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Session subject: The link between diversity on governing bodies and performance

Presenter Name:
Cllr Zukisa Gana

Presenter Organisation:
Member of the Provincial Executive Committee SALGA Eastern Cape



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Introduction

Effective governance is the cornerstone of sustainable municipal performance. In South Africa's public sector, the composition of governing bodies—councils, MPACs, audit committees—directly influences oversight quality, risk management, and public trust.

Diversity within these structures is not merely a compliance requirement; it is a strategic enabler that brings together varied skills, experiences, and perspectives.

The aim is to equip executive leaders with actionable insights to enhance council effectiveness and resilience in a rapidly evolving governance landscape.

Defining diversity in governing bodies (beyond demographics)

Multidimensional Diversity

Diversity in governance includes gender, age, race, skills, experience, and background for broad representation.

Cognitive and Experiential Variety

Beyond visible traits, diversity includes cognitive and experiential differences enriching decision-making perspectives.

Avoiding Tokenism

True diversity aligns with constitutional values and inclusive governance, not just symbolic representation.

Legitimacy Through Inclusion

Governing bodies reflect communities better when **diverse** voices are genuinely heard and valued.

Diversity in governing body boards



Skills, experience, sector exposure and institutional memory



Cognitive diversity that improves challenge and debate



Representation aligned to constitutional and community realities

How diversity improves performance

**Better strategic
challenge and
risk anticipation**

Reduced
groupthink in
high-impact
decisions

Improved
consequence
management and
ethical control



Why This Matters for Councils & Executives

Governance quality is a leading indicator of municipal performance

- Diversity strengthens oversight, credibility and resilience
- AGSA outcomes increasingly reflect governance capability gaps
- Leadership is identified leadership as a key driver to institutional transformation
- **The tone is set from the top**

Governance context and public sector rationale

**Governance quality
is a leading
indicator of
municipal
performance**

Diversity strengthens
oversight, credibility
and resilience

AGSA outcomes
increasingly reflect
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Why diversity matters for oversight and accountability

Improved Decision Quality: Diverse governing bodies bring a wider range of perspectives, skills, and experiences, which enhances the quality of deliberations and reduces the risk of groupthink. This leads to more robust oversight and better challenge of management assumptions.

Enhanced Risk Management: Varied backgrounds enable governing bodies to anticipate and address risks from multiple angles, strengthening ethical oversight and consequence management.

Stakeholder Representation: Diversity ensures that councils and committees reflect the communities they serve, boosting legitimacy, trust, and public buy-in. This is critical for accountability, as it aligns governance decisions with broader stakeholder interests.

Audit Outcomes: AGSA findings increasingly highlight that weak skills mix and lack of diversity in oversight structures (e.g., MPACs, Audit Committees) correlate with poor audit outcomes and ineffective accountability mechanisms.

Resilience and Integrity: Diverse boards are better equipped to challenge, debate, and sustain integrity in governance, especially during periods of institutional stress or crisis.

Link between governance diversity and organisational performance

Importance of Effective Governance

- Effective governance is fundamental to ensuring accountability, transparency, and sustained institutional performance within the public sector.

Value of Diversity in Governance

- Diversity introduces a breadth of perspectives, skills, and professional experiences, strengthening decision-making, risk identification, and responsiveness to stakeholder interests.

Diversity as a Strategic Imperative

- Beyond representivity, diversity constitutes a strategic requirement, enabling governing bodies to remain adaptive and resilient in the face of evolving societal expectations and governance challenges.

Role of councils, committees and governing bodies



Constitution and Composition: Councils and committees must be constituted with a balanced mix of skills, experience, and stakeholder representation to fulfil their oversight mandate effectively.

Oversight and Accountability: These structures are responsible for challenging management, scrutinizing financial and performance reports, and ensuring that decisions align with legal, ethical, and strategic objectives.

Audit and Risk Functions: Audit Committees and MPACs play a critical role in monitoring risk, consequence management, and compliance with AGSA recommendations. Their effectiveness depends on diversity and competence within their membership.

Stakeholder Engagement: Governing bodies must reflect the diversity of the communities they serve, enhancing legitimacy, trust, and public buy-in for council decisions.

Continuous Development: Councils and committees should invest in ongoing training, induction, and evaluation to maintain governance standards and adapt to emerging challenges.

Separation of Roles: Effective governance requires clear separation between oversight functions and management responsibilities, preventing conflicts of interest and ensuring objective scrutiny.

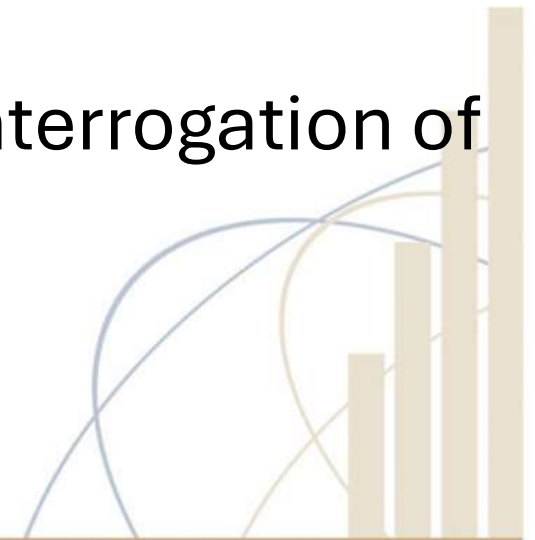
Where the AGSA sees the impact

Audit Committees with weak skills mix struggle to add value

- MPACs often lack financial and performance oversight depth
- Council oversight failures cascade into poor audit outcomes

Municipal Case Example: MPAC & Audit Committee

- MPAC dominated by political homogeneity limits effective challenge
- Audit Committee without financial / risk expertise becomes procedural
- Diversified composition improves interrogation of reports and follow-through



Common Governance Gaps in Municipalities

Appointments driven by availability rather than competence

Limited succession planning for oversight roles

Over-reliance on management assurances



What Strong Councils & EXCOs Do

Deliberate skills-based composition of committees

Clear role separation between oversight and administration (*Consider moving away from the over reliance in section 80 committees to more robust and effective oversight through section 79 committees*)

Regular evaluation of council and committee effectiveness

Takeaway

Diversity enhances performance when matched with competence

Governance failures are predictable — and preventable

Council leadership sets the tone for oversight quality



Conclusion

The most dangerous phrase
in the language is **"we've
always done it this way."**

Rear Admiral Grace Hopper (1906-1992)



Thank You!



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