

# 2021 Board and Committee Evaluation

prepared for

## DEMARCATIION MUNICIPAL BOARD



Facilitated by



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## Introduction

The Municipal Demarcation Board (“MDB” or “the Institution”) is an independent authority accountable to Parliament and responsible for the determination of municipal boundaries. MDB’s leadership is provided by a unitary board of directors (“the Board”), which is comprised of one executive director and nine non-executive directors. The Board is supported by three members from the executive management and one external member who is the independent chairperson of the Audit and Risk Committee.

During the period June 2021 to July 2021 Acorim Proprietary Limited, (“Acorim”), a division of Merchantec Capital, assessed the performance and effectiveness of MDB’s Board, Board Committees, the executive, non-executive directors, independent chairperson of the Audit and Risk Committee, the chairperson of the Board (“the Chairperson”), the Chief Executive Officer, Chief Financial Officer and the Company Secretary.

### The Evaluation Process

Acorim reviewed MDB’s Board charter and the charters of the respective Board Committees in order to ensure that the evaluation was tailored to the Institution’s objectives.

An online questionnaire was then constructed drawing from the guidelines of King IV, the Companies Act and the aforementioned internal documents. A peer evaluation was also included whereby each director had the opportunity to evaluate all other directors individually. The results of the peer evaluation are provided directly to the Chairperson and are not included in this report.

The results from the questionnaires were analysed to identify the specific issues related to improving the Board’s performance and to identify possible training requirements/action steps.

### The Evaluation assessed the following Board members:



**Thabo Manyoni**



**Mbali Myeni**



**Namso Baliso**



**Jane Thupana**



**Mmatsie Mooki**



**Greta Apelgren -  
Narkedien**



**Dr. David Mohale**



**Albert Kekesi**



**Adv Monnapula  
Motlogelwa**



**Themba  
Dubazana**

## Independent Chairperson (Audit and Risk Committee)



**Dawood  
Coovadia**

## Executive Management



**Muthotho Sigidi**



**Aluwani  
Ramagadza**



**Tintswalo  
Baadjie**

## Board Evaluation

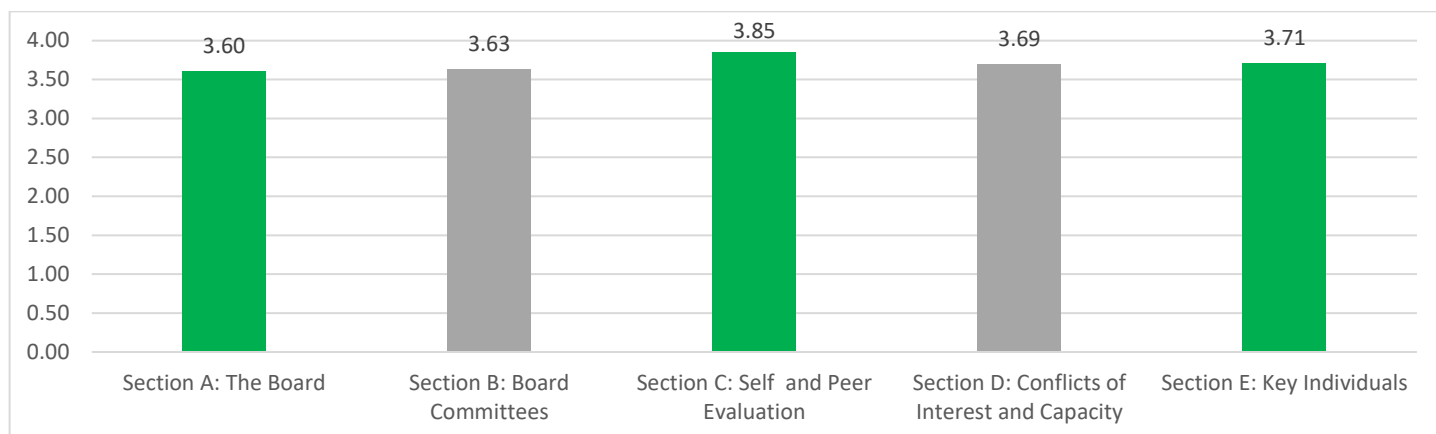
The 2021 Board Evaluation revealed that the Board is performing well, with an overall average score of 3.70 out of 4.00. This score indicates that the Board is confident in its overall performance and contributions to the Institution, with only minor areas being identified for improvement.

Based on an examination of the completed questionnaires, the report sets out an analysis of the results with specific focus on questions that scored low in comparison to the overall evaluation score.

The below graph details the five main sections and the average score:

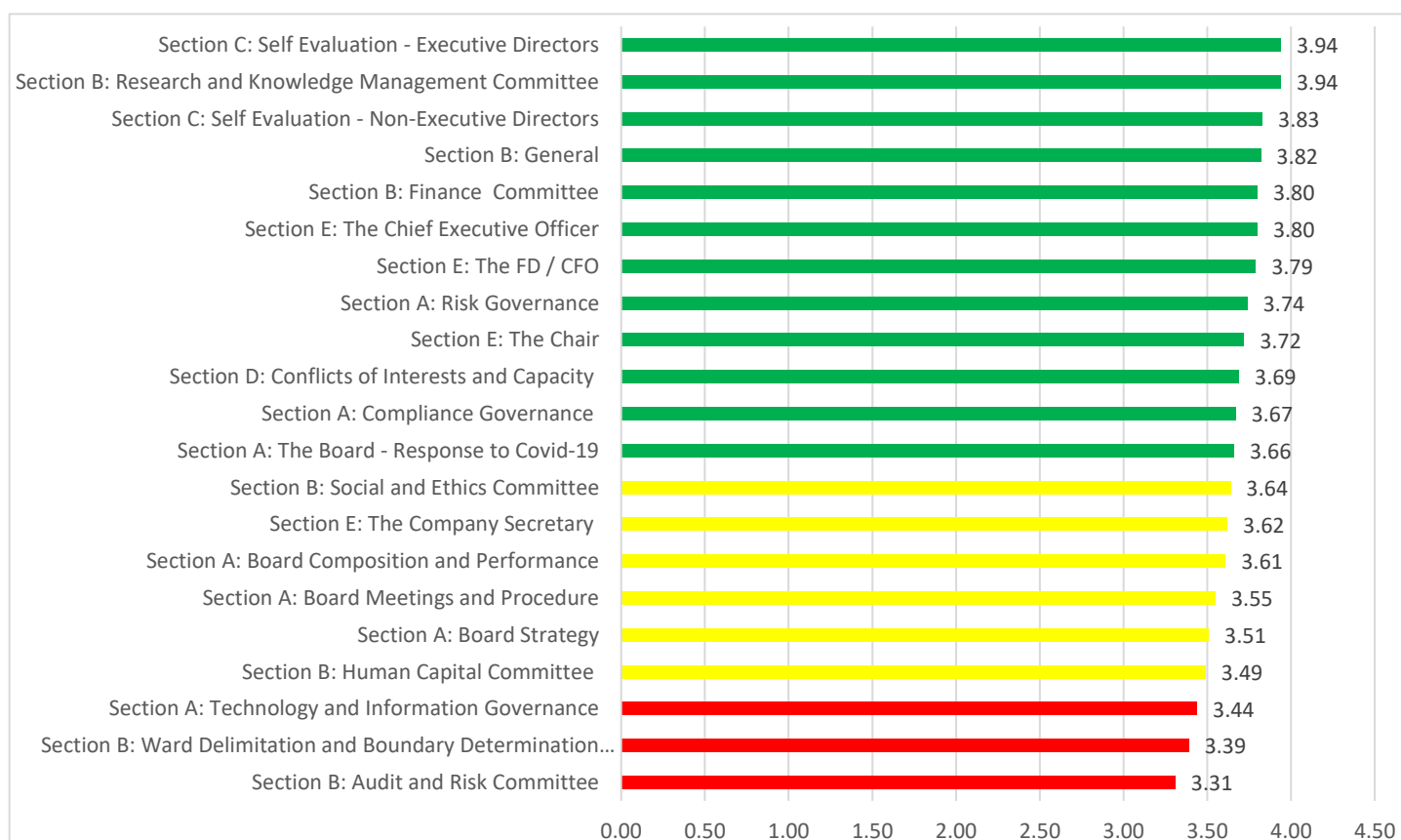
As indicated in the above graph, the highest scoring section, relative to the overall score, is Section C 'Self and Peer Evaluations' with a score of 3.85 out of 4.00. This indicates that the directors are confident in their own contributions to the functioning of the Board, as well as that of their fellow members.

The below graph details the categories in each section and their relevant ranking:



As indicated in the above graph, the highest scoring section, relative to the overall score, is Section C ‘Self and Peer Evaluation’ with a score of 3.85 out of 4.00. The lowest scoring section, relative to the overall score, is Section A: The Board with a score of 3.60 out of 4.00.

The below graph details the categories in each section and their relevant ranking:



The following key themes have been highlighted in the report and are recommended to be included in Board discussions going forward:

#### Section A: The Board

- Board diversity
- Succession planning

#### Board Strategy

- Stakeholder engagement
- Alignment of incentive schemes to key drivers of performance

### Technology and information governance

- Adequacy of technology and information programmes

### Section B:

### Audit and Risk Committee

- Formal plan for rotation of members
- Regular training of members

### Human Capital Committee

- Staff remunerations

### Governance, Social and ethics Committee

- Adherence to the principles of the UN Global compact

## Section A: The Board

The Board is confident in its overall performance and members are satisfied that they have sufficient business savvy, expertise and the requisite knowledge about the Institution's business. In addition, the Board is satisfied that the Board's composition meets the corporate governance recommendations to achieve a strong level of independence.

The following was also confirmed by members:

- There is a wide enough range of perspectives in the Boardroom to facilitate robust discussions.
- Board members are comfortable expressing different points of view and challenging proposals from management.
- The Board has determined the Institution's risk appetite and risk tolerance, and regularly receives reports on risk management.
- The Board knows who the Institution's key external stakeholders are and communicates effectively with them.

Members, however, indicated the need for improvement in the areas set out below.

3.61 / 4.00

## Board Composition and Performance

This section assessed the size and composition of the Board, the Board's understanding of the Institution and its performance in terms of its responsibilities of duties.

A member indicated that the Board is composed of experienced individuals who are able to attend to the strategic objectives and corporate governance issues.

### Results and Recommendations

#### 1. Board diversity

The members' responses have indicated a vast difference in opinions in respect of Board composition on diversity with contrasting viewpoints altering the overall score. Some members noted that though the Board is not diverse in terms of the geographical demographics of South Africa, the board is diverse in terms of the various skills that each member on the board has.

**Recommendation:**

The principal argument in favour of a diverse board is the wide range of perspectives that each individual would bring to the boardroom table. Having a wide range of perspectives in the room serves to generate effective challenges to the *status quo* and critical assessment of the Institution's performance and direction.

To remain relevant in an increasingly competitive world, directors should not ignore the crucial role that diversity plays in governance, particularly in the boardroom. Institutions that fail to dip into the ever-deepening talent pool of diverse individuals run the risk of limiting value creation, compromising sustainability, and undermining their long-term competitiveness.

We suggest that diversity be a topic of regular consideration by the Board in consultation with the Minister and that it should be continuously reviewed to ensure that it is compliant with the board charter and the Municipal Demarcation Act No. 27 of 1998.

**2. Succession planning**

The responses from members indicate that succession planning should be considered by the Board on a more regular basis.

Members noted that the Board is not involved in the succession and appointment process given that the Minister is charged with the responsibility of appointing members of the Board.

**Recommendation:**

The Board could with the guidance from the minister set up succession plans for the Executive Management as this is part of the Board's responsibilities as stated in the Board charter.

In considering succession, the Board should seek a balance between continuity and the introduction of new ideas and perspectives. As such a succession plan should include the identification, mentorship and development of candidates. In order to ensure the relevance of this succession plan, the Board should continuously consider where the Institution is going and what the right skills-set requirements are, at present and in the future.

3.66 / 4.00

**Response to COVID-19**

This section assessed the Company's response to COVID-19 and the effectiveness of the Board during periods of uncertainty.

Members noted that both the Board and management have been extremely vigilant in combatting the pandemic. One member noted that reports on covid-19 were circulated to Board members and tabled at Committee and Board meetings, however this was done as and when necessary.

Overall, this section scored well which indicates that members are of the view that the Board's response to COVID-19 has been satisfactory. As such, we have made no recommendations in this regard.

## Board Meetings and Procedures

3.55 / 4.00

This section assessed the process of Board meetings and the flow of information prior to directors.

Although members were satisfied with the Board's meeting processes and procedures, one member noted that some members are not adequately prepared for meetings which results in minimal participation and negatively impacts the discussions and decisions that must be made at the Board meeting.

### Recommendation:

Board members should ensure that they are properly prepared and contribute to discussions during meetings. Members must ensure that they peruse the meeting packs in detail so as to ensure effective participation in the meeting. An effective Board can only exist where members have been afforded the opportunity for adequate preparation and to form views on issues before any meeting commences.

In addition, it was noted that some of the governance documents include reference to processes considered and followed by the Companies Act and need to be reviewed to make sure that they are applicable to the Institution which is not governed by the Companies Act.

3.51 / 4.00

## Board Strategy

This section assessed the Board's role in shaping and developing the Institution's strategy.

Members were satisfied that the Board plays an active role in shaping and developing the Institution's strategy.

### Results and Recommendations

#### 1. Stakeholder engagement

One member noted that although the Board does play a role in strategy development engagement with stakeholders on the strategy last happened at the Medium-Term Strategic Framework. In a bid to increase MDB's effectiveness amongst its stakeholders there is a need for continuous engagement with stakeholders so as to arrive at a deep awareness, understanding and knowledge of demarcation matters through coordinated consultations and meaningful stakeholder and public participation.

### Recommendation:

Effective stakeholder communication will ensure that MDB's stakeholders receive information that is relevant to their needs and builds positive attitudes towards MDB and its activities. Accordingly, communicating regularly with stakeholders and creating a positive understanding can assist in developing and maintaining effective long-term relationships. In order to encourage such relationships, MDB should regularly engage with stakeholders and raise awareness on its activities, improve the quality of written disclosures and strengthen institutional marketing and communication through the enhancement of policies, processes and systems.



The Board should regularly review and discuss the Institution's strategic initiatives, with input from Parliament, evaluate these towards achieving performance targets, and work with management to address any shortfalls or opportunities which may arise.

## 2. Alignment of Incentive schemes to key drivers of performance

Members indicated the need to align MDB's incentive schemes to key drivers of strategic performance.

### Recommendation:

In order to ensure the Institution's ability to deliver on its corporate objectives, the Board must ensure that performance is aligned with the approved strategy. In this regard, King IV recommends the use of agreed performance measures and targets to assess the achievement of strategic objectives in the short, medium, and long term.

The Board should regularly review and discuss the Institution's strategic initiatives, with input from Parliament, evaluate these towards achieving performance targets, and work with management to address any shortfalls or opportunities which may arise.

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## 3.74 / 4.00 Risk Governance

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This section assessed the Institution's risk governance structures and processes.

A member noted that the Board members are conscious of the Institution's risks and do everything possible to ensure that these are mitigated.

Overall, this section scored well and, as such, we have made no recommendations in this regard.

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## 3.67 / 4.00 Compliance Governance

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This section assessed the governance of compliance and the Company's continued compliance with applicable laws, codes, rules and standards. In this regard the following was noted by members:

- Compliance is very important to the Board and to management.
- The Board is very consistent with compliance.

Overall, this section scored well and, as such, we have made no recommendations in this regard.

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## 3.44 / 4.00 Technology and Information Governance

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This section evaluated the governance of information and technology and the assurance provided to the Board in respect of the effectiveness of the Company's technology and information arrangements.

A member noted that room for improvement in the Board's governance of technology and information is required.

### Results and Recommendations

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## 1. Adequacy of technology and information programmes

The responses from members indicate that the Institution's information and technology programmes could be improved to better support its business objectives and strategies.

### Recommendations:

According to Principle 12 of King IV, the purpose of technology and information ("IT") Governance is to support the Institution to set and achieve its objectives. It is important to ensure that adequate IT processes are in place to ensure timely, relevant, accurate and accessible reporting, as well as communication and data storage.

Further to the above, it is important to remember that, while management is responsible for implementing and executing effective technology and information management, the Board is ultimately responsible for the governance and ongoing oversight of technology and information. It is therefore recommended that the IT governance be included in the charters and work plans for both the Audit and Risk Committee and Board, for review at least on an annual basis, so that directors are able to discharge their duties in this regard.

## Section B: Evaluation of Committees

This section assessed the following Committees to which the Board has delegated certain responsibilities:

- The Audit and Risk Committee;
- The Human Capital Committee.
- The Governance, Social and ethics Committee.
- The Finance Committee.
- The Research and Knowledge Management Committee.
- The Ward Delimitation and Boundary Determination Committee.

Board members were largely satisfied that the Committees execute their respective duties effectively and recommendations have been included for the lower scoring areas below.

### 3.31

## Audit and Risk Committee

### Members:

Mr. Dawood Coovadia (Committee Chair)  
 Ms. Mbali Myeni  
 Ms. Mmatsie Mooki  
 Mr. Themba Dubazana

### Results and Recommendations

The responses received indicate that consideration should be given to the development of a formal plan for the rotation of members, taking into consideration terms of office and known departures.

In addition, a member underlined the need for members to undergo regular training to keep up to date with the required skills set. In fostering a culture of understanding, as well as bolstering knowledge within its structures, the Board should place a strong emphasis on the need for directors to continuously develop their knowledge for the benefit of the Institution.

Even the most competent directors can benefit from the continuous development of skills and knowledge to improve their performance and productivity. The most effective method through which directors can build these professional skills is through ongoing training that will build a deeper understanding of the environment that they work in. In this regard we suggest that members actively participate in training courses proposed during meetings.

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### 3.49 / 4.00 **Human Capital Committee**

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#### **Members:**

Ms. Greta Apelgren-Narkedien (Committee Chair)  
 Mr. Themba Dubazana  
 Ms. Namso Baliso  
 Ms. Mmatsie Mooki

#### **Results and Recommendations**

Members noted that though they may make recommendations on staff remuneration, the remuneration packages are determined by the Department of Public Service and Administration.

We recommend that the Committee regularly reviews the remuneration policy and implementation report and ensure that recommendations made on staff's remuneration are aligned to MDB's remuneration policy.

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### 3.64 / 4.00 **Governance, Social and Ethics Committee**

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#### **Members:**

Ms. Mbali Myeni (Committee Chair)  
 Ms. Greta Apelgren-Narkedien  
 Mr. Albert Kekesi  
 Ms. Jane Thupana  
 Dr. David Mohale

#### **Results and Recommendations**

Members were satisfied that the Social and Ethics Committee effectively fulfils its purpose and, accordingly, we have made no recommendations in this regard.

A member commented that Social and Ethics Committee is performing well but there is always room for improvement.

3.94 / 4.00

## Research and Knowledge Management Committee

### Members:

Dr. David Mohale (Committee Chair)  
 Ms. Namso Baliso  
 Ms. Greta Apelgren-Narkedien  
 Adv. Monnapula Motlogelwa

### Results and Recommendations

Members were satisfied that the Research and Knowledge Management Committee effectively fulfils its purpose and, accordingly, we have made no recommendations in this regard.

3.80 / 4.00

## Finance Committee

### Members:

Mr. Albert Kekesi (Committee Chair)  
 Ms. Mbali Myeni  
 Adv. Monnapula Motlogelwa  
 Ms. Jane Thupana

### Results and Recommendations

Members were satisfied that the Finance Committee effectively fulfils its purpose and, accordingly, we have made no recommendations in this regard.

3.39 / 4.00

## Ward Delimitation and Boundary Determination Committee

### Members:

Ms. Jane Thupana (Committee Chair)  
 Dr. David Mohale  
 Ms. Mbali Myeni  
 Ms. Mmatsie Mookie

### Results and Recommendations

Members were satisfied that the Ward Delimitation and Boundary Determination Committee effectively fulfils its purpose and, accordingly, we have made no recommendations in this regard. It is important to note that the low score is as a result of the majority of members scoring 3 and not 4 for this section.

## Section C: Self and Peer Evaluations

The results of the self and peer evaluation are provided directly to the Chairperson and are not included in this report.

## Section D: Conflicts of Interest and Capacity

Each director confirmed the following in this section:

- When making decisions pertaining to the Institution, they put the interests of the Institution before their private interests and the interests of any other companies that they are a director of.
- When they become aware of a conflict or potential conflict of interest, they declare the interest in respect of the agenda item at the beginning of the meeting and recuse themselves from the decision-making process and voting.
- They have provided a formal declaration of their financial, economic, and other interests, including related parties, and regularly provide updates to the Board in this regard.
- They are able to voice their concerns when they believe there are conflicts of interest and 'grey areas' during the decision-making procedure.
- They dedicate sufficient time and attention to the needs of the Institution and are available and accessible, when necessary, irrespective of the number of Boards or governing bodies that they are a director of.

In addition to the above, the following was noted by members:

- All members are honest and transparent.
- All directors have provided a formal declaration of their financial, economic, and other interests, including related parties, and regularly provide updates to the Board.

## Section E: Key Individuals

During the evaluation process the Board assessed the individual performance of the Chairperson, the Chief Executive Officer, the Chief Financial Officer and the Company Secretary. The responses received indicate that the Board considers each of these individuals to be performing their duties well with no areas for improvement being highlighted.

3.72 / 4.00

### Chairperson

The Board confirmed that the Chairperson –

- Leads the Board effectively and appropriately.
- Exercises his duties with objective and unfettered judgement in the absence of an interest, position, association, or relationship which is likely to cause bias in decision-making.
- Is committed to the vision and strategic decisions of the Institution.
- Encourages Board members to participate fully in Board meetings and, notwithstanding the previous observations relating to dominant personalities, is, generally careful not to allow one member to dominate discussions.
- Ensures that meetings are productive with time spent effectively and discussions kept on topic.
- Effectively holds Board members accountable for carrying out assigned responsibilities.

- Has sufficient capacity to devote adequate time and resources to the needs of the Board and the Institution.
- Always acts in the best interest of the Institution.

In addition to the above, a member noted that the Chairperson has all the attributes to be an effective executive director but lacks time to engage in critical aspects of the Institution. Improvement is required in this regard.

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### 3.80 / 4.00 **Chief Executive Officer**

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The Board confirmed that the Chief Executive Officer –

- Sets the tone in providing ethical leadership and creating an ethical environment.
- Shows clear vision in correctly anticipating business trends, opportunities, and priorities affecting the company's success and operations.
- Constantly strives to achieve the Institution's operating goals and objectives.
- Accurately identifies risks and issues confronting the Institution.
- Consistently makes sound decisions and makes timely adjustments in strategies when conditions demand.
- Demonstrates a sound knowledge of board governance procedures and consistently follows them.
- Ensures that the day-to-day business affairs of the Institution are properly managed within the approved authority framework.
- Is readily available to individual board members whenever necessary and supports the Board in its governance duties by providing necessary resources and other facilities.
- Supports the Board in its governance duties by providing necessary resources and other facilities.
- Serves as an effective company representative in communicating with stakeholders.
- Encourages corporate social responsibility and community involvement in promoting a positive image for the Institution.

In addition to the above, a member noted that the Chief Executive Officer is a reliable employee who executes his tasks timeously.

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### 3.79 / 4.00 **Chief Financial Officer**

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Members confirmed that the Chief Financial Officer:

- acts as a driver of strategic thinking and identifies growth opportunities for the Institution.
- manages costs and ensures that the Institution maintains a healthy financial position.
- ensures that the Institution's financial systems are robust, compliant and support current activities and future growth.
- ensures that the Institution's financial risks, record-keeping and financial reporting are appropriately and accurately managed.
- executes her required roles and responsibilities in a professional and competent manner.
- has the necessary expertise and experience to effectively discharge her duties.

In addition to the above, members highlighted that the Chief Financial Officer needs to improve on her understanding of the oversight responsibilities of the Board.

## Company Secretary

3.62 / 4.00

Members confirmed that the Company Secretary:

- Has the requisite knowledge of, or experience with, relevant regulations.
- Has maintained an arm's-length relationship with the Board and its directors, as far as is reasonably possible.
- Has the confidence to raise matters that may warrant the Board's attention.
- Has provided the directors, collectively and individually with guidance as to their duties, responsibilities, and powers.
- Ensures proper compilation and timely circulation of Board papers.
- Ensures that the Board and Committee charters are kept up to date.
- Has maintained the Institution's statutory registers and ensured that all statutory returns have been submitted to CIPC.

In addition to the above, members noted that the Company Secretary is a very experienced individual.

## Section F: Open-ended Questions

The evaluation provided Board members with an opportunity to provide further comments and recommendations. The comments received from Board members are set out below:

### Open-Ended Question 1:

**How has the Board responded to any problems or crisis that have emerged and could or should these have been foreseen?**

#### **Responses:**

- *Responded badly to one of the problems. The signs were there but the lack of robustness in some meetings led to the problem escalating to an extent that financial resources were used on investigations that were not necessary.*
- *The Board has always responded timeously to all the challenges it faced. All were unforeseen and not the mistake of the Board but certain management decisions.*
- *The Board responded to crises adequately.*
- *Crises have been responded to timeously, confidentially and in line with procedures as was the case of irregular expenditure on a specific tender.*
- *Very well. The Board has approached every problem with straight and level-headed mind.*
- *If there is a crisis the Board calls an extra ordinary meeting so that proper resolutions can be taken to address the crisis with in-depth discussion. If the crisis is minimal the discussions happen through emails and resolutions are taken through round robin.*
- *The Board deliberates on challenges identified and explore the best possible solutions. It investigates where and when warranted and act on findings therefrom. The Board is committed to clean governance and stability of an institution.*
- *The Board responded well to the covid-19 pandemic.*

### Open-Ended Question 2:

**What do you think should be the main area(s) of focus for the Board in the year to come?**

**Responses:**

- *Board should focus on the vision and the mandate it has been given.*
- *Stakeholder engagement on Municipal outer Boundaries determinations.*
- *There needs to be more accessibility to the communities.*
- *The Board should focus on how business strategy will be implemented considering the change brought about by the pandemic (such as remote working).*
- *Since the work of the MDB is essentially labour-intensive in terms of high levels of professional, technical and administrative activities, Human Capital will always need to be one of the main focus areas.*
- *Control environment and financial management.*
- *Oversight responsibilities: discharge of core functions without neglecting other matters that have the potential to bring the institution into disrepute.*
- *The Board's main focus in the coming year should be the process of outer boundary redetermination and dealing with concerns emanating from lessons learnt during the boundary delimitation process. The other area is the proper management of filling of vacancies for executive management vacancies for positions which are vacant or become vacant.*
- *Enhance public participation programmes.*
- *Moving the organization to a more ICT savvy institution that can operate anywhere at any time.*
- *Public participation in the continued constraints places by covid-19, especially expanding access to virtual networks in rural areas.*

**Open-Ended Question 3:**

**Are there any issues not covered in this evaluation that you think might be relevant?**

**Responses:**

- *I think this evaluation template is more designed to be used by Board members who are serving the public entities as it fails to zoom into the unique nature of this institution and uses terminologies that are foreign to our operations.*
- *Not really. I think the questionnaire is comprehensive enough.*
- *Maybe getting a view from Portfolio Committee on the Board as they annually review MDB's performance.*
- *Yes. The financial sustainability and capacitating the Board operations by National Treasury and Ministry of COGTA. The above include requirements for public awareness which is essential for efficient and effective public participation which then enriches submissions and objections to lessen service delivery protests that are not on merits.*
- *Understanding of the interface between the Board and the executives or management.*
- *Impact that is had by the lack of Provincial presence that makes the Board seem inaccessible.*

Should you have any further questions on the report, please do not hesitate to contact Acorim.

Kind Regards




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Nikita Hunter