

## Lepelle Northern Water

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### About the Institution

Lepelle Northern Water (Lepelle Water) is the primary water board in Limpopo, mandated to provide bulk water services to water services authorities and industries. It is a national government entity and reports to the Minister of Water and Sanitation.<sup>1</sup> The Board is the accounting authority. Expenditure totalled R1.5bn in the 2024/25 financial year.<sup>2</sup>

### Flag Status

| 1                     | 2                       | 3                         | 4                                                                                  | 5                                                                                  | 6                          | 7                        | 8            | 9              |
|-----------------------|-------------------------|---------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------|--------------------------|--------------|----------------|
|                       |                         |                           |  |  |                            |                          |              |                |
| Improper appointments | Co-opting key functions | Climate of fear or favour | Corrupt awards                                                                     | Financial malpractice                                                              | Obstructing accountability | Manipulating perceptions | Private gain | Shadow network |

### ISS Analysis

- ACTis raised one flag for Lepelle Water and placed one under monitoring.
- Weak internal controls and insufficient oversight by leadership can create conditions that enable governance failures to occur or recur, leading to procurement or payment irregularities.
- Lepelle Water's most significant procurement irregularities are concentrated between 2014 and 2020, revealing a tendency for procurement processes to be bypassed or manipulated. These historical procurement concerns continue to be

subject to review by external authorities, and disciplinary processes have been initiated in some instances. There are no indications of newly identified procurement irregularities or evidence of an existing or expanding pattern of irregular procurement.

- Residents in Limpopo, particularly in the Giyani area, suffer from significant water service delivery issues due to incomplete projects, with reports indicating that residents live for weeks at a time without access to running water.<sup>3</sup>



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Under monitoring

## Findings

### Flag #4 Corrupt Awards



The flag is being monitored for patterns in which the same companies benefit irregularly, or the same *modus operandi* is repeatedly used to award contracts irregularly.

- The Special Investigating Unit (SIU) has continued to uncover procurement irregularities and maladministration at Lepelle Water, under five different proclamations between 2016 and 2025.<sup>4</sup>
- Under Proclamation R82 of 2022, the SIU found that, in 2020, Lepelle Water had irregularly appointed Empowering Water Solutions (EWS) to test and pilot sand water extraction technology through a single-source award. The SIU reported that the contract's goods and services were overpriced and unbudgeted by Lepelle.<sup>5</sup> Former Minister of Water and Sanitation, Lindiwe Sisulu, reportedly placed significant pressure on Lepelle Water, through an advisor, to appoint EWS and use its sand abstraction technology.<sup>6</sup> In March 2026, the SIU said that evidence had revealed relationships between EWS and Lepelle Water officials but did not disclose details because investigations are ongoing.<sup>7</sup> The SIU also found that EWS had been irregularly appointed for a similar project at the Amatola Water Board.
- Under Proclamation R27 of 2019, the SIU reported that Lepelle Water had excluded potential bidders for the Tzaneen Dam Wall project launched in 2012. This was allegedly done to favour LTE Consulting, which was awarded the contract in 2014. The SIU found that Lepelle Water transferred the contract to Blackhead Consulting in 2016, despite the company not being on the Department of Water and Sanitation's (DWS) list of professional service providers. Blackhead Consulting belonged to Edwin Sodi, a businessman linked to corruption allegations in the Free State.<sup>8</sup> According to DWS's presentation to the Standing Committee on Public Accounts (SCOPA) in 2022, Lepelle Water had abused a ministerial directive that enabled them to appoint service providers for urgent issues by deviating from normal competitive bidding processes – they had appointed Blackhead Consulting through such a deviation, even though the Tzaneen Dam Wall project was not urgent.<sup>9</sup> The SIU also reported that a value-for-money exercise established that Lepelle Water paid Blackhead Consulting R92m, which exhausted the budget, with only 10% of the project completed. In March 2026, the SIU reported that it had made three disciplinary referrals to Lepelle Water in connection with the appointment of Blackhead Consulting. The General Manager was dismissed in 2023, a member of the Bid Evaluation Committee was dismissed on a separate matter, and the



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SIU is awaiting the outcome of the proceedings against a supply chain manager.<sup>10</sup> The SIU is instituting civil litigation to have the contract set aside.<sup>11</sup>

- Under Proclamation R22 of 2016, the SIU found that Lepelle Water irregularly awarded a contract to LTE Consulting to refurbish both the Mopani and Giyani water and wastewater schemes in 2014 by deviating from standard procurement and supply chain management processes. The SIU also found that the project costs had ballooned unjustifiably and that LTE Consulting was not registered with the Construction Industry Development Board to undertake construction work for public sector contracts, thus making its appointment unlawful. The contract with LTE was terminated in June 2019.<sup>12</sup>
- In May 2025, the SIU reported that it had instituted civil litigation in the Special Tribunal against then-Chief Executive Officer Phineas Legodi, the General Manager of Maintenance and Operations Carel Schmahl, and the Chief Financial Officer Johann Christiaan Kilian. The civil proceedings were for a damages claim of R1.9bn in connection with the appointment of LTE Consulting. Legodi resigned from Lepelle Water in August 2020. He was arrested in December 2020 on corruption charges related to a separate contract awarded by Lepelle Water in 2018 and appeared in the Polokwane Specialised Commercial Crimes Court in December 2025.<sup>13</sup> Kilian was dismissed from Lepelle Water in 2022. It is unclear what the outcome of the proceedings against Schmahl was.<sup>14</sup>
- In April 2020, Lepelle Water awarded Isiphethu Engineers a seven-month contract worth R30 million to provide civil engineering management services for the Giyani project. The contract was extended four times, by acting CEO Ahuiwi Netshidaulu in 2020 and CEO Dr Cornelius Ruiters thereafter, and the cost rose to at least R62m. In July 2024, Lepelle Water terminated the contract, reportedly claiming that it had lapsed in 2020 and that any extensions were irregular and invalid. Lepelle Water advertised a new multi-million-rand tender for the project in November 2024, unlawfully preempting an ongoing Polokwane High Court arbitration process regarding Isiphethu's contract termination.<sup>15</sup>

### Flag #5

## Financial Malpractice



The flag is raised due to systemic internal control deficiencies.

- In 2023/24 and 2024/25, the Auditor-General of South Africa flagged internal control deficiencies at Lepelle Water. These included that Lepelle Water's leadership did not exercise adequate oversight over performance reporting, and that systems to detect and correct or prevent material misstatements in the financial statements were weak.<sup>16</sup>



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Under monitoring

### Flag #8

#### Private Gain

While there are insufficient indicators to raise the flag or place it under monitoring, the following is worth noting.

- Board remuneration for Lepelle Water in 2024/25 appears high compared with similar-sized institutions.
- Lepelle Water paid Board members an average of R587 000 per member and R6.5m in total.<sup>17</sup> It has assets of R7.6bn, revenue of R1.6bn and 372 employees.<sup>18</sup>
- In comparison, the Johannesburg Property Company paid its Board members an average of R218 000 per member and R2.6m in total.<sup>19</sup> It has assets of R1.5bn, revenue of R1.2bn and 1 476 employees.<sup>20</sup> According to a 2025 PwC survey of the Johannesburg Stock Exchange's Top 200 companies, the median level of remuneration for board members was R481 000.<sup>21</sup>



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### Recommended Actions

|    | DUTY BEARER                                 | ACTION(S)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | ASSOCIATED FLAGS                                                     |
|----|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| 1. | Lepelle Northern Water                      | <ul style="list-style-type: none"> <li>Institute disciplinary measures against officials implicated in SIU investigations.</li> <li>Ensure that all tenders are published on the National Treasury's e-tender site, including all bidders, bid outcomes and details of winning bidders, so they can be publicly scrutinised.</li> <li>Strengthen oversight over performance reporting.</li> <li>Improve and strengthen financial systems to more effectively prevent, detect and correct material misstatements.</li> </ul> | <p>Flag #4: Corrupt Awards</p> <p>Flag #5: Financial Malpractice</p> |
| 2. | Portfolio Committee on Water and Sanitation | <ul style="list-style-type: none"> <li>Require Lepelle Water's executive management to provide progress reports on disciplinary processes against those implicated in SIU investigations.</li> <li>Require Lepelle Water's Board to report on how they plan to strengthen contract management and financial systems.</li> </ul>                                                                                                                                                                                             | <p>Flag #4: Corrupt Awards</p> <p>Flag #5: Financial Malpractice</p> |
| 3. | Standing Committee on Public Accounts       | <ul style="list-style-type: none"> <li>Track progress on all SIU investigations mentioned in this report, and action taken by the SIU and Lepelle Water to address the findings.</li> </ul>                                                                                                                                                                                                                                                                                                                                 | <p>Flag #4: Corrupt Awards</p> <p>Flag #5: Financial Malpractice</p> |



Flag raised



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## 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 #4

#### Corrupt Awards

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

### Flag #7

#### Manipulating Perceptions

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

### Flag #2

#### Co-opting Key Functions

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

### Flag #5

#### Financial Malpractice

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

### Flag #8

#### Private Gain

Illicit gains may be distributed to benefit the same actors.

### 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 #6

#### Obstructing Accountability

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

### 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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