

Status Report

Department of Water and Sanitation

Date issued: 24 June 2026

About the Institution

The Department of Water and Sanitation (DWS) is mandated to ensure the effective protection, development and management of South Africa's water resources, sanitation services and infrastructure. DWS has direct oversight of all water boards and catchment management agencies in the country. The Water Trading Entity (WTE) is a sub-departmental financial and operational unit whose primary role is to finance, procure and manage bulk water infrastructure and to sell raw water to regional and local water authorities. The accounting officer for both DWS and the WTE is the Department's Director-General (DG). The Department's expenditure in 2024/25 was R8bn, with an additional R15.8bn transferred to other institutions. With most of the WTE's revenue coming from the sale of raw water, its expenditure in 2024/2025 was R14.6bn.¹

The National Water Resources Infrastructure Agency (NWRIA), established in 2025, is a state-owned entity responsible for managing, funding and developing South Africa's bulk water assets. It will absorb the WTE and the Trans-Caledon Tunnel Authority (TCTA), a state-owned agency responsible for financing and implementing major bulk raw water infrastructure projects. The NWRIA is expected to assume the management responsibilities currently held by DWS and to increase investment in water infrastructure, while DWS retains a regulatory role.²

Flag Status

1	2	3	4	5	6	7	8	9
								
Improper appointments	Centralising Power	Climate of fear or favour	Corrupt awards	Financial malpractice	Obstructing accountability	Manipulating perceptions	Private gain	Shadow network

ISS Analysis

- ACTis has raised one flag for DWS and placed three under monitoring.
- DWS is showing signs of improvement in addressing weaknesses such as inadequate

internal controls, irregular expenditure and irregular contract awards. However, the WTE remains a key risk area, with weak controls, poor financial record-keeping, uneven consequence management, and a



Flag raised



Flag lowered



Under monitoring

failure to implement an effective procurement system. The Department's move to transfer WTE to a new agency with its own governance structure may be a positive reform, especially given the substantial funding and projects it oversees. This will depend on whether legacy issues are properly addressed and do not perpetuate irregular practices within the new entity.

- No patterns of state capture or corruption have been detected, but monitoring

contract awards and senior official appointments remains important.

- In the provinces hardest hit by water crises, water infrastructure has largely failed. Only 69% of residents in Limpopo and 75% in the Eastern Cape have access to water. The current water crisis in Gauteng (which has prompted an inquiry by the South African Human Rights Commission) is driven by failing infrastructure and wastewater treatment works, as well as water losses from leaks and illegal connections.³

Findings

FLAG #1

Improper Appointments



This flag is being monitored due to concerns over certain senior appointments at DWS.

- Deputy Minister of Water and Sanitation David Mahlobo, appointed in July 2024, was found by the Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State to have unlawfully transferred large sums of state funds to former President Jacob Zuma and his associates at the State Security Agency between 2015 and 2017, while he was Minister of State Security.⁴
- Chief Financial Officer (CFO) Frans Moatshe, a procurement manager and the manager of the Standerton Area Office were implicated in irregular payments made under the Grootfontein and Grootdraai Pump Station contracts (see Flag #4: Corrupt Awards).⁵ The Special Investigating Unit (SIU) referred them to DWS for disciplinary action. Moatshe was cleared after reportedly providing proof that he had followed the correct procedures.⁶

FLAG #3

Climate of Fear or Favour



This flag is being monitored due to concerns over the efficacy of consequence management at DWS.



Flag raised



Flag lowered



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- In 2024/25, the Auditor-General of South Africa (AGSA) reported that she was unable to obtain sufficient appropriate audit evidence that disciplinary action was taken against officials who incurred fruitless and wasteful expenditure at the WTE.⁷
- In March 2026, the SIU and DWS each presented to the Water and Sanitation Portfolio Committee on the progress of DWS-related disciplinary proceedings and investigations.⁸ The SIU reported that it had referred 25 cases involving DWS officials to the National Prosecuting Authority. DWS reported having at least 24 internal disciplinary cases in progress.⁹ There are reports that disciplinary action has been taken against employees at both DWS and WTE for irregularities in the Hazelmere Dam contract awards and the emergency repair contracts linked to the Vaal River Eastern Subsystem Augmentation project, among others (see Flag #4: Corrupt Awards).

FLAG #4

Corrupt Awards



The flag is being monitored because, although numerous contract awards have been flagged for irregularities, many are being addressed and no detectable pattern links them.

- In 2022, DWS awarded CMS Water Engineering a R368m contract to maintain the Integrated Vaal River System, despite the company's documented record of irregularities and its failure to deliver on previous contracts with water boards and municipalities between 2017 and 2022. These failures included delays, equipment paid for but never delivered, unpaid staff and projects that were never completed (see also Flag #5: Financial Malpractice).¹⁰
- An SIU investigation found that DWS irregularly appointed a service provider for work on the Grootdraai and Grootfontein Pump Stations in 2020. The investigation found that there were 'various procurement irregularities' and the 'evaluation was not performed in line with the bid requirements'.¹¹ The SIU is pursuing civil litigation to have the contract set aside and recover all payments.¹²
- In 2025, the AGSA noted that DWS used an inappropriate procurement system for infrastructure projects, causing delays to the Clanwilliam Dam project since 2015/16. The AGSA first identified the problem in 2023, and the site was deemed unsafe due to delays and poor planning. DWS and its contractors have stated that they are working to rectify this.¹³
- In 2025, the AGSA also noted that the WTE failed to implement an effective infrastructure procurement system, resulting in major delays and financial losses on the R522m Hazelmere Dam construction project. The project, which began in 2015, was put on hold in January 2018 due to delays in procuring sensors crucial to finalising the project. When the WTE failed to pay the contractor's costs incurred during the hold, the



Flag raised



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Under monitoring

contractor terminated the contract in October 2018. In 2020, a settlement agreement allowed the contractor to return to the site to finalise the project. However, the delays had resulted in a material financial loss of R39m. The DG was notified of this in 2021, and an internal investigation was finalised in 2022. Disciplinary proceedings were initiated: one official is still facing disciplinary action, while another resigned in May 2025. The financial recovery process is currently on hold while the WTE and the contractor's business rescue practitioners are engaged in an ongoing legal dispute over extension-of-time costs.¹⁴

- The AGSA noted irregularities in a 2019 WTE contract for emergency transformer repairs linked to the Vaal River Eastern Subsystem Augmentation project. In 2020/21, the service provider received payments amounting to 30% of the refurbishment costs for two transformers, despite insufficient evidence that the work billed for had been completed. An internal investigation in 2022/23 found instances of overbilling, duplicate charges, inferior-quality work and billing for work not performed. DWS initiated disciplinary and legal proceedings. Of the six implicated officials, three are no longer employed by DWS, one was dismissed, and one is undergoing disciplinary proceedings (there is no record of the sixth official). The matter relating to the recovery of the financial loss is pending before the High Court in Gauteng. The South African Police Service (SAPS) is investigating allegations of procurement irregularities, and the SIU is investigating the matter under Proclamation R96 of 2022.¹⁵
- The AGSA noted that DWS management had taken appropriate steps to discipline officials implicated in a 2018/19 contract with an unnamed consulting firm, for which R18m was paid without a progress report on completed work. The AGSA reported that the internal control environment had improved, a criminal case had been opened with the SAPS, and a court process was underway to recover the funds.¹⁶

FLAG #5

Financial Malpractice

The flag is raised due to weaknesses in WTE's internal controls.



- In 2025, the SIU found that the unnamed service provider in the Grootdraai Pump Station contract was paid R1.2m in 2020 for work that was never performed.¹⁷ The SIU also found that the payment system at DWS may have been manipulated, resulting in the creation of purchase orders after the contract expired.¹⁸
- The AGSA did not report any internal control deficiencies for DWS in 2024/25 and noted that the internal control environment had improved.¹⁹



Flag raised



Flag lowered



Under monitoring

- DWS has significantly reduced accumulated irregular expenditure, from R9.2bn in 2019/20 to R4.7bn in 2024/25 (18% of DWS's total expenditure).²⁰
- The AGSA identified weaknesses in the WTE's internal controls relating to the preparation of financial statements, project expenditure and the timely payment of suppliers.²¹

FLAG #6

Obstructing Accountability

While there are insufficient findings to raise the flag or place it under monitoring, there is one point worth noting.

- The WTE received a qualified audit opinion from the AGSA in 2024/25 related to material misstatements in certain assets, liabilities and other 'disclosure items'.²²



Flag raised



Flag lowered



Under monitoring

Recommended Actions

	DUTY BEARER	ACTION(S)	ASSOCIATED FLAGS
1.	Department of Water and Sanitation	- Strengthen procurement and governance controls at DWS and WTE as it transfers into the new agency. - Ensure the NWRIA is set up with an effective governance structure, and adequate financial management record-keeping and control systems. - Apply to blacklist suppliers implicated in investigations.	Flag #3: Climate of Fear or Favour Flag #4: Corrupt Awards Flag #5: Financial Malpractice
2.	National Water Resources Infrastructure Agency	- Identify whether any staff being considered for transfer from DWS are responsible for the irregularities found in investigations. - Ensure consequence management is completed before accepting any implicated staff into the new agency. - Scrutinise contracts inherited from DWS and WTE for irregularities not already identified by the AGSA or SIU.	Flag #3: Climate of Fear or Favour Flag #4: Corrupt Awards
3.	Public Protector	Review the appropriateness of Mahlobo's appointment as Deputy Minister.	Flag#1: Improper Appointments
4.	Portfolio Committee on Water and Sanitation	- Urge DWS and the new agency to make tender information public by registering all relevant information on the National Treasury's public-facing tender portal. - Follow up with DWS leadership on the progress of disciplinary cases, as well as compliance with the AGSA's findings on the WTE's internal controls.	Flag #3: Climate of Fear or Favour Flag #4: Corrupt Awards Flag #5: Financial Malpractice
5.	Civil society organisations	- Continue to investigate and publish findings on corruption in the water sector, especially for new large tenders. - Monitor for any political interference in the Department's operations. - Be alert to any whistleblower reports.	Flag #4: Corrupt Awards Flag #5: Financial Malpractice



Flag raised



Flag lowered



Under monitoring

The 9 Flags

Flag #1

Improper Appointments

Improper appointments, dismissals or failure to remove individuals in senior positions may be used to drive a corrupt agenda.

Flag #2

Centralising Power

Informal control may be established over critical functions within the institution to abuse them.

Flag #3

Climate of Fear or Favour

The working culture favours loyalty over duty; alignment with a corrupt agenda is rewarded, and resistance is punished.

Flag #4

Corrupt Awards

Contracts, licences, partnerships, loans and/or investments may be awarded irregularly and repeatedly benefit the same actors.

Flag #5

Financial Malpractice

The institution's financial management practices may be abused to advance a corrupt agenda.

Flag #6

Obstructing Accountability

The institution's internal operations might be deliberately obscured to hide potential misconduct.

Flag #7

Manipulating Perceptions

A public narrative that frames misconduct as innocence may be promoted.

Flag #8

Private Gain

Illicit gains may be distributed to benefit the same actors.

Flag #9

Shadow Network

The same public and private actors may collude to gain control over an institution's assets and functions, benefiting repeatedly.

About ACTis

What is ACTis?

The Anti-Corruption Tracker Information System is an initiative of the Anti-Corruption and Accountability Project at the Institute for Security Studies. It provides analysis on corruption and state capture in South Africa, to inform early intervention and enforcement. It utilises a system of indicators and an AI-driven data-collection and analysis tool, validated by human experts. It identifies risks within individual government institutions and produces actionable recommendations to address them, with a view to disrupting patterns of state capture and corruption.

Findings are shared directly with government and other duty-bearers, civil society organisations, the media and the public, empowering authorities to intervene, strengthening accountability, and enabling citizens activism.

Links to ACTis Information:

Further project information may be found at the following links:

[Terms and Definitions](#)

[Project Methodology and Analytical Framework](#)

[About the Anti-Corruption and Accountability project](#)

[About the Institute for Security Studies](#)

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