

Adoption of Combined Assurance Within Supply Chain Management in the Cape Winelands District of South Africa

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Abstract – The study recommends enhancing the effectiveness of supply chain management (SCM) through the adoption of the combined assurance model, furthermore, optimized personnel management, increased education and training implementation and promotion and reward based on human resources (HR) needs and importantly consequence management. The study focuses on promoting good governance in local government by establishing oversight structures with individuals with the necessary skills and knowledge. These structures should monitor the organisation's performance, ensure appropriate consequences for failures, implement audit action plans with all role players as identified in the three lines of defence model, monitor risks, and establish an ethical and responsible decision-making culture. To attract and retain good talent, leaders should implement effective HR systems that facilitate the recruitment and retention of skilled personnel. action plans should be developed based on the Auditor General's report, subject to rigorous review by regulatory bodies.

Keywords – Combined Assurance, Corporate Governance, Public Sector, Supply Chain Management

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1 Introduction

Combined Assurance is a recently emerged concept that is gaining importance as the board of directors are now required to assess and comment on the effectiveness of an organization's risk management and internal control systems, which govern all types of risks.

Auditing is a cornerstone of good governance in the public sector (Abraham, 2020). Governance relates to establishing and accomplishing goals in the context of service delivery. It also includes tasks that ensure a government institutions integrity and the ability to implement equitable provision of services and assure proper behaviour of government officials by decreasing the risk of public corruption (Brinkerhoff & Brinkerhoff, 2015; IIA, 2018). The need to enhance the role of IAs has become of ut-most importance to provide assurance in their roles in the public sector (Maria, Darusalam, Yulsiati & Said, 2023; Mnguni & Sub-ban, 2022).

The Institute of Internal Auditors (IIA, 2018) defined internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operation. It assists an entity in reaching its objectives by bring-ing an efficient methodical, disciplined approach to analyse and improve the effectiveness of risk management, control and governance processes (Wibowo, Achsani, Suroso & Sasongko, 2022). This definition indicates that an internal auditor's overall role is ultimately to add value to the organisation.

The need for an effective internal control system within the SCM environment, that is the fundamental part of public pro-curement activities, has become the underlying factor in the state of public procurement in South Africa (Adebayo & Ackers, 2023; Pillay, 2021; White, Bailey & Asenova, 2020). This study focuses on the local government space because this is the area in which citizens, who are the centre of service delivery, are af-fected the most.

Controls in place are not effectively implemented to mitigate risks in the SCM space, and there is an urgent need for a differ-ent approach to risk and control activities (Dadzie, Aboagye-Otchere & Twum, 2022; Johnson, Dunlap & Benoit, 2010; Rich-ard & Odendaal, 2020). This study aims to explore the effective-ness of a combined assurance approach to mitigate risks in the SCM environment in the Cape Winelands District Municipality in the Western Cape.

2 Literature Review

2.1 Defining Supply Chain Management and its role-players

SCM has evolved into an remarkable strategic concept for the private and public sectors (Motuba, 2014). SCM ensures the responsible administration of goods and services, and the func-tion of SCM includes demand management, acquisition man-agement, logistics, disposal and risk and performance

Adoption of Combined Assurance Within Supply Chain Management in the Cape Winelands District of South Africa

management (Rabambi, 2021). These components comprise a successful SCM function. SCM aims to add value at each process stage, from the demand for products or services to their acquisition, logistics management and disposal after use.

According to the SCM policy, accounting officers of government departments, management teams and other levels of employees, must be aware of and comprehend the values or principles enshrined in the SCM-relevant legislative framework (Masegare, 2018). The effectiveness of an SCM function within an organisation necessitates that all role actors recognise that the SCM is an organisational function and not an isolated department. SCM is currently at the forefront of the South African public sector's ongoing financial management reform effort (Adebayo & Ackers, 2023).

SCM is crucial in facilitating the South African government's capacity to effectively deliver community services (Tsoulakis, Zisis & Tjahjono, 2021). The introduction of this policy aimed to align with globally recognised best practices and simultaneously fulfil the government's objectives for preferential procurement (Haarhoff, 2019).

Key to achieving the objectives of SCM in local government as mentioned above is the accounting officer. Municipal Finance Management Act (MFMA) describes the responsibilities of a municipality's accounting officer as it relates to establishing a SCM unit. The accounting officer of a municipality must take all reasonable steps to ensure that proper systems and separation of duties in the SCM system are in place to decrease the possibility of irregular practices. The establishment of an SCM unit, thus, is centralized, however, the MFMA further states the responsibilities of budget holders (decentralized) is to ensure the responsible management of their budgets that requires SCM to form part of their daily practices as well.

2.2 Defining Municipalities

The Municipal Demarcation Board defines municipalities as geographical regions (Maleka, 2016). The Provincial Minister of Local Government creates municipalities governed by municipal councils (Motuba, 2014).

There are three distinct types of municipalities in South Africa: metropolitan, district, and local (Masegare, 2018). There are metropolitan municipalities (i.e., Category A), also known as metros, in the country's eight major cities (Rabambi, 2021). The regions beyond the metropolitan areas are subdivided into local municipalities (i.e., Category B) (Dichabe, 2020). District municipalities are comprised of multiple local municipalities that fall under the jurisdiction of a single district (i.e., Category C) (Haarhoff, 2019). In addition to district municipalities, all municipalities have their constituencies further divided into wards.

This study explores the adoption of combined assurance in the SCM of a Category C municipality, i.e., Cape Winelands District Municipality. Formerly known as the Boland District Municipality, the Cape Winelands District Municipality is situated in the Boland region of South Africa's Western Cape Province. This district municipality incorporates several significant towns, in-

cluding Paarl, Stellenbosch, Wellington and Worcester, and cover over 21 473 square kilometres (Provincial Treasury, 2011). There are also several local municipalities (i.e., Category B) including Witzenberg, Drakenstein, Stellenbosch, Breede Val-ley and Langeberg.

The Cape Winelands District Municipality plays a crucial role in the governance and administration of a large territory that is renowned for its wine production and picturesque landscapes (Provincial Treasury, 2011).

2.3 Current Status of risk management and controls of SCM in Local Government

The South African public sector supply chain has transformed during the past two decades through the introduction of procurement reforms (Richard & Odendaal, 2020). The procurement reforms began in 1995 and were directed at two broad focus areas, namely, the promotion of principles of good governance and the introduction of a preference system to address socio-economic objectives (Motuba, 2014).

To initiate and implement the reforms, the SCM unit in the National Treasury 2001 completed a joint country procurement assessment review (CPAR) with the World Bank to assess procurement practices throughout the public sector (Haarhoff, 2019). The CPAR identified certain deficiencies in practices relating to governance, interpretation and implementation of PPPFA and its associated regulations (Forte & Barac, 2015).

In 2009, the new Minister for Cooperative Governance and Traditional Affairs (COGTA), Sicelo Shiceka, launched Operation Clean Audit (OCA) 2014 (Dichabe, 2020). It was the signature intervention in the incoming Zuma government's plan to 'turn around' local Government. The objective of OCA 2014 was that all municipalities and provincial departments should achieve a clean audit of their financial statements by 2014 (Langa, 2021).

Subsequently, it was determined that the OCA 2014 initiative was predisposed to failure due to four miscalculations during its design and implementation phase (Motuba, 2014). The objectives of the OCA 2014 were based on the premise that the Department of Cooperative Governance and Traditional Affairs (COGTA) possesses sufficient and accurate information regarding the current conditions in all municipalities and provincial departments (Setino, 2018). Indeed, significant informational disparities existed, resulting in unachievable goals that could even be considered arbitrary. Secondly, in response to the audit findings in the years preceding 2014/2015, the OCA targets did not change (Maleka, 2016). Consequently, a disparity emerged and widened between the desired and observed compliance patterns, with the OCA 2014 assessment revealing only instances of non-compliance. Thirdly, COGTA lacked direct authority over the mechanisms that influenced the quality of audit outcomes in municipalities and provincial ministries (Rabambi, 2019). Finally, municipalities and provinces were not penalised for failing to meet OCA objectives (Forte & Barac, 2015).

The above scenario suggests that the control activities in SCM were failing. In 2019, the AGSA reported the highest non-compliance to Supply

Chain Legislation in municipalities across the country since 2011-12. Municipalities with material compliance findings on SCM increased from 72% to 81% (AGSA, 2019). Furthermore, irregular expenditure has increased more than 100% over the 2017/18 and 2018/19 financial years, indicative of a major problem in the public procurement processes and, importantly, the spending of public funds (AGSA, 2019).

A total of 64 municipalities exhibited dysfunctional characteristics exhibiting inadequate governance, limited institutional capacity, ineffective financial management, pervasive corruption and political instability (AGSA, 2021). In 2017, eight municipalities were subject to administrative oversight or state intervention. Four years later, in 2021, 23 municipalities were subject to administration or provincial intervention and by February 2022, this number had increased to 33 municipalities (AGSA, 2021).

This situation implies that a vast number of municipalities had reached such a level of dysfunction that national and/or provincial government intervention was required to restore effective governance, financial administration, and service delivery (Setino, 2018). The national and/or provincial government subsequently appointed administrators to administer and oversee the daily operations of these municipalities.

According to Nkwanyana and Abgenyegah (2020) the necessary controls are not always effectively implemented to mitigate risks in the procurement space, thus, a different approach to risk and control activities is urgently needed. These realities indicate that the strength of internal controls in the SCM function needs to be enhanced. Therefore, a key focus area of this study is the SCM function within a local government context.

In contrast to the overall tone, the Western Cape province exhibited a positive trend, as evidenced by an improvement in audit outcomes from one year to the next, whereby 18 municipalities in the Western Cape region were able to maintain a clear audit conclusion during the period 2020-2021 (AGSA, 2021). Notably, seven of these municipalities have maintained an audit-free status since the beginning of the AGSA. Except for the Garden Route, all district municipalities maintained a clean audit conclusion from the previous year's audit. Along with the West Coast, the Cape Winelands District has consistently achieved this result over the past five years (AGSA, 2021).

In 27 municipalities within the Western Cape, irregular expenditures decreased from R1.38 billion in 2021 to R1.22 billion in 2022 (AGSA, 2021). The primary cause of irregular expenditures and compliance-related material discoveries was procurement-related non-compliance (AGSA, 2021). The AGSA (2021), thus, urged municipalities to continue prioritising effective SCM and develop comprehensive procurement strategies to reduce non-compliance, particularly those involving deviations from competitive procurement procedures.

2.4 Combined Assurance Challenges in SCM in Municipalities

Municipalities were intended to operate like commercial enterprises to generate money and achieve long-term financial independence (AGSA, 2019). This situation leads to a conflict between the state-owned enterprises' pursuit of commercial interests and the socio-economic policy of the country (Forte & Barac, 2015). Municipalities must adhere to the policies and regulations that regulate the country's SCM system while acquiring services for their project execution (Masegare, 2018). Additionally, they are expected to prioritise obtaining value for money and achieving cost-effectiveness (Rabambi, 2021).

Municipalities have many problems in the execution of a comprehensive and efficient public sector SCM model (Setino, 2018). Table 2.2 below illustrates that various obstacles that impact the execution of SCM in municipalities.

Despite the advancements achieved thus far in the economic transformation, as evidenced by the numerous municipalities, significant deficiencies exist in SCM (Prinsloo & Maroun, 2021). As indicated in Table 2.2 below, the challenges encountered in SCM encompass the fragmentation of laws within municipalities, deficient adherence to SCM regulations, policies, and procedures, subpar contract management, the misalignment between strategic sourcing and SCM policies and regulations, insufficient planning and integration of demand with the budget, instances of fraud and corruption as well as inadequate monitoring and evaluation of SCM activities, ineffectiveness of BBEE policies, and a dearth of adequately skilled personnel (Setino, 2018).

The obstacles encountered in SCM have a notable influence on the adoption of SCM within municipalities, thereby affecting the overall performance of SCM in such organisations.

2.5 Three Lines of Defence in the SCM Environment

Local government is widely regarded as the most innovative and active level, with a high level of organisational diversity (Brinkerhoff & Brinkerhoff, 2015; Mbewu & Barac, 2017). As indicated by Dichabe (2020), the public sector has a higher employment rate, provides a wider variety of direct services and serves as the government's primary interface with its constituents. This statement emphasises the significance of assuring local government entities' accountability and dependability.

Commonly, the concept of combined assurance and the three lines of defence model in risk management and control functions are characterised by a framework comprised of three lines of defense, with each line of defence comprising support and core functions (Bantleon et al., 2021). According to the IIA (2018), a single line of defence would suffice in an ideal situation to assure the effectiveness of risk management and internal control systems. In practical situations, relying on a single line of defence is frequently insufficient. Moreover, White et al. (2020) asserts that robust defensive measures are of the utmost importance. However, it is equally important to ensure that these operations are coordinated.

Adoption of Combined Assurance Within Supply Chain Management in the Cape Winelands District of South Africa

These three divisions contribute to the governance framework by facilitating firms' risk management (Wibowo et al., 2022). In addition to their risk management functions, the three lines of defence also perform monitoring and assurance operations that reassure senior management, boards and board committees regarding the effective operation of risk and control systems (Abraham, 2020). Nonetheless, providing a precise definition of the accountability framework is essential so that each level of defence understands its responsibilities (Zhou et al., 2019). Failure to do so may result in recurring redundancy issues and assurance vulnerabilities (Dmitrenko, 2017).

The primary objective of combined assurance is to coordinate the three lines of defence (IIA, 2018). As mandated by the organisation's board of directors and executives, each line of defence ensures that risks are managed and monitored efficiently and effectively (IoD, 2016). The three lines of defence approach can be a foundational framework to improve coordination among assurance providers (Rabambi, 2021).

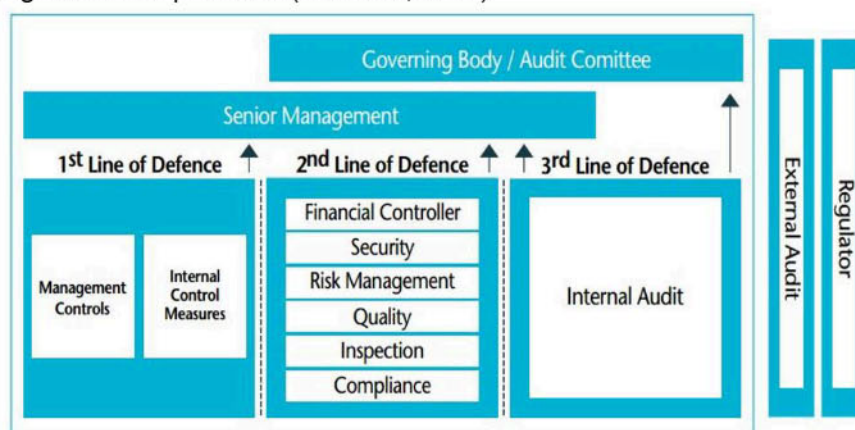


Figure 1: Applying the Three Lines of Defence to the SCM Environment (Rabambi, 2021, p. 36)

Accounting officers, members of the executive council and senior management comprise the first level of assurance in a municipal environment (Forte & Barac, 2015). The audit committee, internal audit and monitoring and coordination departments comprise the second level of assurance, while the third level of assurance is internal auditing (Maroun & Prinsloo, 2020).

This framework was created to assist organisations in identifying the duties and responsibilities of business units, implementing ongoing risk management, and maintaining risk management activities (Masegare, 2018). When properly implemented, the three lines of defence generate dialogue and analysis that pre-vents businesses from overlooking risk factors that could lead to a financial catastrophe and enables them to be proactive in their risk management within the organisation (Adebayo & Ackers, 2023). These researchers conducted a study by means of questionnaires which provided evidence that while municipalities have started applying this framework it has not yet been fully implemented.

Adoption of Combined Assurance Within Supply Chain Management in the Cape Winelands District of South Africa

The initial line of defence often encompasses the functions re-sponsible for the ownership and daily management of risks (Maleka, 2016). The individuals in question identify, evaluate and manage risks. In addition, they offer management assurance using self-assessments for risk control (Langa, 2021). Control risk self-assessment is a technique that enhances assurance by focusing on self-evaluation conducted by the managers and staff responsible for the process (Setino, 2018).

The second line of defence encompasses many responsibilities responsible for overseeing hazards, including risk management, compliance, health and safety, environmental and quality functions (Dichabe, 2020). The functions above facilitate the implementation of policies and procedures established by the board of directors after defining the organisation's strategic direction and risk tolerance (Motuba, 2014). These functions propose frameworks and assist in supporting this process. In reality, the second line of defence fulfils its role by conducting assurance operations that involve overseeing the first line of defence and evaluating its implementation of appropriate risk management practices (Dmitrenko, 2017). It is vital to acknowledge that the initial and subsequent layers of protection offer non-audit assurance actions (Forte & Barac, 2015).

The third line of defence encompasses all external assurance providers mandated to assist the board of directors in fulfilling its oversight duties (Hoang & Phang, 2021). The IAF is recognised as a prominent independent assurance supplier. The IAF plays a crucial role in providing objective assurance regarding the effectiveness of the risk management system and the appropriate management of key risks through an efficient internal control system (IIA, 2018). The third line of assurance includes additional entities such as external auditors, professional reviewers, external credit agencies, and regulators (Zhou et al., 2019). These functions offer autonomous assurance services to the board of directors when the IAF lacks the necessary expertise and skills or where the risk area exceeds the scope of the risk-based internal audit plan as outlined in the IIA guidelines 2010 (IIA, 2018).

Three hazard categories necessitate distinct risk management techniques: avoidable risks, strategic risks and external risks (IRMSA, 2022). The primary aim of the risk management system for preventable risks is to effectively and efficiently prevent and eradicate their occurrence (Anbumozhi et al., 2020). Hence, assurance operations must exhibit the efficacy of the risk management system to efficiently prevent and mitigate occurrences (Ghadge et al., 2020). In contrast, the primary goal of the risk management system for strategic risks is to effectively minimise the probability and consequences of such risks while maintaining cost efficiency (Gurtu & Johny, 2021). Conversely, in the case of external risks, the aim is to efficiently mitigate the potential consequences if the risk event materialises (Mutevhe, 2019). Consequently, to effectively mitigate these two risks, assurance activities must be implemented to guarantee that the risk management system is appropriately constructed to efficiently decrease the probability and impact of these risks (Wibowo et al., 2022). Indeed, notwithstanding the potential risks involved, it is possible to enhance assurance activities by engaging assurance providers from many lines of defence (Nasr et al., 2019).

Adoption of Combined Assurance Within Supply Chain Management in the Cape Winelands District of South Africa

PwC (2015) provides a summary of the duties and responsibilities of key stakeholders in combined assurance as follows:

- Early identification of internal control weaknesses,
- Risk mitigation or risk minimisation,
- Implementation of internal controls and
- Cost savings associated with contract management and litigation.

The above summary implies that, when following the combined assurance approach, all assurance providers play a crucial role in early risk detection, which will minimise or mitigate risk (Hanggraeni et al., 2019). In addition, assurance providers are crucial in implementing controls (Khalil-Oliwa, 2019). In recent years, the importance of all assurance providers performing a role has become increasingly apparent (Anton & Nucu, 2020).

3 Methodology and Objective of the Study

3.1 Problem Statement

Combined assurance is an significant area of research due to the requirement for the board of directors to comment on the successfulness of their organisation's risk management and internal management systems for all types of risks (Nasr, Alaei, Bakhshi, Rasoulyan, Tayaran & Farahi, 2019; Sibanda, Zindi & Maramura, 2020). By coordinating the provision of different sources of assistance, combined assurance provides complete assurance to the municipal council regarding the effectiveness of the municipality's risk management and internal control systems (Dmitrenko, 2017).

Combined assurance is important and has been adopted in the assurance environment in South Africa; however, very minimum research has been conducted in the Western Cape and in relation to SCM (Petersen, 2019).

It, therefore, is deemed that combined assurance adoption within the SCM environment in municipalities will enable the internal audit function (IAF) to mitigate risks, irregular expenditure and fraudulent activities (Rabambi, 2021).

3.2 Rationale and Significance of the Study

This exploratory study will contribute to the existing body of knowledge regarding the concept of combined assurance through its examination of the impact of the implementation of the combined assurance model on risk management from a municipal perspective.

The study's results will provide valuable insights for the administrators of the Cape Winelands District and other municipalities, allowing them to gain a deeper understanding of the combined assurance model and the potential benefits that can be attained through the implementation of effective risk management (Ackermann & Marx, 2016; Mbewu & Barac, 2017). This study investigated the coordination points and implementation approaches for institutional actions by internal assurance providers. It focused on the cur-

rent condition of combined assurance and the implementation of the model of combined assurance. It attempted to explain why the model should be widely adopted based on lessons learned. In addition, it provided guidance on the implementation of best practices and critical success factors for adopting a hybrid assurance model.

This research study, therefore, adds value to the existing knowledge and practices employed within the internal audit environment in SCM in municipalities in the Western Cape. In addition to assisting internal auditors in their assurance function as employees of municipalities, the research results will assist the entire local government organisation and South Africa as a whole by decreasing non-compliance in SCM, that results in ad-verse audit outcomes and irregular expenditure. From a broader perspective, the impact of this study aims to enhance controls in place in the SCM environment. By doing so and decreasing irregular expenditure, the negative perception of the public on the use of government funds will improve.

3.3 Aim and Objectives of the Study

The study's main aim is to investigate the implications of conducting combined assurance within CWDM. The research objectives are outlined below:

- RO1 To conceptualise the elements of an effective internal control system in SCM.
- RO2 To conceptualise the role of internal auditors in the adoption of combined assurance in municipalities in the public sector.
- RO3 To investigate whether the combined assurance model is understood by key assurance providers in the Western Cape Municipalities.
- RO4 To ascertain the transversal risks related to SCM in Western Cape Municipalities.
- RO5 To determine the internal control activities that are utilised by Western Cape Municipalities to combat SCM-related risks.
- RO6 To determine how sound the internal control activities are as utilised by Western Cape Municipalities.

3.4 Research Methodology

The combined assurance model is a known working model, and this study tested its adoption within the Cape Winelands District Municipality. Specifically, this research study aimed to investigate whether the combined assurance model approach could be implemented successfully within the municipal environment. Furthermore, it sought to discover and analyse the effect of the combined assurance model's interpretation.

This study is interpretivist in nature and, thus, conforms with the requirements of qualitative research, in particular with methods such as grounded

theory, ethnography, narrative analysis and phenomenological approaches (Leedy & Ormrod, 2016). Interpretivist studies acquire information through conversations with people regarding their personal experiences (Brough, 2019). Additionally, in interpretivist studies, researchers are prone to personal biases because they are a part of the phenomenon being investigated (Ghauri et al., 2020).

The research strategy is an objective-driven procedure for gathering and understanding data (Leedy & Ormrod, 2016). According to Brough (2019), a research strategy is a general approach to answering the researcher's pre-determined study question(s). According to Ghauri et al. (2020), the social sciences encompass five fundamental research methodologies, which are determined by three conditions: focus on contemporary events, control of behavioural events, and investigation of the research question. Procedures include experiments, surveys/interviews, archival analyses, histories and case studies (Creswell & Poth, 2018).

The present study employs a phenomenological approach to research. As a qualitative research approach, phenomenology facilitates inquiry (Neubauer et al., 2019) that seeks to understand individuals' perceptions and perspectives of a certain situation. Phenomenology, thus, refers to a participant's interpretation of the importance of an experience as opposed to the occurrence itself (Leedy & Ormrod, 2018). Sousa (2014) further defines phenomenology as a research method that seeks to describe the nature of a phenomenon by examining it from the viewpoints of those who have experienced it. Phenomenology's objective is to describe the relevance of this knowledge in terms of both 'what' was experienced and 'how' it was experienced (Neubauer et al., 2019). In certain cases, the researcher has personal experience with the subject under investigation and strives to obtain greater knowledge through other people's perspectives of this entity (Brough, 2019).

Methodologies for conducting research may be qualitative, quantitative, or blended (Leedy and Ormrod, 2014:190). A researcher either will collect numerical and/or non-numerical data, hence the three approaches (Brough, 2019). This study employed qualitative methods.

3.5 Population and Sample

The research population, as defined by Flick et al. (2004), comprises a subset of the target population from which the sample is selected. The study population comprises all individuals who could be selected for a particular study (Moser & Korstjens, 2018).

the Cape Winelands District in the Western Cape consists of the following five local municipalities and one district municipality (Provincial Treasury, 2011):

The Cape Winelands District Municipality (that holds oversight authority over the entire geographical region),

- Breede Valley Local Municipality,
- Drakenstein Local Municipality,

Adoption of Combined Assurance Within Supply Chain Management in the Cape Winelands District of South Africa

- Langeberg Local Municipality,
- Stellenbosch Local Municipality and
- Witzenberg Local Municipality.

3.6 Study Population – Audit and SCM Personnel of Cape Winelands Municipalities

Municipality Name	Population
Cape Winelands District Municipality	SCM Manager, Chief Audit Executive, Internal Auditor (reporting to the Chief Audit Executive), and if applicable Chief Risk Officer (reporting to the Chief Audit Executive).
Stellenbosch Local Municipality	
Breede Valley Local Municipality	
Langeberg Local Municipality	
Witzenberg Local Municipality	
Drakenstein Local Municipality	

According to other researchers (Mujere, 2016; Pandey & Pandey, 2015), the number of participants in a phenomenological investigation might range from three to ten or until data saturation is achieved. The current study included perspectives from ten audit personnel from the six municipalities in the Cape Wine-lands geographical region.

3.7 Data Collection Instrument

This study used the most systematised interview, i.e., the structured interview.

4 Discussion of Results

All the participants were workers in the public sector, with only 20% of the participants working in the District Municipality and the remaining 80% answering 'No' to that question. Of these participants, 7 out of 10 have an undergraduate degree, while two have a master's degree and one has a diploma. The majority (80%) of the participants, were employed in the local municipalities under the Cape Winelands District Municipality.

When the participants were asked to state the staff complement of their municipality, the answers ranged from 10 to 1100 staff members. However, over 80% of participants reported having more than 200 staff members in their municipalities, and 20% of the participants answered n/a to the question. Considering the substantial workforce in the Cape Winelands district, these results underscore the significance of this research and are crucial to the combined assurance model.

Furthermore, the AGSA as part of the annual audit on municipalities highlights repeat findings in the final management report. Experienced CAEs and SCM officials will, hence, be in a better position to address and prevent such repeat findings which is a direct indication of whether a municipality has re-

gressed or progressed between audits. Auditing experience is thus important for both the Chief Audit Executives and SCM Managers in municipalities.

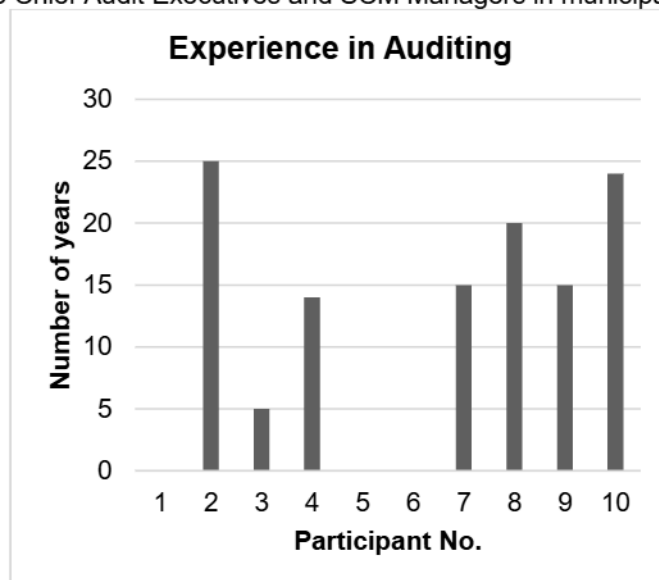


Figure 2: Experience breakdown

70% of the participants were members of a professional body. By virtue of membership in professional organisations, one is essentially endorsed as morally upright and technically proficient. It should be noted that all the CAEs were part of professional bodies as required in South Africa (IIA SA). The SCM profession in South Africa, however, is not regulated by any professional body. This has been identified as an area of concern by the National Treasury and is being addresses as a work in progress. This is an area to be explored as professional body affiliations has proven to align technical capability and professional standards.

The participants registered with the IIA SA for purposes of this study were all the CAEs in the Cape Winelands District. This means that most of the participants are individuals with appropriate qualifications and experience. The Cape Winelands municipality's values the need for qualified staff within the compliance unit; and these are the kind of assurance providers who are bestowed with the responsibility to implement combined assurance. Registration with the SAICA, ACFE and CIPS is not mandatory for the two professions relevant to this study, namely CAEs and SCM Managers.

This is supported by the fact that there is a notable proportion of the participants (30%) who did not indicate membership (No and N/A) is a cause for concern. The contributing factor to the results is because of the SCM professional body registration not being mandatory. This is an area of concern as confirmed by the National Treasury, currently embarked on a study to determine the benchmark for the mandatory professional body registration as it relates to SCM Practitioners in government.

The following key questions and results supports the results of the study:

Adoption of Combined Assurance Within Supply Chain Management in the Cape Winelands District of South Africa

- B1.18. The IAF in the municipality is adequately positioned to provide high-quality professional assurance.
- 5/10 participants agreed with this statement, 3/10 strongly agreed, and 2/10 were uncertain.
- B1.19. The IAF in the municipality is adequately positioned to provide high-quality advisory services.

Six out of ten participants concurred, four out of ten strongly agreed, and two out of ten were uncertain. Regarding the combined assurance model, the purpose of queries B1.18 and 1.19 was to determine whether the internal audit function was structurally positioned within the municipality in a way that would enable it to provide high-quality advisory and assurance services. Most participants concurred or strongly agreed with this assertion. Chapter 2 of the literature review delineates the combined assurance model, which is corroborated by the results.

Furthermore, the remarks regarding out-comes demonstrate that the internal audit function of the IA is operating effectively within the Cape Wine-lands District Municipality. Furthermore, the emphasised components of the IAFs align with those identified in the literature review. The im-portance of the IAF, the audit committee, management, and ex-ternal auditors of organi-sations as integral components of the combined assurance paradigm was emphasised by Ackermann and Marx (2016). Optimising risk, governance supervision, and control efficiencies, the combined assurance approach aims to achieve integrated and aligned assurance in organisations.

5 Conclusion

Drawing from the key results above it can be concluded that the Municipality's in the Cape Winelands District IAF is function-ing well, with the board/council, audit committee, management and external auditors support-ing its growth. The majority of par-ticipants agreed that demand manage-ment, acquisition man-agement, logistics management, disposal manage-ment, risk management and performance management practices were in place.

The role of IAs in the adoption of combined assurance within the public service was also discussed, with most participants agreeing or strongly agreeing with the statements. The study found that CAEs understand the concept of combined assur-ance, regularly explaining its purpose, authority and responsibil-ity to the municipality's board of directors and senior man-agement. Some of the major risks identified in the audit process include non-compliance with local content and production re-quirements, SCM regu-lations and calculations on Preferential Procurement Policy Framework Act points. The researcher, thus, recommended enhancing the effectiveness of SCM through optimised personnel management, increased education and training implementation and promotion and reward of personnel based on HR needs.

The study focuses on promoting good governance in local government by establishing oversight structures with individuals with the necessary skills

Adoption of Combined Assurance Within Supply Chain Management in the Cape Winelands District of South Africa

and knowledge. It was recommended that these structures should monitor the municipalities' performance, ensure appropriate consequences for failures, implement audit action plans, monitor risks and establish an ethical and responsible decision-making culture.

To attract and retain good talent, the researcher recommended that leaders should implement effective HR systems that facilitate the recruitment and retention of skilled personnel. The HR system should nurture continuous talent development and cultivate a culture of high performance.

The research also recommended that clear and implementable audit action plans should be developed based on the Auditor General's report, subject to rigorous review by regulatory bodies. A comprehensive compliance framework should be established, covering all relevant legislation and monitored by governance structures.

Furthermore, in terms of future research, future researchers could employ semi-structured interviews or focus groups to provide additional insights and observations on the research topic.

Longitudinal studies in which district and local municipality's adoption of combined assurance is tracked over time.

This study was undertaken at the district and local municipality level within the Cape Winelands District. Thus, it could be replicated in other district municipalities or category A municipalities (i.e., metropolitan municipalities). Another opportunity would be to perform a case study on a single municipality to engage and evaluate all the internal actors who participate in the three lines of defence model.

6 Authors

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