

The shattering collapse and closure of Catholic Welfare and Development (CWD) late last year may have come as a shock to some, but it wasn't much of a surprise to those of us more familiar with CWD's recent history.

My misgivings began back in November 2017. As financial administrator of the archdiocese of Cape Town I was concerned that CWD had just defaulted on the repayment of a substantial short-term loan of R600,000 to the archdiocese. All the evidence presented by CWD's management had given us every reason to think that they would not have difficulty repaying the loan on time and in full. But the evidence was wrong, and the subsequent assurances and excuses, while plausible at first, began to wear thin, especially so once Archbishop Brislin, CWD's patron, began receiving reports that the organisation was struggling to pay its staff and its suppliers. The archbishop on several occasions relayed these reports and his unease to CWD's senior management. They continued to assure him that CWD remained financially sound.

By the time I attended a meeting called by the archbishop in February 2018 with CWD's chair and vice-chair, my misgivings had given way to alarm. At the meeting was Donovan Muller, the chair of the archdiocesan finance council, and together with the archbishop we laid bare our concerns about CWD's financial woes. The news appeared to surprise and shock the CWD representatives, who promised to investigate and report back to the archbishop. They never did.

In the meantime more complaints reached the archbishop, who wrote several letters to the CWD board, alerting them to what appeared to us to be a deepening financial crisis. The archbishop was politely ignored and fobbed off with assurances, until he insisted on a joint meeting between the entire board of CWD and the archdiocesan finance council. Only then, at that meeting in May, did the board take action by agreeing to the appointment of an auditor who would compile a report on CWD's finances for the board and archdiocese. By then, the board chairperson, Felicity Harrison, had resigned and handed over to the vice-chair. Instead of getting on with the task, the board haggled with the archbishop for the next two weeks about the auditor's terms of reference. Eventually the auditor started in June, but received such poor co-operation from CWD's management that his report was delayed and he was not able to complete it properly by the deadline of the end of June.

Observers may question why the archbishop at that stage didn't directly intervene at CWD. The answer is he couldn't. He was not legally able to direct CWD's affairs, institute disciplinary steps against employees or fire board members. From its earliest days in the 1970s CWD had been a separate NGO, with its own constitution and board of management. It was not a department of the archdiocese, and had at times aggressively guarded its autonomy. Apart from encouragement, pressure and warnings, the most the archbishop could do was withdraw his support and patronage.

After reviewing the auditor's partially completed report in early July 2018, the board persuaded him to try and complete it. But again he met with opposition from management. By then I had, with the board's permission, online access to CWD's twenty-seven bank accounts. The symptoms of the crisis were painfully apparent: there was very little money in the accounts, PAYE had not been paid for almost a year, and more worrying than anything, CWD's huge salary bill of over R600,000 per month had been paid intermittently from ringfenced donor funds not meant for salaries.

Finally in August and September 2018, under the new chairperson, Arthur Johannes, the board took decisive action. CWD's then director, Kevin Roussel, chose to leave in October 2018, along with three other senior managers. Three board members also resigned, which brought the number of members below the minimum required by CWD's constitution. This event finally allowed the archbishop to intervene in terms of the constitution and appoint interim, replacement board members. Thus I was appointed to the board of CWD a year after I had had those first misgivings.

The new board wasted no time and appointed a qualified and experienced interim director, Walter Tarr. Together we got to work urgently understanding the extent of the crisis and the appropriate remedial action. Walter and his small team faced an uphill battle given the utterly chaotic state of the accounts and records. But even after only a few weeks it was glaringly apparent that the only action possible in the face of insurmountable debts - of at least R17 million - was to retrench staff and cease operations.

Once informed by the board of their decision in late October 2018, the archbishop immediately alerted the clergy and religious of the archdiocese. He followed up in early November with a detailed briefing in person to priests and representatives of all parishes, and in December he wrote a general letter to all Catholics in the archdiocese. Subsequent letters and general briefings by the archbishop have continued into 2019.

The archdiocese supplied all the funds that were needed by CWD to retrench its staff. The archbishop was concerned that they be properly helped through this very painful period. Despite facing the personal hardship of retrenchment, the staff decided to volunteer their services for one last, properly fundraised and managed *Buckets of Love* Christmas campaign. Altogether this "last hurrah" raised enough money to fill 4604 buckets with food for destitute people. Not one cent raised was spent on anything else.

Although still an autonomous NGO, with the new board appointed by the archbishop CWD is effectively under the administration of the archdiocese. CWD has no employees, but just a handful of temporary contractors who, under the supervision of board, are dealing with creditors, properties and their occupants, leases, funders, finances and all CWD's legal matters. Two very important parts of

this work are (a) helping those former CWD programmes that are viable to independence, and (b) safeguarding donor funds.

The archdiocese could have left CWD's old board and management to sort out the problem for themselves. This was risky because a large creditor such as a bank could have forced the liquidation of CWD and deprive CWD of control of its affairs and properties. We considered it better for the archdiocese to intervene and provide the required bridging finance. This would also ensure the controlled winding down of CWD's affairs under the supervision of the archdiocese.

The archdiocese is now CWD's largest creditor. CWD's massive debts will be settled by the orderly sale of a significant portion of its properties. CWD will continue to function in name until all its debts have been paid and its affairs, including all outstanding legal matters, have been settled.

What about causes, responsibility and accountability? While some of the blame can be attributed to dwindling donor funding, it's very apparent to us that CWD was mismanaged. Donor funds have been misused, and where we can prove fault, CWD will pursue any and all criminal and civil charges against those responsible. Dealing with CWD's creditors and bringing its financial affairs under control have been an absolute priority and very time consuming for just a handful of people. However, we will in due course turn our attention to holding to account those responsible for this inexcusable disaster.

There is some good news in all this. Archbishop Brislin has pledged to help restart the work. Since the new board took over in October all donations that CWD has received have been ringfenced and not used to settle debts. The donations have instead been safeguarded for future welfare and development work. Any properties not sold will similarly be safeguarded for such work.

The CWD that closed in 2018 was not the CWD that I served as a volunteer in the 1980s: it was a shadow of its former self. That former self lives on and thrives in the organisations that were spun off from CWD: organisations like the Caring Network, the Abbeyfield Society of South Africa, Rural Development and Support, the Savings and Credit Cooperative League of South Africa, Help the Rural Child, Neighbourhood Old Age Homes, Prison Care and Support Network, and Abalimi Bezekhaya.

We will learn from the pain, chaos and incompetence and restart with something better.

Graham Wilson
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