

Overview

The organisation continues to commit to the principles of good corporate governance, as per the Public Finance Management Act, and King II, and strives for a sound balance between performance, value creation and resource utilisation. This balance is enabled through the organisation's balanced set of strategic objectives included on pages 25-26 of this report and the associated balanced scorecard.

The board monitors performance through the objectives, measures and targets articulated in the scorecard. Accountability to the Minister is fulfilled by keeping the Minister apprised of the organisation's performance.

Board Appointment and Composition

The term of office of the board ended on 30 June 2009. The new board was appointed by the Minister of Water and Environmental Affairs with effect from 1 July 2009. Board Member details are provided on pages 18-20 of this report. The list of old and new board members is shown in **Table 4.1**.

Board Meetings

Board meetings are held quarterly with attendance by the board and senior executives. The organisation's strategy, business plan and annual report, including financial statements are discussed and approved at annual meetings. Ad hoc meetings and Chairman's Committee meetings are convened when there are matters requiring consideration. **Table 4.2** shows the board meeting attendance during 2008/9.

Table 4.1: Board Members

Board Members to 30-Jun-09	New Board Members effective 1-Jul-09
Mr N Gasa <i>Chairman</i>	Mr Andile Mahlalutye <i>Chairman</i>
Mr V Gounden <i>Deputy Chairman</i>	Ms M Lesoma <i>Deputy Chairman</i>
Ms M Lesoma	Ms T Shezi
Ms T Shezi	Mr V Gounden
Ms N Afolayan	Ms N Afolayan
Mr S Dlamini	Mr Teboho Nkhahle
Mr N Dlamini	Ms Nompumelelo Chamane
Mr Z Dube	Prof Imtiaz Vally
Mr N Macleod	Mr Ike Nxedlana
Mr B Mathebula	Dr Takalani Dube
Mr M Msiwa <i>Chief Executive</i>	Ms Jenitha John
	Mr Graham Atkinson
	Mr Visvin Reddy
	Ms Ziphazethu Mathenjwa
	Mr M Msiwa <i>Chief Executive</i>

Table 4.2: Board Meeting Attendance

Members	Board Meeting Attendance					Special Meetings	
	17/09/08	28/11/08	11/03/09	29/04/09	15/10/09 with DWEA	05/02/09	25/06/09
Mr N Gasa <i>Chairman</i>	√	√	√	√	√	√	√
Mr V Gounden <i>Deputy Chairman</i>	√	≠	√	√	≠	≠	√
Ms T Shezi	√	≠	√	√	√	√	√
Mr N Dlamini	√	≠	≠	√	√	√	√
Mr S Dlamini	√	≠	≠	√	≠	≠	√
Mr B Mathebula	√	√	√	√	√	√	√
Mr Z Dube	√	√	√	√	√	√	√
Mr N Macleod	≠	√	≠	√	√	√	√
Ms N Afolayan	≠	≠	√	√	≠	√	√
Ms M Lesoma	√	≠	√	√	√	√	√
Mr M Msiwa <i>Chief Executive</i>	√	√	√	√	√	√	√

√ Indicates attendance

≠ Indicates absence with apology

Corporate Governance: Board Directors

MR ANDILE MAHLALUTYE (CHAIRMAN OF THE BOARD)

appointed for his first term to the Board, is the Chief Executive Officer of Mvula Trust. He holds a Masters Degree in Financial Management from the Centre for Financial and Management Studies of the University of London, a Masters Degree in Business Leadership from UNISA, a BSc in Quantity Surveying from UCT, a Graduate Diploma in Company Direction from the Graduate Institute of Management and Technology and a Programme Certificate on the Development and Management of NGOs from Galilee College in Israel. He is a Project Management Professional, a Professional Quantity Surveyor, as well as a professional member of the Association of South African Quantity Surveyors. He has over fifteen years of working experience with involvement in large developmental projects and was previously an Executive of Coega Development Corporation (CDC), which he joined in 2003. Prior to this, he was part of the original team that conceptualised and set up the Blue IQ Initiative of the Gauteng Provincial Government, where he was the general manager in charge of project co-ordination. He was also the project leader for Constitution Hill, Newtown Cultural Precinct, Kiptown Redevelopment and Wadeville-Alrode Industrial Corridor. In addition to the Umgeni Water Board, he is also a non executive director of Ubudlelwane Capital Investments (Pty) Ltd and has served as a non-executive director for various companies and institutions in the past.



MR TEBOHO NKHAHLE

appointed for his first term to the Board, is the Owner and Managing Director of Environmental Impact Management Services (EIMS). He is a registered Professional Scientist with a Master's degree from Stellenbosch University and



twenty years experience in the environmental management and sustainability fields. In addition to the Umgeni Water Board, he is also the Non-Executive Chairman of the Lesotho Highlands Development Authority, a body responsible for implementation of the multi-billion Rand bilateral Lesotho Highlands Water Project, and a Board member of Global Decisions Inc, a US-based firm responsible for developing WorldRegs, a global database of Environment, health and safety regulations and standards. He is a member of the Institute of Directors in Southern Africa (IoD) and Vice Chair of the Sustainable Development Forum of the IoD. He is a trained environmental auditor under the IRCA scheme and spent six years with Eskom in the technical audit division. He is also a member of the Environmental External Review Panel for the Olifant's River Water Resources Development Project of the Department of Water Affairs. He has managed projects in various countries including Lesotho, Mali, and Qatar.



MS MINA LESOMA (DEPUTY CHAIRMAN)

served on the Board in 2008/9 as the Chairman of the Remuneration Committee. She has been re-appointed to the Board for a third term. She is the deputy head

of Customer Services at eThekweni Municipality. Other bodies she serves on are the KZN Playhouse Company as its Chairperson, and the KwaZulu-Natal Provincial Housing Advisory Committee. She holds diplomas in Public Relations, Local Government Management and Business Management.

MS NOMPUMELELO CHAMANE

appointed to the Board for her first term, is a Councillor with eThekweni Municipality. She has vast experience as a liaison officer with the provincial structures of the Congress of South Africa Trade Unions. She also serves as a member of the Albert Luthuli



Hospital committee, is on the Board of the CMDA/European Union, and is Chairperson of the Finance Committee of St Benedict Catholic Church.

PROF IMTIAZ VALLY

appointed to the Board for his first term, is a professor of Management Accounting and Finance at UKZN. His qualifications include a Master of Accountancy degree, Chartered Accountant (SA) and Chartered Management Accountant (ACMA). He is a trustee of the UKZN Retirement Fund and a member of the finance and investment committee of the fund.



MS NOMBUSO AFOLAYAN

was first appointed to the Board in July 2005 and has been re-appointed for a second term. She has a Masters degree in Business Administration, Executive Leadership, Cost and Management Accounting; a Bachelor of Technology degree in Management, and is an Organisational Development Practitioner. She is currently the Business Development Executive at Petroleum Products Vopak Terminal Durban. She also serves on the Natal Sharks Board as Deputy Chairperson and is on the Board of the Durban Chamber of Commerce.



MR VASU GOUNDEN

is currently a member of the Board of Directors and has been re-appointed for a third term. He holds a Master of Law Degree (LLM) from Georgetown University and is a graduate of the Harvard/Wits Business School Senior Executive Programme. He is the founder



and Executive Director of the African Centre for Constructive Resolution of Disputes (ACCORD). He serves on the Boards of the International Centre for Eyecare Education; Gandhi Development Trust; Finland-based Crisis Management Initiative; International Negotiation Journal, and Peace and Conflict Studies Journal. He was elected by the World Economic Forum as one of its Global Leaders for Tomorrow (GLT).

MR IKE NXEDLANA

appointed for his first term to the Board, is the Chief Executive Officer of the Richards Bay Industrial Development Zone and a former Chief Executive Officer of Ithala Development Finance Corporation. Prior to joining Ithala, he was the Head of Public Sector Banking at Absa Head



Office, a CFO of the City of Cape Town as well as the CFO of the Department of Public Enterprises. Nxedlana has held various Retail Banking positions over a career spanning more than twenty years. He holds a Masters Degree in Business Administration from the Business School Netherlands/International Management Centre; Financial Management Practices Certificate from the Royal Institute of Public Administration in London; diplomas in Marketing and Sales Leadership Development from the Graduate School of Marketing; diploma in Business Management and Certificate in Personnel Management from the then ML Sultan Technikon. He is also a graduate of the Executive Development Programme at the Wits Business School.

DR TAKALANI DUBE

appointed for her first term to the Board, is a medical doctor by profession and the president and founder of HOPE, an HIV and community development organisation. She is also the co-founder of the



Corporate Governance: Board Directors

continued

eThekwini Community Church. She holds a medical degree and Diploma in Health Services Management from the then University of Natal Medical School; a diploma in anaesthesia from the University of South Africa; certificate in Business Development and Management from eThekwini Business Development, and post-graduate Diploma in HIV Management in the Place of Work from Stellenbosch University.

MS JENITHA JOHN

appointed to the Board for her first term, is a Chartered Accountant by profession, currently serving as Chief Audit Executive for the FirstRand Group of companies. She has held various financial and audit related roles at, inter alia, Discovery Holdings, Eskom, Telkom, Toyota SA and RMBT Property Services (Marriott Group) prior to joining FirstRand. She also holds a Diploma in Company Direction hosted by IoD and GIMT and is a graduate of the Harvard/Wits Business School Senior Executive Programme. Jenitha has served on many Boards and Audit Committees of both Public and Private sector entities and is currently a Non Executive Director of Tongaat Hulett where she is the Chairman of the Audit Committee. She also chairs the Audit Committee of the City of Johannesburg.



MR GRAHAM ATKINSON

appointed for his first term to the Board, holds a Bachelor of Science degree in Civil Engineering and a post-graduate Diploma in Town and Regional Planning, both from the former University of Natal. He is an honorary member of the Water Institute of South Africa and was previously City Engineer of the City of Pietermaritzburg for ten years. He served for six years as a member of the KwaZulu Planning and Development Commission, and is a former Board Member and Chief Executive Officer of Umgeni Water.



MS THOKOZILE SHEZI

was appointed for the first time to the Board of Directors in July 2005 and has been re-appointed for a second term. She holds a Bachelor of Science degree in Social Psychology and Education and a Masters degree in Measurement and Evaluation. She is employed as a Senior Manager in the KwaZulu-Natal Department of Agriculture and Environmental Affairs.

MR VISVIN REDDY

appointed to the Board for his first term, currently serves on the Executive of eThekwini Municipality and is chairman of its infrastructure committee. He has served in local government structures since 1994 and is an executive member of SALGA-KZN. Reddy also serves on various community bodies and is a teacher by profession.



MS ZIPHOZETHU (GABSIE) MATHENJWA

appointed to the Board for her first term, is the founder and owner of Gabsie's Business Solutions (GBS). She has a MBA and a Post-graduate Diploma in Business Management from the University of KwaZulu-Natal. Her other qualifications are: Post-Graduate Diploma in Strategic Management and Corporate Governance from ICSA and UNISA, BSc Degree from the University of Zululand; Diploma in Project Management from Executive Education and certificate in Financial Management and Investment from the University of South Africa. She is also a member of the Boards of the Water Research Commission and Mvula Trust.



Board Committees

The Board has established committees to assist it in discharging its responsibilities. Each committee has a mandate outlining its delegated authority. The board committees are:

- ◆ Audit and Risk committee,
- ◆ Capital Expenditure, Procurement and Infrastructure committee, and
- ◆ Human Resources and Remuneration Committee.

Audit and Risk Committee

The audit and risk committee, which comprises four independent non-executive board members, was established to assist the Board in discharging its responsibilities with respect to overseeing all aspects of financial reporting, control processes, risk management and audit functions. The members and their attendance at committee meetings in 2008/9 are shown in **Table 4.3**.

Table 4.3: Audit and Risk Committee Meeting Attendance

Members	27/08/08	04/09/08 [@]	04/11/08	27/02/09	16/04/09
Ms N. Afolayan (Chairman)	√	≠	√	√	√
Mr V. Gounden	√	√	≠	√	≠
Mr N. Dlamini	√	√	√	√	√
Mr Z. Dube	√	√	√	≠	√
Mr M. Msiwa Chief Executive	√	√	√	√	√

@ Indicates Joint REMCO/AUDIT

√ Indicates attendance

≠ Indicates absence with apology

Internal Audit

Internal Audit is an independent outsourced assurance function, the purpose, authority and responsibility of which is formally defined in a charter approved by the board in line with stipulations of the Institute of Internal Auditors. In line with the requirements of the Public Finance Management Act (PFMA) and good governance, the internal auditors give the audit committee and management assurance on the appropriateness and effectiveness of internal controls.

External Auditors

Deloitte and Touche are the organisation's external auditors. The audit and risk committee considers and makes recommendations on the appointment and retention of the external auditors, the fees paid and the terms of engagement, pre-approves the nature and extent of any non-audit services and evaluates their independence, objectivity and effectiveness. The committee also reviews the accuracy, reliability and credibility of statutory financial reporting. The external auditors independently audit and report on the financial statements to ensure that the statements comply with international financial reporting standards (IFRS). Refer to the Independent Auditor's report on page 95.

The Capital Projects, Fixed Assets and Procurement Committee

The committee, which comprises three independent non-executive board members, assists the board with procurement decisions, and approves procurement policies, tenders and contracts within its delegated authority. It ensures that the organisation's supply chain policy and procedures are equitable, transparent, competitive and cost effective. Contracts which exceed the committee's delegation of authority are referred to the board for approval. The committee reviews and recommends amendments to the limits in the delegation of authority, relating to budget approvals for capital projects and procurement, to enable management to expedite the implementation of projects. **Table 4.4** shows the attendance of meetings during 2008/9.

Table 4.4: Procurement, Fixed Assets and Capital Projects Committee Meeting Attendance

Members	18/08/08	24/10/08	05/02/09	02/04/09
Mr N Macleod (Chairman)	√	√	√	√
Mr Z Dube	√	√	√	√
Ms T Shezi	√	√	√	√
Mr M. Msiwa Chief Executive	≠	√	√	√

√ Indicates attendance

≠ Indicates absence with apology

Human Resources and Remuneration Committee

The committee comprises six independent non-executive board members and the chief executive (who is recused when his remuneration is considered). Five meetings were held in 2008/9. **Table 4.5** shows attendance at the meetings.

Table 4.5: Remuneration and Human Resources Committee Meeting Attendance

Members	26/08/08	04/09/08*	23/10/08	18/02/09	09/04/09
Ms M Lesoma (Chairman)	√	√	√	√	√
Ms T Shezi	√	√*	√	≠	√
Mr N Dlamini	√	√	√	√	√
Mr S Dlamini	√	≠	√	√	≠
Mr N Macleod	≠	√	√	≠	√
Mr B Mathebula	√	√	√*	√	√
Mr M Msiwa	√	√	√	√	√
Chief Executive					

@ Indicates Joint REMCO/AUDIT

√ Indicates attendance

≠ Indicates absence with apology

* indicates nominated chair

Corporate Risk Management Committee

The committee comprises the Chief Executive, the General Managers and senior managers. The committee ensures that the company's risk management strategies and processes are aligned with the organisational strategy and best practice. Four meetings were held during the year, covering the integrated risk management strategy and processes, risk tolerance and appetite, risk accountabilities, major risk exposures and emerging risks. A risk workshop, facilitated by the internal auditors, was attended by the executive and senior management to review the strategic risk register. The revised register was recommended by the audit committee and approved by the board. Further information on the risk management processes is set out on page 24.

Executive Management Committee (EXCO)

The EXCO structure includes the Chief Executive, the General Manager: Finance, General Manager: Engineering and Scientific Services, General Manager: Operations and the General Manager: Corporate Services. Thirty-three EXCO meetings were held during the year including special meetings. The committee

was established to assist the Chief Executive in guiding the overall direction of the business and in exercising executive control. Its task is to assist with the effective management of the day-to-day operations of the business. Details of Chief Executive and General Managers appear on page 23.

Board Remuneration

The remuneration for non-executive board members is approved in advance by the Minister of Water and Environmental Affairs. Board Remuneration is shown on page 100.

Delegation of Authority

A comprehensive delegation of authority framework governs the authority levels for the board and management. These are exercised through various board and management committees. This framework assists the board to discharge its duties with board member accountability and responsibility. The board reviews the framework regularly.

Fraud Prevention

The Board acknowledges its responsibility to ensure that the organisation is fair, transparent and ethical. The fraud prevention committee was established to effectively manage fraud as prescribed in Section 29.1.1 of the Treasury regulations in the PFMA. The committee comprises an independent chairman, the internal auditors and management. An integrated fraud prevention plan had been established to prevent or respond to incidents of fraud, corruption or any other irregularities. KPMG is responsible for the management of the fraud hotline. Three meetings were held to monitor compliance with fraud prevention policies and procedures.

Subsidiaries

Msinsi Holdings and Umgeni Water Services focus on section 30 activities. Msinsi Holdings and Umgeni Water Services are governed by independent board structures with their own internal controls and are subject to Umgeni Water's financial control. The subsidiaries comply with the PFMA and follow good governance principles.

Corporate Governance: Executive Team



Chief Executive

Mr Mzimkulu Msiwa

Mr Mzimkulu Msiwa was appointed as Chief Executive of Umgeni Water in September 2006. Mr Msiwa is a Civil Engineer who joined the organisation in 2003 as the General

Manager Operations. He holds a Bachelor of Science Degree in Civil Engineering and a Masters Degree in Business Leadership.

General Manager Finance

Ms Nica Gevers

Ms Nica Gevers was appointed as the General Manager Finance in 2003. Ms Gevers is a Chartered Accountant and has a post graduate diploma in Cost Accounting.



General Manager Operations

Mr Mboniseni Dlamini

Mr Mboniseni Dlamini was appointed as the General Manager Operations in February 2008. He holds a Master of Science Degree in Microbial

Genetics, a Masters Degree in Business Administration and a Post Graduate Diploma in Company Direction.



General Manager Engineering & Scientific Services

Mr Pumezo Jonas

Mr Pumezo Jonas was appointed in his current term as the General Manager Engineering & Scientific Services in 2003. He had joined the organisation in 1993 and served as the Director of Scientific Services from 1999 to 2003. Mr Jonas has a Master of Science Degree in Chemistry.

General Manager Corporate Services

Ms Prudence Gwala

Ms Prudence Gwala was appointed as the General Manager Corporate Services in 2008. Ms Gwala has a Bachelor of Arts Degree in Economics and German, a Post Graduate Bachelor of Philosophy Degree in Knowledge Management, Value Analysis and Policy Studies and a Post Graduate Diploma in Health Management.

