Chapter Four

Role Of The Governing Board

This chapter consists of three sections:

Section 1: Role of the Board as envisaged by the National Water Act
Section 2: Responsibilities in terms of the Public Finance Management Act
Section 3: King Report on Corporate Governance
# Table of Contents

## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>TABLE OF CONTENTS</strong> ...................................................................</td>
<td>2</td>
</tr>
<tr>
<td><strong>SECTION 1: ROLE OF THE GOVERNING BOARD AS ENVISAGED BY THE NATIONAL WATER ACT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Purpose and Role of governing board</td>
<td>3</td>
</tr>
<tr>
<td>1.2</td>
<td>Membership of the governing board</td>
<td>6</td>
</tr>
<tr>
<td>1.3</td>
<td>Chief Executive Officer</td>
<td>5</td>
</tr>
<tr>
<td>1.4</td>
<td>Duties of the board members</td>
<td>4</td>
</tr>
<tr>
<td>1.5</td>
<td>Operation of the governing board</td>
<td>6</td>
</tr>
<tr>
<td>1.6</td>
<td>Support for the governing board</td>
<td>7</td>
</tr>
<tr>
<td><strong>SECTION 2: RESPONSIBILITIES IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>The Public Finance Management Act (No 1 of 1999) - (PFMA)</td>
<td>9</td>
</tr>
<tr>
<td>2.2</td>
<td>Responsibilities in terms of the PFMA</td>
<td>10</td>
</tr>
<tr>
<td>2.2.1</td>
<td>Fudiciary duties</td>
<td>10</td>
</tr>
<tr>
<td>2.2.2</td>
<td>General responsibilities of accounting authority</td>
<td>11</td>
</tr>
<tr>
<td>2.2.3</td>
<td>Annual budget</td>
<td>12</td>
</tr>
<tr>
<td>2.2.4</td>
<td>Corporate Plan</td>
<td></td>
</tr>
<tr>
<td>2.2.5</td>
<td>Information to be submitted by accounting authority</td>
<td>13</td>
</tr>
<tr>
<td>2.2.6</td>
<td>Annual report and financial statements</td>
<td>14</td>
</tr>
<tr>
<td>2.2.7</td>
<td>Assignment of powers and duties by the accounting authority</td>
<td>15</td>
</tr>
<tr>
<td>2.2.8</td>
<td>Responsibilities of other officials of the Board (other than the accounting authority)</td>
<td>16</td>
</tr>
<tr>
<td><strong>SECTION 3: THE KING REPORT ON CORPORATE GOVERNANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Introduction</td>
<td>17</td>
</tr>
<tr>
<td>3.2</td>
<td>Selected findings/recommendations of the King 2002 Report</td>
<td>18</td>
</tr>
<tr>
<td>3.2.1</td>
<td>General</td>
<td>18</td>
</tr>
<tr>
<td>3.2.2</td>
<td>Chairperson and Chief Executive Officer</td>
<td>18</td>
</tr>
<tr>
<td>3.2.3</td>
<td>Board Meetings</td>
<td>19</td>
</tr>
<tr>
<td>3.2.4</td>
<td>Board Committees</td>
<td>19</td>
</tr>
<tr>
<td>3.2.5</td>
<td>Board Evaluation</td>
<td>19</td>
</tr>
<tr>
<td>3.2.6</td>
<td>Risk Management</td>
<td>20</td>
</tr>
<tr>
<td><strong>SUMMARY OF CHAPTER FOUR</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Governing Board Induction Manual  
Ch 4: Role of Gov Board
SECTION 1:

ROLE OF THE GOVERNING BOARD AS ENVISAGED BY THE NATIONAL WATER ACT

1.1 PURPOSE AND ROLE OF GOVERNING BOARD

The Governing Board of a Catchment Management Agency is responsible for the management of the affairs of the CMA, and may exercise the powers of the CMA. The general powers of a CMA are outlined under Section 79 of the National Water Act, and discussed in more detail in Chapter 3 of this manual. The CMA, as public entity, will have service delivery and stakeholder participation elements, thus its board must represent integrated management, financial management and participatory management elements.

The role of the Governing Board will be set in the National Water Act and in the agreement between the Executive Authority (Minister and Department) and the CMA Accounting Authority (board). The Agreement will be based on the Board Charter that will outline the roles, functions and conduct for board members. The charter must take account of the specific conditions of the Inkomati catchment.

The role of the board includes the following:

- To ensure that board achieves DWAF’s strategic objectives
- To decide the strategies and policies to be followed by the CMA
- Provide financial management oversight on the CMA
- To ensure that the CMA exercises its powers and performs its duties in a proper, efficient, economical and sustainable manner
- Review performance of CEO and senior management
- Ensure effective stakeholder participation
- Ensure internal systems and controls that will ensure effective decision making within the CMA

The Governing Board must carry out its functions as efficiently as possible, consistent with prudent commercial practice.

The CMA Board will be responsible for developing the organisational structure. Once the CEO is appointed, he will further populate this structure with board
approval. The CMA will need to have a strong corporate and financial structures as well as a strong stakeholder participation unit. The technical functions would already be in place through the proto-CMA, these will need to be formalised to include Water Resource Planning and Programmes, Water Use Management, Monitoring and Information Management.

1.2 MEMBERSHIP OF THE GOVERNING BOARD

The aim of the CMA governing board is to enable local interests to contribute to decisions about integrated water resources management within a WMA. This implies that the governing board must reflect the water resource management interests in a WMA. The CMA governing board should have between 8 and 15 members, and therefore representation is limited to interests, not organizations. Ensuring this representation is the role of the advisory committee on the composition of the governing board.

The appointment of a nominee to the governing board of a CMA does not necessarily imply representation of that person’s organization on the governing board. If they leave that organization, they do not necessarily forfeit their membership. Rather the role of that member is to ensure the interests of the relevant sector/s are incorporated into the decision-making process for water resources management. The members’ primary responsibility is to ensure the efficient and sustainable management of water resources in the WMA by the CMA, in line with their fiduciary responsibility. The only possible exceptions are the representatives of provincial or national government departments (and possibly local government), who bear a mandate to make decisions in the interests of cooperative governance. Under these considerations, the members that represent government departments are seen to bear lesser risk since their contributions are made in their representative vicarious, rather than personal fiduciary, capacity.

Criteria for selection of members of the advisory committee (for the governing board) should include an understanding of the role of the CMA governing board, knowledge of the sectors in the WMA, independence or at least the ability to act in an unbiased manner, and experience in similar processes. As compared to other public entities, the CMA board is required to be stronger on stakeholder participation rather than skills. This has governance implications since the focus limits attracting the level of skills and expertise for an effective board. In the initial phases of CMA, DWAF will need to provide strong support for skills development and training of CMA board members.
Following the Advisory Committee process, it was recommended that the Inkomati Board:

- that the Minister appoint a chairperson from amongst these 14 members
- that there be an additional 3 members as observers for the first year or two. These should comprise the CEO, an independent IWRM specialist, and DWAF Regional Office. It has been proposed, however, that the CEO and CFO remain as executive members of the board with the rest being non-executive members. The rationale for at least the CEO being a permanent member is based on ability to provide strategic direction for the CMA, clarify the business of the CMA, and assist the board in informed decision-making.
- To fulfil the need for strong skills representation, it has been proposed that a further two professionals be considered to strengthen the board in the areas of audit/finance and HR.

Since there are distinct phases in the evolution of the CMA (see Chapter 3), it is clear that roles of the board will evolve accordingly. It is envisaged that, after 2–3 years, the board will be restructured to take on stronger functions and governance responsibilities and would be representative accordingly.

1.3 CHIEF EXECUTIVE OFFICER

The CEO is directly accountable to the Governing Board. His or her role is primarily to manage the technical, scientific, public participation and co-operative governance functions of the CMA. The CEO also provides secretarial, financial management, business planning and record keeping support to the Governing Board.
The CEO is not directly accountable to the Executive Authority (Minister), rather, he/she is accountable to the board, appointed by the board to assist the board in performing in terms of its Agreement/mandate with the Executive Authority.

Some desired attributes for a CEO of a CMA are strong leadership, technically skilled and experienced in the water resources field, strategic thinker, good consensus builder, supporter of a co-operative governance approach, experienced in the financial management of projects, and good standing in the water resources management community. It is recommended that there be consultation between the board and the executive authority on the choice of candidate for CEO.

In terms of the NWA, the CEO holds office on the terms and conditions determined by the board. The board has the authority to remove the CEO from office. The Minister may, for good reasons and after consultation with the board, direct the board to remove the CEO from office. In this regard, the board is compelled to comply with such directive. The board must, in consultation with the Minister of Public Service and Administration, determine the salary of the CEO, subject to the approval of the Minister of DWAF (Executive Authority).

1.4 DUTIES OF BOARD MEMBERS

A Board member is duty bound at all times to

- Act honestly and exercise a reasonable degree of care and diligence in performing his/her functions
- Take reasonable steps to inform himself/herself about the CMA, its business and activities, and the circumstances in which it operates
- Take reasonable steps (through the processes of the Board, to obtain sufficient information and advice about all matters to be decided by the Board, to enable him/her to make conscientious and informed decisions
- Exercise active discretion with respect to all matters to be decided by the Board

1.5 OPERATION OF THE GOVERNING BOARD

The members of the governing board have a responsibility to ensure effectiveness and efficiency of the CMA in performing its functions. Furthermore, board members are ultimately accountable to the Minister (DWAF) for the board’s decisions and their implementation by the CMA executive. They are also
responsible for ensuring participation and buy-in by the various stakeholders, through consultation and information dissemination. In particular, the governing board must ensure the CMA implements its powers and duties in line with the purpose of the National Water Act, in particular to ensure equity, sustainability, efficiency and redress. This should be done through the development and implementation of the CMS for the WMA.

In the interests of efficiency, the CMA governing board may form a number of technical sub-committees comprising board members and CMA staff (not necessarily formally established as catchment management committees) to focus and make recommendations on specific functions or geographical areas. The following board committees have been recommended for the initial functions of the board:

- Finance and Audit Committee
- HR and Remuneration Committee
- Transformation Committee
- Technical Committee

CMA governing board members will not generally be responsible for performing catchment management functions. Rather they are responsible for providing the strategic policy direction for the CMA and the framework within which these functions must be performed. Their responsibilities will evolve as the CMA evolves, both functionally and organisationally (see Chapter 3 on Evolution of CMA).

In the short term, the CMA governing board will be responsible for negotiating the priorities and implementation of their initial functions with DWAF, and developing relationships with relevant catchment fora and stakeholders. This is likely to change in the medium term (as additional functions are delegated or assigned to the CMA), to overseeing the operation of the CMA executive, the implementation of the catchment management strategy and fostering co-operative governance.

1.6 SUPPORT FOR THE GOVERNING BOARD

A CMA starts to become functional once the governing board has been appointed and has met for the first time. Where DWAF is still performing all the CMAs functions, the board requires at least a secretariat and a Chairperson. They would be responsible to organize meetings and record the decisions of the governing board, as well as to coordinate and facilitate the technical, financial and administrative relationship between the CMA governing board and DWAF technical staff.
However, this is not a preferable situation and as the CMA becomes financially self-sufficient, a management team should be appointed to assist the governing board in coordinating the activities of other organisations, particularly where functions have been delegated or assigned to them. This reduces confusion in the lines of responsibility between the governing board and Regional Office Director.
SECTION 2:

RESPONSIBILITIES IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT

2.1 THE PUBLIC FINANCE MANAGEMENT ACT (NO 1 OF 1999) – (PFMA)

The objective of this Act (which was amended by the Public Finance Management Amendment Act (No 29 of 1999) is to secure transparency, accountability, and sound management of the revenue, expenditure, assets and liabilities of the institutions to which the Act applies, which are

- Government departments
- Public entities
- Constitutional institutions, and
- Parliament and provincial legislatures.

The Governing Board of a CMA falls under Schedule 3A of the PFMA, ie. “national public entity”, which is defined in the Act as :

a) a national government business enterprise; or
b) a board, commission, company, corporation, fund or other entity (other than a national government business enterprise) which is
   i) established in terms of national legislation
   ii) fully or substantially funded either from the National Revenue Fund, or by way of a tax, levy or other money imposed in terms of national legislation; and
   iii) accountable to Parliament

In terms of the above definition, the CMA would specifically fall under category b), thus it will be a Schedule 3A entity, established in terms of an enabling act (NWA) to perform certain functions on behalf of the DWAF.

Based on this categorisation, the CMA will have the legal status of a juristic person. The CMA board (Accounting Authority) is accountable to, and must perform in terms of a service delivery agreement with the Minister (Executive Authority). The Minister, in turn, is accountable to Parliament and represents government’s policy. The CMA board must, through DWAF, account in terms of
the PFMA. This will occur by the board submission of its business plan and annual reports to DWAF (DG).

The CMA’s internal accountability will be defined by its board. Its operational funding sources will be water charges, grant-in-aid and DWAF subsidies/financial support. DWAF, as Executive Authority will approve the CMA budget. In terms of its spending, the CMA may exercise this in line with mandates determined by DWAF. The CMA will set pricing but this must be guided by the DWAF Pricing Strategy (revised 5-yearly) and is subject to DWAF approval. The CMA will require specific approval from the Finance Minister in relation to any borrowings. Financial/accounting practices by the CMA must follow GRAP (Generally Recognised Accounting Practices) and the PFMA.

Procurement must follow the Preferential Procurement Policy Framework Act (PPPFA) and the CMA’s own governance rules, which must be aligned to national priorities.
CMAs will bear direct responsibility for promoting empowerment of local and affected communities and meeting environmental requirements.

The CMA may be disestablished by the Minister as Executive Authority. In this event, all assets and liabilities of the CMA will revert to the state.

2.2 RESPONSIBILITIES IN TERMS OF THE PFMA

The Board must have an accounting authority, which must be accountable for the purposes of the Act. In the case of a Governing Board, the board itself is the accounting authority.

2.2.1 Fiduciary duties

The accounting authority has certain “fiduciary” duties; it must:

- Exercise the duty of utmost care to ensure reasonable protection of the assets and records of the Board;
- Act with fidelity, honesty, integrity and in the best interests of the Board in managing its financial affairs;
- On request, disclose to the Minister of Water Affairs and Forestry all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Minister;
• Seek, within the sphere of influence of the accounting authority, to prevent any prejudice to the financial interests of the state.

The accounting authority may not:

• Act in a way that is inconsistent with the responsibilities assigned to it in terms of the Act; or
• Use the position or privileges of, or confidential information obtained as accounting authority for personal gain or to improperly benefit another person.

A member of an accounting authority must:

• Disclose to the accounting authority any direct or indirect personal or private business interest that that member or any spouse, partner or close family member may have in any matter before the accounting authority;
• Withdraw from the proceedings of the accounting authority when that matter is considered, unless the accounting authority decides that the member's direct or indirect interest in the matter is trivial or irrelevant.

2.2.2 General responsibilities of accounting authority

The accounting authority must ensure that the Governing Board has, and maintains:

• Effective, efficient and transparent systems of financial and risk management and internal control
• A system of internal audit under the control and direction of an audit committee that operates in accordance with the regulations prescribed in sections 76 and 77 of the Act
• An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost–effective
• A system for properly evaluating all major capital projects prior to a final decision on a project.

The accounting authority must take effective and appropriate steps to:

• Collect all revenue due to the Governing Board
• Prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the Board
• Manage available working capital efficiently and economically

The accounting authority:

• Is responsible for the management, and safeguarding of the assets, and for the management of the revenue, expenditure and liabilities of the Board
• Must comply with any tax, levy, duty, pension and audit commitments as required by legislation
• Must take effective and appropriate disciplinary steps against any employee of the Board who:
  o Contravenes or fails to comply with a provision of this Act
  o Commits an act which undermines the financial management and internal control system of the Board, or
  o Makes or permits an irregular, or fruitless and wasteful expenditure
• Is responsible for the submission by the Board, of all reports, returns, notices and other information to Parliament or relevant provincial legislature, and to the relevant Minister or treasury, as may be required by this Act
• Must promptly inform the National Treasury of any new entity which the Board intends to establish
• Must comply, and ensure compliance by the Board, with the provisions of this Act

If the accounting authority is unable to comply with any of the responsibilities determined by this Act, the accounting authority must promptly report the inability, with reasons, to the relevant Minister.

2.2.3 Annual budget

The CMA’s accounting authority, as a Schedule 3A entity, must submit to the Executive Authority (Minister), at least 6 months before the start of the financial year of the department designated by the Minister, or another agreed period:

  o A budget of estimated revenue and expenditure for that financial year, for approval by the Minister

This budget must be submitted to the Minister through the accounting officer of the department designated by the Minister, who may make recommendations to the Minister regarding approval or amendment to the budget. The CMA may not budget for a deficit and may not accumulate surpluses unless through prior written approval of National Treasury. The CMA board, as Accounting Authority is
responsible for ensuring that the expenditure is in accordance with approved budget.

2.2.4 Corporate plan

The business plan/corporate plan of a CMA must be submitted in terms of Schedule 4 of the National Water Act.

The CMA board must prepare its first business plan for not less than three years, within a period of 6 months of its establishment. The first business plan will focus on organisational development and operating expenditure. A comprehensive business plan will be developed once the CEO has been appointed.

A business plan aligned to DWAF Key Focus Areas (KFA) as well as the priorities in the Catchment Management Strategy will be developed. Schedule 4 item 22 of the NWA indicates the contents of the business plan. The business plan must:

- set out the objectives of the institution;
- outline the overall strategies and policies that the institution is to follow to achieve the objectives;
- include a statement of the services which the institution expects to provide and the standards expected to be achieved in providing those services;
- include the financial and performance indicators and targets considered by the board to be appropriate;
- may include any other information which the board considers appropriate; and
- may include any other information determined by the Minister.

NWA schedule 4, item 23 specifies financial matters to be included in the business plan:

- include a financial target;
- outline the overall financial strategies for the institution including the setting of charges, borrowing, investment and purchasing and disposal strategies;
- include a forecast of the revenue and expenditure of the institution, including a forecast of capital expenditure and borrowings;
- provide for capacity building amongst its board members and officials;
- may include any other financial information which the board considers appropriate; and
- include any other financial information determined by the Minister.
2.2.5 Information to be submitted by accounting authority

The accounting authority must submit to the relevant treasury or Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or required.

Before concluding any of the following transactions, the accounting authority must promptly inform the relevant treasury of the transaction and submit relevant particulars of the transaction to the Minister for approval:

- Establishment or participation in the establishment of a company
- Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement
- Acquisition or disposal of a significant shareholding in a company
- Acquisition or disposal of a significant asset
- Commencement or cessation of a significant business activity, and
- A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated venture or similar arrangement.

If no response is received from the Minister within 30 days (or mutually agreed longer period), the Board may assume that approval has been given. The Minister may exempt a Board from this requirement.

2.2.6 Annual report and financial statements

The accounting authority must:

- Keep full and proper records of the financial affairs of the Board
- Prepare financial statements for each financial year in accordance with generally accepted accounting practice, unless the Accounting Standards Board approves the application of generally recognised accounting practice for the Board
- Must submit those financial statements within two months after the end of the financial year to the auditors of the Board for auditing
- Must submit within five months of the end of the financial year to the relevant treasury, the Minister of Water Affairs and Forestry, and to the Auditor-General
  - An annual report on the activities of the Board during that financial year
The financial statements for that financial year after the statements have been audited, and
The report of the auditors on those statements.

The annual report and financial statements must:

- Fairly present the state of affairs of the Board, its business, financial results, performance against predetermined objectives, and its financial position as at the end of the financial year concerned
- Include particulars of
  - Any material losses through criminal conduct, irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year
  - Any criminal or disciplinary steps taken as a consequence of such losses, or irregular, fruitless and wasteful expenditure
  - Any losses recovered or written off
  - Any financial assistance received from the state and commitments made by the state on its behalf, and
  - Any other matters that may be prescribed.
- Include the financial statements of any subsidiaries.

The accounting authority must submit the annual report and financial statements for tabling in Parliament and to the Minister of Water Affairs and Forestry.

### 2.2.7 Assignment of powers and duties by the accounting authority

The accounting authority may:

- Delegate any of the powers entrusted or delegated to it by this Act, in writing, to an official of the Board
- Instruct an official of the Board to perform any of the duties assigned to the accounting authority in terms of this Act

Any such delegation or instruction to an official:

- Is subject to any limitations and conditions the accounting authority may impose
- May either be to a specific individual or to the holder of a specific post
- Does not divest the accounting authority of the responsibility concerning the exercise of the delegated power or the performance of the assigned duty.
The accounting authority may confirm, vary or revoke any decision taken by an official as a result of a delegation or instruction, subject to any rights that may have become vested as a result of that decision.

2.2.8 Responsibilities of other officials of the Board (other than the accounting authority)

- To ensure that the system of financial management and internal control established for the Board is carried out within the area of responsibility of that official
- To be responsible for the effective, efficient, economical and transparent use of financial and other resources within that official’s area of responsibility
- To take effective and appropriate steps to prevent, within that official's area of responsibility, any irregular expenditure, fruitless and wasteful expenditure, and any under collection of revenue due
- To comply with the provisions of this Act to the extent applicable to that official, including any delegations and instructions as described above
- To be responsible for the management and safeguarding of the assets and the management of liabilities within that official’s area of responsibility.
SECTION 3:

THE KING REPORT ON CORPORATE GOVERNANCE

3.1 INTRODUCTION

The King Committee on Corporate Governance was first formed in 1992, under the auspices of the Institute of Directors, to consider corporate governance in the context of South Africa. This coincided with significant social and political transformation, the emergence of democracy, and the re-admission of South Africa into the community of nations. The purpose of the King Report 1994 is to promote the highest standards of corporate governance in South Africa.

Corporate governance is concerned with maintaining a balance between economic and social goals, and between individual and communal goals. The object is to align the interests of individuals, corporations and society as closely as possible.

The 1994 report advocates an integrated approach to good governance, looking at the interests of a wide range of stakeholders, and taking cognisance of the fundamental principles of good financial, social, ethical, and environmental practice. An important outcome of the report was the need for companies to recognise that they no longer act independently from the societies and the environment in which they operate.

The report makes the following distinction between accountability and responsibility. When accountable, one is liable to render an account; when responsible, one is liable to be called to account. In governance terms, one is accountable to the company (or Board) by virtue of common law and statute, and one is responsible to all relevant stakeholders.

The King Report 2002 is a rather lengthy document; the Executive Summary of the report covers matters related to Boards and Board members in some detail over about twenty pages of text. For the purpose of familiarisation by Governing Board members, a selection of relevant findings of the report are summarised below. As the King report relates primarily to the business environment, the word “company” has been replaced with “CMA” wherever appropriate.
3.2 SELECTED FINDINGS/RECOMMENDATIONS OF THE KING 2002 REPORT

3.2.1 General

- The Board is ultimately accountable and responsible for the performance and affairs of the CMA. Delegating authority to committees or management does not in any way mitigate or dissipate the Board and its members of their duties and responsibilities.
- The Board must give strategic direction to the CMA, appoint the chief executive officer, and ensure that succession is planned.
- The Board must remain full and effective control over the CMA, and monitor management in the implementation of the Board’s plans and strategies.
- The Board should ensure that the CMA complies with all relevant laws, regulations and codes of practice, and that it communicates with stakeholders openly and effectively and with substance prevailing over form.
- The Board should have unrestricted access to all CMA information, records, documents and property.
- The Board should consider developing a code of conduct that addresses conflicts of interest, particularly relating to CMA management, which should be regularly reviewed and updated as necessary.
- The Board must identify key risk areas and key performance indicators of the CMA (including non-financial aspects), which should be regularly monitored.
- A brief CV of each Board member standing for election or re-election should accompany the relevant notice in the annual report.
- The Board should have a charter setting out its responsibilities, confirming its responsibility for adopting strategic plans, monitoring operational performance and management, determining policy and processes to ensure the integrity of the CMA’s risk management, internal controls, and communications policy.
- The Board must find the correct balance between conforming with governance constraints, and performing in an entrepreneurial way.

3.2.2 Chairperson and Chief Executive Officer

- There should be a clear division of responsibilities to ensure a balance of power and authority, the operational role of CEO being separate from that of Chairperson.
3.2.3 Board Meetings

- The Board should meet at least once a quarter or more frequently as circumstances require, and should disclose in the annual report the number of Board and committee meetings held and details of attendance of each member.
- Efficient and timely methods should be determined for informing and briefing members prior to meetings, while each Board member is responsible for being satisfied that, objectively, they have been furnished with all the relevant information and facts before making a decision.
- The Board should regularly review processes and procedures to ensure the effectiveness of internal systems of control, so that its decision making capability and accuracy of reporting are maintained at a high level at all times.
- In assessing performance, the Board should look at qualitative performance factors that involve broad stakeholder interests.

3.2.4 Board Committees

- Board committees are an aid to assist the Board and its members in discharging their duties and responsibilities, and the Board cannot shield behind these committees.
- Board committees should have formally determined terms of reference, life span, role, and function(s), and should be established with clearly agreed reporting procedures and scope of authority.
- As a general principle, there should be transparency and full disclosure from the Board committee to the Board, except when mandated otherwise by the Board.
- Board committees should be free to take independent outside professional advice as and when necessary.
- Board committees should be subject to regular evaluation by the Board to ascertain their performance and effectiveness.

3.2.5 Board Evaluation

The Board, through an appropriate committee, should regularly (at least annually) review its mix of skills, experience and other qualities (e.g., demographics and diversity) in order to assess its effectiveness. This is particularly important in light of the evolutionary nature of the CMA, and as the role of the board strengthens in functionality over time.
3.2.6 Risk Management

- The Board is responsible for the total process of risk management and assessing its effectiveness. Management is responsible for designing, implementing and monitoring the process and for integrating it into day-to-day activities.
- The Board should set risk strategy policies in liaison with senior management, which should be communicated to all employees. The Board decides the tolerance for risk and has to ensure that an effective process is implemented to identify risk, measure its impact and proactively manage risk.
- The Board should consider the need for a confidential reporting process ("whistle blowing") covering fraud and other risks.
**SUMMARY OF CHAPTER FOUR**

**SECTION 1:**
**ROLE OF THE BOARD AS ENVISAGED BY THE NATIONAL WATER ACT**

The Governing Board of a Catchment Management Agency is responsible for the management of the affairs of the CMA, and may exercise the powers of the CMA.

The role of the Governing Board is:

- To ensure that board achieves DWAF’s strategic objectives
- To decide the strategies and policies to be followed by the CMA
- Provide financial management oversight on the CMA
- To ensure that the CMA exercises its powers and performs its duties in a proper, efficient, economical and sustainable manner
- Review performance of CEO and senior management
- Ensure effective stakeholder participation
- Ensure internal systems and controls that will ensure effective decision making within the CMA

The members of the governing board have a responsibility to ensure effectiveness and efficiency of the CMA in performing its functions. Furthermore, board members are ultimately accountable to the Minister (DWAF) for the board’s decisions and their implementation by the CMA executive.

**SECTION 2:**
**RESPONSIBILITIES IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT**

The objective of this Act (which was amended by the Public Finance Management Amendment Act (No 29 of 1999) is to secure transparency, accountability, and sound management of the revenue, expenditure, assets and liabilities of the institutions to which the Act applies.

The Board must have an accounting authority, which must be accountable for the purposes of the Act. In the case of a Governing Board, *the Board itself is the accounting authority.*
The accounting authority has numerous duties and responsibilities under this Act, including the preparation of annual reports and plans.
SECTION 3:
**KING REPORT ON CORPORATE GOVERNANCE**

The King Report 2002 is a rather lengthy document, thus a selection of relevant findings of the report are summarised in this section.

Among the issues covered are the ultimate responsibility of the Governing Board, the division of responsibility regarding the Board and CEO, details of Board meetings, Board committees, evaluation of the Board, and the importance of risk management.