Status Report

ACTis | Anti-Corruption Tracker Information System

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

PUBLIC ENTITY

ACT | ACCOUNTABILITY TRACKER

ISS | INSTITUTE FOR SECURITY STUDIES

National Health Laboratory Service

Date issued: **5 October 2026**

About the Institution

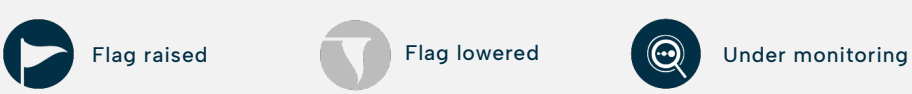
The National Health Laboratory Service (NHLS) provides diagnostic laboratory services for South Africa's public health system through a nationwide network of laboratories and specialised institutes. The NHLS is a national government entity, with subsidiaries such as the South African Vaccine Producers (SAVP).[1] The NHLS reports to the Minister of Health, and the Board is its accounting authority.[2] In 2024/25, the NHLS reported expenditure of R12.6bn.[3]

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 the NHLS and placed two under monitoring.
- The NHLS is experiencing systemic weaknesses across governance, procurement and financial functions. Weak controls, limited oversight and few consequences have allowed irregular processes to continue unhindered. High staff turnover and an above-average vacancy rate indicate that the working environment may not be conducive to professionals. This may be exacerbating governance issues across various functions.
- Historical procurement-related corruption by one network has drawn attention, prompting investigations, contract cancellations and fund recovery. Attempts to improve governance and whistleblowing channels offer an opportunity to constrain risk escalation.
- An emerging pattern of systemic, persistent weaknesses across several vital functions increases the NHLS' exposure to corruption risks. Aside from the network under investigation, no publicly verifiable information indicated that any informal network is exercising sustained control over the institution.
- The NHLS's forensic chemical laboratories showed testing turnaround times above 80% of the targeted number of days, but only 7%



of the toxicology case backlog was cleared in 2024/25.[4]

Findings

Flag #1
Improper Appointments

The flag is not raised, but the following should be noted.

- Five new Board members were added in August 2026: Poppy Tshabalala, Patrick Ganesan, Suren Maharaj, Fulufhelo Tshikhudo and Ayanda Vabaza-Mvandaba.[5]
- The Chief Financial Officer (CFO) position is currently vacant. Pumeza Mayekiso had left by August 2026, when an external NHLS bulletin advertised the vacancy.[6]

Flag #3
Climate of Fear or Favour



The flag is being monitored to determine whether the working environment favours acquiescence and is hostile to those seeking to fulfil their professional duties with integrity and independence.

- In 2024/25, the Auditor-General of South Africa (AGSA) reported that the NHLS did not take effective steps to discipline officials who incurred irregular expenditure, nor did it investigate allegations of financial misconduct.[7] In May 2026, the Portfolio Committee on Health also expressed concern about the NHLS's lack of consequence management.[8]
- In 2024/25, the NHLS reported a staff turnover rate of 17%. ACTis analysis of a broad range of government institutions showed that 16% is the upper limit for the typical turnover rate range; the NHLS values are outliers.[9]
    - The NHLS also reported a 16.3% vacancy rate at the professional-qualified level. Although hiring constraints may be in place, a high vacancy rate for professionals may suggest that the institution's work environment is unattractive. Professionally skilled positions are assumed to be the least affected by funding constraints given their essential nature. At the same time, professionals have more options to work elsewhere.[10]
- In 2019, after the exposure of corruption-related information technology contracts worth R200m, the NHLS implemented the Vuvuzela tip-off hotline to report wrongdoing. The Audit and Risk Committee manages the platform to ensure greater independence and impartiality. Since its introduction, it has received at least 175 tip-offs, 100 of which were related to fraud and corruption.[11]



Flag #4

Corrupt Awards



The flag is raised due to a pattern of repeated favourable awards to related parties.

- In 2024/25, the AGSA identified several procurement and contract management issues.[12] These included:
    - The NHLS failed to demonstrate that goods and services exceeding R1m were consistently procured through competitive bidding, that bid invitations were advertised for the required minimum periods, and that bid adjudication committees were properly constituted. In some instances, goods and services were procured without obtaining the required three written quotations. The AGSA could not obtain sufficient evidence that the prescribed preference point system was consistently applied and that contracts were awarded to bidders with the highest applicable scores. The AGSA also could not obtain sufficient evidence that contracts were awarded to bidders offering reasonable prices for their goods or services.[13]
    - The NHLS could not demonstrate that suppliers submitted the required declarations concerning their employment by, or connections to, the state; that their tax affairs were in order; and that contracts were awarded at reasonable prices. The AGSA could not obtain sufficient evidence that construction contracts were awarded only to appropriately registered and qualified contractors.[14]
    - The NHLS could not provide sufficient evidence that the appropriate officials approved contract extensions and modifications, or that persons employed by other state institutions with private or business interests in NHLS contracts were excluded from participating in the relevant procurement processes.[15]
- A series of personal protective equipment (PPE) contracts awarded since at least 2020 have been the subject of internal and external investigations.
    - In 2020, PricewaterhouseCoopers conducted an audit into PPE contracts awarded during COVID-19. The outcome, which was not publicly shared, reportedly led to the suspension of NHLS CFO Michael Sass, Head of Supply Chain Management Tlangelani Mabundza and other procurement officials in November 2020.
    - In August 2021, the Directorate for Priority Crime Investigation (DPCI) arrested CFO Sass and Felicia Sekete, businessman Hamilton Ndlovu's partner, in connection with a PPE tender worth R14.4m reportedly awarded in July 2020. The contract was awarded to a company called Feliham, of which Sekete was a

director. Feliham was reportedly on the National Treasury's blacklist at the time of the award.[16]

- In 2022, a Special Investigating Unit (SIU) investigation report found that 19 PPE contracts worth R172m were irregularly awarded to Ndlovu's companies in 2021.[17] Fronting companies were reportedly used to secure multiple contracts at inflated prices. An estimated R15m was used to procure PPE, and the remainder was diverted to Ndlovu, his family and associates.[18]
- In June 2022, the SIU's Special Tribunal set aside the R172m in contracts and ordered Ndlovu and his companies to repay R158m with interest. Ndlovu reportedly did not cooperate and was found guilty of contempt of court in November 2024. He was sentenced to 30 days in prison and a R500 000 fine.[19] R42m worth of frozen assets were forfeited to the state.[20] Ndlovu continued fighting in court until February 2026, when the High Court dismissed his challenge to the Special Tribunal's ruling. The SIU referred the matter to the National Prosecuting Authority (NPA) for possible prosecution.[21]
- The SIU's 2022 investigation reportedly found that three NHLS procurement officials resigned in 2020 before disciplinary action could be taken against them over irregular PPE contracts.[22]
- Sass left the NHLS in 2022, although it is unclear under what circumstances. In the 2024/25 Annual Report, the NHLS reported that Sass is suing the institution for R282.1m in damages. This could mean the courts acquitted him, but no publicly verifiable information is available.[23]

Flag #5
Financial Malpractice

The flag is raised due to systemic financial management issues.

- The NHLS had accumulated irregular expenditure of R3.37bn by the end of 2024/25, equivalent to 27% of annual expenditure.[24]
- In 2024/25, the AGSA identified internal control deficiencies at the NHLS.[25] The Board failed to prevent irregular expenditure, investigate historical irregular expenditure timeously, and adequately oversee the implementation of audit action plans.[26] Senior management failed to demonstrate adequate oversight of performance reporting, asset management, record-keeping, the preparation of annual financial statements, regulatory compliance, and supply chain management.[27]
- As of March 2026, provincial governments owed the NHLS R11bn for services rendered, with Gauteng and KwaZulu-Natal (KZN) being the largest contributors. The NHLS appears to be actively engaging provincial governments on this, with reports that some provinces

are keeping up with current payments and reducing or fully paying off historical debt. However, other provinces claim they cannot service the debt or have reportedly not made acceptable repayment proposals, with KZN appearing to be the most problematic.[28]

Flag #6

Obstructing Accountability



The flag is being monitored to assess whether signs of a lack of accountability are part of a broader pattern of such behaviour.

- The NHLS received a disclaimer audit opinion from the AGSA for 2024/25, following a qualified opinion for 2023/24.[29] This was due to pervasive weaknesses in record-keeping, financial management and internal controls, which meant the AGSA could not obtain sufficient information for many material balances and transactions.[30]

Recommended Actions

	DUTY BEARER	ACTION(S)	ASSOCIATED FLAGS
1.	National Health Laboratory Service Board	• Institute appropriate, transparent consequence management processes for implicated officials. • Strengthen procurement processes to ensure effective oversight. • Implement outstanding AGSA recommendations and prioritise the investigation of historical irregular expenditure, strengthening record-keeping systems, implementing effective audit action plans and monitoring compliance across all units. • Address institutional capacity weaknesses by prioritising filling critical vacancies.	Flag #3: Climate of Fear or Favour Flag #4: Corrupt Awards
2.	National Treasury	• Require that the provinces ringfence funds in their budgets to pay for NHLS services.	Flag #5: Financial Malpractice
3.	Portfolio Committee on Health	• Hold regular public hearings to monitor the progress of reform at the NHLS, including implementing consequence management, adhering to procurement processes and strengthening financial management.	Flag #3: Climate of Fear or Favour Flag #4: Corrupt Awards Flag #5: Financial Malpractice

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
Co-opting Key Functions

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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Flag raised | Flag lowered | Under monitoring

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Flag raised Flag lowered Under monitoring

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