
ASSOCIATION OF BLACK ACCOUNTANTS OF SOUTHERN AFRICA: MID-TERM EVALUATION

FINAL REPORT

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GLOSSARY

ABASA	Association of Black Accountants of Southern Africa
AT	Accounting Technician
BCOM	Bachelor of Commerce (degree)
BPED	Black Private Enterprise Development Project
CA	Chartered Accountant
COSP	Community Organizations Support Program
EOC	Educational Opportunities Council
FABS	Female Accountants Bursary Scheme
FFA	Foreign Funding Act
GIS	General Infrastructure Support
NGOs	Non-governmental Organizations
PAAB	Public Accountancy and Audit Board
SAICA	South African Institute of Chartered Accountants
UNISA	University of South Africa
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

USAID-Pretoria initiated its Black Private Enterprise Development Project (BPED) in 1987 to assist the development of the black private sector in South Africa. As part of BPED, USAID signed a three-year Cooperative Agreement (No. 674-0303-G-SS-7076-00) with the Association of Black Accountants of Southern Africa (ABASA) in September 1987. The Cooperative Agreement was designed to strengthen ABASA's organizational capabilities to increase membership, improve administration of existing programs, and assist with the promotion of the black accounting industry which was prevented from developing as a result of apartheid. This agreement was amended in August 1989 into a four-year agreement to provide community organizations with proper accounts and practices in response to the Foreign Funding Act of 1989. (The FFA gave the Government of South Africa the legal authority to close down community organizations if their financial management practices did not conform to generally accepted accounting standards). In June 1989, USAID signed a second Cooperative Agreement with ABASA (No. 674-0303-G-SS-9028-00) to promote black female participation in the accounting field by providing scholarships to women pursuing accounting degrees at accredited universities.

Both Cooperative Agreements included provisions for evaluations. The first agreement (GIS) included two evaluations, after the second and third years after the date of contract signing (September, 1989 and 1990) to assess the impact of the project. Delays in implementation of the agreement and amendment (COSP) led to delays in the evaluation. The second agreement (FABS) called for an evaluation after year three (July 1992). The current evaluation is prompted by a) a general review of USAID-Pretoria strategic goals and objectives, and b) an effort to uncover and resolve any problems that might be detracting from successful implementation of the projects.

The evaluation recommends continued funding of ABASA to pursue a strategic plan and interim reorganization. Continued funding is contingent on a) agreement between ABASA and USAID on ABASA's strategic plan no later than June 28, 1991, and b) agreement between ABASA and USAID no later than December 31, 1991 that ABASA is properly conforming to the amended Cooperative Agreement consistent with the performance indicators agreed to in the strategic plan (e.g., by June 28, 1991).

USAID-Pretoria selected Ernst & Young to perform the ABASA and two other evaluations. Ernst & Young assigned Michael Borish (J.E. Austin Associates) to the evaluation. The consultant devoted approximately seven person days in South Africa (27 in total for all three evaluations) to conduct the evaluation and

formulate findings and recommendations for USAID-Pretoria and ABASA.

The consultant interviewed 15 individuals consisting of a) three of ABASA's board members, including President and Vice President, b) ABASA staff, including its Executive Director, COSP Coordinator, FABS Coordinator, and Program Officer, c) four beneficiary organizations of the COSP program, d) one ABASA member employed by Anglo-American, and e) three USAID officials in Johannesburg. Findings and recommendations are based on these interviews, as well as financial and administrative documents provided by ABASA and USAID.

The evaluation focused on the following:

- 1) ABASA's general (GIS) performance to date concerning managerial efficiency, organizational structure, membership expansion, membership services, research and advisory activities, and progress towards achieving financial self-sufficiency and long-term self-sustainability;
- 2) Performance of organizations which have benefitted from ABASA assistance (COSP), and long-term prospects for them to follow appropriate accounting practices, generate needed accounting data for statement preparation, and utilize such information for business development;
- 3) Performance of students (FABS) who have received scholarships from ABASA, and their long-term prospects for becoming Chartered Accountants; and
- 4) Recommendations to achieve Cooperative Agreement objectives, and to make future objectives attainable.

Findings and recommendations are summarized below.

ABASA PERFORMANCE TO DATE

ABASA's performance to date has strong from the marketing side, but disappointing from the administrative side relative to Cooperative Agreement conditions. The following summarizes key performance measures:

- 1) General Management: ABASA has succeeded in marketing the organization to create greater public awareness, increase its membership, advocate reforms in the profession to increase black representation, and pursue research that should influence policy in a manner conducive to black economic development. On the negative side, ABASA's membership contributions are a small portion of financial requirements, administration and financial management need more attention, and a clarification of responsibilities needs to be made with regard to the roles played by the Board, Executive Director, and professional and support

staff. Projects have not achieved original agreement targets, partially due to time required for marketing and advocacy efforts which have detracted from hands-on project management.

2) Implementation of GIS: ABASA needs to strengthen its administrative structure to increase efficiency. Little personnel development and training appears to have occurred. The Clerkship Program has only placed six, although the budget envisioned approximately 25.

3) Implementation of COSP: COSP has experienced delays in implementation. The original target of 150 beneficiary organizations is not likely to be achieved. A possible amendment to the agreement is to reduce the number of targeted organizations, and focus on those that have the most impact on black economic development and benefit the most from accounting services provided.

4) Implementation of FABS: FABS has been unable to identify 20 female bursars who are likely to become CAs. Pass rates have been low (30%), student use of ABASA-arranged mentors even lower (10%), and the Bursary Officer has resigned from ABASA.

RECOMMENDATION

It is recommended that USAID provide ABASA with continued assistance for an interim period in two stages (through June 30, 1991 and December 31, 1991). The first stage should be predicated on ABASA fulfilling certain conditions, such as advance reconciliation, demonstration of improved financial controls and reporting, development of a strategic plan with specific targets, and the hiring of a new Executive Director with specific responsibilities and time allocations. The second stage permits funding to give ABASA time to make the organizational changes work and develop a manual of operations reflecting ABASA's official position on financial, administrative and operational concerns. Key changes in the agreements are the reduction of COSP beneficiary organizations from 150 to 50-75 to permit increased accounting services to larger organizations with greater economic impact, and the temporary suspension of the FABS agreement while honoring existing and implied commitments to successful students. (It is understood that ABASA wants to continue with FABS, and that their strategic plan will include at least one scenario in which FABS is addressed. USAID will determine by June 28 if they will permit continued funding for FABS above existing student commitments). Organizationally, ABASA and USAID would have only one agreement (assuming suspension of FABS). This will permit ABASA to focus on its management restructuring, financial controls, and adherence to strategic targets set in its strategic plan.

Some key options available to ABASA include 1) USAID's willingness to support a U.S. counterpart advisor, 2) USAID's willingness to provide needed technical assistance for improved data base management, and 3) formation of a donor guidance committee (e.g., monthly meetings) to work with ABASA on key operating concerns. Nevertheless, USAID is not likely to provide continued or incremental financial aid without a satisfactory strategic plan with reasonable and achievable performance targets.

I. INTRODUCTION

USAID-Pretoria initiated its Black Private Enterprise Development Project (BPED) in 1987 to assist the development of the black private sector in South Africa. As part of BPED, USAID signed a three-year Cooperative Agreement (No. 674-0303-G-SS-7076-00) with the Association of Black Accountants of Southern Africa (ABASA) in September 1987. The Cooperative Agreement was designed to strengthen ABASA's organizational capabilities to increase membership, improve administration of existing programs, and assist with the promotion of the black accounting industry which was prevented from developing as a result of apartheid. This agreement was amended in August 1989 into a four-year agreement to provide community organizations with proper accounts and practices in response to the Foreign Funding Act of 1989, which gave the Government of South Africa the legal authority to close down community organizations if their financial management practices did not conform to generally accepted accounting standards. In June 1989, USAID signed a second Cooperative Agreement with ABASA (No. 674-0303-G-SS-9028-00) to promote black female participation in the accounting field by providing scholarships to women pursuing accounting degrees at accredited universities.

Both Cooperative Agreements included provisions for evaluations. The first agreement (GIS) included two evaluations, after the second and third years after the date of contract signing (September, 1989 and 1990) to assess the impact of the project. Delays in implementation of the agreement and amendment (COSP) led to delays in the evaluation. The second agreement (FABS) called for an evaluation after year three (July 1992). The current evaluation is prompted by a) a general review of USAID-Pretoria strategic goals and objectives, and b) an effort to uncover and resolve any problems that might be detracting from successful implementation of the projects.

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formulate findings and recommendations for USAID-Pretoria and ABASA.

The consultant would like to thank the following individuals for their cooperation in assisting with the evaluation: Israel Skosana, Jay Pema, Juneas Lekgetha, and Mashudu Ramano (ABASA); David Himelfarb (USAID); and Stephen Wade and Sannie Kungoane (COMAD). The consultant would also like to thank the many individuals not cited who were helpful in providing administrative and logistical support and time for interviews.

II. STATEMENT OF METHODOLOGY

The consultant utilized the following to carry out the evaluation:

- a) USAID documentation, including Cooperative Agreements No. 674-0303-G-SS-7076-00 (and amendment) and No. 674-0303-G-SS-9028-00;
- b) ABASA operating and financial information; and
- c) Interviews with ABASA, beneficiary organizations, a member, and USAID.

A list of meetings is found in Annex I. Efforts were made to talk to a) a representative sample of the 15 beneficiary organizations who have received accounting assistance from ABASA under its COSP program, b) key Board members and operating personnel at ABASA, and c) key personnel at USAID. The consultant interviewed four of 15 beneficiary organizations, all key staff at ABASA, and all key USAID personnel involved in the ABASA projects.

In the case of visits to beneficiary organizations, efforts were made to assess a) account preparation capabilities, b) use of accounts for enterprise development (e.g., expansion, cost-saving), c) assistance provided by ABASA sub-contractors in identification of firm weaknesses, statement preparation and advisory services, and d) the long-term prospects for contribution of black economic development.

The consultant also analyzed financial and operating documentation made available by ABASA to assess a) financial management of the project (e.g., conformity to budgets, achievement of objectives and relative cost), b) administrative effectiveness of operations, c) staff capabilities and organization, and d) perceptions of beneficiary organizations of assistance received. Review of these documents, in conjunction with interviews, are the basis for findings and recommendations below. Section III presents findings, while Section IV presents issues and recommendations.

III. EVALUATION OF PROJECT COMPONENTS

A. PROJECT PROFILE

1. ABASA PURPOSE AND OBJECTIVES

ABASA was founded in 1985 to help establish an organizational infrastructure for black accountants to a) increase representation in the accounting profession, b) provide training for students interested in pursuing accounting at the accredited university level, c) provide access to formal accounting skills for black enterprises, d) educate blacks about opportunities in the accounting profession, and e) influence public policy (Government, SAICA, PAAB) by participating in public fora and holding private meetings to create a more favorable environment for the entry of black accountants into the profession. These objectives were shaped by decades of discriminatory legal, educational and industry practices which effectively excluded blacks from the accounting profession. Even today, South Africa has only about 350 black Chartered Accountants, or approximately 2.6% of total; only 29 Chartered Accountants are African, of whom only two are female; among the 3,800 Accounting Technicians, only 75 are African; less than 1% of all accountants (chartered or not) with "major" firms are black. It is ABASA's long-term goal (for the year 2000) to have the following distribution of blacks in the accounting profession: 2,000 Chartered Accountants, 1,000 Cost and Management Accountants, 5,000 Accounting Technicians and 500 Government and Municipal Accountants. This would signify a nearly thirtyfold increase in the supply of black accountants over the next decade. Annex II includes accounting profession data.

2. GIS OVERVIEW

The first Cooperative Agreement between ABASA and USAID was a \$200,000 grant (R370,000 at R1.85/\$1.00) from USAID from September 29, 1987 to December 31, 1990. The purpose was to provide ABASA with the financial resources it needed to develop an organizational structure and achieve the general objectives mentioned above within the context of ABASA's five-year plan. The agreement provided for salaries for the Executive Director, Program Officer and Secretary (\$88,000), a clerkship program for aspiring black accountants with chartered and unchartered accounting firms (\$50,000), research activities (\$39,000), attendance at local and overseas conferences (\$17,000), and the procurement of office equipment and supplies (\$6,000). It was assumed that USAID funds would constitute a declining share of total budgetary needs as membership increased and revenues flowed from alternative sources. Annex III includes the original Cooperative Agreement budget.

3. COSP OVERVIEW

The GIS agreement between ABASA and USAID was amended in August 1989 in response to the Government of South Africa's promulgation of the Foreign Funding Act (FFA). The FFA formalized a requirement that community-based organizations (which often received funds from international donors) had to demonstrate proper bookkeeping and accounting practices in conformity with generally accepted accounting standards established in South Africa. Failure to observe this requirement would provide the Government with justification to terminate the activities of the organization. As most organizations lacked technical accounting capabilities, USAID agreed to provide additional funding for ABASA's Community Organization Support Program (COSP) to assist community-based organizations in adhering to FFA requirements. The original Cooperative Agreement was amended, providing an additional \$270,000 (R715,500 at R2.65/\$1.00) to ABASA. The amendment also extended the duration of the Cooperative Agreement to December 31, 1991, effectively making the agreement a four-year project. The additional \$270,000 was designed to support direct accounting assistance to community-based organizations and associated promotional activities (\$190,717), the salaries of the COSP project coordinator and administrative assistant (\$42,868), administrative costs (\$31,698) and additional equipment (\$4,717). Annex IV includes the amended Cooperative Agreement budget.

4. FABS OVERVIEW

USAID and ABASA signed a second Cooperative Agreement in June 1989 to support the Female Accountants Bursary Scheme (FABS). FABS was designed as a 4.5-year agreement from July 1, 1989 to December 31, 1993 to provide ABASA with \$550,000 (R1,457,500 at R2.65/\$1.00) for scholarships to aspiring African female accountants. The gender specification of the agreement was in response to longstanding barriers to the entry of women into the accounting profession, particularly black women. When the agreement was signed, only 350 women (2.6% of total) were Chartered Accountants, of which only three were Indian and one was African. The \$550,000 provided for FABS was budgeted to support university-related living expenses, tuition and books (\$404,906), administrative and internship expenses (\$133,944), start-up costs (\$5,868) and a mid-term evaluation (\$5,283). Ultimately, the goal was to increase the number of black female Chartered Accountants from two today to 22 by the mid-1990's. Annex V includes the FABS budget.

5. ROLE OF USAID

The two Cooperative Agreements (GIS/COSP and FABS) between ABASA and USAID are part of the larger USAID Black Private Enterprise Development Project (BPED) which is a five-year project designed to assist NGOs involved in black private sector development. The

combined agreements with ABASA constitute 12% of total funds obligated by USAID under BPED. One of the key features of USAID assistance to organizations like ABASA (and as stated in Cooperative Agreements) is the achievement of professionalized management practices to institutionalize organizational efficiency. As such, USAID's role is to provide transitional financial resources to promote the long-term sustainability of private sector development organizations.

B. ABASA PERFORMANCE

1. KEY PROVISIONS IN THE ABASA-USAID COOPERATIVE AGREEMENTS

a. General Infrastructure Support (GIS): GIS was the first Cooperative Agreement signed between USAID and ABASA. The agreement provided ABASA with needed funds to develop the organizational structure and capacity necessary to achieve its objectives (see IIIA above). Key provisions of the GIS agreement consist of the following: 1) in addition to USAID's provision of \$200,000, ABASA will increase funding sources such that 58% (\$275,875) of total program costs (direct, indirect, in-kind) will derive from non-USAID sources over the three-year life of the agreement (see Recipient Resources); 2) reimbursement for expenses incurred shall be monthly upon receipt of invoices, checks, payroll sheets and other supporting documentation; a summary sheet aligning expenses with specified line items will accompany documentation; recurring expenses will be reimbursed, while non-recurring expenses will be will be credited as an advance reduction (see Financial Management); 3) all line item adjustments to the GIS budget must receive prior USAID approval (see Financial Plan); 4) progress reports detailing activities and costs are to be submitted to USAID no less than every six months (see Reporting); and 5) criteria for selection into the Clerkship Program to be formalized; efforts to achieve financial self-sufficiency via member contributions and other donors (see Special Provisions).

b. Community Organizations Support Program (COSP): The GIS agreement was amended in 1989 to address the FFA (see IIIA above). Key provisions of this amendment and their consolidation into the original agreement consist of the following: 1) documentation detailing business travel must be submitted to USAID prior to disbursement (see Travel Policies, #6); 2) submission to USAID of procedures concerning selection process of firms chosen to provide accounting services under COSP (see Community Organizations Support Program and Schedule, #6-8); 3) a minimum of 150 organizations potentially affected by the FFA will be assisted, with selection based on a series of criteria focusing on leadership composition, long-term viability, technical accounting needs and contributions to the development

of the black community (see Program Description, #11); and 4) professional fees charged by accounting firms for services rendered under COSP will not exceed R600/day in year 1, or the inflation-adjusted rate in year 2 (see Program Description, #11).

c. Female Accountants Bursary Scheme (FABS): USAID and ABASA entered into a second Cooperative Agreement in June, 1989 with the signing of FABS. Key provisions in the agreement included the following: 1) scholarships would be offered to and clerkships and mentoring programs arranged for 20 "legally disadvantaged women" with BCOM degrees to study for a minimum of three years at PAAB-accredited universities to become chartered accountants (see Overview and Program Description); 2) financial matters (e.g., advances, reimbursements) would conform to the requirements of the GIS/COSP agreement (see Financial Management); 3) monthly financial reports and semi-annual project reports are to be submitted, including progress reports on student beneficiaries; a computerized student and application tracking system would also be developed (see Reporting and Evaluation and Program Description); 4) ABASA will have signed an agreement with an NGO bursary organization to train the ABASA bursary officer for 2.5 years, and supplied evidence of commitment that "a representative sample" of accounting firms would support FABS graduates with mentoring and clerkships (see Conditions Precedent and Program Description); 5) recipients will win bursaries based on academic and leadership ability, achievement and potential; 60 applicants would be selected for interviews, with 20 students selected and 10 wait-listed (see Selection Criteria and Program Description); and 6) ABASA would attempt to find non-USAID funding sources for FABS (see Funding).

2. ABASA PERFORMANCE RELATIVE TO THE COOPERATIVE AGREEMENTS

a. General Assessment: A general assessment of ABASA's organizational performance is found below. The general conclusion is that while ABASA has been successful in marketing itself, increasing public awareness, legitimizing the profession in the black community, reducing corporate discrimination against black accountants, and establishing links domestically and internationally to add to its image and acceptance, its overall performance has not conformed to most of the agreements' key performance targets. This is not to say that ABASA's accomplishments have been insignificant. To the contrary, ABASA has come a long way in achieving public recognition as an important institution in South Africa. As for not achieving agreement targets, this partially reflects structural difficulties such as weaknesses in the educational sector, the limited number of blacks in the accounting profession or pursuing accounting, and lack of understanding of the needs and benefits of accounting in the informal sector of the economy.

Nevertheless, with regard to ABASA not achieving agreement targets, this is partly because ABASA has not become the well-managed infrastructural unit intended in the first agreement (GIS). Sections 2b, 2c and 2d discuss specific issues concerning GIS, COSP and FABS that are not covered by the general assessment.

1) Financial Self-Sustainability: ABASA originally agreed to work towards financial self-sustainability. As such, the original Cooperative Agreement anticipated a declining balance of USAID's portion of GIS expenditure, from 100% in year 1 to about 50% in year 3. The amendment to the agreement retained the same dollar commitments for GIS while adding \$270,000 for COSP, of which nearly 30% was for salaries, administration and equipment. The FABS Cooperative Agreement allocated nearly 27% of the \$550,000 budget to administration, start-up costs and evaluation. Thus, USAID has committed approximately \$425,000 to ABASA net of COSP program activities and FABS bursaries.

ABASA has increased support from non-USAID sources (R310,377 in fiscal 1990), although almost exclusively from other donors and companies (see Annex VI). Member subscriptions declined in fiscal 1990, and were only 2.5% of total ABASA income. Thus, ABASA remains fully dependent financially on donors and corporate sponsors. The original agreement may have been unrealistic in assuming ABASA would be able to assume nearly 60% of its overhead by 1990. Nevertheless, ABASA has made limited inroads into achieving financial self-sustainability.

2) Financial Management: ABASA has been weak in its financial management of the agreement. Several advances are outstanding, with the range from zero to \$76,159 depending on the source. The likely outstandings are in the \$47,629 range, or about 47% of total advances and 28% of total USAID-related expenditure. These outstanding advance amounts have been discussed by ABASA and USAID for roughly six months, and the earliest claims go back to July 1987 suggesting that USAID needs to maintain better coordination between Pretoria and Johannesburg. Recent filings may have reduced the gap in advance outstandings to about \$32,000, but this is still far in excess of acceptable norms.

The breakdown between advances made and liquidations is as follows:

GIS: \$34,168 in total advances for salaries and research
28,815 in liquidations
5,353 as net

COSP:\$20,526 total advances for salaries, program activities,
administration and equipment
2,656 in liquidations
17,870 as net

FABS:\$46,081 total advances for bursaries, start-up costs,
administration and evaluations
21,675 in liquidations
24,406 as net

TOTAL NET:\$47,629

In addition to ABASA's weak internal controls and external reporting (see Annex VII for an internal review), USAID has disallowed certain advance claims filed by ABASA because they did not conform to the specific line item, or because necessary supporting documentation was not provided. One of the factors may be the steady turnover at USAID, leading to differing interpretations of allowable expenses. The agreement, however, is specific about the need for invoices, check copies, payroll sheets and other supporting documents for claims to be honored on a monthly basis. ABASA has filed claims late, without supporting documentation, and sometimes incorrectly, reflecting the need for improvement in financial management. (These oversights prompted discussion that ABASA hire a new Financial Manager, although the current COSP Coordinator appears able to assume these responsibilities. See Annex VIII for Project Implementation Files.)

3) Marketing: ABASA has been successful in increasing donor and corporate support (see Financial Self-Sustainability above), establishing working relationships with public sector agencies and international accounting associations, initiating programs intended to help increase the number of blacks in the accounting profession, and raising the public's awareness of its activities. Membership has increased from 150 in 1987 to as high as 700 in 1991, although the number of active members needs to be formalized and number of offices currently limited to four (with two Steering Committees). It appears that ABASA has achieved success with regard to its public awareness and advocacy roles and in generating funds from donors and corporate sponsors. However, ABASA still lacks a strong membership base and network. As concerns USAID, no specific marketing targets were established in the Cooperative Agreements. Successful as ABASA's marketing approach has been, however, there have been limited clerkships

(only six) in the GIS project, few beneficiary organizations (15) assisted in the COSP project, poor performance of most students receiving bursaries under the FABS project, and need for stronger administration and financial reporting.

4) Organizational Structure: ABASA has only nine permanent staff, of whom four are professional (Executive Director, Program Officer, COSP Coordinator and Bursary Officer); the Executive Director is leaving in mid-1991, and the Bursary Officer left February 28, 1991. Given the small number of employees, ABASA does not need a rigid, formal organizational structure. Nor do the Cooperative Agreements specify organizational requirements beyond the general budget and use of funds. Nevertheless, some attention needs to be put into developing an appropriate organizational structure. Employee morale is low, professional staff have in certain cases been underutilized, and job descriptions lacking. The Executive Director claims that staff have not assumed responsibility, are expected to show initiative, are relatively inexperienced, and would have more responsibility if performance warranted. In light of the organization's weak performance in the placement of clerks (GIS), delayed provision of assistance to FFA-threatened organizations (COSP) and limited success with female bursars (FABS), it appears that part of the reason for these projects not achieving stated targets is due to an improper balance between project requirements and staff responsibilities or capabilities.

In some cases, existing personnel have been improperly utilized. Financial claims filed with USAID were prepared by secretarial staff lacking in qualifications while more qualified and underutilized staff were not asked to assist with these claims. This appears to be one of the reasons for past problems with financial administration. On this note, USAID encouraged the hiring of a Financial Manager, and funds were set aside for this purpose (see Annex VIII). The problem with underutilization of some personnel is particularly critical as ABASA has frozen salaries for more than a year (therefore a real decrease in purchasing power), and key personnel have demonstrated commitment.

b. GIS: The essential purpose of the GIS agreement was to provide ABASA with financial support to establish an efficient organization that could achieve ABASA's objectives. These specifically included increasing membership, strengthening administration, increasing employment and job advancement opportunities for blacks, and enhancing advocacy and research efforts. These are discussed below.

1) Membership: Membership has increased from 150 in 1987 to about 700 in 1991, although the number of active members needs to be formalized. (ABASA's data base is weak, as reflected in the range of membership quoted by several sources. Arthur Andersen

recently provided ABASA with a data base system that will help ABASA track member qualifications, experience, area of interest and expertise, contributions, etc.). ABASA now has four permanent offices (in Johannesburg, Durban, Pietersburg and Cape Town), and has targeted three new branches in 1991 (in Orange Free State, Pretoria, and Transkei). It is clear that a more fully developed domestic network is essential in increasing membership and developing ABASA's organizational framework to become viable on a long-term basis. The recent change in the Board of Directors provides greater regional coverage, and this may help ABASA expand its branch network. See Annex IX for the Board of Directors.

2) Administration: As discussed above (see Financial Management and Organizational Structure), administration has been one of the weaker points of ABASA's performance. According to the first Cooperative Agreement, this was to have been remedied by the end of 1990. In some cases, progress has been made and performance satisfactory. This includes filing project reports on a timely basis, formalizing selection criteria for the Clerkship Program, and attracting in-kind corporate support to structure a membership data base and provide internal guidance (see Annex X for in-kind and corporate sponsor support). However, financial management has not been strong, and human resources have not always been properly organized. Financial reporting requirements have been lax, job descriptions have not been formalized, and little professional development seems to have occurred with staff. If ABASA's incoming Executive Director continues to proceed with an active public relations campaign, the organization's administrative capabilities will have to be formalized and strengthened to carry on efficiently. The willingness of large accounting firms (Arthur Andersen, possibly Deloitte) to temporarily second staff for administrative improvements, and member accounting firms' willingness to provide staff to resolve organizational and financial inefficiencies are positive steps that should be utilized and fully incorporated into the new Executive Director's transition.

3) Employment and Job Advancement: The original Cooperative Agreement allocated \$50,000 (25% of total) for the placement of clerks with accounting firms. This was viewed as an essential step in promoting black development in the accounting field for two reasons: to reduce barriers to entry in general, and because pass rates on the chartered accounting exam are higher among clerks who have worked with the largest firms. Prior to the disbursement of funds, ABASA was to submit a plan outlining criteria for student and organization selection, educational and regional data, accounting firms involved and amount of subsidy. While ABASA provided these criteria, they do not yet have easily accessible data on the number of applicants, their experience, region and gender, firms contacted, and other data critical to effective placement. This is precisely the kind of information

required by an organization like ABASA to achieve critical aims and generate credibility with the public. What ABASA has done is attempt to develop a more commercial approach to placement of clerks and others (see Annex XI), although the Clerkship Program originally designed in the original Cooperative Agreement has become inactive.

The result of the Clerkship Program is that ABASA has only been able to place six clerks, all with ABASA member firms. Several problems exist concerning placement of clerks: limited supply of openings and candidates, negative views by whites of black universities, and unwillingness of large firms to provide partial compensation for ABASA-supported clerks. Nevertheless, ABASA has expended less than 20% of its budget for the Clerkship Program although nothing in the Project Implementation Files (see Annex VIII) suggests agreement with USAID to de-emphasize the program. It appears that greater efforts could be made to place blacks in clerkships. Lack of organized, systematic data collection on applicants and firms also suggests weak organization in terms of membership drives and general job creation efforts on behalf of ABASA's target audience.

4) Advocacy and Research: ABASA's institution-building efforts have largely focussed on advocacy and research, and this has generated some successes. ABASA has met with numerous government officials, donors, and domestic and international accounting associations. Working relations have been established with SAICA and the PAAB, and this should lead to institutionalized changes in the profession beneficial to black accountants. Research is expected to improve ABASA's ability to further influence public policy and institutional development with regard to blacks in the accounting profession. USAID allocated \$39,000 for research (20% of the total original grant); ABASA has utilized \$25,513 of it, mainly to produce a study on the accrediting of universities and accounting programs in South Africa.

c. COSP: In August 1989, USAID and ABASA amended the original agreement to include \$270,000 in support of community-based organizations' needs to respond to the FFA. Most specifically, the amendment was designed to have ABASA select member firms to provide needed accounting services to 150 community organizations threatened with de-certification due to unsatisfactory accounting practices. Satisfactory results were expected within two years, effectively extending the agreement from December 1990 to December 1991. Results have been less than satisfactory in terms of number of firms selected, regional coverage, number of organizations assisted and administrative management. Performance is discussed below.

1) Firm Selection: COSP experienced about 14 months in delays in start-up. The amendment to the agreement anticipated COSP having a list of firms by October-November 1989. However, the proposal

soliciting bids was not finalized with USAID approval until August 1990, and the Memorandum of Agreement until September 1990 (see Annex XII for the final proposal). As such, the COSP program lost about one year of time in the provision of direct accounting services to FFA-threatened organizations. ABASA was able to line up seven firms in Johannesburg, Pietersburg, Durban and Pretoria (see Annex XIII for the list of firms selected). Only eight firms bid on the contract, although the original plan was to have three in each region.

2) Provision of Services: The agreement set a minimum target of 150 organizations to be assisted within two years. To achieve the 150 target, the agreement would have to be extended. To date, COSP has identified 86 organizations in need of technical accounting assistance. Of 86, 15 have received assistance. In some cases, the COSP Coordinator has provided the assistance, rather than the firms. This has been due to the late start of the program, and the coordinator's concern that these organizations would lose interest due to delays. Where firms have provided assistance, beneficiaries have stated assistance has been useful in generating more efficient internal bookkeeping and saving on costs.

Many of the organizations identified are educational or self-help groups providing basic educational, health and training services. Most have no training in basic bookkeeping, but have been selected based on a series of criteria focusing on leadership composition, long-term viability, technical accounting needs and contributions to the development of the black community. In some cases (e.g., Impilo Community Association), the organizations have broad coverage (300 members; 10,000 people served), computers, fund-raising efforts in place, and staff on hand to become more sophisticated in financial statement preparation. In other cases, accounting capabilities are rudimentary and needs basic. It may be useful to send bookkeepers or clerks to some of the least sophisticated organizations rather than Chartered Accountants or Accounting Technicians, or to simply scale down the number and type of organizations to those who will benefit from more than five days of accounting assistance from CAs and ATs.

3) Financial Management and Administration: The COSP project shows advances outstanding of \$17,870 dating back to June 1990. These are related to unreconciled program activities, administrative charges and equipment purchases. There appears to be declining interest from accounting firms due to delays in payment for services rendered, although organizations have found the services beneficial.

d. FABS: USAID and ABASA entered into a second Cooperative Agreement in June 1989 to provide scholarships to disadvantaged black women pursuing accounting careers. More specifically, the

project expected to have sufficient training of ABASA staff to coordinate the project such that 20 successful students would be properly selected to benefit from these scholarships and pass the Chartered Accounting exam. As with COSP, the project is well behind in achieving stated objectives. Performance is discussed below.

1) Training of Bursary Officer: The Bursary Officer hired to administer the project was recruited out of school, and had no professional experience previous to the assignment. Consequently, funds were allocated for training with an appropriate NGO to learn about the administration of scholarship programs. ABASA signed a contract with EOC to have the Bursary Officer assigned to EOC for one year; the Cooperative Agreement called for a 2.5-year assignment. Training was to involve marketing, applicant screening and selection, administration, monitoring and evaluation, computerized tracking and financial statement preparation. In the end, the Bursary Officer left EOC after three months claiming to be able to manage the project without EOC's training, and due to alleged disinterest from EOC; aside from computerized tracking, she claimed to be able to handle the other functions. To date, there is no computerized tracking system, and computer literacy among professional staff at ABASA remains low.

2) Selection Process and Student Performance: Conditions for selection into FABS include academic accomplishment, financial need, and commitments to work for an accounting firm upon completion of studies. When the project was designed, it was expected that ABASA would receive more than 60 serious applications, from which 20 would receive scholarships to attend courses at PAAB-accredited universities and 10 more would be wait-listed. ABASA received less than 30 applications in year 1, and most were unacceptable due to unsatisfactory academic performance or part-time requests. FABS provided bursaries to 10 students, all in their first or second years at PAAB-accredited universities. Only three are continuing, mostly due to inability to pass required course work (see Annex XIV). An additional 10 scholarships have been offered in year 2 after receiving an additional 28 applications. If we assume the same success ratio (3/10 per year), FABS would only have six candidates suitable to pursue the chartered accounting exam. This would suggest that the project's goal of 20 additional black female Chartered Accountants is unrealistic given the timeframe of the Cooperative Agreement. It also appears that the selection process and follow-up monitoring are weak as only one of 10 students took advantage of the mentoring program set up by ABASA.

3) Financial Management and Administration: As with the GIS and COSP projects, there are advances outstanding (\$24,406) that date back to early 1990. These relate primarily to \$22,123 in bursaries that should have been liquidated. Bursaries were

approximately R10,000 per student, and include tuition, books, and living expenses (e.g., housing). While tuition is sent to the student, ABASA has established systems for direct payment for lodging (the most expensive share) and books. ABASA pays the university for housing; if the student lives off-campus, a copy of the lease is required, and ABASA disburses funds to the university to pay the landlord. Checks for books in year 1 (R800/student) were sent directly to the bookstore; in year 2, students will open accounts with the bookstore after presenting a letter from ABASA to the store. Thus, it appears that basic measures have been taken to ensure proper use of funds. Vouchers and cancelled checks should be available for all expenses.

Worth noting is the variance between budget and actuals. By the end of 1990, the original budget projected about \$125,000 in expenditure, primarily for bursaries (\$75,472) and training (\$36,226-\$43,773). Only \$29,612 has been recorded at USAID as expended to date, the result of fewer than anticipated scholarships, reduced training and advances outstanding. ABASA claims to have made no payments to EOC due to their failure to submit vouchers.

C. PERSONNEL ASSESSMENT

1. STAFF MEMBERS AT ABASA

ABASA has nine employees, including the Executive Director (leaving in mid-1991) and the Bursary Officer (left February 28, 1991). Four staff are considered professional (Executive Director, COSP Coordinator, Program Officer and Bursary Officer). Professional staff have the following backgrounds and qualifications: a) the Executive Director has degrees in Personnel Management and BCOM from UNISA, and had four years of experience in pension and investments, manufacturing administration, publications and NGO work prior to joining ABASA in 1986; b) the COSP Coordinator has a BCOM degree in Accounting and Auditing from the University of Cape Town, and worked in the African Bank Ltd. Accounts Department for eight months prior to joining ABASA about one year ago; c) the Program Officer has a BCOM degree from UNISA and a 2nd group National Diploma in Accounting from Wits; he has worked with ABASA in administration, teaching and training since 1989; and d) the former Bursary Officer received a BCOM in Business Economics and Industrial Psychology from UNISA in 1988, and joined ABASA in 1989.

2. PROFESSIONAL STAFF COMPENSATION AND AGREEMENT BUDGETS

Professional staff net salaries per month are as follows:

Executive Director:	R2,484
COSP Coordinator:	1,459
Bursary Officer:	1,420
Program Officer:	1,358

Net salaries assume gross compensation (salary plus pension) less tax. Adding other employees, monthly compensation totals R10,021 (approximately \$4,000/month). This is consistent with budgets included in the Cooperative Agreements, even though only six employees were budgeted in the two ABASA-USAID agreements. Part of the reason is because employees have not had their salaries adjusted. Nevertheless, part of the COSP Coordinator's salary has apparently been covered by the Kagiso Trust, freeing up funds for an additional hire. USAID previously urged that ABASA hire a Financial Manager. This has not been done, although the COSP Coordinator has begun to assume like responsibilities.

A key issue concerning the hiring of the new Executive Director is salary. The current salary paid to the Executive Director is low relative to requirements, responsibilities and need for long-term commitment. ABASA should consider the following changes in salaries: a) offer the new Executive Director roughly R80,000 per year; and b) increase the salaries of key professional staff (e.g., COSP Coordinator, Program Officer) who have not received increases and will be expected to assume greater administrative responsibilities in a restructured organization.

IV. ISSUES AND RECOMMENDATIONS

A. ISSUES

1. ABASA-USAID OVERVIEW

ABASA is a relatively new organization that has effectively operated only the last three years. With a target of having 8,500 black accountants in South Africa by the year 2000, ABASA is attempting to rectify past discriminatory practices and remove structural constraints to black development in the accounting profession. Some of the structural constraints include continued barriers to entry in a white-dominated profession; restrictive policies concerning the supply of professional accountants, as reflected in the low pass rates for CA exams; the partnership nature of the accounting profession; the impact of sanctions on South Africa's economy; and the influence this has had on corporate outreach; the poor reputation of black schools and universities in the corporate sector; lack of awareness among blacks in particular, and blacks in general, that accounting can be a professional option; negative attitudes in some of the black community towards accountants as agents of capitalist exploitation, and the predominance of informal sector activity in the "Third World" economy which lacks formal financial skills, operates on a short-term, cash-oriented basis, and has limited, indirect links with the "First World" economy (if at all). As such, ABASA faces major hurdles in attempting to popularize a profession among blacks that has a long history of racial discrimination.

With these structural constraints in place, ABASA's goals appear to be ambitious. Having 8,500 black accountants in South Africa by 2000 would represent a nearly thirtyfold increase in the existing supply, and would increase the total supply of accountants nearly 40% if the black increment were simply added to the existing numbers (approximately 13,300). ABASA's managerial capabilities, administrative efficiency, financial liquidity, branch network and public accountability will all affect the organization's ability to achieve its ambitious goals.

It is within this context that USAID agreed to provide ABASA with \$200,000 in bridge financing for three years (1987-1990) to become a viable organization. This grant included funds for operations, as well as a Clerkship Program for the placement of blacks with CA firms. With the introduction of the Foreign Funding Act in 1989, USAID increased the grant by \$270,000 to provide ABASA with the resources it needed to assist community-based organizations with their bookkeeping and financial records. That same year, USAID signed a \$550,000 grant with ABASA to run a bursary project for black women interested in pursuing accounting

as a profession. Thus, between 1987-1989, USAID had entrusted up to \$1,020,000 in funds to ABASA to pursue some of its most critical objectives: 1) to build an effective, self-sustaining organization to increase the number and distribution of black accountants; 2) to create job opportunities for roughly 25 black clerks as a means of opening up the profession to greater numbers of black accountants; 3) to support at least 150 black community-based organizations dedicated to black development, but threatened with de-certification due to the FFA; and 4) to provide funding and training as needed to provide scholarships to 20 black women aspiring to become CAs. As of March 31, 1990, USAID support constituted 44% of ABASA's donations and sponsorships and 43% of total income. Thus, it has been clear since 1987 that USAID has considered ABASA to be a vital part of achieving black empowerment in South Africa.

2. ABASA PERFORMANCE

a. Strengths: ABASA has achieved some successes since the original Cooperative Agreement with USAID was signed. These have been in the marketing, membership and advocacy fields, as discussed below.

1) **Marketing:** ABASA has been successful in establishing itself as a professional organization serving a constructive cause. Donors, corporate sponsors, international accounting associations, public and private accounting bodies and the Government all attest to ABASA's marketing success in the form of funds, in-kind assistance, policy discussions and invitations to (inter)national fora. Perhaps more impressive is the claim that ABASA has reduced skepticism in the black community towards the profession, and gained greater public acceptance of a profession previously considered inherently exploitative.

2) **Membership:** ABASA's membership has grown nearly fivefold, from 150 in 1987 to about 700 in 1991. There are problems in terms of active membership, financial contributions, and regional coverage, but membership has increased. ABASA now has four branches in Johannesburg, Durban, Cape Town and Pietersburg, and is expected to open three more in 1991. The appointment of a new Board in August 1990 provides a greater regional distribution, and this may help with efforts to increase membership.

3) **Advocacy:** As mentioned above, ABASA's marketing efforts have increased public awareness. ABASA has succeeded in positioning itself to have a say in policy discussion with public and private sector interests. This should lead to positive institutional changes that will support ABASA's chief objectives.

b. Weaknesses: Despite these successes, ABASA has also demonstrated some pronounced weaknesses that it will have to correct if it is to be viable on a long-term basis. These include increased member financial contributions to reduce dependence on outside organizations, internal financial management, organizational structure and human resource management, data base management and project management.

1) Financial Self-Sustainability: The original agreement between ABASA and USAID assumed the former would achieve a measure of financial independence by 1990. A review of funding sources reflects continued financial dependence on donors and corporate sponsors, with very limited financial input from members. Achieving financial independence may be an unrealistic goal for the near term. Nevertheless, if corporate sponsorships and donor contributions decline, this will lead to a reduction in ABASA activities.

2) Financial Management: ABASA appears to lack proper controls and reporting systems that organizations need to be fully accountable to their members and supporters. Disagreements with USAID over improper filing of claims and outstanding advances have been ongoing and raised doubts about ABASA's efficiency. These are serious weaknesses given ABASA's dependence on outside funds.

3) Organizational Structure and Human Resource Management: ABASA's successes over the last few years have resulted from an aggressive marketing approach that have gained the organization widespread recognition. Nevertheless, these marketing successes have not been accompanied by the development of an appropriate organizational structure for ABASA. Formal job descriptions with objectives and targets are lacking. Staff resources are sometimes underutilized and misallocated. ABASA needs to encourage greater administrative capabilities from professional and support staff in light of the Executive Director's time commitments to marketing and advocacy requirements.

4) Data Base Management: Efforts have recently been made to develop a membership data base. Nevertheless, ABASA currently lacks a whole host of data that are essential to its ability to provide services to members and companies, raise funds, and improve its credibility with the public. Developing simple data sheets on the accounting profession, aspiring black accountants in universities and technical schools, clerks and others working with accounting firms, and even individuals simply soliciting information would provide ABASA with greater capability in increasing membership and providing services. With several underutilized computers in the office, technical assistance and training in computer use and data base management are essential to support the marketing efforts of the Executive Director.

5) Project Management: Along with basic weaknesses in ABASA's administrative infrastructure, project performance has needs improvement. The GIS Clerkship Program has only placed six clerks after more than three years; despite difficulties with placement, greater effort could be made to increase this number. The COSP project has experienced significant delays, and is unlikely to provide required accounting services to 150 organizations; it may be useful to think about reducing the number of beneficiary organizations, and concentrating on those who will have the greatest impact on black economic development. The FABS project has a success rate of 30%, started with half the expected students, and will likely have no more than a few successes by the end of the agreement; 20 female CAs are not likely to emerge from the FABS project.

3. ISSUES FOR USAID

It has been mentioned in the "Introduction" that the evaluation of ABASA is being performed within the context of a larger strategic assessment by USAID. As such, there are three critical sets of questions USAID must consider: a) Are the Cooperative Agreement objectives being achieved as originally agreed by ABASA and USAID? If not, why not?; b) Has ABASA been a reliable partner in implementing the Cooperative Agreements? How does ABASA's performance reflect on its long-term sustainability?; and c) What is the opportunity cost of the Cooperative Agreements? Are there better uses of USAID funds that have been committed to ABASA? These are addressed below.

a. Achievement of Objectives: As discussed above, ABASA has made major strides in increasing public awareness and positively influencing policy and institutional development for greater black entry into the accounting profession. However, in some cases, ABASA has not succeeded in achieving some of its administrative and organizational objectives. Project results concerning clerks, organizations and students have been less than stated in the Cooperative Agreements. Some of the reasons are structural, but most has to do with either excess expectations (e.g., trying to achieve too much) or mismanagement (e.g., not achieving enough). If the reasons are the former, the Cooperative Agreements are flawed in their design and require amendment. If the reasons are the latter, this is an organizational and staffing weakness ABASA will have to address.

b. Long-term Self-Sustainability: Issues of financial management and administration have been pointed out as weaknesses at ABASA. This raises questions about ABASA's long-term self-sustainability. If proper controls are lacking, reports and claims prepared infrequently and incorrectly, supporting documentation either lacking or not easily accessible, and outstanding advances not resolved within a reasonable time, it is

reasonable to conclude that financial management and administration are a challenge to long-term self-sustainability.

c. Opportunity Cost: Determining the opportunity cost of USAID's commitment to ABASA is beyond the scope of the evaluation. Nevertheless, USAID can look at support for ABASA as an "investment", and the degree to which this investment does not achieve "expected returns" and is matched against comparable "investments" whose "returns" are greater reflects the opportunity cost. USAID will have to determine its strategic priorities keeping ABASA's "returns" in mind.

B. RECOMMENDATIONS

1. ABASA

Regardless of the outcome of USAID's evaluation and strategic planning process, ABASA should do the following to professionalize its operations and give it a greater chance of long-term viability:

a. Financial Management: ABASA should strengthen its financial and managerial accounting capabilities by formalizing internal controls, preparing monthly financial statements (income statement, cash flow, balance sheet), and soliciting in-kind support from a member firm to scrutinize these reports to ensure they are accurate and fair. These statements should be distributed to the Board for discussion at meetings. They should also be used for budgeting and planning purposes, and can be used as well to train staff to ensure proper back-up.

b. Strategic Plan: ABASA should develop a professional strategic plan, with specific goals, objectives, strategies and targets. As ABASA has committees in place for all key organizational areas, these committees should formalize all goals and objectives, and strategies and targets where the board will be directly responsible. This should be done reasonably soon so as to determine the responsibilities of the incoming Executive Director. If needed, ABASA should utilize a specialist to facilitate development of the plan. The strategic plan should then be used by the new Executive Director to determine strategies and targets. This exercise will be useful to the new Executive Director in determining the best use of human resources, developing formal job descriptions, and establishing performance measures by which to determine compensation, promotion and other personnel matters. The Board and new Executive Director should also endeavor to prepare a Manual of Operations concerning financial, administrative, human resource and other relevant operating concerns to establish formal guidelines by which to conduct ABASA's activities.

c. Comprehensive Data Base: ABASA should determine the kinds of data it needs to be effective in performing research, analyzing trends, attending to member needs and concerns, addressing public and private sector issues, and improving internal administration. The contribution of Arthur Andersen is a beginning, but data needs should be more fully developed as far as students, clerks, Accounting Technicians, CAs, members, companies, donors and Government agencies are concerned. These should be developed in-house to the extent possible to develop skills and save on cost. Nevertheless, the key objective should be to have a proper system in place. Where technical assistance is required, it should be requested.

2. USAID

USAID has a series of options from which to choose with regard to ABASA. These are discussed below:

a. Status Quo Preservation: USAID could carry on as is, maintaining the same basic financial commitments. To do this, USAID would have to indicate a willingness to extend deadlines to give ABASA more time to achieve its COSP and FABS targets. This would likely mean extension until late 1992 for COSP, and late 1995 or 1996 for FABS. Little would change in the administration of the grant, although ABASA would have to demonstrate continued commitment to updating and reconciling its financial statements.

b. Agreement Cancellation: USAID would curtail all funding in light of ABASA's inability to achieve targets as stated in each of the Cooperative Agreements. This decision would assume ABASA is unlikely to become viable on a long-term basis, is chronically unable to conform to agreements, and/or funds could be better utilized elsewhere.

c. Organizational Professionalization: USAID would agree to work with ABASA for a limited time, contingent on rapid progress demonstrated in the professionalization of ABASA and formalization of its internal operations. These steps would be predicated on the three basic steps outlined above for ABASA: improved financial management, detailed strategic planning and efficient data base management. USAID would work with ABASA to achieve the following:

1) **Improved Financial Management and Coordination:** USAID would improve coordination in financial reporting with ABASA to ensure accounts are fully reconciled. This would include a revised financial spreadsheet to be updated monthly upon receipt of financial statements from ABASA. Statements from ABASA would include a) income statement, b) cash flow, c) balance sheet, and d) fully reconciled USAID accounts regarding advances, liquidations and reimbursements. The fourth item would be

accompanied by cancelled checks, vouchers, and bank statements to ensure all USAID funds are fully reconciled. ABASA would also have one bank account for the USAID agreement given programmatic changes described below. Where there were disputes concerning claims, these would be handled out of Johannesburg. The Johannesburg office would be responsible for certifying receipt of documentation from ABASA, making copies and sending on originals to USAID-Pretoria, and resolving disputes in claims with ABASA.

Once ABASA's system was working after a trial period and contingent on USAID approval, ABASA would qualify for three-month advances for non-recurring expenses. These requests for advances would be accompanied by three-month cash flow projections applying to the USAID-related projects. They would also serve as the basis for ongoing variance analyses.

2) Strategic Planning: USAID would entertain reprogramming of funds to accommodate ABASA needs based on completion of a strategic plan accepted by USAID. ABASA's strategic plan would include focussed and manageable goals, objectives, strategies and targets which would serve as performance indicators. Examples of targets would be number of members by branch/region; income generated from donors, corporate sponsors, members; number of clerks placed with firms (GIS); specific, targeted policy reforms or institutional reforms; number of organizations assisted (COSP), etc. Quarterly reports would be submitted (attached to quarterly advance requests) with specific accomplishments relative to ABASA's strategic plan. Deviations from the plan as they affect USAID projects would have to receive approval from USAID for continued funding, or else be in technical default of the agreement. These reports would conform to the structure outlined in the strategic: goals, objectives, strategies and targets.

Once the plan was developed, specific job descriptions and targets of achievement would be spelled out. USAID would be entitled to raise questions and possibly freeze funding in the event ABASA deviated from its strategic plan as regards USAID-related projects. This would effectively push ABASA to conform to the amended Cooperative Agreement, making it especially important that the organization think through its goals, objectives, strategies and targets as thoroughly as possible before finalization.

With implementation of the strategic plan, one of the initial key tasks of both the Board and new Executive Director will be to formalize and codify the organization's practices in a Manual of Operations. This would clearly demarcate the responsibilities and role of the Board, Executive Director, support personnel; elucidate financial and administrative procedures; explain compensation and other benefits; and other key operating

considerations relevant to the manner in which ABASA proceeds with its internal affairs.

3) Data Base Management: As part of ABASA's strategic plan, USAID would require that ABASA determine key data sets to assist in achieving goals and objectives. For example, increased membership would require information on region, city, race, gender, educational experience, qualifications, contributions in cash and in kind to ABASA, etc. These would be submitted with the quarterly reports sent to USAID. The development of data sets would also conform to key targets (e.g., number of members in Natal), to assess progress and identify weaknesses.

4) GIS, COSP and FABS: USAID would recommend that the two agreements be merged into one based on the following key changes: a) GIS would revive its attempts to place clerks consistent with the original agreement; ABASA would be responsible for developing a realistic target for the remainder of 1991 to be achieved (e.g., eight-ten placements); b) COSP targeted organizations be reduced from 150 to 50-75, and restricted to organizations that contribute directly to employment and income generation; the emphasis would be on more accounting services for longer periods to allow for greater skills development with organizations making the greatest contribution to black economic development; a reduced number of organizations would free time for the COSP Coordinator to play a larger administrative and financial role at ABASA to provide needed support to the new Executive Director; this would include preparation of monthly financial statements, with an ABASA member CA firm reviewing and signing off before transferring to USAID; and b) FABS would be discontinued, although all current obligations would be honored and successful students would continue to be supported as long as they continued to pass; future applicants would be referred to the Canadian bursary program, the CA Eden Trust, or to USAID's larger scholarship program; the Program Director would assume full administrative responsibility for monitoring the remainder of the FABS project.

5) Conditions and Timing: A timetable for ABASA's strategic plan is found in Annex XV. USAID would continue funding ABASA through two phases, one dependent on the other: a) Phase I: USAID would provide funding to ABASA through June 30, 1991, at which time its strategic plan (including performance indicators) would have been accepted and agreed to by USAID; and b) Phase II: contingent on Phase I coming to a successful conclusion, USAID would continue funding ABASA until December 31, 1991, at which time USAID would review performance relative to agreed-to targets specified in the strategic plan, and consider continued funding beyond the current GIS/COSP agreement (December 31, 1991). ABASA's short-term requirements (e.g., March through August, 1991) are spelled out in Annex XV.

Some key options available to ABASA include 1) USAID's willingness to support a U.S. counterpart advisor, 2) USAID's willingness to provide needed technical assistance for improved data base management, and 3) formation of a donor guidance committee (e.g., monthly meetings) to work with ABASA on key operating concerns. Nevertheless, USAID is not likely to provide continued or incremental financial aid without a satisfactory strategic plan with reasonable and achievable performance targets.

It is assumed that if ABASA has become an efficient, coherent, well-managed organization producing results in conformity with the USAID-accepted strategic plan, that an extended or renewed Cooperative Agreement would be implemented. If ABASA were unable to achieve results, USAID would be free to de-obligate and reallocate funds as needed.

It is recommended that ABASA be given a chance to pursue the "Organizational Professionalization" option.

ANNEX I: LIST OF MEETINGS

21

LIST OF MEETINGS

ABASA

Israel Skosana, President
Jay Pema, Vice President
Juneas Lekgetha, Board Member
Mashudo Ramano, Executive Director
Maurice Malibe, COSP Coordinator
Phillip Mmutle, Program Officer
Moni Sehrapelo, Bursary Officer
Stefaan Sithole, Anglo-American (member)

COSP BENEFICIARIES

Maria Mokoena, Christian Women Enrichment Program
Samku Molaoli, Ikemeleng
Patrick Ngamlana, African Writers Association
Anastasia Thula, Impilo Community Association

USAID

David Himelfarb, Project Manager (Pretoria)
Stephen Wade, Consultant (Johannesburg)
Sannie Kungoane, Consultant (Johannesburg)

**ANNEX II: ACCOUNTING PROFESSION DATA IN SOUTH
AFRICA**

BACKGROUND

The development of the accountancy profession in South Africa reflects in some ways the caste nature of the South African nature of the South African Society where opportunities for growth, for acquisition of skills and movement involvement at the highest levels were given on the basis of race. Current available statistics confirm this (see Table 1 below).

TABLE 1
NUMBER OF ACCOUNTANTS IN SOUTH AFRICA

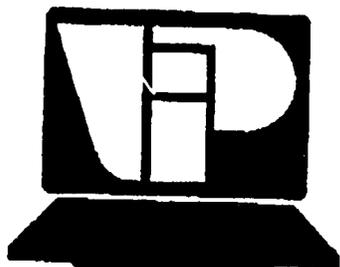
	TOTAL NO.	BLACK
Chartered Accountants	13 500	29
Accounting Technicians	3 800	75
CIS	4 500	+10
Management Accountants (CIMA)	800	-
Municipal Accountants	800	-
Institute of Internal Auditors	1 000	?
Certified Accountants	50	-
	24 450	114

The numbers of black accounting graduates with accounting ma also dismally low.

TABLE 2

The number of Black Accounting Graduates with Accounting majors for a five year period (1985- 1989)

YEAR	NO. OF BLACK GRADUATES	TOTAL GRADUATES	%
1989	108	308	35%
1988	90	285	32%
1987	57	213	27%
1986	40	174	23%
1985	42	180	23%
TOT	337	1 160	29%



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- ✓ EASY TO CONVERT to VIP
- ✓ COUNTRY-WIDE training, consulting & telephonic support
- ✓ ON-SCREEN display of PAYSLIP incl. NET PAY
- ✓ REAL-TIME tax re-calculation
- ✓ CHEQUE and PAYSLIP printing, ACB/BDB service
- ✓ MONTH & YTD totals available AS YOU ENTER
- ✓ PAYE, SITE, IRP5's, TBVC countries' tax, UIF, WCA, pension, provident & multiple medical aid funds
- ✓ Reconciliation at the stroke of a key!



78 (012) 998-6055

To lower or not to lower standards

We publish a letter from Mr Brian Hawksworth of Ernst & Young on South Africa's need to produce 20 000 CAs by the year 2000 and the much-debated question of whether educational standards should be sacrificed in the interests of meeting that quota. Do you have any strong views on this controversial issue? The editor invites readers to debate the pros and cons.

In the editorial comment in the May issue of *Accountancy SA* (on accounting education priorities), it was stated that the CA(SA) designation is highly esteemed throughout the so-called free world. It was debated whether South Africa needs to produce CAs of the present calibre and whether we have a reasonable prospect of producing 20 000 CAs by the turn of the century.

In examining these points, it is necessary to examine the macro needs of the sub-continent. According to findings based on a survey of 41 African countries, conducted recently by the UN Centre on Transnational Corporations, the World Bank and the International Labour Organisation, there are the following persons [performing accounting duties] in the private sector in the detailed countries:

	Qualified Accountants	Accounting Technicians
Angola	?	?
Botswana	130	115
Lesotho	54	35
Malawi	120	—
Mozambique	?	?
Namibia	65	—
Swaziland	48	40
Tanzania	949	2 154
Zambia	450	—
Zimbabwe	526	150

(These statistics should not be interpreted as precise figures.) These findings highlight a serious shortage of qualified accountants and accounting technicians in the sub-continent. The South African Institute of Chartered Accountants has 12 600 members, of whom approximately 10 500 are resident in South Africa. In addition there are 3 800 accounting technicians in South Africa, the vast majority of whom are resident. Thus if we achieve 20 000 qualified accountants and 7 500 accounting technicians by the year 2000, we will be able to use them in South Africa and in the sub-continent to develop the SADCC region.

In South Africa we cannot attain an innovator driven status for our economy without a significant number of our accounting profession keeping abreast of the first world against whom we need to compete, to become a relevant player. In view thereof the education standard of the chartered accountant needs to be maintained.

At present the growth of our chartered accountant population is 3,6 percent per annum. To achieve 20 000 by the year 2000 a growth rate of 4,3 percent is required. This is attainable provided the meagre number of black accountants (approximately 300 Africans, Coloured and Indians) increases in a more satisfactory way, as is being sought by the voluntary code of employment, mentorship programme and the CA Eden Trust. The increase will have a snowballing effect provided there are adequate training facilities. If the practising arm of the profession cannot provide these facilities we have to allow commerce and industry to also provide training.

4 30

STATISTICS ON THE NUMBER OF BLACK TRAINEE ACCOUNTANTS
EMPLOYED IN ACCOUNTING FIRMS - 1990

	AFRICAN	ASIAN	COLOURED
ERNST & YOUNG	18	10	12
PIM GOLDBY	12	02	03
AIKEN & PEAT	35	59	12
DELOITTE HASKINS SELLS	35	31	04
PRICE WATERHOUSE	17	15	04
FISHER HOFFMAN STRIDE	05	04	00
COOPERS & LYBRAND	23	15	10
KESSEL FEINTSTEIN	03	03	03
	<hr/>	<hr/>	<hr/>
	148	139	48
	<hr/>	<hr/>	<hr/>

STATISTICS ON THE NUMBER OF BLACK TRAINEE ACCOUNTANTS EMPLOYED IN
ACCOUNTING FIRMS - 1989

	AFRICAN	ASIAN	COLOURED
ERNST & YOUNG	13	10	08
PIM GOLDBY	08	02	05
AIKEN & PEAT	-	-	-
DELOITTE HASKINS & SELLS	34	25	04
PRICE WATERHOUSE	15	12	05
FISHER HOFFMAN STRIDE	02	03	00
COOPERS & LYBRAND	-	-	-
KESSEL FEINSTEIN	03	03	03
	<hr/>	<hr/>	<hr/>
	75	55	25
	<hr/>	<hr/>	<hr/>

**STATISTICS ON THE NUMBER OF BLACK PARTNERS EMPLOYED
IN ACCOUNTING FIRMS - 1990**

	AFRICAN	ASIAN	COLOURED
ERNST & YOUNG	00	00	02
PIM GOLDBY	00	00	00
AIKEN & PEAT	00	00	00
DELOITTE HASKINS & SELLS	00	04	00
PRICE WATERHOUSE	00	01	00
FISHER HOFFMAN STRIDE	00	00	00
COOPERS & LYBRAND	00	02	01
KESSEL FEINSTEIN	00	00	00
	-----	-----	-----
	00	07	03
	-----	-----	-----

STATISTICS ON THE NUMBER OF BLACK PARTNERS EMPLOYED IN
ACCOUNTING FIRMS - 1989

	AFRICAN	ASIAN	COLOURED
ERNST & YOUNG	00	00	02
PIM GOLDBY	00	00	00
AIKEN & PEAT	00	00	00
DELOITTE HASKINS & SELLS	00	02	00
PRICE WATERHOUSE	00	00	00
FISHER HOFFMAN STRIDE	00	00	00
COOPERS & LYBRAND	-	-	-
KESSEL FEINSTEIN	-	-	-
	<hr/>	<hr/>	<hr/>
	00	02	02
	<hr/>	<hr/>	<hr/>

STATISTICS ON THE NUMBER OF BLACK TRAINEE ACCOUNTANTS
EMPLOYED DURING YEAR IN ACCOUNTING FIRMS - 1990

	AFRICAN	ASIAN	COLOURED	TOTAL
ERNST & YOUNG	05	04	08	17
PIM GOLDBY	07	02	04	13
AIKEN & PEAT	12	09	02	23
DELOITTE HASKINS & SELLS	02	04	01	07
PRICE WATERHOUSE	09	04	02	15
FISHER HOFFMAN STRIDE	03	01	00	04
COOPERS & LYBRAND	10	05	05	20
KESSEL FEINSTEIN	01	01	02	04
	49	30	24	103

STATISTICS ON THE NUMBER OF BLACK TRAINEE ACCOUNTANTS
EMPLOYED DURING THE YEAR IN ACCOUNTING FIRMS - 1989

	AFRICAN	ASIAN	COLOURED	TOTAL
ERNST & YOUNG	06	04	02	12
PIM GOLDBY	03	08	05	16
AIKEN & PEAL	-	-	-	-
DELOITTE HASKINS & SEL	12	16	02	30
PRICE WATERHOUSE	01	06	00	07
FISHER HOFFMAN STRIDE	01	01	00	02
COOPERS & LYBRAND	00	00	00	00
KESSEL FEINSTEIN	02	02	01	05
	-----	-----	-----	-----
	25	37	10	72
	-----	-----	-----	-----

ANNEX III: GIS AGREEMENT BUDGET

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ANNEX TO ATTACHMENT I
"SCHEDULE"

TABLE 1

FINANCIAL BUDGET IN U.S. \$

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>TOTAL</u>
1. Commodities	\$ 6,000			\$ 6,000
2. Salaries	40,000	27,000	21,000	88,000
3. Clerkship Program	18,000	17,000	15,000	50,000
4. Conferences	4,500	5,500	7,000	17,000
5. Research Activities	13,000	13,000	13,000	39,000
TOTAL	\$ 81,500	\$62,500	\$46,000	\$200,000

ILLUSTRATIVE BUDGET BACKUP

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>TOTAL</u>
1. Commodities	\$ 6,000			<u>\$ 6,000</u>
P.C.	2,500			
Copier	2,500			
Supplies	1,000			
2. Salaries	40,000	27,000	21,000	<u>88,000</u>
Exec. Dir.	18,000	13,000	10,000	41,000
Sec.	7,000	4,000	3,000	14,000
Prog. Officer	15,000	10,000	8,000	33,000
3. Clerkship Program	18,000	17,000	15,000	<u>50,000</u>
4. Conferences	4,500	5,500	7,000	<u>17,000</u>
5. Research Activities	13,000	13,000	13,000	39,000
TOTAL	\$ 81,500	\$62,500	\$46,000	\$200,000

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ILLUSTRATIVE BUDGET BACKUP IN SAR

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>TOTAL</u>
1. Commodities	11,100			11,100
P.C.	4,625			
Copier	4,625			
Supplies	1,850			
2. Salaries	74,000	49,950	38,850	<u>162,800</u>
Exec. Dir.	33,300	24,050	18,550	75,900
Sec.	12,950	7,400	5,500	25,850
Prog. Officer	27,750	18,500	14,800	61,050
3. Clerkship Program	33,300	31,450	27,750	92,500
4. Conferences	8,325	10,175	12,950	31,450
5. Research Activities	24,050	24,050	24,050	72,150
TOTAL	----- R150,775	----- R115,625	----- R103,600	----- R370,000 -----

ANNEX IV: AMENDED GIS/COSP AGREEMENT BUDGET

9. Annex A to Attachment 1, Schedule, is amended to read as follows:

ANNEX TO ATTACHMENT 1
"SCHEDULE"

TABLE 1

FINANCIAL BUDGET IN U.S. \$

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>TOTAL</u>
<u>Section A (General Infrastructural Support)</u>					
1. Commodities	\$ 6,288	\$ -	\$ -	\$ -	\$ 6,288
2. Salaries	39,712	27,000	21,000	-	87,712
3. Clerkship Program	18,000	17,000	15,000	-	50,000
4. Conferences	4,500	5,500	7,000	-	17,000
5. Research Activities	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>	<u>39,000</u>
Subtotal	<u>\$ 81,500</u>	<u>\$ 62,500</u>	<u>\$ 56,000</u>	<u>\$ -</u>	<u>\$200,000</u>
<u>Section B (Community Organizations Support Program)</u>					
1. Salaries	\$ -	\$ -	\$ 20,377	\$ 22,491	\$ 42,868
2. Program Activities	-	-	97,647	93,070	190,717
3. Admin Costs	-	-	15,094	16,604	31,698
4. Equipment	<u>-</u>	<u>-</u>	<u>4,717</u>	<u>-</u>	<u>4,717</u>
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$137,835</u>	<u>\$132,165</u>	<u>\$270,000</u>
TOTAL	\$ 81,500	\$ 62,500	\$193,835	\$132,165	\$470,000

ANNEX TO ATTACHMENT 1
"SCHEDULE"

TABLE 1

FINANCIAL BUDGET IN U.S. \$
ILLUSTRATIVE BUDGET BACKUP (U.S.\$)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>TOTAL</u>
<u>Section A (General Infrastructural Support)</u>					
1. Commodities	\$ 6,288	\$ -	\$ -	\$ -	<u>\$ 6,288</u>
P.C.	2,788	-	-	-	-
Copier	2,500	-	-	-	-
Supplies	1,000	-	-	-	-
2. Salaries	39,712	27,000	21,000	-	<u>87,712</u>
Exec. Dir.	17,712	13,000	10,000	-	40,712
Sec.	7,000	4,000	3,000	-	14,000
Prog. Officer	15,000	10,000	8,000	-	33,000
3. Clerkship Program	18,000	17,000	15,000	-	<u>50,000</u>
4. Conferences	4,500	5,500	7,000	-	<u>17,000</u>
5. Research Activities	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	-	<u>39,000</u>
Subtotal	<u>\$ 81,500</u>	<u>\$ 62,500</u>	<u>\$ 56,000</u>	<u>\$ -</u>	<u>\$200,000</u>
<u>Section B (Community Organizations Support Program)</u>					
1. Salaries	\$ -	\$ -	\$ 20,377	\$ 22,491	<u>\$ 42,868</u>
Coordinator	-	-	13,584	14,943	28,527
Admin. Assist.	-	-	6,793	7,548	14,341
2. Program Activities	-	-	97,647	93,070	<u>190,717</u>
Prof. Fees	-	-	84,440	93,070	171,510
Seminars	-	-	7,548	-	7,548
Legal Fees	-	-	1,887	-	1,887
Publicity	-	-	3,772	-	3,772
3. Admin Costs	-	-	15,094	16,604	<u>31,698</u>
Direct	-	-	3,773	4,151	7,924
Travel & Accom.	-	-	11,321	12,453	23,774
4. Equipment	-	-	<u>4,717</u>	-	<u>4,717</u>
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$137,835</u>	<u>\$132,165</u>	<u>\$270,000</u>
TOTAL	\$ 81,500	\$ 62,500	\$193,835	\$132,165	\$470,000

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ANNEX TO ATTACHMENT 1
"SCHEDULE"

TABLE 2

ILLUSTRATIVE BUDGET BACKUP IN S.A. RANDS

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>TOTAL</u>
<u>Section A (General Infrastructural support)</u>					
1. Commodities	R 16,663	R -	R -	R -	<u>R 16,663</u>
P.C.	7,388	-	-	-	-
Copier	6,625	-	-	-	-
Supplies	2,650	-	-	-	-
2. Salaries	105,237	71,550	55,650	-	<u>232,437</u>
Exec. Dir.	46,937	34,450	26,250	-	<u>107,887</u>
Sec.	18,550	10,600	7,950	-	<u>37,100</u>
Prog. Officer	39,750	26,500	21,200	-	<u>87,450</u>
3. Clerkship Program	47,700	45,050	39,750	-	<u>132,500</u>
4. Conferences	11,925	14,575	18,550	-	<u>45,050</u>
5. Research Activities	<u>34,450</u>	<u>34,450</u>	<u>34,450</u>	-	<u>103,350</u>
Subtotal	<u>R215,975</u>	<u>R165,625</u>	<u>R148,400</u>	<u>R -</u>	<u>R 530,000</u>
<u>Section B (Community Organizations Support Program)</u>					
1. Salaries	R -	R -	R 54,000	R 59,600	<u>R 113,600</u>
Coordinator	-	-	36,000	39,600	<u>75,600</u>
Admin. Assist.	-	-	18,000	20,000	<u>38,000</u>
2. Program Activities	-	-	258,764	246,636	<u>505,400</u>
Prof. Fees	-	-	223,766	246,636	<u>470,402a</u>
Seminars	-	-	20,000	-	<u>20,000</u>
Legal Fees	-	-	5,000	-	<u>5,000</u>
Publicity	-	-	10,000	-	<u>10,000</u>
3. Admin Costs	-	-	40,000	44,000	<u>84,000</u>
Direct	-	-	10,000	11,000	<u>21,000</u>
Travel & Accom.	-	-	30,000	33,000	<u>63,000b</u>
4. Equipment	-	-	<u>12,500</u>	-	<u>12,500</u>
Subtotal	<u>R -</u>	<u>R -</u>	<u>R365,264</u>	<u>R350,236c</u>	<u>R715,500</u>
TOTAL	R215,975	R165,625	R513,664	R350,236	<u>R1,215,100</u>

Notes to Budget

- a. The maximum allowance for professional fees has been calculated as follows: 75 organizations per year; 5 professional person/days per organization (avg); R600 per person/day (avg).
- b. The maximum allowance for travel has been calculated as follows: 10 work days/month spent on business travel (avg); R250/work day avg. expenses inclusive of accommodation, airfare, car hire, petrol, etc.
- c. An inflation allowance of 10% per annum for recurring costs has been incorporated within section B of the budget.

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ANNEX V: FABS AGREEMENT BUDGET

VIII. Financial Plan

	ABASA/FABS ILLUSTRATIVE BUDGET IN RANBS (R1=R2.65)					TOTAL
	1989 (6 months)	1990	1991	1992	1993	
1. BURSARIES						
A. TUITION, BOOKS, EXPENSES	0	200,000	240,000	288,000	345,000	1,073,000
2. START-UP COSTS						
A. LAWYERS' FEES	3,050	0	0	0	0	3,050
B. COMPUTER	12,500	0	0	0	0	12,500
3. ADMINISTRATION						
A. BURSARY OFFICER (percentage admin cost)	11,000 (20%)	25,000 (20%)	29,000 (20%)	36,000 (15%)	43,000 (15%)	144,000
S. EDC & ABASA	40,000	40,000	36,000	43,200	51,750	210,950
EVALUATION	0	0	14,000	0	0	14,000
GRAND TOTAL	66,550	265,000	319,000	367,200	439,750	1,457,500

8 The normal cost of running a bursary program is 15% of the bursary costs paid out in that year. Since this is the unusual situation of one organization training the other in bursary administration, it is expected that the administration costs will be closer to 20% in the start-up period and first two years. Thereafter administration costs will be reduced to the normal 15% of bursary funds.

	ABASA/FABS ILLUSTRATIVE BUDGET IN US DOLLARS (R1=R2.65)					TOTAL
	1989 (6 months)	1990	1991	1992	1993	
1. BURSARIES						
A. TUITION, BOOKS, EXPENSES	90	975,472	990,566	9108,679	9130,189	9404,906
2. START-UP COSTS						
A. LAWYERS' FEES	91,151	90	90	90	90	91,151
B. COMPUTER	94,717	90	90	90	90	94,717
3. ADMINISTRATION						
A. BURSARY OFFICER (percentage admin cost)	94,151 (20%)	99,434 (20%)	910,943 (20%)	913,585 (15%)	916,226 (15%)	954,340
B. EDC & ABASA	915,094	915,094	913,585	916,302	919,520	979,604
4. EVALUATION	90	90	95,283	90	90	95,283
GRAND TOTAL	925,113	9100,000	9120,377	9138,566	9165,943	9550,000

8 The normal cost of running a bursary program is 15% of the bursary costs paid out in that year. Since this is the unusual situation of one organization training the other in bursary administration, it is expected that the administration costs will be closer to 20% in the start-up period and first two years. Thereafter administration costs will be reduced to the normal 15%.

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**ANNEX VI: ABASA INCOME FROM DONORS, CORPORATE
SPONSORS, MEMBERS**

ASSOCIATION OF BLACK ACCOUNTANTS OF SOUTHERN AFRICA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AS AT 31 MARCH 1990

5. MEMBERS' SUBSCRIPTIONS.	1990	1989
	R	R
ASSOCIATE MEMBERS	11,490	14,160
GENERAL MEMBERS	2,540	1,750
STUDENTS	255	160
TOTAL	14,285	16,070

6. DETAILS OF GENERAL DONATIONS AND SPONSORSHIPS

AECI	30,000
Anglo American Corp	30,000
British Embassy	8,583
Canadian Embassy	133,600
Combustion Eng.	15,000
Dresser S.A.	5,838
Get Ahead Foundation	6,000
Kagiso Trust	60,927
Price Waterhouse	6,000
Standard Bank	4,000
U.S. A.I.D.	239,544
Other	10,429
TOTAL DONATIONS AND SPONSORSHIPS	549,921

7. CONFERENCE SURPLUS (DEFICIT)

Income	37,994	59,271
Expenditure	41,894	34,379
NET SURPLUS (DEFICIT)	(3,900)	24,892

ANNEX VII: PEMA LAKHA INTERNAL REPORT

PEMA LAKHA & ASSOCIATES
CHARTERED ACCOUNTANTS (S.A.)

Suite 1610, Kine Centre
141 Commissioner Street
Johannesburg
2001

033
331-8597
331-8509

April 19, 1990

Mr. Mashudu Romano
Executive Director
Association of Black Accountants of Southern Africa
P.O. Box 5282
Johannesburg
2000

Dear Mr. Romano,

Thank you for allowing us the opportunity to perform a financial review for the Association of Black Accountants of Southern Africa (ABASA).

The accompanying memorandum of internal control recommendations (Appendix A) includes comments and suggestions with respect to matters which came to our attention during the course of our review. The recommendations are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving accounting control and other financial and administrative practices and procedures.

ABASA has experienced a rapid growth in it's activities in a relatively short period of time. Unfortunately the infrastructures of the Association has not developed in line with this growth. The systems and procedures that could cope with relatively low key activities have not been developed to meet the Association's needs.

A lack of formal accounting instructions have led to delays in the timeous submission of returns to sponsors and revenue authorities. The current situation, if not addressed and improved, will impact detrimentally on ABASA's credibility as an agent promoting the Black accounting profession in South Africa.

Our recommendations are aimed at developing an infrastructure at ABASA which allows the provision of both financial and other required information timeously and are maintained and serviced by well trained staff supported by formal accounting and financial procedures. These recommendations will involve ongoing development of the organisational structure and systems with input from external agencies.

believe our recommendations will enable the Association
provide a service which will enhance it's credibility as
an agent promoting the Black accounting profession as well
as help maintain it's current growth rate.

PEMA LAKHA & ASSOCIATES

JOHANNESBURG
APRIL 19, 1990

CC. MR I. SKOSANA

PREPARATION OF CHECKLIST

The Association does not have a monthly checklist to assist it to meet with it's monthly accounting, financial management and administration deadlines.

To ensure proper management in this area, we recommend the introduction of a monthly checklist to be controlled by the Executive Director. The checklist should include, inter-alia, the following :

- (i) Trial Balance
- (ii) Bank reconciliations
- (iii) Statutory returns
- (iv) Monthly management accounts
- (v) Creditors reconciliation
- (vi) U.S. Aid reimbursement requests
- (vii) Donor reporting requirements and deadlines
- (viii) File maintenance
- (ix) Review of membership register
- (x) Salaries register
- (xi) Internal progress reports to the Executive Director

MANAGEMENT COMMENTS

DATABASE INFORMATION

The Association is aware of the need to develop a formal information system of members, contact organisations, donors and Black accounting firms.

We understand that the Association currently has a D Base programme on its computer which is not fully utilised.

To ensure proper communication with the various parties we recommend that the Association enlist the assistance of a professional external agent to develop the various databases required.

MANAGEMENT COMMENTS

ANNEX VIII: PROJECT IMPLEMENTATION LETTERS

Office of Development Affairs
February 10, 1988

Mashudu Ramano
Executive Director,
Association of Black
Accountants of Southern Africa
P.O. Box 5282
Johannesburg
2000

Subject: Agreement No. 674-0303-G-SS-7076-00
Agreement Implementation Letter No. 1

Dear Mr. Ramano:

Thank you for your letter of November 20, 1987, containing a research agenda for ABASA and a request that funds under the subject Agreement be applicable against the salary expenses of a full time ABASA research officer. As USAID/SA considers the request to embody a reasonable and workable means of implementing the subject Agreement, we are pleased to approve such use of Agreement monies, on the following terms:

Agreement funds for the salary of the research officer must be drawn from the "Research Activities" line-item of the Agreement budget (Section 5, Table 1, Annex to Attachment I of the Agreement). The amount of funds so drawn will not exceed the dollar equivalent of R1,800 per month in Agreement year 1, R1,200 per month in Agreement year 2, and R900 per month in Agreement year 3. Excess monies in the "Research Activities" line-item may be utilized against other costs associated with bona fide ABASA research functions. This provision is applicable with retrospective effect to October 1st, 1987.

In addition, USAID/SA considers the submitted research agenda adequate to satisfy Condition Precedent to Disbursement # 2 of the subject Agreement (Section XII-A(2) of Attachment I of the Agreement). Consequently, funds in the "Research Activities" line-item of the Agreement budget may now be disbursed to ABASA in accordance with specified vouchering and other reimbursement procedures (Section V-B of Attachment I of the Agreement). USAID/SA looks forward to receiving updated information from ABASA as and when further research activities are decided upon.

3

Should you have any questions concerning the above, please do not hesitate to contact Christian Merklng at our office.

Sincerely,



Timothy J. Bork
Counselor for Development Affairs

Drafted: CMerkling, PDO (draft)
Cleared: WStickel, AD (draft)
MJohnson, SPDO (draft)
DKeene, RLA (draft)
RSolloway, RCONT (draft)

Office of Development Affairs
February 17, 1988

Mashudu Ramano
Executive Director,
Association of Black
Accountants of Southern Africa
P.O. Box 5282
Johannesburg
2000

Subject: Agreement No. 674-0303-G-SS-7076-00;
Agreement Implementation Letter No. 2

Dear Mr. Ramano:

Thank you for your letters of January 19 and February 15, 1988, submitting invoices and supporting documentation for expenses incurred under the subject Agreement. USAID/SA has administratively approved expenses in the amount of R35,614.64, and forwarded the relevant documents to our Regional Controller in Swaziland for further processing. The total of R35,614.64 is comprised of the following:

- 1) Costs of computer and accessories, as per invoices submitted:
R5,484.64
- 2) Costs of copier, as per invoices submitted: R7,280.00
- 3) Costs of Program Officer's salary, as per invoices submitted:
R9,000.00
- 4) Costs of Executive Director's salary from October 1st onwards:
R10,000.00. USAID/SA cannot approve the Executive Director's salary expenses for periods preceding October 1st, as no provision for this is made in the subject Agreement.
- 5) Costs of Secretary's salary from October 1st onwards: R2,550.00.
USAID/SA cannot approve the Secretary's salary expenses for periods preceding October 1st, as no provision for this is made in the subject Agreement.
- 6) Costs of Research Officer's salary from October 1st onwards:
R1,300.00. As noted in our separate correspondence of February 10, 1988, such costs should be deducted from the "Research Activities" line-item of the subject Agreement (Section 5 of Annex to Attachment I of the Agreement).

Since the salary expenses cited above reflect recurring ABASA expenditures, upon administrative approval by the Regional Controller they will be replenished as per the terms of Section V-B of Attachment I of the subject Agreement. The computer and copier costs, being non-recurring expenses, will not be replenished. The replenishment amount should, therefore, be adequate to cover ABASA's payroll over the next three months, but not additional expenditures. Should any such costs be anticipated by ABASA, USAID/SA should be informed with the next financial submission so that a further advance may be provided to your organization.

As noted at your meeting with USAID/SA on January 20th, ABASA's expenditures on the copier and the computer have exceeded the amount set aside for commodities in the Agreement budget (Section 7 of Annex to Attachment I of the Agreement). As the actual expenses incurred are reasonable and appropriate, USAID/SA hereby concurs in ABASA's request for a line-item adjustment in the Agreement budget to cover such costs. Accordingly, this letter constitutes authority for an upward adjustment in the "Commodities" line item of the Agreement budget by the U.S. Dollar equivalent of the aforementioned expense overrun incurred in Rands. The amount so reallocated shall be withdrawn from the "Salaries" line-item of the Agreement budget (Section 7 of Annex to Attachment I of the Agreement).

As further discussed on January 20th, financial submissions from ABASA to USAID/SA should now be flowing on a monthly basis, to ensure ABASA's ongoing liquidity under the Agreement. To assist ABASA in monitoring the status of the Agreement budget on an ongoing basis, USAID/SA will periodically forward copies of vouchers utilized by this office to process advances, liquidations, and replenishments. This will enable ABASA to track budgetary transactions in U.S. dollar terms, and therefore to possess a more accurate knowledge of the budget's status at any given time.

Sincerely,

Timothy J. Bork
Counselor for Development Affairs

Drafted: CMerkling, PDO *CM*
Cleared: WStickel, AMD *W*
MRJohnson, SPDO *MRJ*
RSolloway, RCONT *(phone)*
DKeene, RLA *DK*

Office of Development Affairs
December 20, 1988

Mashudu Ramano
Executive Director
ABASA
P.O. Box 5282
Johannesburg
2000

Subject: Agreement No.: 674-0303-G-SS-7076-00;
Agreement Implementation letter No. 3

Dear Mr. Ramano:

Thank you for your recent correspondence, submitting a final draft policy document on ABASA's clerkship subsidy program. As the document adequately addresses the central concerns underlying Condition Precedent No. 1 of the subject Agreement (Section XII-A(1) of Agreement Attachment 1), USAID/SA hereby considers such Condition Precedent to have been satisfied. Accordingly, funds contained in section 3 of the official Agreement budget (Section 3 of Table 1, Annex A to Agreement Attachment 1) are now available to ABASA to finance the subsidy program, subject to compliance with all relevant Agreement terms and conditions.

USAID/SA takes this opportunity to reaffirm our willingness to fund, out of Agreement monies, those subsidies made available in good faith over the course of 1988--i.e. before full finalization of the program's procedures and policies. We do so based upon the firm verbal certification to the Mission by ABASA's President, Israel Skosana, that the 1988 awards were reviewed and approved through an independent selection process, and that the criteria employed were essentially identical to those formalized in your present policy document. (Mr. Skosana noted with reference to the former point, that the membership of ABASA's current "clerkship subsidy committee" -- charged with making subsidy determinations -- would not be beneficiaries of the scheme). Consequently, reimbursement of ABASA for 1988 payments awaits only proof of actual expenditure by your organization, provided according to standards and procedures with which you are well familiar.

3/1

Please call Christian Merklng of our office should you have any questions concerning the above. We look forward to continuing our successful working relationship with ABASA in the future.

Sincerely,

Dennis P. Barrett *Handwritten signature*
Counselor for Development Affairs

Draft: CMerkling, RDC *Handwritten initials*
Clear: WStickel, AD *Handwritten initials*
MRJohnson, SP *Handwritten initials*
WDoren, COM *Handwritten initials*
0490z b1

EMBASSY OF THE
UNITED STATES OF AMERICA
Office of Development Affairs
April 28, 1989

Mr. Mashudu Ramano
Executive Director
Association of Black Accountants
of Southern Africa
P.O. Box 5282
Johannesburg 2000

Subject: Agreement No.: 674-0303-G-SS-7076-00;
Project Implementation Letter No. 4

Dear Mr. Ramano:

Thank you for your letter of March 15, 1989, requesting USAID/SA approval of a number of proposed Agreement actions. The matters raised in your letter will be dealt with seriatim, below.

- * In recognition of both ABASA's immediate cash flow difficulties and your organization's commitment to long-term self-sufficiency, USAID/SA hereby approves the suggested adjustment in the Agreement's declining support formula for salaries. From the first voucher dated after this letter through December 1989, all salaries financed under the Agreement will be reimbursed at a rate of 100 (rather than 75) percent; from January through December 1990, reimbursement will be at a rate of 50 percent, as originally planned. This revised provision shall apply notwithstanding any language or projections to the contrary in the Agreement itself or previous Project Implementation Letters.
- * Based upon the terms of reference provided as an annex to your correspondence, USAID/SA hereby approves the application of Agreement research funds to the proposed study of the accounting profession's structure. We understand from your representations to Christian Merkling of our office that Coordinated Marketing was selected to undertake the task after active consideration of two other candidates. In cognizance of the principles established in Section XII-B(2) of Attachment 1 to the subject Agreement, we would appreciate your summarily documenting such competitive process before claiming reimbursement for the costs of the study.
- * Because pursuit of the activities in question will help solidify ABASA's position as a leader in black business support work in South Africa, USAID/SA hereby approves the proposed reprogramming of excess Agreement funds, as follows:

-2-

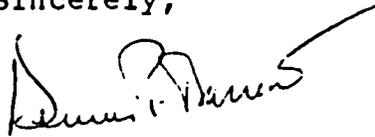
- ABASA may spend up to approximately ~~R20,000~~ \$20,000 on Board-approved travel, workshops, and/or seminars undertaken for regional branch development purposes. To the extent not inconsistent with A.I.D. regulations, ABASA's travel standards -- as communicated to USAID/SA in writing -- will govern any trips taken in this respect; in the absence of such standards, relevant A.I.D. policies and procedures will apply.
- ABASA may spend up to approximately ~~R10,000~~ \$10,000 to purchase textbooks for the use of successive groups of students at your organization's Centre for Accounting and Management Studies. Again, we would expect competitive procedures to govern the purchase of such materials.
- ABASA may spend up to approximately R5,000 on "career guidance" seminars for school-age youths in which the possibility of accounting and other business-related professions will be introduced. Funds will be applicable to facility rental, transport, and other reasonable costs (other than refreshments) associated with such presentations. When claiming reimbursement from USAID/SA, ABASA shall provide the Mission with, inter alia, the venue and date of the underlying seminar.
- As verbally agreed to between yourself and Mr. Merkling on April 27, no funds will be reprogrammed via this correspondence for the "community organization support fund" noted in your letter. Per your discussions, the amount targeted in your letter for this purpose has been shifted to the "career guidance" budget indicated above.

USAID/SA reiterates that the foregoing approvals apply only to excess Rands available within the current terms of the Agreement, and in no way authorize expenditures above the net Agreement Dollar total. As a matter of procedure, the Mission will -- based on the expense projections contained in your March 15 letter -- debit the "Clerkship Program" line-item in the Agreement budget for the above costs when claimed by ABASA; should this create a line-item overrun towards the end of the Agreement's life, USAID/SA will at that time authorize reasonable line-item readjustments motivated by ABASA.

On a separate point, USAID/SA takes this opportunity to remind ABASA of the Agreement progress report due our office every six months (see Section VII-A of Attachment 1 to the subject Agreement). As the most recent iteration was scheduled for submission this past March 31, your expedited attention to this matter would be much appreciated.

We look forward to a continuing productive relationship
with ABASA.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis P. Barrett". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

Dennis P. Barrett,
Counselor for Development Affairs

Office of Development Affairs

Mr. Mashudu Ramano
Executive Director,
ABASA
P.O. Box 5282
Johannesburg
2000

Subject: Agreement No.: 674-0303-G-SS-7076-00;
Agreement Implementation Letter No. 5.

Dear Mr. Ramano:

The purpose of this letter is to formally confirm USAID's concurrence in the recent decision, made tentatively by you and Mr. Christian Merklung of our office, to defer the scheduled late-1989 evaluation of the subject Agreement to the final quarter of calendar year 1990. The main rationale for such an adjustment lies in the recent addition of the Community Organizations Support Program (COSP) to the Agreement, and the consequent extension of the Agreement termination date by one year.

As discussed recently with Mr. Merklung, we look forward to receiving indications of an actual launch of the COSP initiative in the near future.

Sincerely,


Dennis P. Barrett
Counselor for Development Affairs

Draft: CMerkling, PMS
Clear: WStickel, AD
MJomson, SPDO

#0878Z



Embassy of the United States of America

Office of Development Affairs

June 18, 1990

Mr. Mashudu Ramano
Executive Director, ABASA
P.O. Box 5282
Johannesburg
2000

Subject: Agreement No.: 674-0303-G-SS-7076-00;
Agreement Implementation Letter No. 6.

Dear Mr. Ramano:

The purpose of this letter is to formalize certain matters flowing from both recent written submissions by ABASA and discussions held between your organization and USAID in late May. The issues are dealt with seriatim, below.

- * Given the existing balance of some \$12,000 in the relevant budget line-item ("salaries"; Section 2 of Table 1, Annex to Agreement Attachment One), USAID accepts ABASA's rationale for sending two delegates to the 1990 NABA conference in the U.S., and agrees in principle to the application of Agreement funds for this purpose. Before departure, ABASA should provide for Mission review and, if necessary, discussion, a memo indicating the identity of the individuals going, plus a summary itinerary and budget. USAID further reminds ABASA that, as per past practise, all travel must be conducted consistent with applicable U.S. Government rules and regulations; to avoid the possibility of embarrassment, we accordingly encourage ABASA to contact Chris Merklng or David Himelfarb of our office to clarify the material requirements of such provisions.
- * Given ABASA's (belated) receipt of support from the Kagiso Trust for Maurice Malibe's first-year salary under the COSP program, USAID hereby approves the application of approximately R7,500 in Agreement funds earmarked for this purpose to the costs of acquiring critical software and office equipment specified in your letter of March 8th. The balance of the surplus created by the Kagiso donation may be reprogrammed, as necessary, through joint agreement by USAID and ABASA as the project matures.
- * USAID considers the core travel policies provided by ABASA in your letter of March 9th both adequate and reasonable. Accordingly, the Mission hereby considers Agreement Condition Precedent No. 3 (section XII-A (3) of Agreement Attachment One) satisfied. ABASA may now seek reimbursement under the Agreement for allowable domestic travel carried out by the COSP coordinator and, where regional branch development is concerned, other Board-authorized senior personnel.

- * Premised upon the independent recommendations of the Pema, Lakha study of ABASA, as well as the manifest utility of commencing implementation thereof with alacrity, USAID hereby agrees to fund, on an interim basis, the salary of a qualified ABASA Financial Manager/Administrator. Such financing, to run from July through December 1990 only and not to exceed approximately R21,000, will be drawn from the "salaries" line-item of the Agreement budget, which contains a sufficient surplus to permit this important action. ABASA will competitively select an incumbent for the position, and upon doing so will submit a summary memorandum to the Mission setting forth, inter alia, the individual selected, the salary negotiated, and the rationale for the choice.

USAID stresses that approval for this start-up measure is premised upon our firm understanding that while sufficient funds may presently be unavailable, ABASA has identified prospective resources to fund the Financial Manager/Administrator after December of this year. In this vein, we understand that discussions with potential donors such as Shell and Caltex have reached an advanced stage, and that, barring this, internal sources of 1991 revenue have been preliminarily earmarked by your organization to fill any void.

- * Based on ABASA's well thought-out and presented precis on the topic, USAID hereby approves the use of Agreement research funds for your investigation of the accounting profession's accreditation system. USAID accepts your organization's rationale for conducting the research in-house, presented verbally during the late May meeting and premised largely upon considerations of independence, quality, and long-term institutional strengthening. USAID very much looks forward to receiving periodic updates on the study's progress as well as a copy of the final report to emerge.

Given constraints in the relevant budget line-item, Agreement financing will be available for only part of the analysis' inputs -- i.e., up to approximately R25,000 worth. Discussions have indicated that the travel, printing and stationery requirements identified in the precis are most critical for commencement of the research, and USAID consequently agrees to finance the reasonable expense thereof, up to the aforementioned amount. The Mission understands that ABASA anticipates receiving funding for the balance of inputs from the Kagiso Trust later this year, and failing this will be able to muster the requisite resources to successfully conclude the work. USAID further reiterates that all eligible expenditures must be incurred consistent with ABASA's stated travel policies and other applicable Agreement terms and conditions.

- * For reasons amplified in recent discussions between yourself and Mission representatives, USAID is not in a position to

finance the purchase of computer equipment beyond the modules already acquired under the Agreement. We are encouraged to understand that redeployment of existing computer capacities will enable ABASA to integrate successfully the Financial Manager/Administrator's needs into your information management networks.

- * USAID notes the quickening pace of COSP program implementation, and acknowledges the prospect that certain of the initiative's parameters may have to be adjusted to reflect shifting contextual realities. However, the Mission reiterates that any material changes will have to be formally effectuated through negotiation and agreement between ABASA and USAID. In addition, the Mission reconfirms the importance of ABASA finalizing an internal cost attribution methodology, so that eligible COSP administration costs may be reimbursed under the Agreement.
- * The Mission endorses the wisdom of treating the late 1990 Agreement evaluation as an exercise of tangible utility to ABASA and its institutional evolution. USAID anticipates remaining in close contact with your organization concerning the precise timing and terms of reference of the undertaking as the year progresses.

Please contact Christian Merklung or David Himelfarb should you have any questions concerning the above. We look forward to receiving further future news of ABASA's continuing growth into an institution worthy of very special recognition in this changing country.

Sincerely,



Dennis P. Barrett
Counselor for Development Affairs

ANNEX IX: ABASA BOARD MEMBERS

ABASA BOARD MEMBERS

Israel Skosana, Chairman
Jay Pema
Mashudo Ramano
Bernard Pick
Andre De Wet
Cassim Gassiep
Juneas Legtheke
Pitso Sekhoto
Imogen Mkhize
Moses Sindane
Themba Tshikovhi
Sizwe Nxasana

ANNEX X: CORPORATE MEMBERS AND IN-KIND DONORS

ABASA CORPORATE MEMBERS

- 1 Abbot laboratories
- 2 African Life Assurance
- 3 Aiken & Peat
- 4 Andersen Consulting
- 5 Anglovaal Ltd
- 6 Arthur Andersen & Co
- 7 BP SA
- 8 Business System Consultants
- 9 Caltex Oil
- 10 Colgate Palmolive
- 11 Combustion Engineering
- 12 Coopers & Lybrand
- 13 Deloitte Pim Golby
- 14 East Rand Gold & Uranium Co
- 15 Ernst & Young
- 16 Fisher Hoffman Stride
- 17 Free State Consolidated Gold Mines
- 18 Get Ahead Foundation
- 19 Guarantee Trust
- 20 Hoek & Wiehahn
- 21 JCI Co
- 22 Kellogg Company of SA
- 23 Leverton Boner
- 24 Lloyed Viljoen
- 25 Nedbank Ltd
- 26 Nissan SA (Pty) Ltd
- 27 Old Mutual
- 28 PAG Personnel
- 29 Pema Lakha & Associates
- 30 South African Breweries
- 31 Sappi Ltd
- 32 Standard Bank Foundation
- 33 Spencer Steward
- 34 Syfrets Group Ltd
- 35 Theron Du Toit
- 36 Times Media Limited
- 37 Transkei Agricultural Corporation Ltd
- 38 Transkei Development Corporation

DONATIONS IN KIND

- 1 Aiken and Peat
- 2 Andersen Consulting
- 3 Anglo-Alpha
- 4 Anglo American
- 5 M Brey and Associates
- 6 British Council
- 7 Caltex Ltd
- 8 Combustion Engineering
- 9 Coopers and Lybrand
- 10 Deloitte Haskins and Sells
- 11 Development Affairs Office (USA)
- 12 Ernst and Young
- 13 Federation of Canadian Municipalities
- 14 Institute of Chartered Accountants of England and Wales
- 15 Institute of Chartered Accountants of England
- 16 Interview
- 17 Kessel Feinstein
- 18 Liberty Life
- 19 National Society of Public Accountants
- 20 Pema Lakha and Associates
- 21 Peninsula Technikon
- 22 Pim Golby
- 23 National Society of Public Accountants
- 24 South African Advanced Accountants England and Wales
- 25 South African Education Trust Fund

ANNEX XI: BLACK ACCOUNTANTS RECRUITMENT SERVICE

BLACK ACCOUNTANTS RECRUITMENT SERVICE

INTRODUCTION

The Black Accountants recruitment Service (BARS) is being established as part of ABASA's ongoing commitment to facilitate contact between employers and the increasing number of black accountants and accounting graduates.

OBJECTIVES OF THE RECRUITMENT SERVICE

- * To establish a "Black Accountants Skills Bank for the purpose of serving as a clearing house for the exchange of information on the availability of qualified black accountants and accounting graduates and available jobs and required job skills.
- * To assist the business Community in its efforts to recruit qualified individuals in the accounting profession.
- * To organise programmes and other activities designed to promote knowledge and awareness of the business Community and employment opportunities.
- * To organise seminars and workshops.
- * To encourage accounting firms, commerce and industry to aggressively seek out more qualified blacks for positions in accounting, finance and administration.
- * To liaise with other organisations and institutions.
- * To promote contact between business and the black community.

DESCRIPTION OF THE RECRUITMENT SERVICE

The Black accountants recruitment service is comprised of:

- * Compilation of a databank of aspirant and qualified black Accountants and graduates in accounting.
- * Dissemination on a quarterly basis of a "Blind profile" of all individuals registered in the programme. This blind profile includes type of undergraduates degree, type of advance degree if any, title of professional certifications if any number of years in employment, number of years accounting experience.
- * Counselling services for individuals on successful career planning, self-marketing and specialist advice on career change, and job offer evaluation.
- * Advice on strategies for a successful black recruitment drive.
- * Training and workshop sessions on preparation of CV's, preparing for the interview process, understanding the work culture Black recruitment strategies and other relevant topics.

HOW THE SCHEME WILL OPERATE

Individuals interested in the service will sign a contract authorizing ABASA's national office to enter their educational and career experience information into.

Companies and firms interested in recruiting blacks in the accounting profession subscribe to the service on an annual basis and entitled to receive quarterly "blind profile" and can make enquiries on individuals included in the blind profile report or can submit a specific request.

Through ABASA's national office, ABASA will locate a candidate meeting the subscribers specification by communicating to both the subscriber and to the NABA member information regarding the current employment opportunity.

In addition ABASA will endeavour to do the initial screening of potential candidates who meet the employers requirements and will submit a confidential report to the firm or company concerned.

FEE STRUCTURE

Individuals wishing to have assistance with the preparation of CV's will be charged R25.00. Companies and firms wishing to subscribe to the scheme will pay R500.00 to receive 4 blind profiles reports per annum and an 10% placement fee when a candidate is lured.

ADMINISTRATION

As this service will be provided of a highly professional basis, it is essential and necessary that professional staff be recruited or seconded to lay the groundwork and provide the service on as professional a basis as is possible.

It is envisaged that initially two people will be hired. The co-ordinator and an administrative assistant/secretary.

- * The co-ordinator must have a psychology background, an appreciation and approximately 3 years of experience in the human resource field.
- * The Administrative Assistant will be a highly competent secretary who will be able to handle the phone, type letters and correspondence and operate the computer.
- * The staff will operate under the current organisational structure of ABASA and will be responsible to the Board of management of ABASA through the Executive Director.

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IMPLEMENTATION

As with any non-profit volunteer organisation funding is essential to operate programmes. ABASA has opted to implement this programme in two stages to enable it to assess the programme and ensure adequate operation costs.

The first will be a pilot phase in which ABASA will seek donations to get the programme off the ground. It is hoped that this period will last only for one year.

The second phase will see the programme run and operate as an income generating unit. The unit will also contribute to the income of the organisation as a whole.

It is hoped that phase 1 will begin in June 1990 and phase 2 June of 1991.

INCOME AND EXPENDITURE

<u>BUDGET</u>	<u>6/1990 - 5/1991</u>	
ADMINISTRATION		
Salaries	32 500	
Secretary Typist	<u>13 000</u>	45 500-00
OVERHEADS		
Rent (25m squared)	3 000	
Water & Electricity	600	
Printing & Stationery	7 200	
Postage & Telephone	6 000	
Travelling Expenses	3 000	
Refreshments	300	
Sundry	<u>1 000</u>	20 800-00
EQUIPMENT		
Computer & Accessory	18 000	
Furniture	<u>2 000</u>	<u>20 000-00</u>
		86 300-00
		=====

BARS PROGRESS

An interim arrangement was made to get the program off the ground (system installation still in progress). Referrals were made to companies for employment.

Five articulated clerks were placed with audit firm. One Accountant was placed with a community based organisation.

ANNEX XII: COSP REQUEST FOR PROPOSALS

REQUEST FOR PROPOSALS
FOR WORK UNDER THE
COMMUNITY ORGANIZATION SUPPORT PROGRAMME
OF THE
ASSOCIATION OF BLACK ACCOUNTANTS OF SOUTH AFRICA
(ABASA)

Interested Black-owned
accounting/bookkeeper firms
are requested to submit their
proposals for the work
outlined herein on or before
August 15, 1990, to:

Mr. Maurice Malibe
COSP Coordinator
ABASA
P.O. Box 5282
JOHANNESBURG 2000

Tel: 331-6923/4

I. BACKGROUND

The present and future non-racial democratic South Africa requires a cadre of trained, experienced, committed and dedicated professionals, managers and public administrators with the capacity and skills to guide and manage the country and its economy in a complex and difficulty environment.

If the current situation is anything to go by, enormous time, effort and money must be spent in developing the country's administrative capacity. Within the current political environment in South Africa there are four sectors that are worthy of considerable attention and that can be viewed as training centres and manpower pools from which this cadre of trained managers will come.

These sectors are business, occupational and voluntary associations, labour and community-based organizations. Community-based organisations include churches, consumer organisations, youth clubs and other grass roots organisations. Although the business sector has considerable resources, its input has been hampered by its being very closely identified with the dominant philosophy in the country, and by the fact that its contribution to the training of administrative and managerial personnel has tended to benefit mostly those within privileged groups in South Africa.

Professional, voluntary associations and grass roots community organisations have assumed a greater role, especially over the past 5-10 years, facilitating the training and acquisition of managerial skills especially among the black population groups. It is estimated that in Pretoria-Witwatersrand-Vaal area more than 300 voluntary associations and community-based organisations exist.

Many of these organisations depend on donations from donors like Canadian Embassy, USAID, Kagiso Trust, SAOC, etc. Donations must be properly accounted for to ensure continued donor support for these organisations. Many vital organisations and projects have failed because of the lack of proper accounting. Development of proper accounting and financial reporting systems in such organizations is the primary reason for ABASA's launch of the Community Organisation Support Programme (COSP). COSP will also fulfill ABASA's desire to recognize and respond to basic needs in black community organisations and the emerging small business sector.

II. PURPOSE OF THE PROJECT

The Community Organisation Support Programme is designed to:

- * Help community organisations in establishing or improving their accounting and financial management systems so as to increase their administrative capabilities.
- * Design and implement appropriate accounting and financial management systems through ABASA member firms and offer training and on-going support.
- * Help ABASA, using the expertise of its members, to establish closer working relationships with community organisations.
- * Increase the level of awareness and appreciation of the accounting profession and its importance in the economy.

III. NATURE OF THE PROJECT

The COSP project will be a national one covering all areas of South Africa and will involve the following activities:

1. ABASA will organize and conduct a series of seminars in all the regions in the country to discuss accounting for non-governmental organisation and the benefits of keeping financial records, and to get feedback on the general level of need within such organisations.
2. Following such seminars and other publicity related to the project, ABASA will identify of approximately 150 organisations in South Africa with which ABASA will work and, through its member firms, will assist in establishing or improving their accounting and financial management systems. A simple needs test will be administered to determine those with the greatest need for such assistance. The test will be based on an application form completed by candidate organisations.

Organisations targeted for assistance will be selected on the following basis:
 - They must be Black-led community-based organisations working in the Black community.
 - The Foreign Funding Act must have placed them at considerable risk.
 - They must have a real need for establishing or improving their accounting and financial management systems.
 - They must be committed to the development of the Black community.
 - They must be organisations which can demonstrate long-term viability.
3. ABASA's Coordinator/Fieldworker will visit each organisation selected to conduct a detailed review of the nature of the need within each organisation.
4. ABASA will competitively appoint several professional accounting firms in each region of the country to assist needy organisations. These firms will be required to prepare detailed analyses of the accounting systems of targeted organisations, to develop alternative systems if necessary and to make recommendations to organisations concerned and to ABASA. If the recommendations are agreed to by the client organisation, the appointed professional firms will implement them and train the staff of the organisations in the new or improved system.
5. After a period of six months, the Coordinator/Fieldworker will visit the organisation to do a quick audit of operations under new or improved system to evaluate the actual results.
6. After completing work with 150 organisations a simple, but complete manual on accounting and financial management systems for community organisations will be prepared.
7. Finally the whole experience of working with community organisations will be documented in a report which will be available to organisations on request.

It is the work described in activity 4. above which this request for proposals hereby solicits proposals for.

IV. CONTRACT RESPONSIBILITIES OF THE APPOINTED ACCOUNTING/BOOKKEEPING FIRMS

ABASA will competitively select groups of accounting/bookkeeping firms in each area of the country and will enter into contracts for their services. The contracted firms will have the following general responsibilities:

1. For each targeted organization assigned to the firm by ABASA, the contracted firm will analyse the organisation's accounting and financial management systems, identify any weaknesses and pinpoint areas of improvement in a set of clear recommendations for the design of new, or improvement of existing, accounting and financial management systems of the organisations. These recommendations will recognize the limited financial resources of both the targeted organizations and ABASA, will therefore attempt to use, where possible, simple systems which are already available "off-the-shelf." The recommendations must clearly illustrate further activities to be undertaken, must specify the amount of consultant time required to accomplish these activities and must specify the cost of providing this consultant time. These activities might include, inter alia, system design and training of staff in targeted organisations responsible for the day-to-day recording of transactions and other functions.
2. If the target organisation and ABASA agree with the recommendations, the firm will be asked to implement its recommendations as per the activities, consultant time and cost specified in its recommendations.
3. If recommendations are implemented, the firms will be required to provide ABASA with a brief report describing what actually transpired in the implementation process.
4. Participating firms will also be required to provide periodic reporting on their activities under COSP and to submit their billings under COSP in a certain specified format.

V. REQUIREMENTS FOR SUBMISSIONS IN RESPONSE TO THIS REQUEST FOR PROPOSALS

A. Minimum Qualifications of Bidding Firms

Firms interested in bidding on work under the COSP program must have the following minimum qualifications:

1. The firm must be able to demonstrate superior competency in designing and implementing accounting and financial management systems.
2. The firm must be majority-owned and managed by South Africans disadvantaged by apartheid (that is, South Africans of African, Coloured or Indian origin), and must be able to commit to ensuring that actual COSP work will be undertaken by persons of this category.
3. The firm must undertake that it has the capacity to take on the additional work entailed by COSP.

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4. The firm must be a current (dues paid) associate member of ABASA.
5. The firm must submit its proposals in compliance with the requirements specified in the following section (V.B.) on Proposal Format, and its proposals must be received by ABASA on or before the deadline specified on the cover page hereto.

Firms not meeting the above qualifications need not apply.

B. Proposal Format

All proposals in response to this request for proposals must conform the the following format and requirements:

1. Background on the Bidding Firm

The initial section of the proposal should be entitled "Background of the Firm" and must include the following:

- a. A clear statement that the firm is majority-owned and managed by South Africans disadvantaged by apartheid (that is, South Africans of African, Coloured or Indian origin);
- b. A statement that the actual COSP work will be undertaken by South Africans disadvantaged by apartheid;
- c. A statement that the firm has the capacity to take on the additional work entailed by COSP.
- d. A statement that the firm is a current associate member of ABASA.
- e. A specification of the firm's professional qualifications to perform the work under COSP including, but not limited to, a listing and description of previous or ongoing work of a similar or related nature as COSP, specifically in the design and implementation of accounting and financial management systems and particularly with respect to community organizations as clients. A listing of professional personnel, particularly, Chartered Accountants, on the firm's staff will be important.

2. Proposed Treatment of the Work Involved

Each bidding firm should demonstrate that it understands the problem and what ABASA is trying to achieve through COSP, and it must detail how it intends executing the work under COSP. Therefore, proposals must include the following in a section of the proposal entitled "Proposed Treatment" and must address the following important aspects:

- a. A brief statement of the problems which COSP seeks to address, according to the bidding firm's understanding.
- b. A brief statement of how COSP will operate, according to the bidding firm's understanding.
- c. A section describing the bidding firms proposed execution of the work under COSP.
- d. A clear description of the personnel which the bidding firm proposes to be involved with the execution of work under COSP. This section must include:
 - the title or level of involvement of the proposed persons with respect to COSP (i.e., director, senior partner or consultant,

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junior partner or consultant, clerk, etc.), as appropriate. The firm's proposed team leader or project coordinator for COSP must be clearly identified.

- the activities expected to be performed by the persons cited above;
- the all-inclusive charge-out rates for the persons cited above.

VI. EVALUATION CRITERIA FOR SELECTION OF PROFESSIONAL FIRMS FOR COSP

An independent committee of ABASA will be established to select professional firms to execute work under COSP. No bidding firms will have any representation on the committee. Selection of participating professional firms will be on the follow point-weighted basis:

	<u>Maximum Possible Scores</u>
A. Background of the Bidding Firm	
1. Demonstrated prior history of designing and implementing accounting/financial management systems.	10
2. Demonstrated prior client relationships with community organizations.	5
B. Proposed Treatment	
1. The firm's demonstrated understanding of the problems which COSP seeks to address.	5
2. The firm's demonstrated understanding of how COSP will operate.	10
3. The firm's proposed treatment for its participation in the execution of COSP, that is, the specification of the activities the firm envisions performing in the execution of COSP.	25
4. The qualifications of the personnel proposed by the firm to participate in COSP.	35
5. Overall proposal quality.	<u>10</u>
	100

A maximum of three firms will be selected per designated region. ABASA's Executive Director, the COSP coordinator and a senior ABASA staff member of ABASA will decide on the actual allocation of COSP work to qualifying firms.

VII. CONTRACT BETWEEN SELECTED FIRMS AND ABASA

Prior to the commencement of any work under COSP, the selected firms must enter into a contract with ABASA. The contract will govern the terms and conditions of the work to be performed including, but not limited to, the costs to be paid for such services and the maximum consulting time to be allocated to any single targeted community organization. The charge-out rates governing such payments will be specified in the contract and will be subject to certain maximums set by the funders of the COSP project. The contract will also require participating firms to account in a specified format for the consulting time and other expenses associated with execution of their work under COSP.

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ANNEX XIII: COSP FIRMS SELECTED

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PROFESSIONAL FEES BUDGET

Available	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
	R	R	R
	223-766	246-636	470-402

The maximum allowance for professional fees has been calculated as follows:

75 organisations per year, 5 professional person/days per organisation (avg).
R600,00 per person/day avg.

In simple terms ABASA will only take a company which will charge not more than R600,00 a day. This means a company will have to charge R75,00 per hour and work eight (8) hours a day. A maximum of five (5) days will have to be spent in an organisation. A maximum fee of R3000,00 will be paid for an organisation.

The following tenders have been received. Charged out rates are shown next to each personnel:

1. Ebony Management and Secretarial Services (Pty) Ltd (Jhb)

<u>Personnel to be involved:</u>	<u>Rate</u>
Mr D. Ntabeni - B.Comm (ACC) Consultants	R205,00
Mr C. Manny - B.Comm (ACC) Consultants	R205,00
<u>Support Staff</u>	
Mr F. Johnson	R 41,00
Mr D. Motaung	R 41,00

2. Pema Lakha & Associates Jhb)

Mr Jay Pema - CA (S.A) H.Dip Tax Law (Wits)	R150,00
Mr Gunvant Gunvant - B.Comm	R 80,00
Mr Kiran Isvarlal - B.Comm	R 80,00
Mr Dilip Gopal - B.Comm	R 80,00

3. Lebelo, Maboea & Associates (Pietersburg)

Mr Sello Maboea	R 75,00
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4. Hansjee Patel (Durban)

Denas Daya Hansjee	- CA (SA) Partner	R125,00
Chiman Vallahb Patel	- CA (SA) Partner	R125,00
Mahendra Nagindas Dama-	CA (SA) Partner	R125,00
Graduate Clerk	1	R 30,00
Undrgraduate Clerk	2	R 15,00

5. Mzi Khumalo Management Services (Durban)

Mzilikazi Khumalo	- B.Comm (ACC)	R110,00
Sindi Ngcobe	- 2nd Year NDA	
Joseph Zondi		
(The charge-out rate relates to all three of them)		

6. Ligwa Accounting & Management (Jhb)

Fred Magadla	- B.Comm	R 90,00
S. Msibi		R 55,00
D. Middleton		R 55,00

7. M & D Financial Services (Pretoria)

Paul Mahlangu	- B.Comm	R140,00
M.J. Kgothadi	- B.Comm	
S.D. Dladla	- B.Comm	

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ANNEX XIV: FABS STUDENT PERFORMANCE

FABS STUDENT PERFORMANCE

<u>University</u>	<u>No. of Students</u>	<u>No. of Passing Students</u>
Natal	3	1
Western Cape	1	0
Witwatersrand	3	1
Cape Town	2	1
Rhodes	1	0

ANNEX XV: STRATEGIC PLAN TIMETABLE

STRATEGIC PLAN TIMETABLE

TASK	DATE
1. Presentation of General Technical Assistance Needs to USAID	March 15
2. Appointment of Auditing Firm for Fiscal 1991	March 29
3. Full Reconciliation of Advances Outstanding Between ABASA and USAID	April 15
4. Hiring of Permanent and/or Interim Executive Director	April 30
5. Report to USAID on Internal Financial Controls to Be Formalized at ABASA	May 15
6. Presentation of Draft Strategic Plan to USAID	May 31
7. Presentation of Formal Job Descriptions to USAID	May 31
9. Presentation of Audited Financial Statements	May 31 (*)
10. Discussion of Draft Strategic Plan with USAID	June 14
11. Presentation of Data Base Management Requirements to USAID	June 14
12. Final Agreement Between ABASA and USAID of Strategic Plan with Cooperative Agreement Performance Indicators Included	June 28
13. Presentation of Manual of Operations to USAID	August 16
14. Final Review by USAID of ABASA Performance and Decision on Continued Funding Beyond 1991	December 31

(*) Audit for fiscal 1991 may not be finalized by May 31; ABASA and USAID agree statements should be formally submitted to USAID no later than June 28, 1991

NOTE: The timetable above serves as conditions by which USAID will determine ongoing financial and technical support for ABASA. USAID is under no obligation to continue providing funding to ABASA, and the above are to be construed as the minimum conditions required for continued financial support.