



AUDITOR-GENERAL  
SOUTH AFRICA

## CESA INFRASTRUCTURE INDABA

# Unpacking Infrastructure Delivery and Maintenance Audit Insights 2023-2024

**top**  
EMPLOYER

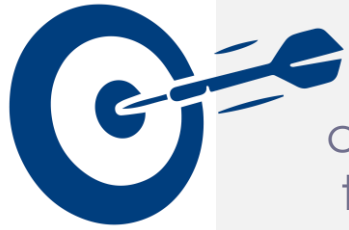
South Africa  
2025

FOR A BETTER WORLD OF WORK

18 March 2025

*A culture of accountability will improve service delivery*

## MISSION



The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution of South Africa, exists to strengthen our country's democracy by **enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence**

## VALUES

Our values underpin the culture of our organisation, build on the principles of mutual respect, trust, courage and ethical behaviour

## VISION



To be recognised by all our stakeholders as a relevant supreme audit institution that enhances public sector accountability



We care for each other



We do the right thing



We build trust

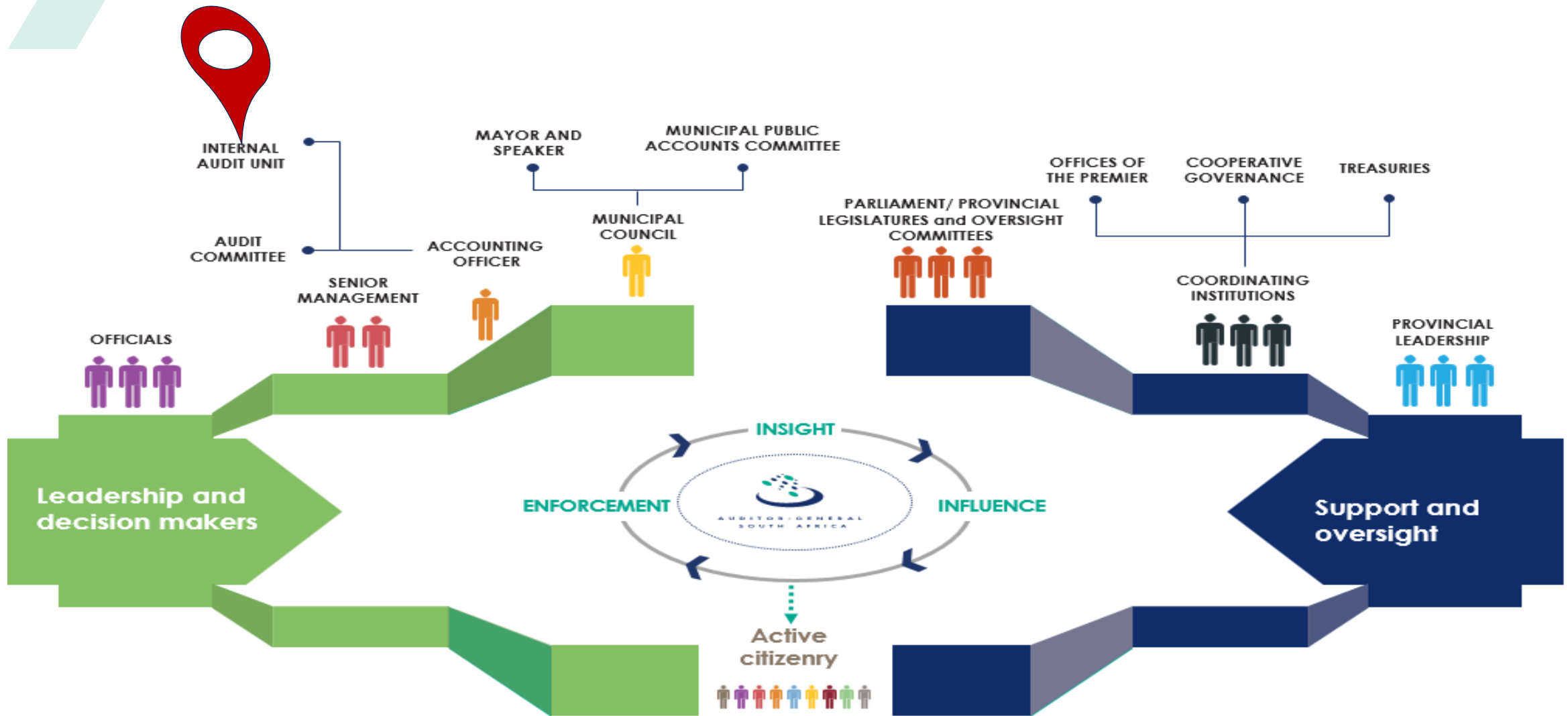


We excel in all we do



# All have a role to play in accountability ecosystem

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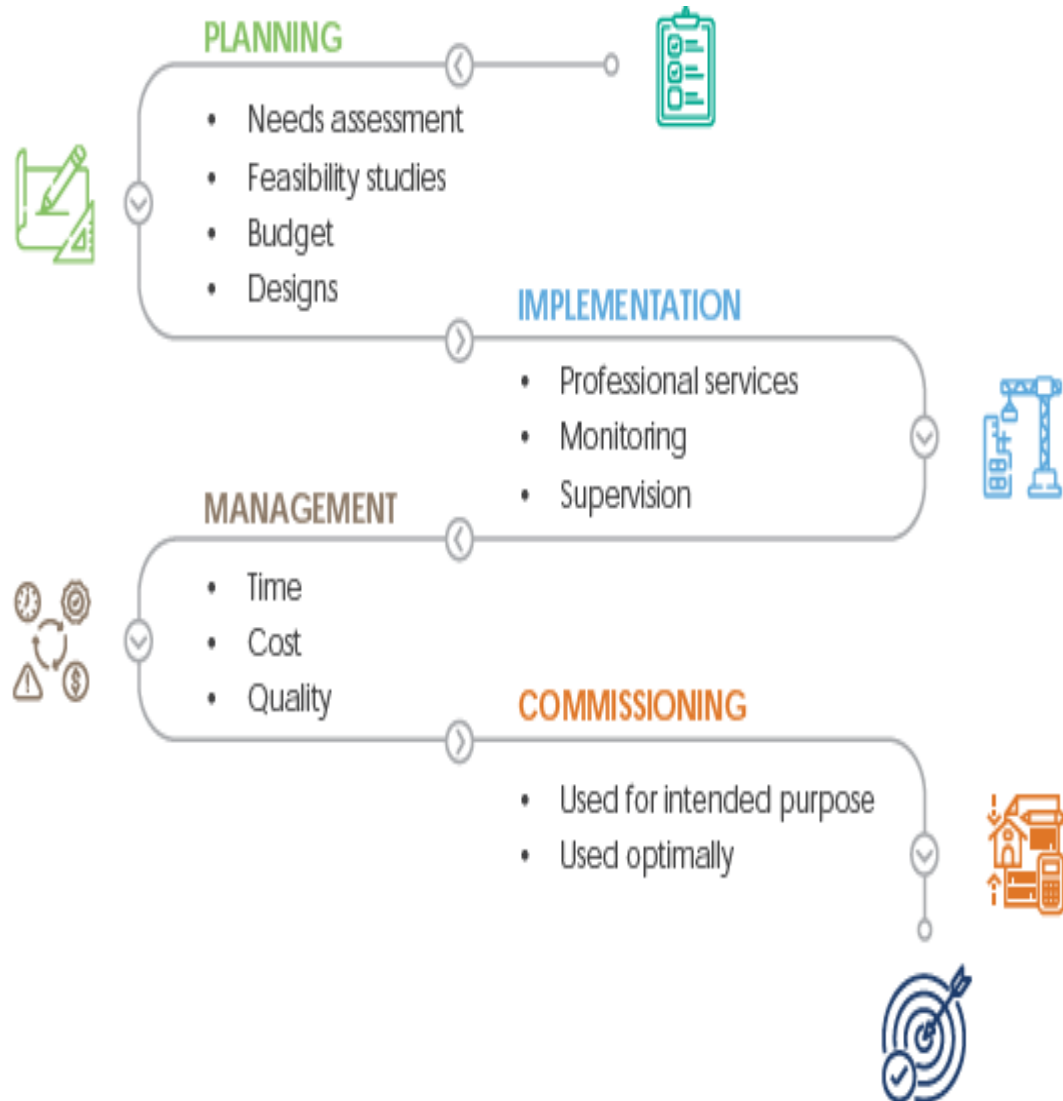


# Infrastructure accountability ecosystem role-players

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## Infrastructure project life cycle



## What we found

- **Findings on infrastructure projects** – 86% of 143 audited
- Poor maintenance
- Nature of findings:
  - Project **delays** – 64%
  - **Poor-quality** construction work – 25%
  - **Not put into use** after completion – 8%

## What caused this?

- **Inadequate monitoring** of infrastructure project by project managers
- Limited **accountability for non-performance** by contractors and professional service providers
- **Lack of integration** between government institutions when planning and executing projects
- Failure to conduct proper **needs assessment and feasibility study**
- **Ineffective procurement processes** and lack of due diligence to ensure appointment of contractors with proven track record
- **Inadequate monitoring and enforcement** by infrastructure-related regulatory bodies
- **Inadequate budgeting and prioritisation of** preventive maintenance

## Impact

- Delayed delivery
- Increased costs and financial losses
- Harm to public



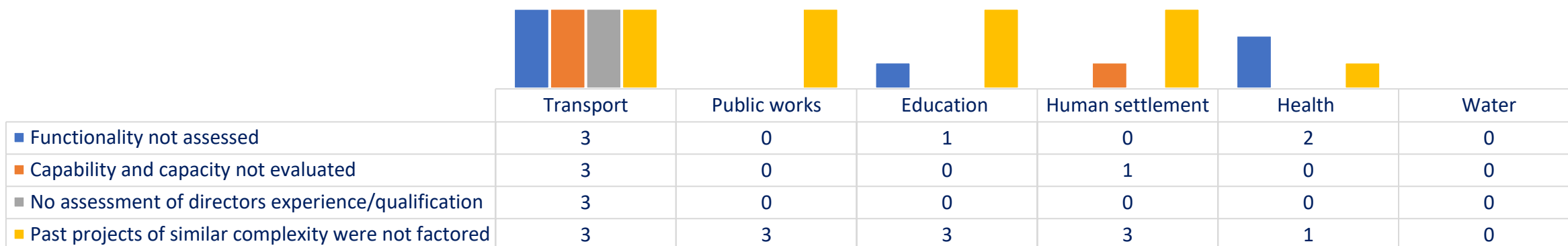
# Analysis of the procurement strategy: *functionality criteria*

6

## Anticipated message

Whether the functionality criteria included in the bid specification enable the auditee to appoint a contractor with the necessary skills and experiences to deliver projects timeously, within budget, and with the right quality.

### Nature of findings



### Summary of findings/observations

Sector	No of projects tested	Projects with findings/observations
Public works	13	3
Transport	14	6
Human settlement	11	7
Education	18	7
Health	17	5
Water	2	0
<b>Total</b>	<b>75</b>	<b>28</b>

- Except water sector where majority of projects are implemented by municipalities, procurement findings/observation were noted across **all sectors (37%) in the infrastructure environment**.
- The main assessment performed was to determine the consistency in the application and evaluation of the functionality criteria in the infrastructure ecosystem.

#### Impact:

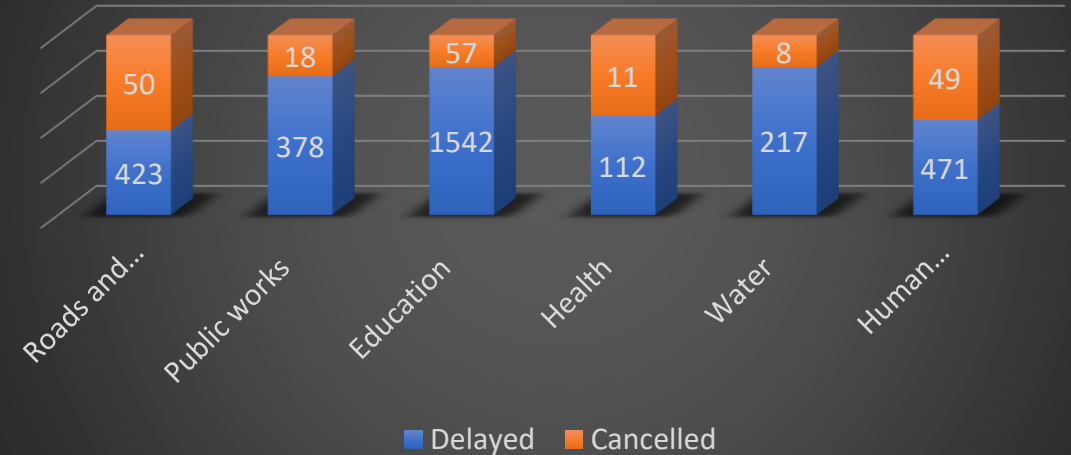
Based on the nature of such findings, this will result in:

- Appointment of contractors and consultants with **less skills and experience** to deliver projects timeously.
- Possible irregular expenditure due to **non-compliance with treasury regulations** on the evaluation of functionality
- Increased number of delayed projects due to contract termination upon non-delivery of projects by contractors.

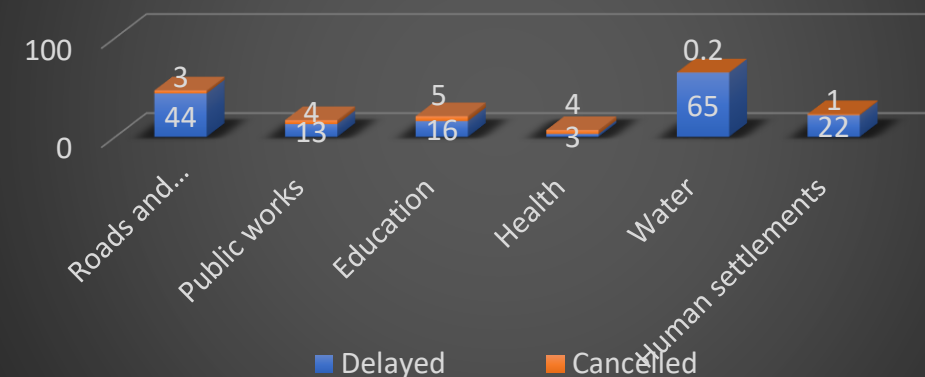
## What we found

- Based on information obtained from the respective auditees, **analysis performed confirms challenges experienced by auditees in terms of delayed and cancelled infrastructure projects** as detailed in the visual.
- Contractors involved in delayed / cancelled projects have **multiple projects in the same/different departments or sectors**.
- In certain instances, the **same contractor has multiple projects that are either delayed or cancelled due to non-performance** (contractor cash flow challenges, termination of the contractors contract and appointment of new contractors, slow progress, abandonment of the contract by the contractor).

## # of Delayed and Cancelled



## R'billion Value Cancelled And Delayed





# Evaluation of the Infrastructure project management units

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## Anticipated message

To assess the role of government institutions in ensuring that there are effective tools, skills, capabilities, and disciplines to appropriately manage all projects under construction.

### Summary of findings/observations

Sector	No of projects	Projects with findings
Public works	4	1
Transport	5	1
Human settlement	5	1
Education	5	3
Health	5	3
Water		
<b>Total</b>	<b>24</b>	<b>9</b>

### Nature of findings raised (including no of findings) (38%)

Site meetings **not attended frequently** by project managers

1

Project managers not always **effectively executing** their duties

3

Consultant **not held accountable** for poor deliverables

3

**Over-reliance** on implementing agents with minimum oversight

6

Bond guarantees **not activated** when project is terminated

1



- Out of 6 projects where delays was caused by the contractor, the process of **withholding bond guarantees was activated on 4 projects**, while no consequence management was implemented on the other 2 projects.
- Inadequate processes to monitor projects **post the construction phase** to ensure they are fully utilized.

### Example

#### Toleni Primary School: Eastern Cape :

- During the audit, we noted that a project relating to the construction of the primary school was completed on 21 January 2021. However, the **completion certificate was never issued** to confirm the completion of this project.
- In addition, the new admin building, 8 classrooms (including HOD offices) which were completed were empty and unoccupied.
- The above are a demonstration of underutilization of public resources

#### Impact:

- This compromises the delivery of quality education.





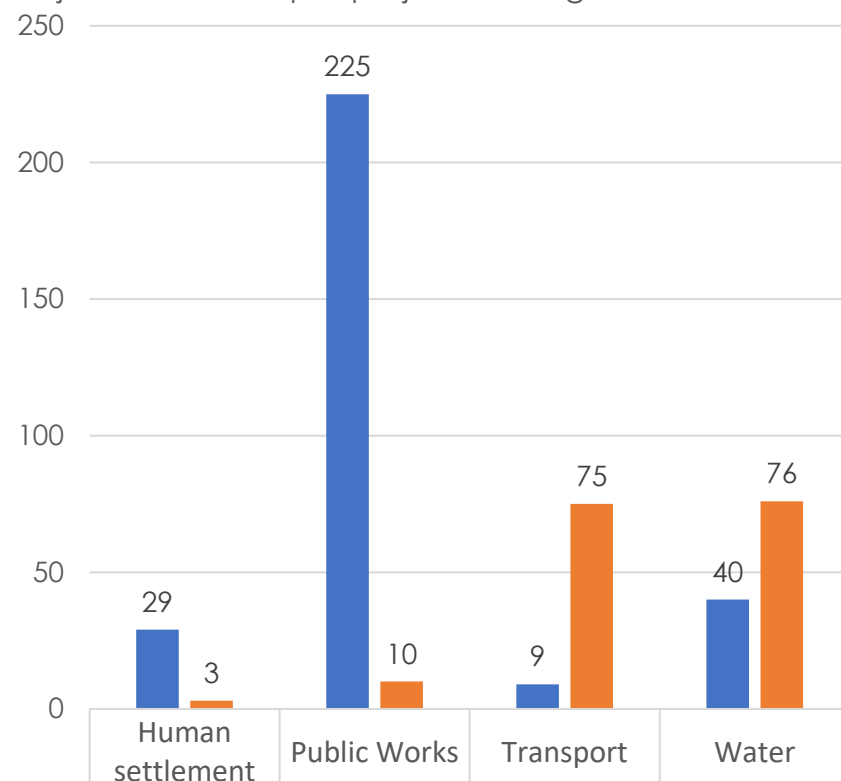
# Outcomes on the evaluation of coordinating and monitoring departments

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## Anticipated message

To demonstrate with data that the coordinating departments for infrastructure should do more to validate how the transfers made to implementing agencies are spent.

Project allocation per project managers



Project managers	29	225	9	40
Average projects allocation	3	10	75	76

■ Project managers ■ Average projects allocation

Findings raised Project Management(PM)

	Trans.	HS	PW	Health	W&S	Edu.
PM findings (%)	41%	47%	30%	38%	0	42%
Delays in months	38	44	46	37	62	22

Given the mandate of transport to construct roads and rail infrastructure, on **average, each project manager is expected to monitor 75 projects per year. This seems high. As a result, only 6% of the projects were physically verified** in this financial period.

On the other hand, the Public Works sector has the **second largest delayed projects (46 months)** while they have the highest number of qualified project managers. Such delayed projects **impact the work performed** by other departments (e.g. education/health) who rely on the infrastructure provided by the department.

Furthermore, Human settlements also appear to have a fair work allocation, however, this has not translated to good infrastructure delivery, considering the 47% of findings identified in the sector and the number of delayed projects in months is sitting at 44 months.

Similarly, Water and sanitation have the capacity of qualified project managers who are responsible for monitoring fewer project managers. However, we noted that, on average, their projects **are delayed by more than 62 months**, which is concerning. This directly impacts the citizens who are experiencing water shortages in the country.

The following concerns were noted from testing project management units:

- Mostly, departments **do not have automated project management systems** that monitor projects as they rely on Excel spreadsheets.



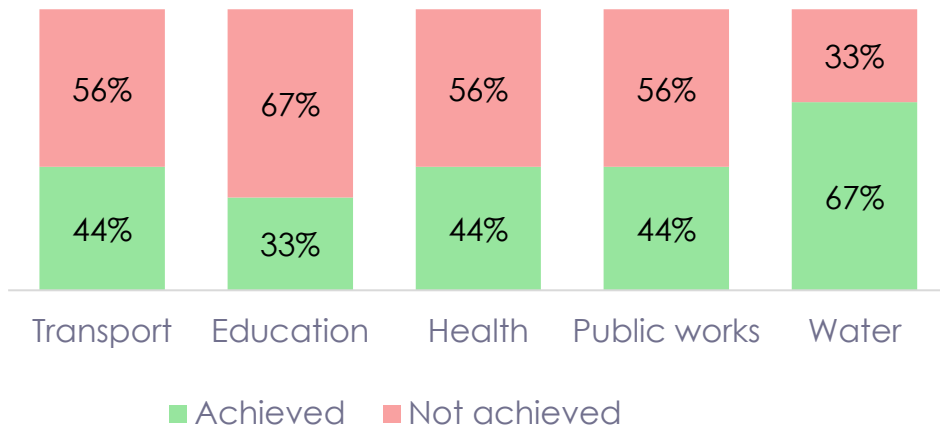
# Outcomes on the infrastructure maintenance

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## Anticipated message

To assess whether routine maintenance is prioritised to ensure sustainability of the infrastructure.

### Assess the achievement of maintenance targets



- Even though we noted that most of the **sectors have included the maintenance performance** indicators in their annual performance plan, they have **struggled to achieve the set targets**.

As depicted on the graph:

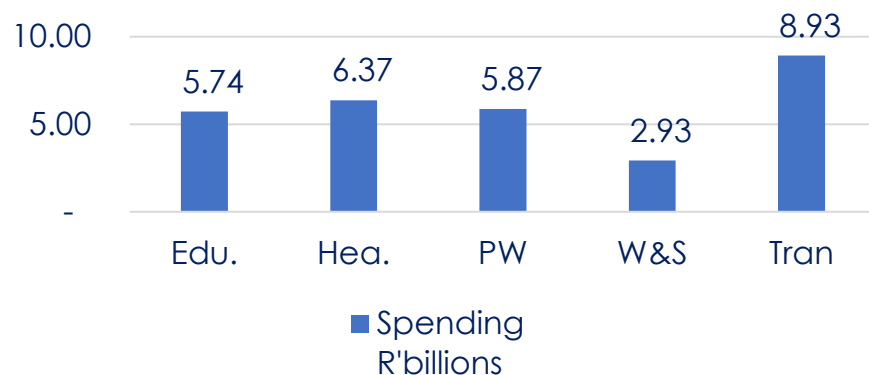
- Only the water sector has more than 50% of the auditees achieving the majority of their targets. The remaining sectors have less than 50% of the auditees achieving the majority of their maintenance indicators.

This questions the effective use of the available resources used on maintenance, as the majority of targets were not achieved. In certain instances, we noted that where the budget is available, the set targets are too low compared to the number of assets in the auditee's books.

**Condition assessments were either not performed or not consistently performed** to identify routine maintenance needs and schedule maintenance needs

**Impact:** lack of maintenance results in the infrastructure deteriorating impacting the citizens that utilize such infrastructure. In addition, the expected costs to refurbish the already deteriorated infrastructure is high, putting pressure on the fiscus and the limited budget.

### Maintenance



Security guards thwart violent armed robbery at Public Works building in Pretoria

The Department of Public Works and Infrastructure (DPWI) confirmed a shooting incident at its building in Pretoria after armed men tried vandalising and stealing infrastructure and furniture on Wednesday, January 22.



# Call to action: Areas to turn-around the state of infrastructure delivery

11

1

**Existing SCM prescripts not adequately utilised to strengthen the procurement strategies** to ensure that skilled and capable contractors with good proven record of infrastructure delivery are appointed

2

Client departments **not exercising their due diligence** when appointing contractors as they continue to **appoint contractors with current projects that are delayed or abandoned or cancelled**

3

**Project managers** who have been appointed with relevant skills and capabilities to oversee the delivery of projects **are not doing their job**. They **rely on certification of progress they receive from consultants without performing any validation through physical verifications**.

4

**Regulators do not perform inspections to assess if contractors** are delivering infrastructure projects in line with the grading granted at the application process.

5

**Poor performing contractors not being held accountable** for causing delayed and cancelled projects by project managers

6

**Inadequate enforcement** of the policies, practices, acts, and regulations that govern infrastructure delivery and management. i.e Construction contracts **bond guarantees are not always activated** where there is poor delivery; **poor performing contractors are not included in the NT list of restricted suppliers**



## Observed disciplines for project management which enabled quality delivery of large projects:

- ensuring **risk mitigation strategies** are implemented
- **minimising delays** due to community disruptions and availability of materials on site
- ensuring achievement of deliverables due from contractors through **constant performance management** of contractors
- ensuring quality management of works by **regular supervision** of contractors and professional service providers
- **contractors only proceed with work authorization after complying with contractual requirements** such as quotations and remeasurements before approval takes place.

R.573 – Moloto road



EB Cloete Interchange – final planned outcome



N3 between Dardanelles and Lynnfield Park



## Procurement strategies- enabling tool for appointing skilled, experienced and capable contractors

- **CIDB grading as part of their procurement strategies** to ensure that the suppliers appointed to deliver projects have the financial muscle to execute the projects value within budget and with the right quality.
- **Key personnel within the required projects are registered with the relevant professional bodies** such as SACPCMP, ECSA, etc.
- **Functionality criteria that include tenderer's experience** based on completed projects or in progress.



## Problem statement

The state of public infrastructure in South Africa is at the edge of collapse and generally at risk of failing to serve its purpose, impacting on the delivery of basic services to the citizens of the country. In addition, government has also not been able to execute infrastructure projects with agility to enable creation of jobs or work opportunities or to stimulate economic growth.

### Functionality assessment

- Lack of **consistency in the application and evaluation of functionality criteria** in the infrastructure eco-system.
- Furthermore, the **past experiences of contractors are not adequately checked** across all sectors in the infrastructure space to avoid appointing service providers who have failed to complete their prior-year allocated projects.

### Delayed projects

- Infrastructure delivery is often delayed due to **set project timelines that are rarely met, costing more than planned** and impeding the delivery of services.
- Contractors are **terminated due to poor performance** resulting in the replacement of contractor leading to additional costs.
- **Late payments by the departments** resulting in the interest charged hence additional costs incurred

### Project management

- Lack of coordination between key role players during planning phase resulting in **projects not addressing end-user needs** e.g. water, sanitation and electricity not provided after completing housing projects, lack of human resources to make use of newly built health facilities
- Auditees do not **always identify quality defects during construction**; or, if they are identified, the **contractors and project are not held accountable**.

### Coordination, monitoring and evaluation

- The monitoring department **does not have adequate IT systems** that monitor the infrastructure projects, however, **they rely more on Excel spreadsheets** which are prone to errors.
- In addition, this information is **not subjected to validation checks to confirm its accuracy and completeness**.

### Maintenance assessment

- We have found that **the lack of maintenance of infrastructure assets** not only affects the government's ability to deliver quality services to the public, but it also **has significant cost implications since it becomes more costly to repair or replace**, as minor issues escalate into major failures placing pressure on public finances





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