

ACTis provides risk analysis and early intervention recommendations against state capture and corruption in South African government institutions

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Vaal Central Water Board

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About the Institution

Vaal Central Water Board (Vaal Central Water) is mandated to provide safe, reliable bulk water and water services within its designated service areas in the Free State and Northern Cape provinces. It reports to the Minister of Water and Sanitation. The Board is its accounting authority. In 2024/25, its expenditure was R5.3bn.¹

Vaal Central Water was established in 2022, following the disestablishment of Sedibeng Water after years of financial stress. Sedibeng Water's assets and liabilities in the Free State and Northern Cape were incorporated into Bloem Water, which was later renamed the Vaal Central Water Board.²

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 has raised two flags for Vaal Central Water and placed two under monitoring.
 - A key concern is the Board’s composition, which appears to include individuals with past allegations of maladministration, irregular procurement controversies, or contested appointment processes. There is also a concern about the extent of sector-specific expertise among Board members. Given the Board's central role in providing oversight and accountability, these factors may weaken governance structures and oversight capacity.
- The Board's failure to appoint a Chief Financial Officer (CFO) for a long period reflects poorly on its performance and further highlights concerns about its composition.
 - A lack of consequence management, alongside procurement irregularities and ongoing deficiencies in financial controls, suggests that this relatively new entity may have cultivated an environment that enables corruption. This risk is further elevated when considered alongside concerns about the Board and the failure to appoint a CFO.



Flag raised



Flag lowered



Under monitoring

- Questionable leadership appointments often occur alongside irregular contract awards or financial transactions in state capture scenarios.
- High debt levels threaten Vaal Central Water's status as a going concern. Given its internal issues, the institution's ability to address this warrants attention.
- Some of these challenges may reflect the legacy pressures associated with creating Vaal Central Water following the restructuring of Sedibeng Water.

Findings

Flag #1

Improper Appointments



The flag is raised due to concerns about the suitability of senior leadership appointments and governance structures.

- Vaal Central Water's Board Chairperson, Makhosini Msibi, is the Chief Executive Officer (CEO) of the Road Traffic Management Corporation (RTMC). The RTMC Board placed him on precautionary suspension as CEO in July 2025, following allegations of financial misconduct and governance failures.³ The Pretoria High Court later set aside the suspension, finding that the RTMC Board lacked the legal authority to suspend the CEO under the RTMC Act.⁴ The Court did not consider the underlying allegations. A June 2026 Carte Blanche investigation also reported allegations of corruption and maladministration relating to Msibi's tenure as RTMC CEO.⁵
- Deputy Board Chairperson Lungile Bomela is also the Chairperson of Empowerment Water Solutions (EWS), which was found in 2025 to have been awarded contracts irregularly.⁶ The Special Investigating Unit (SIU) reported that Amatola Water and Lepelle Northern Water awarded contracts to EWS in 2020 for drought relief technology through sole-sourcing procurement procedures.⁷ Media reports published in 2020 further alleged that the then Minister of Water and Sanitation, Lindiwe Sisulu, pressured the CEOs of the two water boards to appoint EWS.⁸
- Board member Gugulethu Phakathi was linked to allegations of an irregular appointment process relating to her appointment as Chief Operations Officer (COO) of Johannesburg Water in 2024. Phakathi resigned as Chairperson of the Johannesburg Water Board shortly before the previous COO's term ended. The position was re-advertised with lower qualification requirements after she reportedly did not meet the initial recruitment requirements. Johannesburg Water stated that the revised requirements aligned with those used by the City of Johannesburg and its entities. A source within Johannesburg Water alleged to the *Mail and Guardian* that the revised requirements were tailored to Phakathi's qualifications. Media reports also alleged that African National Congress (ANC)



Flag raised



Flag lowered



Under monitoring

Secretary Sasabona Manganye influenced the re-advertisement process to facilitate her appointment. Phakathi is an active ANC member.⁹

- The Board appears to have limited water sector expertise. Gugulethu Phakathi appears to be the only Board member with such experience. Board member Desmond Fransman has been the Chairperson of the Vaal-Orange Catchment Management Agency (VOCMA) since November 2023, but his expertise is in electrical engineering. No other Board members appear to have significant qualifications or experience in water management.¹⁰
- Vaal Central Water has operated without a permanent CFO since June 2023. Gerhard Husselmann has been acting CFO during this period.¹¹

Flag #3

Climate of Fear or Favour



The flag is being monitored to determine whether a broader pattern of protecting officials from accountability is present.

- In 2024/25, the Auditor-General of South Africa (AGSA) found a lack of disciplinary action against officials responsible for irregular expenditure.¹²

Flag #4

Corrupt Awards



The flag is being monitored to determine whether procurement irregularities form part of a broader pattern affecting contract awards.

- In 2024/25, the AGSA found deficiencies in Vaal Central Water's procurement practices, including instances where goods and services were not procured through a fair and equitable process.¹³

Flag #5

Financial Malpractice



The flag is raised because systemic weaknesses in financial management have exposed the entity to significant financial risk.

- In 2024/25, the AGSA found deficiencies in Vaal Central Water's internal controls, including inadequate oversight of daily and monthly payments and the Board's failure to address financial control and reporting deficiencies identified in the previous financial year.¹⁴



Flag raised



Flag lowered



Under monitoring

- In 2024/25, the AGSA raised concerns about Vaal Central Water's ability to continue as a going concern, citing the impact of municipal debt on the entity's financial position.¹⁵ As of March 2026, municipalities owe Vaal Central Water more than R10.1bn.¹⁶
- In 2024/25, the entity recorded R2.68bn in cumulative irregular expenditure, equivalent to 50.6% of its total expenditure for 2024/25.¹⁷



Flag raised



Flag lowered



Under monitoring

Recommended Actions

	DUTY BEARER	ACTION(S)	ASSOCIATED FLAGS
1.	Minister of Water and Sanitation	- Review appointment of Board members linked to maladministration or other misconduct named in this report. - Ensure any Board member replacements have expertise in water management. - Work with the Department of Cooperative Governance and Traditional Affairs to resolve high levels of municipal debt.	Flag #1: Improper Appointments Flag #5: Financial Malpractice
2.	Vaal Central Water Board	- Strengthen financial controls and management to reduce irregular expenditure. - Appoint a permanent CFO.	Flag #1: Improper Appointments Flag #5: Financial Malpractice
3.	Vaal Central Water Board senior executives	Review and address failures regarding consequence management for staff misconduct and non-performing contractors.	Flag #3: Climate of Fear or Favour
4.	Special Investigating Unit	Advocate for a proclamation to investigate a selection of contracts in which the AGSA has identified non-compliance with supply chain management requirements.	Flag #4: Corrupt Awards
5.	Portfolio Committee on Water and Sanitation	Require the Minister to justify the Board's suitability and qualifications, taking into account concerns raised in this report.	Flag #1: Improper Appointments



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 #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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