, the meeting was on 13 August. -- Yes, but our duties expired and our organisation also expired on this last day of September.

Now the point about all this that you are trying to make is what? -- The point that I am trying to make is that here we have blame being put on SACCAS for not keeping (20 proper books by the general secretary of the SACC. The finance committee says it is our policy to employ untrained people, because we have got to give them a chance. The auditors also point this out, so when these untrained people do not keep proper accounts they are now subject to public ridicule and blame. I found this a bit strange.

Who do you say should have got the blame, if anybody? -- I think that if anybody at all should have got the blame it was whoever was responsible for implementing a policy of untrained people looking after the accounts of an organisation (30 with a turnover of several million per annum.

Would / ..

Would that be the finance committee? -- As I understand it, it is the finance committee and above them, the executive committee of the SACC itself. The point I do not like about either of these two quotes, was the emphasis that the people that were being employed were Black. I can understand that there was a policy of employing people who might have been untrained - but the implication here could be taken to read that this report by Pim, Whiteley & Close is a racial one. I do not think it was intended that way, but this is a thing one could draw from it. The fact is that these people were (10 not trained to do the job that they were supposed to do and when they did not do it adequately, they were now blamed as an organisation for not doing it.

You mean this is something like apartheid in reverse?

-- I am not qualified to comment on apartheid, Mr Chairman.

THE MEETING ADJOURNS UNTIL 6 SEPTEMBER 1982 at 9h30.