

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

by

Jamie-Leigh (Bruce) Alexander

**Thesis submitted in fulfilment of the requirements for the degree Master of
Internal Auditing in the Faculty of Business Sciences at the Cape
Peninsula University of Technology**

Supervisor: Prof. J Dubihlela

Co-supervisor: Dr AC (Visser) Neethling

District Six, Cape Town Campus

Date Submitted: March 2024

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ABSTRACT

This study examines the adoption of combined assurance within municipalities and its impact on Supply Chain Management (SCM). The research involved ten representatives from the Cape Winelands District Municipality of South Africa, who oversee over 200 staff members.

The study found that the internal audit function (IAF) in the municipality is functioning well, with the board/council, audit committee, management and external auditors supporting its growth. The majority of research participants agreed that the key elements of Supply Chain management were in place. The role of internal auditors 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 the Chief Audit Executives (CAEs) understand the theory of combined assurance, regularly explaining its purpose, authority and responsibility to the municipality's Council and senior management. Major risks identified in the audit include non-compliance with local content and production requirements, non-compliance with SCM regulations and calculations on Preferential Procurement Policy Framework Act points.

The study recommends enhancing the effectiveness of SCM through the adoption of the combined assurance model, furthermore, optimised personnel management, increased education and training implementation and promotion and reward based on human resources (HR) needs. 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, 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. These HR systems should nurture continuous talent development and cultivate a culture of high performance. 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.

Future research areas include semi-structured interviews or focus groups, longitudinal studies tracking the adoption of combined assurance in municipalities, exploring suitable SCM metrics and measurement systems at the municipal level, and exploring the use of artificial intelligence (AI) in SCM.

The study's limitations include its limited sample size and cross-sectional research design, that was susceptible to the broader context of the Cape Winelands District Municipality during the time of data collection. However, the study can serve as a best practice case for other municipalities in improving SCM risk management and performance.

Keywords: combined assurance, corporate governance, public sector, supply chain management

ACKNOWLEDGEMENTS

Do it for those who thought it's impossible – my motto throughout my research journey.

I wish to thank:

God, the source of my strength who enabled me to complete this study through all the challenges of being twice diagnosed with the Covid-19 virus and giving birth to two babies.

My parents, James and Patricia Bruce, for all their sacrifices and the daily check-ins and motivation to complete this study. To my father, James Bruce, when you became ill you said you would pray to God that you would live to see the day I completed my Master's degree – your prayers helped me to complete my studies.

My husband who joined this journey towards the end – thank you for the support.

My supervisor, Professor Jobo Dubihlela, words cannot adequately express my gratitude for accepting me to undertake this journey. I wish to thank you for the honest and constructive academic critique and serious motivation you provided that enabled me to complete this study.

Dr AC (Visser) Neethling, my co-supervisor, I wish to thank you for your guidance and valuable contribution towards my study.

DEDICATION

I dedicate this study to my father, my biggest supporter, and also to my children –
may you always remember you are capable of great things.

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KEY CONCEPTS IN THIS STUDY

Assurance refers to the conscientious application of critical reasoning and empirical evidence, resulting in the formulation of a statement or declaration regarding a particular topic or piece of information (Ghadge, Weiß, Caldwell & Wilding, 2020). The purpose of such a statement is to impart greater confidence in the dependability and validity of the topic or information at hand.

There are numerous professionals within the category of assurance providers who play crucial roles in ensuring the integrity and dependability of organisational processes (Silva et al., 2019). In the municipal context, internal auditors, internal line departments the directors and the Accounting officer are regarded as internal assurance providers. Independent external assurance service providers, such as external auditors, sustainability and environmental auditors, external actuaries, external forensic fraud examiners, regulatory inspectors, are also included.

Combined assurance refers to integrating and aligning internal assurance processes (Gurtu & Johny, 2021). The goal is to increase risk management, governance oversight and control efficiencies. By optimising assurance holistically, the company intends to provide thorough and efficient oversight to the audit and risk committee, considering its risk appetite.

Corporate governance is the system of regulations and principles implemented by a board of directors to promote responsibility, equity and transparency in a company's interactions with its various stakeholders, including financiers, customers, management, employees and government entities (Dmitrenko, 2017).

Risk is the propensity or potential for harm, injury, legal liability, loss or any adverse event resulting from internal or external vulnerabilities (Khalil-Oliwa, 2019). These risks can be mitigated with preventative measures.

Risk assessment is a process that examines the potential influence of uncertain events on an organisation's daily operations and assesses the potential harm these events could cause to the organisation's revenue and reputation (Anton & Nucu, 2020).

Risk management is a process which entails the identification, evaluation, and mitigation of possible threats to the financial resources and profitability of an organisation (Sobb, Turnbull & Moustafa, 2020). The threats above, also known as risks, can stem from various sources, including financial uncertainty, legal obligations, strategic management errors, unanticipated incidents and natural disasters.

LIST OF ABBREVIATIONS AND ACRONYMS

ACFE	Association of Certified Fraud Examiners
AGSA	Auditor General of South Africa
BAC	Bid Adjudication Committees
BBBEE	Broad-Based Black Economic Empowerment
CAE	Chief Audit Executive
CIPS	Chartered Institute of Procurement & Supply
COGTA	Cooperative Governance and Traditional Affairs
CPAR	Country Procurement Assessment Review
CRM	Customer Relationship Management
DSS	Decision Support Systems
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
HR	Human Resource(s)
IAF	Internal Audit Function
IA	Internal Audit
ICAEW	Institute of Chartered Accountants in England and Wales
ICT	Information Communication Technology
IIA	Institute of Internal Auditors
IIA SA	Internal Auditors South Africa
IIARF	Institute of Internal Auditors Research Foundation

IoD	Institute of Directors in Southern Africa
IRMSA	Institute of Risk Management South Africa
IT	Information Technology
MFMA	Municipal Finance and Management Act
MPAC	Municipal Public Accounts Committees
OCA	Operation Clean Audit
PFMA	Public Finance and Management Act
POPI	Protection of Personal Information
PPPFA	Preferential Procurement Policy Framework Act
PwC	PricewaterhouseCoopers
SAICA	South African Institute of Chartered Accountants
SCM	Supply Chain Management
SMME	Small, Medium, and Micro Enterprises
SRM	Supplier Relationship Management

CHAPTER 1

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Introduction and Background

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 organisation'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 Internal Auditors (IA) as become of utmost importance to provide assurance in their roles in the public sector (Maria, Darusalam, Yulsiati & Said, 2023; Mnguni & Subban, 2022).

The Institute of Internal Auditors (IIA, 2018) defined internal auditing as an assurance and consulting activity designed to add value and improve an organisation's operation independently and objectively. It assists an entity in reaching its objectives by bringing 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 Supply Chain Management (SCM) environment, that is the fundamental part of public procurement 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 affected the most.

Controls in place are not effectively implemented to mitigate risks in the SCM space, and there is an urgent need for a different approach to risk and control activities

(Dadzie, Aboagye-Otchere & Twum, 2022; Johnson, Dunlap & Benoit, 2010; Richard & Odendaal, 2020). This study aims to explore the effectiveness of a combined assurance approach to mitigate risks in the SCM environment in the Cape Winelands District (CWD) Municipality in the Western Cape.

Since 2009, the theory of combined assurance as an assurance model has increased tremendously. South Africa introduced the theory of combined assurance in its 2009 King III report on corporate governance. The CWD is the largest District economy in the Province. It has a vibrant tertiary services sector, mainly in the Drakenstein and Stellenbosch municipal areas. In 2021, the CWD had a GDP of R84.8 billion, which accounted for 11.1 per cent of the Provincial GDP. Furthermore, because of the labour-intensive nature of the prevalent agriculture sector, formal and informal employment made up 15.1 per cent (346 926 workers) of Provincial employment. (Provincial Treasury, 2023).

1.2 Problem Statement

Combined assurance is a 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). There are very few prior studies in relation to the status of internal audit in South African Municipalities with specific reference to Supply Chain Management. One of the few authors on this topic states that 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 particular, 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).

1.3 Aim and Objectives of the Study

The study's main aim is to investigate the implications of conducting combined assurance within Cape Winelands District: 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.

1.4 Research Questions

- RQ1 What are the elements of an effective control system in SCM?
- RQ2 What is the role of internal auditors in the adoption of combined assurance within the public service?
- RQ3 Do Chief Audit Executives (CAEs) understand the concept of combined assurance?
- RQ4 What transversal SCM-related risks are Western Cape Municipalities facing?
- RQ5 What internal control activities are municipalities utilising to mitigate risks in SCM?
- RQ6 How sound are these internal control activities to improve audit outcomes?

1.5 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 current 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 adverse 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.

1.6 Thesis Outline

This thesis is structured into five distinct chapters.

Chapter 1: Introduction

In this chapter, the significance of the research topic is provided. It affords an introductory outline and contextual background of the adoption of combined assurance

within SCM in the Cape Winelands District. This chapter additionally depicts the research objectives and questions.

Chapter 2: Literature Review

This chapter examines the existing literature regarding combined assurance and examines the adoption of the combined assurance model on SCM in the Cape Winelands District.

Chapter 3: Research Methodology

The research technique is summarised in this chapter, including the study population and sample selection, as well as the procedures and tools employed for data collection. The chapter also addresses data analysis, trustworthiness, study limitations and ethical considerations.

Chapter 4: Data Analysis and Discussion of Results

This chapter examines the data, the conclusions obtained and a discussion of the results pertaining to the combined assurance model and its adoption in SCM in the Cape Winelands District.

Chapter 5: Conclusions and Recommendations

This chapter presents the research results pertaining to the adoption of the combined assurance model and adoption in SCM in the Cape Winelands District. It also includes recommendations, areas for future research and study limitations regarding the implementation of the combined assurance model.

1.7 Chapter Summary

After setting the scene for the study and describing the research problem, the research objectives, and research questions are outlined. In conclusion, this chapter remarked on the importance of the research and how this investigation will add to the existing knowledge regarding the implications of conducting combined assurance within the Cape Winelands District Municipality. The next chapter presents the literature review findings and explores combined assurance literature in the public sector.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Public Sector Procurement in South Africa has increasingly become the focus of audiences globally, more so as a result of recent investigations into state-owned enterprises, national departments and local government fraud allegations with the root cause being in the SCM environment (Auditor General of South Africa [AGSA], 2021; Dadzie et al., 2022; Maria et al., 2023; Pillay, 2021). The theory of combined assurance has been growing in South Africa since 2009, when King III published its report on good governance. As an emerging assurance model, combined assurance could become a significant area of research due to the requirement for boards of directors to assess the effectiveness of their risk management and internal control systems. A combined assurance approach has been shown to increase governance effectiveness and necessity.

This chapter explores the concepts relevant to combined assurance, specifically in the SCM environment in local government, specifically focusing on the Cape Winelands District. It begins by outlining the theoretical perspective of this study and then presents an overview of applicable legislation. Then, SCM in municipalities in South Africa is unpacked, followed by sections detailing the combined assurance concept. Finally, the analytical framework is laid out, and the chapter concludes with a summary.

2.2 Theoretical Perspective

Two theories (i.e., agency theory and stakeholder theory) and one concept (i.e., organisational legitimacy) are relevant to this study.

There are three primary classifications of corporate governance models: Anglo-American, European and Japanese. McGee (2009) asserts that developing nations modeled after the Anglo-American system. Consistent with this theoretical framework, South Africa has implemented a one-tier board structure (Richard & Odendaal, 2020). In situations in which this model is implemented, shareholders are considered essential participants in company governance (Van Zyl & Mans-Kemp, 2020). The agency theory, that concentrates on the complex relationships between shareholders

(principals) and management (agents), is the primary theoretical foundation of corporate governance studies (Dichabe, 2020). Further, because it is conceivable for managers' actions to be motivated by self-interest, corporate governance regulations, thus, are designed to aid organisations' board of directors (or, in this study's context, municipal councils) in the administration and alignment of competing interests (Khalil-Oliwa, 2019). Furthermore, in the context of the aim of this study, South African municipalities suffer from agency problems when solely utilizing the Internal Audit Function to mitigate risks in SCM.

On the contrary, the principal-agent relationship suggested by the agency theory, stakeholder theory proposes that directorates should manage a heterogeneous network of stakeholder interactions (Haarhoff, 2019). The King IV Report emphasises stakeholders' participation, perceiving them as the primary compliance enforcers (IoD, 2016). According to the IoD (2016), shareholders have the potential to represent the broader interests of stakeholders as their rights are legally protected. The stakeholder theory will, hence, provide a good foundation for South African Municipalities in addressing the agency problems experienced in terms of the role of IA.

The concept of organisational legitimacy is another issue that is highly relevant to this study. Deegan (2014) defines legitimacy as the notion that an organisation's actions are consistent with the established norms and values within a socially constructed framework. According to this theory, organisations can increase their legitimacy by incorporating symbolic or substantive practices (Gulluscio, 2020). Significant managerial interventions have the potential to result in substantial and measurable changes to processes and practices (Deegan, 2014). In contrast, symbolic or cosmetic actions have the potential to give the impression that management is actively pursuing specific objectives, even though they may not be effectively achieving them (Gulluscio, 2020). This study furthermore unpacks the combined assurance theory in the SCM environment.

2.3 Defining SCM

The South African government adopted a SCM Strategy 2003 to replace outmoded procurement and provisioning procedures (Haarhoff, 2019). The primary objective of this action was to integrate SCM responsibilities across all levels of government as an essential element of fiscal administration in accordance with internationally recognised

standards (Van Zyl & Mans-Kemp, 2020). The SCM policy framework aimed to accomplish the following goals (Maleka, 2016):

- Ensure that SCM procedures are applied consistently and uniformly throughout the government.
- Facilitate the standardisation and uniform interpretation of the government's favoured procurement legislation and policies.
- Complete the cycle of financial management reform initiated by the Public and Municipal Finance Management Act (PFMA & MFMA) by establishing comprehensive responsibility and accountability for SCM functions.

2.3.1 What is meant by Supply Chain Management (SCM) and who performs the SCM function?

SCM has evolved into a remarkable strategic concept for the private and public sectors (Motuba, 2014). SCM ensures the responsible administration of goods and services, and the function of SCM includes demand management, acquisition management, logistics, disposal and risk and performance 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, management teams and other employees of government departments 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 public sector in South Africa'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 (Tsolakis, Zissis & 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. A municipality's accounting officer is obligated to exercise all reasonable diligence in guaranteeing the establishment of appropriate systems and the separation of duties within the SCM system to decrease the possibility of irregular practices. The establishment of an SCM unit, thus, is centralised, however, the MFMA further states the responsibilities of budget holders (decentralised) is to ensure the responsible management of their budgets that requires SCM to form part of their daily practices as well.

2.4 Key Legislation and Policy Framework

In the context of local government, it is essential to comprehend the legal framework that governs both internal auditing and SCM. South Africa's national government has enacted numerous statutes to regulate internal auditing and financial management in local government, particularly on SCM (Setino, 2018). The following section highlights the key legislative mandates of both concepts.

2.4.1 The Constitution of the Republic of South Africa, 1996

The Constitution is the basis and cornerstone of all South African laws (Langa, 2021). As an introduction for this research, it is essential to first comprehend the objectives of the South African local government. The objectives of local government are delineated in Section 152 (1) of the Constitution (1996). These objectives are as follows: (a) to ensure that local communities are governed in a democratic and accountable manner; (b) to ensure the sustainable provision of services to communities; (c) to facilitate social and economic development; (d) to advocate for environmental safety and health; and (e) to promote community and organisation participation in local government affairs.

Section (2) stipulates that a municipality is required, to the extent of its financial and administrative resources, to pursue the purposes outlined in subsection (1). Regarding SCM within the financial administration function of the public sector, Section 217 (1) mandates that state organs acquire products and services within an open, fair, cost-

effective, equitable and competitive system. Regarding the function of the Auditor General of South Africa, the Constitution establishes the Auditor General as a Supporting Constitutional Democracy State Institution (1996).

2.4.2 The Public Audit Act (Act No. 5 of 2004)

The authority to audit is vested in the Auditor General of South Africa under the Public Audit Act (Act No. 5 of 2004). The Act's objectives are as follows: (a) to implement the Constitution's provisions that establish the Auditor General and delegate to him or her supreme auditing authority; (b) to facilitate the auditing of public sector institutions and accounting entities; and (c) to establish a supervision mechanism pursuant to Subsection IO (3). This subsection serves two purposes: (i) to aid and safeguard the Auditor General in maintaining their independence, impartiality, dignity, and efficacy; and (ii) to offer guidance to the National Assembly (2004). The Auditor General's important findings regarding SCM in local government will be discussed later in this study, therefore, it is essential to understand the Auditor General's powers as outlined in the Public Audit Act.

2.4.3 The Local Government: Municipal Financial Management Act (Act No. 56 of 2003)

An IAF is required to be established per Subsection 165(2)(vii) of the Municipal Finance and Management Act (MFMA). Moreover, according to Subsection 2, the IAF is obligated to develop an internal audit programme and risk-based audit action plan for every fiscal year. Additionally, it delineates the IAF's advisory function, which entails providing guidance to the audit committee and accounting officer regarding the execution of the audit plan in relation to internal controls, accounting procedures and practises, risk and risk management, performance management, loss control, and compliance (MFMA, 2003).

Sections 110 to 119 of Part 1 of Chapter 11 of the MFMA Act address SCM. The foundation of a procurement management system, as outlined in Section 217 of the Constitution, is referenced in Section 112. It specifies, among other things, that an SCM policy must cover, at a minimum, the range of procurement processes that municipalities may use, when a municipality must use a specific process, procedures, and mechanisms for each type of process, screening processes of complaint service providers, bid documentation, advertising and an invitation to bid for contracts. As

demonstrated by the detailed legislative procedures in the MFMA with a specific focus on SCM, it is essential to note that SCM is a highly regulated environment intended to mitigate risks within the procurement environment, with the national government providing a comprehensive governance framework (Masegare, 2018).

2.4.4 Municipal SCM Regulations

In addition to the MFMA Act (Act 56 of 2003), the national government has enacted the MFMA SCM regulations, that outline the specifics of a municipality's SCM system and policy (Adebayo & Ackers, 2023). Section 111 of the Act mandates that every municipality and municipal entity adopt and execute an SCM policy that (a) complies with the regulatory framework outlined in Chapter 2 of these regulations; (ii) is equitable, transparent, competitive, and efficient; (iii) allows for the implementation of Section 217 of the Constitution and (iii) Part 1 of Chapter 11 and other relevant provisions of the Act; and (iii) is consistent with the MFMA SCM regulations, (b) ensures fairness, transparency, efficiency, and competitiveness; (c) adheres to (i) the regulatory framework outlined in Chapter 2 of these regulations and (ii) any minimum standards and norms specified in Section 168 of the Act; (d) maintains compatibility with other relevant legislation; (e) safeguards the goal of standardisation in supply chain management systems across state organs in all domains; and (f) aligns with the national economic policy concerning investment promotion.(MFMA SCM, 2003).

In addition to complying with sub-regulation (1), the SCM policy of a municipal entity must, to the extent determined by the parent municipality, also be consistent with the SCM policy of the parent municipality (Richard & Odendaal, 2020). If an entity's SCM policy is inconsistent with that of its parent municipality, the council must take the necessary measures to ensure consistency (Abraham, 2020).

When (a) procuring products or services, (b) disposing of items that are no longer required, (c) selecting contractors to assist in the provision of municipal services except in situations where Chapter 8 of the Municipal Systems Act applies, or (d) in the case of a municipality, selecting external mechanisms referred to in Section 80(1)(b) of the Municipal Systems Act for the provision of municipal services, no municipality or municipal entity may deviate from its SCM policy (MFMA SCM, 2003).

2.4.5 Preferential Procurement Policy Framework Act (Act No. 5 of 2000)

The most recent provisions of the Preferential Procurement Policy Framework Act (PPPFA) were published officially on 20 January 2017, and went into effect on 1 April 2017 (Van Zyl & Mans-Kemp, 2020). These regulations are known generally as the Preferential Procurement Framework Regulations. The regulations contain several essential components, including establishing a preference point system, a specific industry's designation and prequalification standards or criteria for preferential procurement (Motuba, 2014). In addition, subcontracting is mandated by the regulations (Petersen, 2019).

The above legislation's primary objective is to assist individuals historically disadvantaged and excluded from active participation in the dominant economic system (Maleka, 2016). The Preferential Procurement Regulations of 2001 aids the PPPFA through the implementation of a preference point system, the evaluation of tenders, the exclusion of low-scoring tenders, and the process of withdrawing and re-inviting proposals (Masegare, 2018).

2.4.6 Broad-Based Black Economic Empowerment (Act No. 53 of 2003)

The Broad-Based Black Economic Empowerment Act 53 of 2003 (BBBEE Act) came into effect on 1 May 2015 **and** functions as a mechanism to promote black economic empowerment. The primary objective of the BBBEE Act and Code is to redress the historical effects of apartheid-era racial discrimination and to facilitate the economic advancement of Black South Africans (Abraham, 2020). On 24 October 2014, the amendments to the BBBEE Act went into effect. The BBBEE Act and regulations amendments demonstrate the South African government's commitment to promoting and implementing BBBEE initiatives (Mutevhe, 2019). BBBEE encompasses a set of interrelated socio-economic policies intended to empower all individuals of Black ethnicity, including women, workers, youth, individuals with disabilities and those living in rural areas (Dichabe, 2020). In terms of the application of BBBEE in SCM, the Preferential Procurement Regulations that regulates the scoring assigned to price and goals for tenders and price quotations, the points assigned for BBBEE goals are based on the above mentioned BBBEE Act.

2.5 SCM in Municipalities

2.5.1 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*. The Cape Winelands District Municipality, formerly referred to as the Boland District Municipality, is located in the Boland area of the Western Cape Province in South Africa. This district municipality incorporates several significant towns, including 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 Breede Valley, Drakenstein, Langeberg, Stellenbosch, and Witzenberg.

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).

2.5.2 SCM Practices

SCM practices designed to enhance value creation throughout the entire SCM process, encompassing various stages as depicted in the table below. When an asset has reached the conclusion of its life cycle and is no longer capable of generating productive cash inflows, it can be either disposed of through the disposal process or

restored to its original productive capabilities if it has been well-maintained during its life cycle (MacCarthy, Ahmed & Demirel, 2022).

Table 2.1: Key Considerations and Elements of SCM

Elements of SCM	Key considerations
Demand management	Demand plans, IDP and strategic planning phase. Initiation phase of the elements of SCM. Drafting of specification, development of suppliers database and approaching of market.
Acquisition management	Sourcing strategies: Petty cash, quotations and bids. Market and product analysis. Procurement thresholds and tendering processes. Awarding of contracts.
Logistics management	Plans and implementations of processes. Logistics activities (Stock levels, placing orders, order processing and warehouse management).
Disposal management	Obsolete inventory, transferring of assets, maintenance of assets register for immovable and movable.
Risk management	Identification of procurement risks, allocation of risks to the party best equipped. Clear contract documentation assigning relative risks to contracting parties.
Performance management	Performance monitoring, objectives achievements i.e. compliance with norms and standards, cost efficiency of procurement process and promoting the reduction of regional economic disparities.

Source: (Maleka, 2016, p. 63).

The implementation of the SCM practices effectively tackles shortcomings in existing methodologies regarding procurement, contract administration, inventory management, asset supervision and obsolescent strategising (Gurtu & Johny, 2021). Consequently, adopting a SCM policy results in the establishment of consistent bid and contract documents, standardised alternatives, and uniform bid and procedure standards among other benefits (Sharma, Shishodia, Gunasekaran, Min & Munim, 2022). Promoting uniformity in SCM practices is advocated (Haarhoff, 2019).

The effective implementation of the SCM policy framework necessitates the presence of individuals who possess strong ethical principles and adhere to moral conduct (Anbumozhi, Kimura & Thangavelu, 2020). These officials should comprehensively understand the relevant rules and regulations governing the SCM environment and its overarching objectives (Nkwanyana & Agbenyegah, 2020).

2.5.3 SCM Principles

Professionals in the SCM domain must adhere to SCM's best practices and principles to effectively carry out their tasks (Di Vaio, Latif, Gunarathne, Gupta & D'Adamo, 2023). The SCM function is linked to detailed strategic goals of the municipality. The concept pertains to a philosophical framework centred on the equitable distribution of risks, benefits and rewards to foster enduring collaboration and trust among partners (Gurtu & Johny, 2021). SCM is a strategic approach to conducting business that encompasses a comprehensive concept. It also encompasses the collaborative formulation of plans and the reciprocal sharing of information among all entities within the supply chain network (Ghadge et al., 2020).

SCM entails achieving optimised performance from all participants within the supply chain, encompassing various processes and activities (Sobb et al., 2020). The ultimate goal is to establish consumer-driven performance measures that facilitate the continuous enhancement of the entire supply chain (Astuty, Zufrizal, Pasaribu & Rahayu, 2021). Furthermore, SCM entails the integration of various tiers of municipalities, which operate in concert to enhance the efficiency of shared supply chain operations in accordance with the strategic goals of the municipalities and their stakeholders (Setino, 2018). Furthermore, SCM encompasses the management of all connections and interactions within the supply chain. However, it is important to note that not all links and interfaces within the supply chain hold the same level of significance (Sharma et al., 2022). Consequently, the manner in which distinct nodes or interfaces are administered in the supply chain may differ in accordance with their influence on the pertinent supply chain procedures entailed in the generation and provision of customer benefits (Langa, 2021).

The foundation of SCM is the Constitution's tenets of intergovernmental relations and cooperative governance (Langa, 2021). This principle upholds each domain's autonomy while governing the interactions between these fields. SCM relies on a collective understanding of consumer value, making alignment with municipal principles crucial for effective planning and coordination (Caiado, Scavarda, Azevedo, de Mattos Nascimento & Quelhas, 2022).

The principles of SCM, as explained above, are not always fully understood or adhered to in government organisations in South Africa. This fact has been highlighted

by the Auditor General of South Africa in the audit findings related to SCM. Government organisations, thus, need to focus on risk management in the SCM environment, an issue that will be elaborated on in the next section.

2.6 Risk Management in South Africa

The Institute of Risk Management South Africa's (IRMSA) Risk Report highlights the uncertainty encountered by businesses and individuals in South Africa due to excessive media coverage of negative events (IRMSA, 2022). The lack of risk management practices in financial and non-financial organisations has become more pronounced in recent years and has significantly contributed to the global financial crises (Anton & Nucum 2020). The IRMSA Risk Report stresses the necessity of employing risk management to navigate operations and mitigate uncertainty (IRMSA, 2022).

Risk can be described as the expectation of an inauspicious event to transpire, the possibility of experiencing undesirable and detrimental outcomes as a result of an occurrence, and the unpredictability and gravity of the repercussions associated with an action concerning something that individuals hold dear (Khalil-Oliwa, 2019). Risk management is widely acknowledged as an essential element in fostering business success due to its proactive approach in minimising potential hazards and leveraging advantageous circumstances to enhance goal attainment (Hanggraeni, Ślusarczyk, Sulung & Subroto, 2019). The sustainability of an organisation is correlated with the implementation of a robust risk management methodology (Nasr et al., 2019).

A suitable and established risk culture is the most essential contributor to effective risk management despite being a scarce element (Silva, Silva & Chan, 2019). Prior research and practice indicate that the attitude of individuals and organisations significantly impacts whether risk management lives up to its reputation (Rabambi, 2021). Corporate misconduct has emphasised the need for the board of directors to evaluate a broader range of risk within organisational environments of increased supervisory mediations and risk management practices that stakeholders view as effective and justifiable for business expenditure (Wibowo et al., 2022).

The top ten risks in South Africa, according to the IRMSA (2022), include physical unemployment and underemployment, uncontrollable fraud and corruption, governance failures in the public and private sectors, uncertainty surrounding state

policy, legislative and controlling changes, macroeconomic fluctuations, ineffective leadership, cyber-attacks and their withheld information, and a scarcity of skilled personnel. It is imperative that risk management is not the exclusive domain of the risk function within an organisation. Rather, there should be transparent communication within the organisation instructing all personnel who comprehend the concept to assume responsibility for risks in their respective operational domains (Mutevhe, 2019).

The IRMSA (2022) promotes the evaluation of risk exposures linked to the governance, information systems, and processes of an organisation. These risks pertain to the entity's ability to accomplish its intended goals, the reliability and accuracy of financial and operational data, the efficiency and effectiveness of programmes and processes, the safeguarding of assets, and compliance with policies, regulations, and agreements.

In conclusion, risk management is essential for South African organisations to address the challenges of the country's uncertain future and promote any opportunities that may arise. Organisations should align their risk management process with their strategy and develop a comprehensive and lucid risk assessment methodology (IRMSA, 2022).

2.6.1 Risk Management in Municipalities

Risk Management in municipalities differ to that of private organisations in terms of accountability structures and is guided by different legislative prescripts as set out in the Municipal Finance Management Act (MFMA). In the public sector, there is an increasing demand for management to justify implementing a competent internal control system and sound governance practices within their respective areas of responsibility (Silva et al., 2019). The duties of the accounting officer of a municipality in charge of overseeing the financial administration of the municipality are delineated in Section 62 of the MFMA (Petersen, 2019). It is the responsibility of the accounting officer to implement reasonable measures in order to guarantee the effective, efficient, and cost-effective utilisation of municipal resources (Setino, 2018). Furthermore, it is imperative that they maintain comprehensive and precise documentation pertaining to the financial matters of the municipality, adhering to all relevant regulations and guidelines (Langa, 2021). In accordance with the prescribed norms and standards, the officer is also accountable for establishing and maintaining transparent, efficient, and

effective financial and risk management systems, internal control, and internal audits (Motuba, 2014). In addition to other losses, the accounting officer is responsible for preventing unauthorised, irregular, futile, and wasteful expenditures (Maleka, 2016).

Auditing plays a crucial role in fostering effective governance in the public sector, and comprises formulating and accomplishing objectives within the public sector (Dichabe, 2020). In addition, these efforts include upholding the legitimacy of public-sector entities, promoting equitable service distribution and assuring ethical behaviour among government employees, thereby reducing the likelihood of instances of public corruption (Adebayo & Ackers, 2023). In the public sector, enhancing the IAF has assumed the utmost importance in enhancing public confidence in their operations (Richard & Odendaal, 2020).

According to the IIA (2018), internal auditing is a distinct, unbiased assurance and advisory function that seeks to enhance an organisation's operations by providing value-added services. Peterson (2019) asserts that organisations are able to achieve their objectives with the aid of a systematic and disciplined approach to assessing and improving the efficacy of risk management, control, and governance processes. Internal auditors are primarily tasked with enhancing the value of the organisation and mitigating its risks, according to this definition.

Establishing an effective internal control system within the context of SCM, a crucial component of public procurement operations, has arisen as a determining factor in the South African public procurement landscape (Forte & Barac, 2015). This study's primary objective is to investigate the realm of local government that has the greatest impact on individuals and functions as the central hub for service delivery.

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

Over the course of the last twenty years, procurement reforms have brought about significant changes to the supply chain of the public sector in South Africa (Richard & Odendaal, 2020). The procurement reforms, which commenced in 1995, had two overarching objectives: firstly, to advance good governance principles; and secondly, to implement a preference system in order to achieve socio-economic goals (Motuba, 2014).

In order to commence and execute the reforms, the SCM division of the National Treasury in 2001 concluded a collaborative country procurement assessment review (CPAR) with the World Bank, which examined public sector procurement practices in its entirety (Haarhoff, 2019). Certain shortcomings in the governance, interpretation, and implementation of the PPPFA and its related regulations were identified by the CPAR (Forte & Barac, 2015).

Sicelo Shiceka, who entered office in 2009 as the Minister for Cooperative Governance and Traditional Affairs (COGTA), initiated Operation Clean Audit (OCA) 2014 (Dichabe, 2020). It constituted the pivotal intervention in the prospective Zuma administration's strategy to "reorient" local governance. By 2014, all provincial and municipal departments were required to have undergone a spotless audit of their financial statements (OCA 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). Administrators were subsequently appointed by the national and/or provincial governments to supervise and manage the day-to-day activities 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.

The next sections will provide a succinct overview of the unique challenges in terms of SCM risks currently facing the public sector in South Africa.

2.6.2.1 Deviation from SCM Procedures

Compliance plays a crucial role in ensuring the alignment of an organisation's established goals (Sobb et al., 2020). The AGSA (2021) identifies the following prevalent types of non-compliance within SCM:

The section of the code of conduct relating to 'declaration of interests' is not consistently followed.

SCM units frequently experience capacity issues, necessitating additional SCM training.

There is insufficient internal surveillance. The database of restricted suppliers is not thoroughly and consistently examined.

Existing risk assessment and fraud management procedures are considered inadequate.

Additionally, SCM processes are not examined by the IAF.

2.6.2.2 Non-compliance with Policies and Regulations in Municipalities

Noncompliance with laws and regulations constitutes a substantial obstacle for SCM, as it gives rise to a multitude of unethical practices stemming from improper utilisation of the preference points system and noncompliance (Langa, 2021). According to Astuty et al. (2021), selecting service providers without adhering to SCM policies is illegal.

2.6.2.3 Disclosure of Confidential Information Without Authorisation

Engaging in the disclosure or use of confidential information for personal benefit is considered unethical (Setino, 2018). This unscrupulous conduct can result in a loss of the company's reputation in terms of handling confidential supplier information (Maleka, 2016). Information pertinent to interventions, emerging technologies,

advances in research, manufacturing procedures, strategic initiatives and quality data must be handled with extreme care (Gurtu & Johny, 2021).

2.6.2.4 Absence of Adequate Accountability and Control Mechanisms

It is critical in SCM to establish transparent channels of accountability for officials, particularly considering the sensitive and confidential information that is managed (Ghadge et al., 2020). Performance misconduct can occur when there is a lack of effective communication between different control mechanisms or inadequate supervision of contractors, particularly in domains that are ambiguous and have limited transparency standards (Sharma et al., 2022). Inadequate surveillance of measures could also increase the likelihood of corruption (Caiado et al., 2022).

2.6.2.5 Lack of Interdepartmental Database Links

All SCM departments and municipalities must maintain a supplier database for purchasing products and services (Prinsloo & Maroun, 2021). Nonetheless, these companies have the potential to be formally registered in multiple government databases in order to partake in a variety of bid processes. The lack of a connection between the departments and the absence of a monitoring system makes it difficult to determine whether the corporation solicits other departments' proposals (Nkwanyana & Agbenyegah, 2020). The absence of linkages between the databases results in a lack of communication.

2.6.2.7 Difficulties in Infrastructure and Construction

The existing infrastructure pertaining to the implementation of a preferential procurement framework is not conducive to adequately educating small, medium, and micro enterprises (SMMEs) about the tendering process (Nkwanyana & Agbenyegah, 2020). The majority of SMME proprietors have a limited understanding of the tender submission requirements (Langa, 2021). The process as it relates to the bidding process that SMMEs need to adhere to entails the following: registering on the Central Supplier Database to be eligible to submit an offer, understanding the requirements of BBBEE accreditation, completing the standard bidding documents and providing technically compliant Construction Industry Development Board (CIDB) documents. The completion of these bid documents must demonstrate clarity and precision when addressing bid requirements. It, thus, is suggested potential SMME bidders should be

given opportunities to engage in seminars and workshops to familiarise themselves with the selection criteria and other relevant information regarding the bidding process (Maleka, 2016).

2.6.2.8 Insufficient SCM Framework Transparency

Due to a lack of transparency within its SCM processes, the public sector continues to confront significant obstacles (Gurtu & Johny, 2021). To expedite and improve the system, extensive research has been conducted and comprehensive training programmes have been implemented (Haarhoff, 2019). Despite these efforts, it must be acknowledged that certain problems persist. SCM presents several transparency-related challenges; these include a lack of clarity on SCM processes for prospective vendors, inadequate information provided in tender documents and non-competitive methods (McGee, 2009).

2.6.2.9 Lack of Adequate Demand Management and Planning

The significance of planning resides in its function as the initiator of the process. Ultimately, evaluating, formulating and analysing specifications and market conditions leads to aligning identified requirements with the available budget (Sobb et al., 2020). The department of demand management confronts difficulty in receiving demand plans from end-user departments on time. The planning stage holds significant importance within the supply chain as it serves as a reference point for attaining pre-established goals (Dichabe, 2020). During this phase, it is essential to identify the approach to shared decision-making that prioritises the delivery of appropriate products and services at the appropriate location and time (Motuba, 2014).

2.6.2.10 Restricted Effectiveness of Black Economic Empowerment

According to the official position of the Government of the Republic of South Africa, the implementation of BBBEE was intended to address historical disparities by providing Black communities with opportunities for meaningful participation in corporate enterprises (Maleka, 2016). Following this, the BBBEE Act was implemented with the intention of promoting the growth and availability of prospects for small enterprises and employees. This legislation is intended to facilitate disadvantaged organisations' ownership and management (Mutevhe, 2019). As legislated by the Preferential Procurement Regulations 2017 (and the 2022 revised Regulations), municipalities are

prescribed to apply the Preferential Procurement Regulations to determine the highest scorer who will be awarded the contract. The now revised Preferential Procurement Regulations (2022), gives municipalities the option to choose how the scoring for goals will be allocated. Goals being the 20 points when applying the 80/20 scoring and the 10 points when applying the 90/10 scoring model. Where municipalities choose to have BBBEE as a goal, the BBBEE Act governs the elements that ultimately lead to the suppliers BBBEE score. The effectiveness of this application is still lacking as many small businesses fail to comply to the requirements of the BBBEE Act.

2.6.2.11 Corruption and Fraudulent Behaviour by Municipal Officials

Despite accountability and control mechanisms being in place as explained in section 2.4.4.4 above, municipalities still face challenges relating to corruption and fraud. The term 'corruption' encompasses a wide range of illegal actions. Although a universally accepted definition of corruption eludes us, prevailing definitions underscore the exploitation of public office or authority for personal benefit, thereby undermining equitable competition (Institute of Chartered Accountants in England and Wales [ICAEW], 2018). Corruption varies widely in nature and scope, necessitating diverse strategies and countermeasures to combat and reduce its continued enactment (Petersen, 2019). Bribery, which involves the offering or promise of an unwarranted financial or non-financial advantage by a director, officer, employee, or agent of a private enterprise, with the intention of obtaining an illicit advantage or acquiring or retaining a business, is classified as a form of corruption (Richard & Odendaal, 2020). It is imperative that no one be held liable for remunerating a government employee, official, or any other party engaged in a contractual payment (Maleka, 2016). Furthermore, it is imperative to refrain from involving intermediaries, including consultants, agents, subcontractors, or third parties, in these types of transactions (Langa, 2021).

2.6.2.12 Conflict of Interest

As defined above in section 2.6.2.4 even with the presence of accountability mechanisms, municipalities still face issues with regard to conflict of interest. A conflict of interest occurs when a person or organisation is placed in a position in which where their personal or financial interests may compromise their impartiality or ability to make objective decisions (Mutevhe, 2019). Public officials frequently use their positions for

gaining illegal personal financial gain (Petersen, 2019). The impact of supplier incentives on the impartiality and transparency of SCM in both the public and private sectors is undeniable. In several South African industries and enterprises, it has been observed that certain individuals employ their spouses and those with disabilities to protect their reputations and secure government contracts (Langa, 2021). The PPPFA implementation (Act 5 of 2000) discourages such practices.

Ribambi (2021) argues that the involvement of consulting firms or contractors in government procurement may result in the emergence of potential conflicts of interest. The mitigation of this concern necessitates the enforcement of vigilant policies. It is of the utmost importance that public officials involved in government procurement, specifically those holding positions such as chairpersons, members of the three SCM committees, and those in charge of tender openings and consultants, refrain from any potential conflicts of interest with their official duties (Setino, 2019). According to the regulations governing SCM for municipalities, it is required to disclose in the municipality's annual financial statements any instances in which a bid was awarded to a close relative of a state employee or a former government employee within the previous 12 months (Maleka, 2016). In order to prevent corruption in the supply chain, measures are taken to ensure that suppliers do not engage in corrupt activities when supplying goods and services. If suppliers are discovered to be engaging in such practices, their proposals will be rejected (Dichabe, 2020).

2.7 Enablers of SCM

Enablers of SCM in the context of this study are mechanisms/processes in place that can assist in the success of the SCM function. The enablers serve as foundational elements for the execution of supply chain operations, and their interplay influences the overall supply chain performance. These facilitators should assist in the formulation of supply chain strategies that are in accordance with collaborative goals. To ensure SCM is implemented successfully certain enabling strategies are required, one example being performance assessments. The fundamental aim of performance assessment is to ascertain the degree of alignment between the supply chain strategy, company strategy, objectives, goals, and performance indicators (Rabambi, 2021). In order to attain strategic excellence, the supply chain strategy, objectives and goals must align with and reinforce the organisation's competitive strategy (Mutevhe, 2019).

2.7.1 Capable Human Resources Augmented with Relevant Training

Establishing proficient human resources (personnel) and training is crucial in addressing the intricate nature of contemporary SCM (Anton & Nucu, 2020). This field necessitates individuals with a wide array of skills that can be effectively used in demanding scenarios. Skills refer to a business's unique talents, that are crucial for effectively executing SCM initiatives (Nasr et al., 2019). Municipalities must allocate resources towards enhancing the skill sets of SCM experts in order to maintain their strategic positioning. The concept of training ought to be regarded as an investment that has the potential to enhance worker productivity and operational efficiency (Hanggraeni et al., 2019). It is imperative that training programmes prioritise the dissemination of necessary knowledge and skills to personnel, empowering them to carry out designated responsibilities in accordance with pre-established criteria (Mutevhe, 2019). Employee training in SCM should additionally place emphasis on fostering the growth of self-regulation abilities. Self-regulation is a term used to describe the internal and transactional mechanisms by which people direct their goal-directed behaviours in an effective manner (Khalil-Oliwa, 2019).

2.7.2 Proper Organisational Design

The efficacy of organisational design significantly impacts the effectiveness of SCM and, consequently, the company's overall performance (Silva et al., 2019). In order for SCM to achieve optimal effectiveness, the structure of SCM must be in alignment with both the business structure and strategy. The significance of SCM within an organisation is contingent upon its placement within the organisational structure and its corresponding reporting lines (Mutevhe, 2019). The organisational structure within municipalities needs to follow the same principles as those that apply to other businesses. Municipalities, however, need to remain within the provisions of different legislative prescripts such as the Municipal Structures Act 117 of 1998 as well as the Local Government Staffing Regulations, 2021.

The most senior supply chain officer occupies the top-level executive position and holds exclusive accountability for overseeing the SCM function within an organisation (Astuty et al., 2021). Adopting organisational structures is contingent upon various factors, such as the specific business context, operational scale and inherent characteristics of the organisation (Wibowo et al., 2022). Consequently, there is no

universally prescribed framework that all organisations must adhere to, leading to diverse organisational structures across different businesses (Gurtu & Johny, 2021). When organisational structures are appropriately formed, the role and objectives of SCM will be delineated.

One of the primary aims of SCM is to establish an efficient organisational framework comprising skilled and driven personnel dedicated to the company's fundamental goals and its collective vision (Mutevhe, 2019).

2.7.3 Enabling Information Technology Systems

The acquisition and dissemination of information play a pivotal role in the effective management of supply chains (Ghadge et al., 2020). By facilitating the harmonious collaboration of many drivers, information establishes a cohesive and synchronised supply chain system (Zhou et al., 2019). The reception and understanding of this information facilitates communication inside organisations regarding the tangible and monetary aspects of products and ensures the timely fulfilment of service requirements (Hoang & Phang, 2021). Global technological advancements have created diverse information technology software and platforms that facilitate the exchange of information/knowledge (Mishra et al., 2022). A key characteristic of these systems, software, or platforms is their ability to gather and transmit information in real time (Di Vaio et al., 2023). It is important to note that the National Treasury provides the framework for any financial system utilised by a municipality, namely the Municipal Regulations on a Standard Chart of Accounts (MSCOA).

SCM systems encompass a range of applications, such as Supplier Relationship Management (SRM), Customer Relationship Management (CRM), Enterprise Resource Planning (ERP), Decision Support Systems (DSS), Transportation and Warehouse Planning Systems and Execution Systems (Caiado et al., 2022). An excellent information technology (IT) system can significantly enhance the efficiency and effectiveness of SCM (Tsolakis et al., 2021). Using SCM Information and Communication Technology (ICT) tools can help professional buyers redirect their focus from mundane to strategic responsibilities (Dai & Tang, 2022). Implementing suitable information and communication technology (ICT) systems can revolutionise SCM by enabling automation, expanding the availability of diverse supplies and promoting equitable and transparent competition (Anbumozhi et al., 2020).

2.7.4 Appropriate SCM Measures and Measurement Systems

The objective of performance management is to establish suitable SCM metrics and measurement systems. Performance measures play a crucial role in enhancing market reputation and generating income, with SCM performance measures offering a fresh lens through which to evaluate operational performance (Janse van Vuuren, Mans-Kemp & Viviers, 2022). Recently, there has been an introduction of supply chain measurement models, nonetheless, these models must be connected with the business strategy (Gurtu & Johny, 2021). Determining performance measures in SCM necessitates a comprehensive strategy that considers the broader organisational corporate objectives.

The primary aim of performance measurement in SCM is to operationalise the supply chain strategy and establish a framework for monitoring and assessing performance (Mutevhe, 2019). Performance management is both the responsibility of the end users and the SCM unit. The process of cascading performance measurements from the uppermost echelons of an organisation to its lower levels is a crucial aspect of ensuring their effectiveness (Langa, 2021). In order to optimise its overall performance, an organisation must formulate its supply chain strategy in accordance with its comprehensive business strategy, thereby ensuring a seamless integration of the two approaches (Petersen, 2019).

Five distinct categories comprise the SCM performance metrics: cost, quality, time, supplier performance, and customer satisfaction (Gurtu & Johny, 2021). The principal aim of performance management systems is to ensure alignment between organisational strategy, supply strategy, employee conduct, performance metrics, and the objectives and goals of the corporation (Bantleon, d'Arcy, Eulerich, Hucke, Pedell & Ratzinger-Sakel, 2021).

The combined assurance approach to risk management is the solution to the above risk areas identified in SCM. The next section will detail the concept of combined assurance.

2.8 Combined Assurance

2.8.1 Defining Combined Assurance

The concept of combined assurance can be historically identified in King III, the third edition of the King Code on corporate governance for South Africa (IoD, 2009). Integrated and aligned assurance procedures within an organisation to enhance governance oversight and control efficiencies, optimise overall assurance to the audit and risk committee, and consider the company's risk appetite are the objectives of combined assurance, according to King III (IoD, 2009). 'Integrated assurance' and 'coordinated assurance' are contemporary definitions of combined assurance (PricewaterhouseCoopers [PwC], 2015).

According to Sibanda et al. (2020), it is essential to pay the same amount of attention to governance in the public sector as in the corporate sector. This practice is necessary because unethical behaviour in the corporate sector has consequences for the company's shareholders, while unethical behaviour in the public sector has equally detrimental repercussions for citizens (Dmitrenko, 2017).

The combined assurance model, as recommended by the King Report III (IoD, 2009), aims to optimise the level of confidence acquired from various sources, including internal and external assurance providers, management, and risk areas that significantly affect an organisation. According to a study by Maroun and Prinsloo (2020), it is crucial for the audit committee to supervise the efficacy of the combined assurance framework of an organisation and guarantee that critical risks are adequately managed.

The objective of a combined assurance model is to optimise the level of confidence that is instilled in the organisation's risk areas by management, internal and external assurance providers (Adebayo & Ackers, 2023).

According to the King IV Report on Corporate Governance (2016:68), it is the duty of the board of directors to ensure that assurance functions are in place and that they are strategically aligned with the risk concerns of the organisation. The primary factor contributing to the underperformance of South African municipalities, according to an examination of governance (PwC, 2015), was the presence of insufficient governance frameworks. According to the King IV Report (2016:68), to enhance the effectiveness

of the combined assurance model's duties, it is suggested that the audit committee undertake the verification of internal control environment-establishing measures to ensure their existence and correct operation.

The objectives include the imperative for leadership to maintain the accuracy of information utilised in the decision-making process and to ensure the veracity of external reports (Richard & Odendaal, 2020). Due to the difficulties associated with implementing appropriate governance frameworks, there has been an increase in demand for auditors with expertise in governance, risk and compliance (Forte & Barac, 2015). These problems have provoked board concerns over the costs and oversight involved (Masegare, 2018).

The King IV Report (2016) also describes the various elements of the combined assurance model that should be present in organisations. These elements include operational departments accountable for owning and managing risks, risk specialists who oversee the risk management function, internal auditors who conduct forensic fraud evaluations, occupational health and safety assessors and legal actuaries (IoD, 2016). In addition, the model incorporates independent external assurance providers, such as external examiners, sustainability and environmental evaluators, independent actuaries and independent forensic fraud and forensic auditing specialists (Wibowo et al., 2022). The report accentuates the significance of policy examiners in this model even further (IoD, 2016:68).

Management has a strong propensity to value the perspectives of internal auditors regarding the governance, risk and compliance activities conducted within their respective firms (Maroun & Prinsloo, 2020). Internal Auditors (IAs) are responsible for routinely evaluating appropriate governance frameworks and conducting monitoring tests (Petersen, 2019). This responsibility is a fundamental obligation of the IAF, and if evaluated consistently, it would contribute to the improvement and sustainability of governance frameworks vital for municipalities (Dichabe, 2020). Failure to periodically assess frameworks or a lack of monitoring of governance can lead to non-performance by municipalities, resulting in the depletion of public resources and harming the economy (Khalil-Oliwa, 2019).

The next section of this thesis will further detail the specific challenges in municipalities as it relates to combined assurance.

2.8.2 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). The challenges faced in supply chain management (SCM) are as follows: fragmented municipal laws, inadequate compliance with SCM policies, regulations, and procedures, substandard contract management, misalignment between strategic sourcing and SCM policies and regulations, insufficient demand planning and budget integration, occurrences of fraud and corruption, and insufficient monitoring and evaluation of SCM activities (as shown in Table 2.2 below).

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.

Table 2.2: SCM Challenges

Challenge	Author (s)
Fragmentation of laws	National Treasury (2015), Jones (2007), Mofokeng (2012), Tukuta and Saruchera (2015)
Non-compliance with SCM regulations, policies and processes	Mathee (2006), Van Zyl (2006), Ambe and Badenhorst-Weiss (2012), Kiage (2013), Uromi (2014), National Treasury (2015)
Poor implementation of contract management	Accenture (2010)
Misalignment of strategic sourcing and SCM policies and regulations	Liebenberg (2012), Accenture (2010)
Inadequate planning and the linking of demand to the budget	Tsei-tseimou(2016), Wanyama (2010), Ambe and Badenhorst-Weiss (2012), Hunja (2009), Uromi (2014)
Fraud, corruption and high rise of irregular and fruitless expenditure	Tsei-tseimou (2016), National Treasury (2015), Uromi (2014), Mahmood (2010)
Inadequate monitoring and evaluation of SCM performance	Tsei-tseimou (2016), National Treasury (2015)
Ineffectiveness of the black economic empowerment (BEE) policy	Ambe and Badenhorst-Weiss (2012), National Treasury (2015), Africa Vukani (2012)
Lack of sufficiently skilled SCM workforce	Ambe and Badenhorst-Weiss (2012), Mobu (2011), National Treasury (2015)

Source: (Setino, 2018:29).

2.8.3 Success Factors in Combined Assurance

The success of implementing combined assurance depends on several factors, including a well-developed enterprise risk management framework, establishing a clear assurance strategy and a thorough understanding of the concepts of integration and assurance (Rabambi, 2021). The establishment of an enterprise risk management (ERM) framework is essential for identifying potential events that could impact an organisation and managing risk within the organisation's predetermined risk tolerance (Forte & Barac, 2015). This framework facilitates identifying and managing risks, thereby establishing the full scope of potential threats an organisation may face (Masegare, 2019).

The development of an assurance strategy occurs after the establishment of the business strategy by executives and the board of directors (Adebayo & Ackers, 2023). This procedure involves the identification of critical hazards that have the potential to hinder the organisation's capacity to accomplish its strategic goals. On the basis of these threats, an all-encompassing combined assurance strategy is constructed.

Assurance services guarantee the efficient and effective management of the principal risks associated with the strategy and the critical processes that underpin the strategy (Maroun & Prinsloo, 2020).

A significant correlation has been identified between assurance, risk management, and business strategy (Wibowo et al., 2022). After administrators and the board of directors have established a business plan and identified critical risks that may hinder the organisation from attaining its strategic objectives, an assurance strategy is formulated (Mutevhe, 2019). Assuring the effective management of the primary risks associated with the strategy and supporting processes is the objective of the assurance function (Abraham, 2020).

A thorough understanding of integration and assurance is required for effective execution. Management may lack regard for assurance providers or disregard their work because their time spent on corporate affairs is compromised (Zhou et al., 2019). In addition, assurance providers use specialised language to describe their actions, that may be incomprehensible to management (Hoang & Phang, 2021).

A comprehensive risk management framework, a well-articulated assurance strategy, and a shared understanding of integration and assurance principles are indispensable to successfully implementing combined assurance (Dmitrenko, 2017). Assurance is a systematic and impartial evaluation to offer an autonomous assessment of an organisation's governance, risk management and control procedures (Rabambi, 2021). Before incorporating assurance activities, it is necessary to establish a precise definition of assurance and to comprehend its components and implications in depth. Internal audit, external audit, risk, compliance, and forensics are control functions that comprise the combined assurance framework (Anton & Nucu, 2020). Due to its perceived divergence from the conventional definition of assurance, operational management, a crucial component of organisational processes, is frequently neglected in discussions regarding assurance (Abraham, 2020).

Establishing a standardised assurance methodology is necessary to maintain uniformity among assurance providers (Zhou et al., 2019). This methodology refers to the shared terminology or taxonomy assurance providers use to delineate risks and controls, evaluate risk levels and generate reports. A shared language can effectively promote communication and comprehension among management and assurance

providers, allowing them to assess the potential outcomes and probabilities associated with high or medium risks (Dmitrenko, 2017).

The successful implementation of combined assurance depends on management 'buy-in' and establishing a commanding tone at the top (Abraham, 2020). To allocate resources, including financial, temporal and human, for the successful implementation of the programme, it is essential to obtain senior leadership's support and commitment at the outset (Dmitrenko, 2017). The tone set at an organisation's highest levels significantly impacts the risk culture that permeates the entire organisation (Hanggraeni et al., 2019). In the context of combined assurance, the participation of all other assurance providers is crucial, and the coordinator must actively engage them to secure their commitment (Hoang & Phang, 2021).

Implementing combined assurance is a process that requires considerable time and effort instead of being a straightforward task (Silva et al., 2019). Establishing and integrating effective assurance mechanisms is a journey that organisations must undertake step-by-step. It has been advised by the IIA (2018) that the implementation process should not be rushed and that allocating sufficient time to execute it effectively will maximise positive outcomes (Hoang & Phang, 2021). Implementation can be successful if top-level executives and the board of directors endorse and support the initiative (Abraham, 2020).

It is critical to foster organisational comprehension of the notion of combined assurance, as both management and assurance providers must thoroughly comprehend the potential benefits and outcomes associated with implementing combined assurance practises (Zhou et al., 2019). To secure the support and commitment of senior management, training and awareness initiatives could be utilised (Dmitrenko, 2017).

The presence of a coordinator or champion is mandatory for the effective execution of combined assurance. In the reviewed scholastic literature, there is an ongoing discussion regarding the primary assurance provider responsible for driving the adoption of combined assurance (Hoang & Phang, 2021). Due to their capacity to provide the highest level of internal assurance, internal auditors have a notable tendency to assume responsibility for leading the implementation process (Nasr et al., 2019). It is widely accepted that the has a deeper understanding of an organisation's

governance structure, risk management, and control frameworks (Abraham, 2020). In addition, it is the only internal entity capable of assessing the competence and effectiveness of other assurance providers.

In reviewed literature, scholars have presented arguments advocating for ERM to take the lead in implementing the programme, given that combined assurance is a crucial element of risk management (Hanggraeni et al., 2019). Regarding reciprocal interdependence between risk and combined assurance, the risk function should assume a leadership position (Silva et al., 2019). The ERM structure and processes, that fall under the responsibility of the risk function, play a vital role in the identification, evaluation and management of risks within the organisation (Silva et al., 2019). Nevertheless, it is recommended that despite the risk function's role as the coordinator, it cannot assume the responsibility of combined assurance due to the requirement of an independent assurance provider to manage it (Nasr et al., 2019).

Once a coordinator has been selected, it is essential to establish a combined assurance committee with the coordinator functioning as its chairman (Dmitrenko, 2017). The committee must meet regularly to ensure the systematic organisation and synchronisation of all assurance efforts within the organisation (Abraham, 2020). The absence of a committee that meets routinely poses a potential obstacle to the successful implementation of the project, because it hinders the coordination of various operations (Zhou et al., 2019). This circumstance may cause assurance providers to become dissatisfied and revert to their customary practice of operating independently.

The establishing of a structure of accountability is essential to facilitate the deployment of combined assurance (Hoang & Phang, 2021). However, the implementation of combined assurance within organisations often encounters obstacles, such as a lack of management support, underdeveloped assurance operations, a lack of confidence among assurance providers and a failure to share pertinent information, such as scoping documents and the results of assurance activities (Prinsloo & Maroun, 2021).

In conclusion, successfully implementing combined assurance measures requires incorporating coordination, reliance and responsibility (Abraham, 2020). Organisations must confront and overcome these challenges to ensure the successful implementation of this programme.

2.8.4 Benefits of Combined Assurance

The concept of combined assurance entails the integration of multiple assurance operations within an organisation to improve risk management and governance as a whole. Implementing combined assurance has several benefits.

Minimise Overlap: combined assurance seeks to reduce redundancy in assurance activities by efficiently integrating multiple roles, such as internal audit, compliance and risk management (Dmitrenko, 2017). This practice ensures the effective use of resources, thereby averting redundant evaluations and audits (Abraham, 2020).

Streamlined Reporting: combined assurance facilitates streamlined reporting by consolidating assurance activities (Zhou et al., 2019). The tool provides a comprehensive view of an organisation's risk landscape, facilitating the comprehension and application of vital information by decision-makers (Nasr et al., 2019).

Enhanced Risk Management: by implementing combined assurance, organisations can identify, evaluate and address risks comprehensively and more effectively (Hanggraeni et al., 2019). This integrated approach enables a more comprehensive understanding of risks across numerous departments and functions, leading to the development of more effective methods for mitigating hazards (Silva et al., 2019).

Improves Confidence: combined assurance increases stakeholders' confidence in the risk management and control environment of an organisation, including management, committees and regulators (Dmitrenko, 2017). The presence of confidence has the potential to improve the quality of interactions with stakeholders and cultivate a greater level of trust in the operational activities of an organisation (Silva et al., 2019).

Standardised Messaging: combined assurance establishes standardised communications regarding organisational risks and controls (Wibowo et al., 2022). This practice ensures that all relevant stakeholders have a uniform understanding of the risk environment and the management methods implemented (Hanggraeni et al., 2019).

Essentially, implementing combined assurance in organisations confers a strategic advantage because it enables the optimisation of resources, the improvement of risk

management practises and the instilling of greater confidence in the organisation's governance and control mechanisms in its stakeholders (Abraham, 2020). The holistic approach to assurance can potentially improve an organisation's performance and resilience (Zhou et al., 2019).

Many private organisations are utilising the combined assurance approach and, thus, reaping many benefits and successes, therefore, municipalities can likewise benefit from adopting this approach.

The fundamental aim of this study was thus to investigate the '*adoption of combined assurance in the SCM in the Cape Winelands District Municipalities in the Western Cape*'.

2.9 Analytical Framework

2.9.1 King III and King IV on the three lines of defence

King III implemented the three lines of defence to illustrate the notion of combined assurance. Each of the three lines of defence serves a unique purpose within the broader risk and control framework of the organisation (IIA, 2018). Additional support for this claim is offered by Bantleon et al. (2021), who underscore the significance of understanding the functions and obligations of each line of defence. They specify that the initial line of defence, operational management control of risks, ought to be accountable for both the controls and risks, encompassing management oversight and supervision. These controls and dangers should be monitored by the second line of defence. It ought to involve establishing and directing the risk management framework and internal control structure in collaboration with the business, as these components are integral to the company's daily operations and supervision. The internal audit, which provides an independent assurance (refer to Table 2.3 below), constitutes the third line of defence.

Table 2.3: Summarised Roles in Three Lines of Defence

First Line of Defence	Second Line of Defence	Third Line of Defence
Operational Management: To own and manage risks	Management of Risk: To provide risk oversight	Independent Assurance: To provide independent assurance

Source: (IIA, 2018).

The King IV framework improves the criteria for a combined assurance model by removing the requirement to employ the three lines of defence paradigm as outlined by the IoD (2016). To ensure that the organisation's material matters and substantial risks are adequately addressed, the board of directors must implement a combined assurance model (Masegare, 2018). The proposed model ought to encompass a diverse array of assurance services and functions. These should consist of statutory actuaries and independent auditors, line functions of the organisation tasked with risk management, specialised functions supervising compliance and risk management, internal auditors, internal forensic fraud examiners and auditors, safety and process assessors, and others (Maroun & Prinsloo, 2020). The King IV report prominently emphasises the role of line function in assuming ownership and management of risks, with a specific focus on SCM for this study (IoD, 2016). The notion of combined assurance and the function of line departments strive to demonstrate efficient risk minimisation (Mutevhe, 2019).

King IV (2016:68) identifies the following as appointed assurance providers by the governing body who play a crucial role in the combined assurance strategy:

Line function of the organisation responsible for owning and managing risks,

The specialised functions of the organisation that supervise and facilitate risk management and compliance,

Safety and process assessors, statutory assessors and statutory actuaries, internal auditors, internal forensic fraud examiners and auditors, external actuaries, external actuaries, external actuaries, external forensic fraud examiners and auditors, and

regularity auditors are all examples of external assurance service providers besides external auditors and regularity auditors.

Information technology risk management, internal and external audit management, enterprise risk management, regulatory risk management, and legal departments are the assurance providers in the municipal context.

2.9.2 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.

In the realm of risk management and control functions, the three lines of defence model and the concept of combined assurance are frequently described using a framework consisting of three lines of defence. Within each line of defence, there are support and essential functions (Bantleon et al., 2021). As stated by the IIA (2018), under optimal circumstances, a solitary line of defence would be adequate to ensure the efficacy of internal control systems and risk management. When confronted with practical circumstances, depending solely on one line of defence is often inadequate. Furthermore, it is crucial to implement strong defensive measures, according to White et al. (2020). Nevertheless, ensuring that these operations are coordinated is of equal importance.

The governance framework is enhanced through the facilitation of risk management for organisations by these three divisions (Wibowo et al., 2022). The three lines of defence execute monitoring and assurance operations to reassure senior management, boards, and board committees regarding the effective operation of risk and control systems (Abraham, 2020), in addition to their risk management functions. However, it is crucial to establish an exact definition of the accountability framework in order to ensure that every level of defence is cognisant of its respective obligations (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).

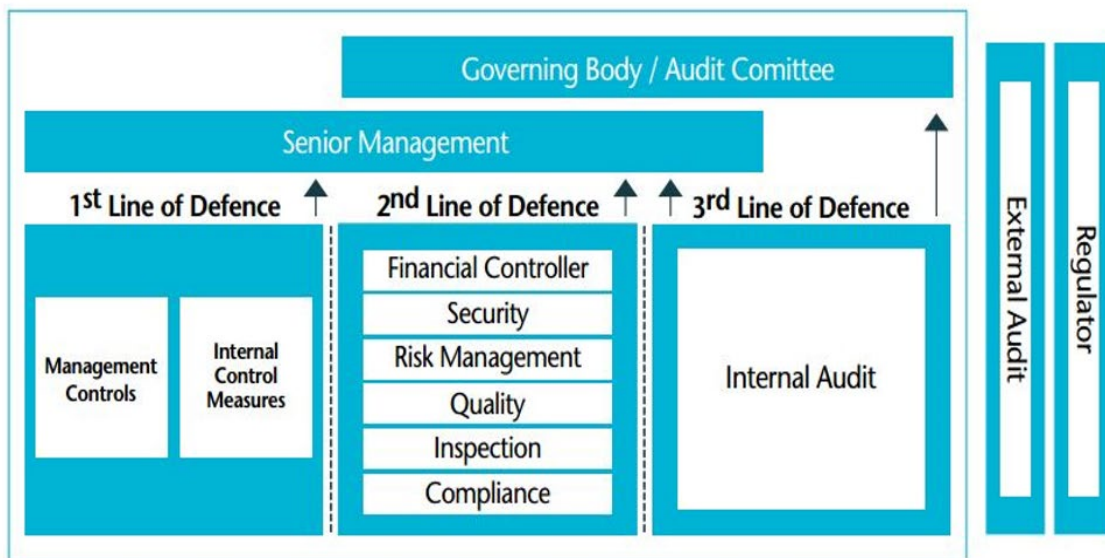


Figure 2.1: Applying the Three Lines of Defence to the SCM Environment

Source: (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).

The purpose of developing this framework was to aid organisations in the identification of the obligations and responsibilities of business divisions, the implementation of continuous risk management, and the maintenance of risk management activities (Masegare, 2018). When executed effectively, the three lines of defence facilitate discourse and evaluation that averts enterprises from disregarding potential financial disaster-causing risk factors and empowers them to adopt a proactive approach to risk management within the institution (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.

The initial line of defence often encompasses the functions responsible 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 comprises a multitude of duties tasked with the supervision of potential dangers, such as risk management, adherence to regulations, health and safety, environmental, and quality operations (Dichabe, 2020). The aforementioned functions support the execution of policies and procedures that are determined by the board of directors subsequent to the establishment of the strategic direction and risk tolerance of the organisation (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).

All external assurance providers tasked with aiding the board of directors in carrying out its supervision responsibilities comprise the third line of defence (Hoang & Phang, 2021). The IAF is widely acknowledged as a preeminent provider of independent assurance. The IAF assumes a vital function in furnishing impartial assurance concerning the efficacy of the risk management system and the proper handling of critical risks via an operational internal control system (IIA, 2018). Additional entities, including external auditors, professional evaluators, external credit agencies, and regulators, comprise the third line of assurance (Zhou et al., 2019). In situations where the IAF is deficient in the requisite expertise and skills, or when the risk domain surpasses the boundaries of the risk-based internal audit plan as delineated in the IIA guidelines 2010 (IIA, 2018), these functions provide independent assurance services to the board of directors.

Three hazard categories necessitate distinct risk management techniques: avoidable risks, strategic risks and external risks (IRMSA, 2022). Effectively and efficiently preventing and eradicating the occurrence of preventable risks is the principal objective of the risk management system (Anbumozhi et al., 2020). Therefore, for the purpose of effectively preventing and mitigating incidents, assurance operations must demonstrate the effectiveness of the risk management system (Ghadge et al., 2020). On the other hand, the principal objective of the risk management system pertaining to strategic risks is to efficiently reduce the likelihood and repercussions of said risks while upholding cost-effectiveness (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, in order 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).

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, that 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).

2.10 Chapter Summary

The primary areas of investigation in this research are organisational legitimacy and the agency and stakeholder theories of corporate governance in South Africa. This paper analyses the legal structure that regulates supply chain management and combined assurance in the context of local government. It emphasises the significance of comprehending the Auditor General's function in SCM. The national government has implemented regulations, including the Preferential Procurement Policy Framework Act and the MFMA SCM Regulations, to provide guidance for municipalities' SCM policies. The necessity for a robust risk culture is emphasised by the Institute of Risk Management in South Africa in this chapter, which further underscores the significance of risk management in South Africa. The challenges associated with SCM compliance, such as illicit activities, corruption, and conflicts of interest, were also addressed in this chapter.

SCM is a strategic approach that integrates multiple assurance operations within an organisation. It involves the three lines of defence model: operational management control of risks, monitoring of risks and controls, and independent assurance provided by internal audit. The three hazard categories include avoidable risks, strategic risks and external risks. The adoption of combined assurance in SCM in the Cape Winelands District Municipality in the Western Cape is crucial for effective risk management and governance. Key stakeholders in combined assurance include early identification of internal control weaknesses, risk mitigation or minimisation, implementation of internal controls and cost savings associated with contract management and litigation.

The next chapter outlines the research design selected for this study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

Given the significant role that public procurement plays in driving economic activity, the establishment of an effective government procurement system is an imperative goal. Government procurement constitutes a proportionate 12-14% of the gross domestic product in South Africa (Pillay, 2021). As a result, since it enhances the competitiveness of public procurement, establishing procurement procedure transparency is an essential indicator of efficient and effective governance. Given the current emphasis on procurement reform within the public sector, now is an opportune moment to enhance the procurement function's strategic value and underscore its pivotal function in enhancing efficiency and maximising the return on investment (Dadzie et al., 2022). Merely implementing transparent practices does not guarantee competitive public procurement; thus, South Africa must address the collusive practices of firms within the public procurement tendering system in order to optimise the advantages of the reform towards transformational and transparent procurement (Pillay, 2021).

This chapter outlines the research philosophy and paradigms used in this study. The the research design then is considered in terms of study philosophy, research approach, research strategy and methodology. The study population is discussed next with the sampling method and sample considerations. Then the research instrument, data collection procedure, data preparation and analysis processes are unpacked. The chapter concludes with an overview of the qualitative equivalents of validity and reliability with reflections on methodological limitations and ethical considerations.

3.2 Research Philosophy

A research philosophy is a set of beliefs regarding collecting, analysing and using data relating to specific circumstances. The researcher employs the research philosophy to determine which research methodology to implement in a study (Ghauri, Gronhaug & Strange, 2020). Brough (2019) defines research philosophy as beliefs and presumptions on knowledge development. Epistemology, ontology, axiology and

methodology are the four major philosophical perspectives referred to in the reviewed literature. The methodology employed in this study is discussed in section 3.4 below.

According to the ontological postulate, each phenomenon is associated with multiple realities rather than a singular reality (Pandey & Pandey, 2015). Furthermore, it is important to note that an individual's perception, interpretation, and experience of a particular phenomenon or scenario are influenced by their own unique reality experience (Leedy & Ormrod, 2016). Knowledge is assumed to be obtained through the meticulous depiction and profound understanding of subjective observation (Saunders, Lewis & Thornhill, 2019).

Axiology pertains to the ethical deliberations that necessitate attention during the formulation of a research endeavour. The philosophical process of arriving at valuable or accurate conclusions is scrutinised (Creswell & Poth, 2018). This procedure necessitates the recognition, evaluation, and comprehension of principles governing the proper and improper execution of the research procedure. For this reason, ethical considerations are outlined in section 3.12 of this chapter.

3.3 Research Paradigm

The term 'paradigm' refers to a basic collection of views that are held in common among scientists, a set of agreements regarding how problems are to be understood, how people view the world and, therefore, how they approach the process of conducting research (Ghauri et al., 2020). As a result, these paradigms incorporate a fundamental collection of ideas or assumptions that serve as a map for our investigation into a particular topic (Kamal, 2019). In light of this, authors such as Davies and Fisher (2018) have asserted that adhering to the research paradigm is the most highly recommended process for defining the parameters of a valid research study. This advice is extremely important because, by choosing a particular paradigm, the researcher can avoid dwelling on his or her philosophical knowledge and instead obtain a superior position chosen from all available options (Ugwu, Ekere & Onoh, 2021). Positivism, interpretivism and pragmatism are the primary paradigms utilised extensively in research (Rahi, 2017). The following sections discuss the positivist and interpretive paradigms and conclude with a discussion of pragmatism that comprises a mixture of the interpretive and positivist paradigms.

3.3.1 Positivist

The proponents of this paradigm believe that one can only acquire genuine knowledge through observation and experimentation (Zukauskas, Vveinhardt & Andriukaitiene, 2018). Positivists, therefore, typically favour the scientific method for producing knowledge. Positivism is referred to by various names, such as empirical science, scientific method, post-positivism, and quantitative research (Rahi, 2017). Positivism, according to Ugwu et al. (2021), asserts that reality is static and can be objectively observed or described. Based on the dualism approach and the utilization of structured questionnaires associated with a positivist research paradigm in this study the researcher and participants in the study design and data collection were separated to minimize bias.

3.3.2 Interpretivism

A researcher who subscribes to the interpretative paradigm places a premium on gaining in-depth comprehension of a subject and makes it a point to investigate and understand the world in which they live (Kamal, 2019). Individuals form unique interpretations of events and feelings towards particular entities (Leedy & Ormrod, 2016). Constructivism, social constructivism and the paradigm of qualitative research all follow this way of thinking (Davies & Fisher, 2018). Interpretivists believe the only way to obtain authentic knowledge is through careful subjective interpretation and consideration (Ghauri et al., 2020).

3.3.3 Pragmatism

The purpose of this paradigm is to identify the areas of the research that need improvement and then to attempt to bring about this enhancement by applying a mixed-method approach (Mujere, 2016). The proponents of this paradigm believe that a mixed-method approach is the most effective way to acquire accurate knowledge (Saunders et al., 2019). Instead of the method being the most significant factor, the problem itself should be prioritised and researchers ought to use all available strategies to comprehend the problem statement (Rahi, 2017). Researchers are free to utilise either quantitative or qualitative methods in their investigations and must focus on identifying the most effective research methods and procedures for resolving the problem statement (Creswell & Poth, 2018).

3.4 Research Design and Methodology

The term methodology encompasses the study design, methods, tactics and procedures used in a well-planned investigation to discover a particular phenomenon (Pandey & Pandey, 2015). Methodology, thus, includes the choice of the study's participants, the instruments employed as well as the data collection and data analysis processes (Leedy & Ormerod, 2016). In conclusion, the methodology describes the logical flow of the systematic procedures followed to gain insight into a study problem when conducting a research project (Brough, 2019). It includes the assumptions made, limits acknowledged and strategies for mitigation or minimisation of any anticipated problems (Saunders et al., 2019).

3.4.1 Philosophy of the Study

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.

In light of the objectives of this study, in conjunction with the discussion on philosophical stances in section 3.3 above, it is clear that 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 approach used in this study will now be described, followed by the research design strategy.

3.4.2 Research Approach

A good understanding of research methodologies is vital because it enables the researcher to focus the research and conduct an in-depth investigation of the research topic to make an informed decision about how to identify, approach and solve the

research problem (Brough, 2019). Azungah (2018) identifies two research approaches: deductive and inductive.

Deductive studies are those in which the researcher draws on theoretical knowledge and derives a hypothesis that must be empirically tested (Young, 2019). The deductive method progresses from theory to empirical evidence and is a variant of the scientific method and, as such, is ideal for quantitative research (Saunders et al., 2019). Inductive research employs the opposite approach to deductive research (Azungah, 2018).

Young (2019) defines inductive methodology as a procedure in which the researcher examines the phenomenon under investigation and draws a conclusion. In contrast to the deductive method, the inductive method is associated with phenomenological research and, therefore, is utilised in qualitative research (Brough, 2019). This research follows an inductive methodology since the researcher gathers empirical data in a social setting, conducts questionnaire-based interviews with participants, and then interprets the meanings linked to occurrences, thus, implying that the researcher proceeded from data to theory.

3.4.3 Research Strategies

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 predetermined 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). The researcher can then derive inferences from the viewpoints of others by studying multiple viewpoints on the same issue (Sousa, 2014). The phenomenological approach has solid philosophical underpinnings and often entails in-depth interviews with a very small and specifically selected sample of individuals (Creswell & Poth, 2018).

3.4.4 Qualitative and Quantitative Research Approach

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

Qualitative research is a comprehensive, discovery-based method (Pandey & Pandey, 2015). Aspers and Corte (2019) define qualitative research as a multimethod technique that adopts a naturalistic, interpretive approach towards its subject. This practice indicates that the qualitative researcher interrogates persons in their natural environments in an effort to comprehend and explain phenomena based on the meanings they ascribe to them (Austin & Sutton, 2014). Literature, texts and discussions are used to produce notions that enhance understanding of social problems (Basias & Pollalis, 2018). It explores, documents, analyses and evaluates how people create and attribute meaning to their experiences (Azungah, 2018). In addition, qualitative research comprises the collection and utilisation of a vast array of empirical data that represents both normal and and problematic events and their meaning in the lives of the persons experiencing them (Lester, Cho & Lochmiller, 2020).

A distinctive feature of qualitative research is the participant-centred examination of social phenomena (Williams, 2007). Leedy and Ormrod (2016) identify two characteristics of qualitative techniques – (1) they usually emphasise occurrences in natural settings and (2) they involve gathering and researching the complexity of these events (Aspers & Corte, 2019). Researchers employing qualitative approaches rarely

attempt to simplify the observed phenomena; instead, they admit that the subject they are examining has multiple dimensions and strive to explain these in all their complexity (Basias & Pollalis, 2018).

A research study can either be a single process conducted at a given time or a series of procedures undertaken over a period of time to examine a phenomenon (Austin & Sutton, 2014). The research horizon is separated into cross-sectional and longitudinal periods (Saunders et al., 2019). In order to ascertain the relationship between a pattern and variables, cross-sectional designs require data collection at a specific point in time from a sample of cases pertaining to the factors under investigation (Ugwu et al., 2021). The cross-sectional design describes the study of a single incidence of a phenomenon in a study context and can be used in quantitative or qualitative studies (Lester et al., 2020). This research project comprised a qualitative, cross-sectional and phenomenological study that collected data from audit committee employees from municipalities in the in-Cape Winelands District (Saunders et al., 2019). As such being a cross sectional study, the study's insights are observations taken at a particular point in time and, therefore, are susceptible to the broader context of what was occurring in the Cape Winelands District during the time the data was collected such as audit periods and performance management periods.

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 sample size for this study is ten (10), consisting of the CAEs and SCM Managers in the municipalities listed below. The participants were targeted to be all the CAEs and SCM Managers in the district as the CAEs are responsible for risk management as well. One SCM Manager (Drakenstein Municipality), did not respond to the request to participate, however, important to note that the District Municipality's SCM Manager who has an overview of all transversal district SCM challenges, was a participant in this study.

As is indicated in Figure 3.1 above, 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,
- Langeberg Local Municipality,
- Stellenbosch Local Municipality and
- Witzenberg Local Municipality.



Figure 3.1: Geographical Overview of the Cape Winelands District

Source: (Provincial Treasury, 2011).

Majid (2018) recommends that all study participants must have experienced the investigated phenomenon and should be able to articulate their lived experiences. Thus, the population of this study includes the audit personnel of the Cape Winelands municipalities SCM Manager, Chief Audit Executive, Internal Auditor reporting to the Chief Audit Executive and Chief Risk Officer reporting to the Chief Audit Executive (see Table 3.1 below. Participants were encouraged to share their experiences regarding the numerous aspects that influence the combined assurance approach in the Cape Winelands District context.

Table 3.1: Study Population – Audit 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 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	

3.5.1 Sampling Method

An intended method for selecting a subset of a population is referred to as a sampling strategy (Brough, 2019). It denotes the approach or tactic that the investigator would utilise in order to select the sample (Majid, 2018). Ghauri et al. (2020) stated that researching the entire population may be impractical and seldom affordable because of the magnitude of the particular population, combined with the accessibility of the population and the researcher’s time constraints (Moser & Korstjens, 2018), thus, sampling is essential (Brough, 2019).

Widespread use of purposeful sampling, a type of non-probability sampling in qualitative research, is to identify and select examples that are information-rich and pertinent to the phenomenon of interest (Palinkas, Horwitz, Green, Wisdom, Duan & Hoagwood, 2015). This is evident in the research questions formulated in this study which is formulated based on the literature review specifically aimed at SCM risks,

internal control, and combined assurance. This sampling method comprises discovering and selecting persons with specialised knowledge and/or experience regarding a particular area of interest (Saunders et al., 2019). Alongside expertise and practical knowledge, these authors underscored the significance of accessibility, eagerness to engage, and the ability to express and introspectively convey perspectives and experiences (Majid, 2018).

3.5.2 Sample Size

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 Winelands geographical region.

3.6 Data Collection Instrument

This study used the most systematised interview, i.e., the structured interview. Instead of semi-structured or unstructured interviews, the interviewer asked planned questions in a predetermined order (Nieuwenhuis, 2019). Often, structured interviews are closed-ended (Paradis, O'Brien, Nimmon, Bandiera & Martimianakis, 2016). They can be dichotomous, requiring participants to answer each question with "yes" or "no" or multiple-choice (Ghauri et al., 2020). The use of open-ended, organised interviews, is, however, uncommon (Barrett & Twycross, 2018).

Asking questions in a predetermined order enables the researcher to compare participants' responses uniformly (Carter, Bryant-Lukosius, DiCenso, Blythe & Neville, 2014). This practice can be a great tool for both explanatory and exploratory research, recognising trends and identifying areas for additional study (Kabir, 2016). A structured interview is simple to administer and assess (Paradis et al., 2016). Also, employing the same questions helps offset potential biases and reduces analysis ambiguity (Carter et al., 2014).

Finally, a consistency review was undertaken to link all the research questions to the questions posed to the research participants (see Table 3.2 below).

Table 3.2: Consistency Review of the Instrument

Sub-Objective	Research Participants	Research Question (Link to Chapter 2)	Source of Data	Type of Data	Interview Questions
To conceptualise the baseline to be set to measure an effective assurance model in SCM.	Chief Audit Executives SCM Managers	What are the elements of an effective internal control system in SCM? (Ch2: 2.8.3 , 2.4.3) What internal control activities are municipalities utilising to mitigate risks in SCM? (Ch2: 2.4.3)	Structured Questionnaire based Interview	QUAL	B1.8-B1.9 B2.1-B2.5 B1.20-B1.30
To conceptualise the role of internal auditors in the adoption of combined assurance in municipalities in the public sector.	Chief Audit Executives	The adoption of combined assurance within the public service? (Ch2: 2.6.1, 2.6.2)	Structured Questionnaire based Interview	QUAL	B5.1-B5.10 C1 C3 C4
To investigate whether the combined assurance model is understood by key assurance providers in the Municipality.	Chief Audit Executives SCM Managers	Do CAEs understand the concept of combined assurance? (Ch2: 2.7.4, 2.8.1, 2.8.2, 2.8.4, 2.9, 2.9.1)	Structured Questionnaire based Interview	QUAL	B4.1-B4.4

Sub-Objective	Research Participants	Research Question (Link to Chapter 2)	Source of Data	Type of Data	Interview Questions
To ascertain what the transversal risks related to SCM in Western Cape Municipalities are.	Chief Audit Executives SCM Managers	What transversal risks SCM risks are municipalities facing? (Ch2: 2.6.1 to 2.6.11)	Structured Questionnaire Based Interview	QUAL	C2
To determine the internal control activities that are utilised by Western Cape Municipalities to combat SCM-related risks.	Chief Audit Executives SCM Managers	What internal control activities are municipalities utilising to mitigate risks in SCM? (Ch2: 2.6.1, 2.6.2)	Structured questionnaire based Interview	QUAL	B1.20-B1.30
To determine how sound the internal control activities are utilised by Western Cape Municipalities.	Chief Audit Executives SCM Managers	How sound are these internal control activities to improve audit outcomes? (2.6.1, 2.6.2)	Structured Questionnaire based Interview	QUAL	B5.1-B5.10

3.7 Data Collection Procedure

The invitation to participate in the study was included in an email issued by the researcher (see Appendix A) to all audit personnel in the Cape Winelands Municipal District. This email also contained the consent form that participants were expected to complete, sign and submit before completing the structured questionnaire. Thirdly, the

email contained the Municipality's permission for the study to proceed (see Appendix B). Once consent was obtained from the ten participants, they then completed the structured interview questionnaire (Appendix C), and returned it to the researcher via email.

Data can be collected through a structured interview that is self-administered or individually administered to accomplish the research's predetermined objective (Nieuwenhuis, 2019). Typically, the participants are the ones who complete these types of questionnaires, and the person who is conducting the study is just present to address any questions or issues that may emerge concerning the questionnaires, thus, assuring minimum interference in the data collection process (Barrett & Twycross, 2018; Paradis et al., 2016). In the current study the questionnaires were given to the participants so they could complete them independently, with the researcher being available to answer any questions or provide clarification when necessary (Carter et al., 2014).

3.8 Data Preparation

During this stage, the researcher visually examined all of the materials, typed-up field notes and then classified and organised the data based on the sources of the information (Moser & Korstjens, 2018). The researcher became familiar with all of the collected data in order to understand the material as a whole and evaluate the significance of the information in its larger context (Carter et al., 2014). When the researcher had received all of the participants' completed questionnaires, each one was reviewed to determine whether or not the subject had answered all of the questions correctly and thoroughly (Kabir, 2016). The data were organised and the participants' perceptions and comments were subsequently categorised after an in-depth analysis of the data (Lester et al., 2020; Linneberg & Korsgaard, 2019).

3.9 Data Coding and Analysis

In the broadest sense, qualitative data analysis provides a context for a data set by analysing several sources, including conversational data, observations and unstructured, semi-structured or structured interviews (Pandey & Pandey, 2015). These authors emphasise that there is no single correct method for analysing qualitative data and, thus, it is essential for researchers to establish innovative methods of thinking about the data (Moser & Korstjens, 2018). The procedure requires a series

of steps, from the specific to the general, and multiple layers of analyses (Carter et al., 2014).

The following steps proved that this study is qualitative in nature: After analysing the demography of study's participants, the analysis categorised responses into assessing the IAF and its involvement in the internal audit process in the Cape Winelands District Municipality. Next, the policies, practice guides and procedures that inform this municipality were considered with recommendations relating to the internal audit from the last municipal audit. Then, risk management was assessed within the SCM function, focusing on the IAF's role. The analysis then shifted to the Cape Winelands District Municipality's last internal audit and concluded with participant thoughts on adopting combined assurance models to mitigate risk in SCM. This information included participants' individual opinions supported by various quotations and specific results (Linneberg & Korsgaard, 2019).

3.10 Trustworthiness

The most important result of any study plan should be the reliable demarcation, collection and examination of data (Noble & Smith, 2015). The production of results, recommendations and conclusions supported by reliable data helps in decision-making and creates outcomes for a study design that can be repeated (Korstjens & Moser, 2018). The next sections will review the four factors determining a study's trustworthiness: transferability, credibility, dependability and confirmability (Lincoln & Guba, 1986).

3.10.1 Transferability

Transferability in qualitative studies is equivalent to reliability in the design of quantitative studies (Noble & Smith, 2015). It is attained when readers feel the communicated narrative overlaps with their personal experiences (Tracy, 2010). Transferability was accomplished for this study by collecting first-hand accounts of events (and displaying pertinent quotes from the transcripts of participants' responses in the discussion section of this report) in addition to providing detailed, in-depth descriptions of those events (Morse, 2015; Tracy, 2010).

3.10.2 Dependability

The dependability of a study is evaluated based on the chance of achieving identical findings from a replication study, that requires comparable participants in comparable settings (Korstjens & Moser, 2018). This study's dependability was increased by transparently admitting to the biases and preferences of the researcher, as well as by clearly explaining the methodology used and the difficulties that were experienced when implementing the research process. (Tracy, 2010).

3.10.3 Credibility

According to Wood, Sebar & Vecchio, (2020), credibility refers to the necessity for research to be both reasonable and convincing. The researcher ensured the trustworthiness of this study by utilising some of the strategies advocated by Tracy (2010), specifically:

The inclusion of concrete detail and taking care to 'show rather than tell'.

The use of data triangulation because the credibility of research results can be strengthened if they are confirmed by more than one source of data (Carter et al., 2014).

The inclusion of multiple and diverse voices assured the multivocality of the participants' responses in both the data collection and analysis.

The sharing of the study's results with participants to test whether they accepted them as a true reflection of their responses – both as member reflections and for data auditing (Morse, 2015).

3.10.4 Confirmability

The level of confirmability is determined by how precisely the results mirror the experiences and viewpoints of the participating audit personnel who have experienced the combined assurance approach, as opposed to the researchers' inclinations, biases or interpretations of the data (Korstjens & Moser, 2018; Morse, 2015). Data auditing, member reflections and self-reflexivity on the researcher's part are a few of the strategies implemented to improve the confirmability of this research project (Noble & Smith, 2015).

Confirmability was also increased by ensuring that all views from the entire data set and the reviewed literature were taken into account and suitably weighted in the context in which they belong (Wood et al., 2020). This process was undertaken with the knowledge that, despite attempting to open up the analysis to the phenomenon's complexity, the researcher's understanding will only be a partial comprehension of the problem (Tracy, 2010).

3.11 Methodological Limitations

Qualitative research is subjective by definition and, thus, susceptible to various biases (Wood et al., 2020). In addition to the concerns already recognised and the numerous measures taken to improve the reliability of the results, the following restrictions were anticipated:

The interview guide and research design may contain unintended biases of the researcher (Noble & Smith, 2015).

The participants were selected by the researcher on the basis of their availability and their appropriateness to partake in the research endeavour. Consequently, the generalisability of the results will be limited to populations that are comparable to the ones that were included in the sample for this research.

Despite the measures implemented to safeguard the security and confidentiality of the data collection interaction, it is imperative to account for participant bias. Additionally, it is possible that participants could be influenced by response bias, which refers to the inclination to concur or disagree with each claim based on factors such as exhaustion, social desirability bias, extreme responding, or other demand characteristics (Korstjens & Moser, 2018).

Due to the rigid nature of structured interviews, there was very little opportunity for the interviewer to create rapport with the participants (Barrett & Twycross, 2018). During the interviews, therefore, the participants may have felt nervous or insecure due to the perceived formality of the interview process, that may have impacted their answers (Nieuwenhuis, 2019).

Since most structured interviews are closed-ended, the scope and flexibility of these interviews are restricted (Kabir, 2016). The participants were constrained in their

capacity to offer responses that were extensive in detail and complexity as a result of the question's structure (Carter et al., 2014). If participants do not fully identify with any binary or multiple-choice options it can be challenging for the researcher to determine how accurately their response reflects their actual emotions (Paradis et al., 2016).

The cross-sectional nature of this research study provided a record of a particular time period (Austin & Sutton, 2014). However, due to a change in conditions, such as a change in leadership or during periods of reorganisation, participants might provide different reactions to similar questions at different times.

3.12 Ethical Considerations

Frequently, qualitative researchers are questioned about their role in the research process (Korstjens & Moser, 2018). The researcher is involved in the entire qualitative research process from concept formulation to design, interviews, transcriptions, analysis, verification and reporting (Pandey & Pandey, 2015). Due to the in-depth nature of the research process, qualitative studies are particularly sensitive to ethical concerns, and all research projects should adopt the relevant ethical norms to protect the human participants (Arifin, 2018). Prior to the commencement of the research study researchers must investigate potential ethical concerns that may arise throughout their research process (Wood et al., 2020).

According to the Cape Peninsular University of Technology's ethical research rules, the following criteria have been met:

In order to obtain authorisation to carry out the research, an application for ethical approval was submitted to the appropriate ethics committee at the institution. The ethical approval letter is included as Appendix D.

The researcher obtained authorisation to conduct the study from the appropriate administrator of the Cape Winelands District Municipality. The permission letter is attached as Appendix B below. By taking this measure, adherence to the Protection of Personal Information (POPI) Act was guaranteed, and the likelihood of bias and conflicts of interest was reduced.

After obtaining ethical approval and prior to conducting questionnaire-based interviews, participants were informed of the primary objective of the study. The

subjects were duly apprised that their involvement was not mandatory and that they retained the right to disengage from the research at any point throughout its duration.

Participants were further advised that they were not compelled to give information if they chose not to do so or if doing so made them uneasy. See Appendix A for the Participants' information letter.

Each participant was required to provide written consent to participate in the study prior to completing the interview questionnaire (refer to Appendix A).

To ensure the preservation of participants' confidentiality, no identifying (by means of name) information was incorporated into the research report. In order to safeguard the identities of the participants, alias names were employed.

All collected data were securely stored in an online repository that was password protected by the researcher. Data access was limited to the researcher and supervisor. Furthermore, following the conclusion of the study, the data will be archived for a period of five years prior to its deletion.

Based on the above:

The participant's right to confidentiality, dignity and reputation was always respected.

The researcher provided all study results and reported on all shared perspectives.

The researcher pledged to provide only the truth and disclose data unbiasedly.

3.13 Chapter Summary

The present chapter provides a comprehensive account of the research methods employed in this study. The rationale for selecting interpretivism as the research paradigm, philosophical assumptions, and the qualitative approach was explicated. Furthermore, the study provided a comprehensive presentation and discussion of its research design, population, sample, sampling methodologies, methods, and strategies for data collection and analysis. In lieu of external validity, reliability, internal validity, and objectivity, this qualitative study employed confirmability, transferability, dependability, and credibility as means to enhance its validity and reliability (Lincoln & Guba, 1986). In the concluding section of the chapter, methodological limitations and ethical considerations were evaluated.

In many nations, the government is always the largest spender, a situation that presents a significant chance for procurement fraud (Maria et al., 2023). Failing to deploy robust fraud prevention measures may result in financial losses and a negative image for the nation. Due to the requirement that municipal councils remark on the effectiveness of their risk management and institutional management system for all types of risks, combined assurance is an important topic of research (Pillay, 2021). Extant research has shown that municipalities' implementation of combined assurance within the supply chain context will enable the internal audit department to mitigate risks, irregular expenditures and fraudulent activities (Dadzie et al., 2022).

The next chapter presents the research results and conclusions from the data collection and analysis process.

CHAPTER 4

DATA ANALYSIS AND DISCUSSION OF RESULTS

4.1 Introduction

The primary objective of this research is to examine the consequences that may arise from the implementation of combined assurance in municipal settings. By evaluating the SCM's implementation of combined assurance, this objective was accomplished. As stated in Chapter 1, combined assurance is a relatively recent concept. However, this may develop into a significant field of research due to the critical nature of assessing the effectiveness of internal control systems and risk management in mitigating and/or eliminating various types of risks, particularly within the public sector.

The investigation was conducted using structured qualitative research. Johnson et al. (2010) argued that the research carefully puts together the questions in structured qualitative research in order to obtain answers from participants in a systematic way. With this approach, the interviews posed a strict list of questions that had already been set up during all interviews (George & Merkus, 2022). This approach was used in this study because the goal was to obtain as many standard answers as possible, often through the responses to closed questions. This method can help qualitative research to obtain, store, organise and analyse the data more quickly and effectively.

Ten representatives from the Cape Winelands District Municipality of South Africa participated in this study. Ten interviews were conducted by presenting the questionnaires to the participants, this number was in line with the required interview qualitative research design of a minimum of five interviews as proposed by Saunders et al. (2016).

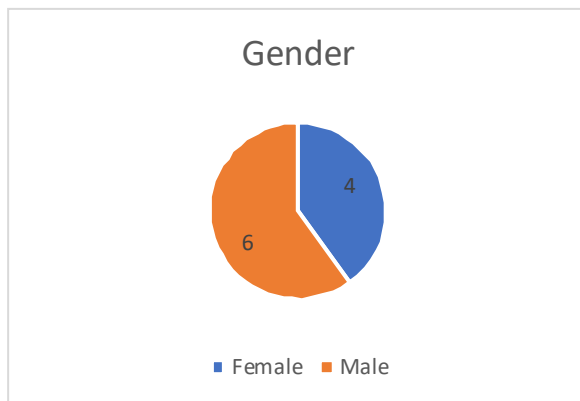
This chapter provides an account of the data analysis and the presentation and discussion of results. It commences with the participants' profiles, followed by the themes aligned to the questions and the research question-based results and their analysis.

4.2 Profile of the Participants

The study participants comprised 60% males and 40% females (see Figure 4.1 below), Despite nearly equal results, the proportion of male to female participants was

significantly higher; therefore, the issue of increasing women's representation in male-dominated industries persists (Galea & Chappell, 2022). The authors established that the presence of all-female signatory auditor pairs and auditor industry expertise could influence clients to engage in accrual earnings management as opposed to real earnings management, as cited in Fan-Hua Kung, Yu-Shan Chang, and Minting Zhou (2019).

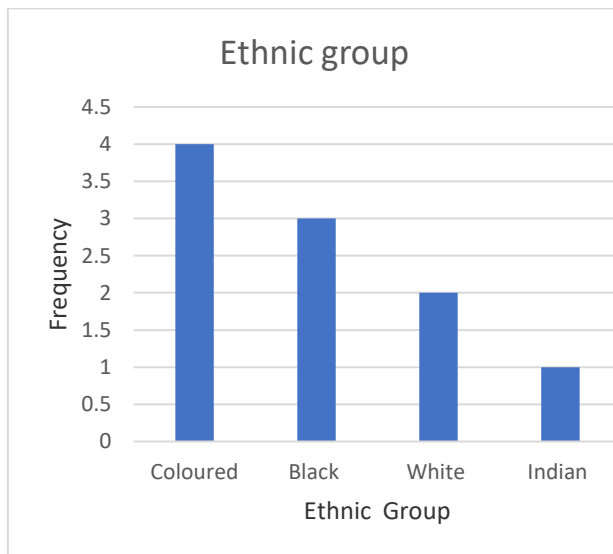
Figure 4.1: Gender Breakdown



Of the participants, 40% were Coloured, 30% were Black, 20% were White and 10% were Indian (Figure 4.2 below). Drawing from the below results as it relates to ethnic group illustrates that the Cape Winelands District, in the South African context is fairly on track when it comes to the transformation plans as set out in the Employment Equity Act, 2023, this is supported by the Legislative Framework discussed in Chapter 2. However, considering the disproportion between the higher and lower results per ethnic group, equity across racial groups can be improved on.

In the context of auditing, it is important to determine the correlation between ethnicity and risk perspective. Collectivistic cultures are more risk averse than individualistic cultures (Tsosane, 2022). In the context of risk management in the public sector the ideal is not to be too risk averse as this could influence service delivery. The ideal should be to find the balance between the two, employing a balance of adequacy qualified and experienced professionals across ethnic groups should thus be the goal.

Figure 4.2: Ethnic Group Breakdown



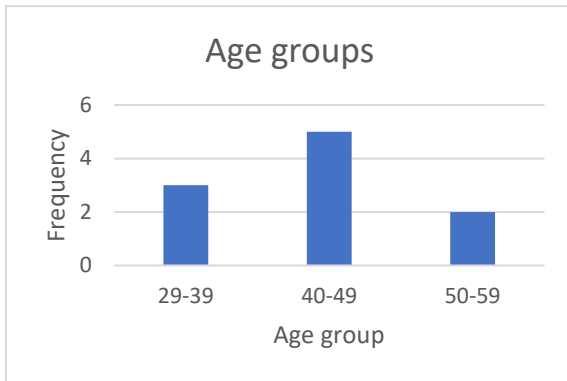
The age groups of the participants varied from 29 to 59 years, as illustrated in Figure 4.3 below. Specifically, 50% of the study group comprised individuals aged 40 to 49, 30% comprised individuals aged 29 to 39, and the remaining 20% comprised individuals aged 50 to 59 (refer to Figure 4.3 below).

Drawing from this results, age and experience has direct link. The older you are the more experience in years you have, and the opposite being the younger you are the less experience you have. This correlation is confirmed based on the results between Figure 4.3 and 4.5 below, with most (80%) participants being older than 40 with the majority having more than 10 years' experience. As researched by Tsosane (2022), across a variety of experience levels, a low impact of risk and loss aversion on all levels of experiences between South African auditors. However, a lower experienced individual is highly subject to anchoring and availability biases.

It should furthermore be noted that less (20%) participants were younger than the age of 40, this is a cause for concern. It is however important to note that experience in auditing and supply chain management specifically is the best teacher in terms of the various on the job risk scenarios which exists. The cause for concern still exists as graduates on average complete their studies at the age of twenty (20), adding a one (1) to two (3) year internship, the working age can commence at the age of 24. Ten years' experience added to this comes to 34/35 years in age. This is as a result evident that the results as depicted in table 4.3 can be improved on in terms of employing

younger experienced individuals as well in these two disciplines (SCM and Chief Audit Executives).

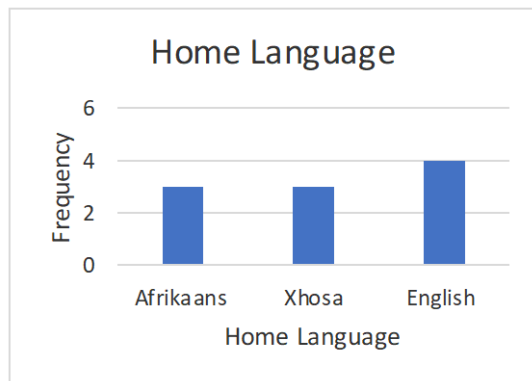
Figure 4.3: Age Group Breakdown



Most of the participants (40%) have English as their home language, 30% of them have Xhosa as their home language, and the remaining 30% have Afrikaans as their home language (see Figure 4.4 below). The results are close to equal across the three language groups. The significance of readability issues is heightened by the fact that English is frequently employed as the corporate language by multinational organisations worldwide (Besuglov & Crasselt, 2021).

In the context of this study more specifically, it has become evident in recent years that the Legislative Environment (as detailed in Chapter 2) which governs SCM, has been open for interpretation at crucial times, such as the external independent audit performed by the AGSA. This is thus an area for concern as one person's interpretation of the same English word differs and has adversely affected the auditees (Municipality) in many cases.

Figure 4.4: Home Language Breakdown



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.

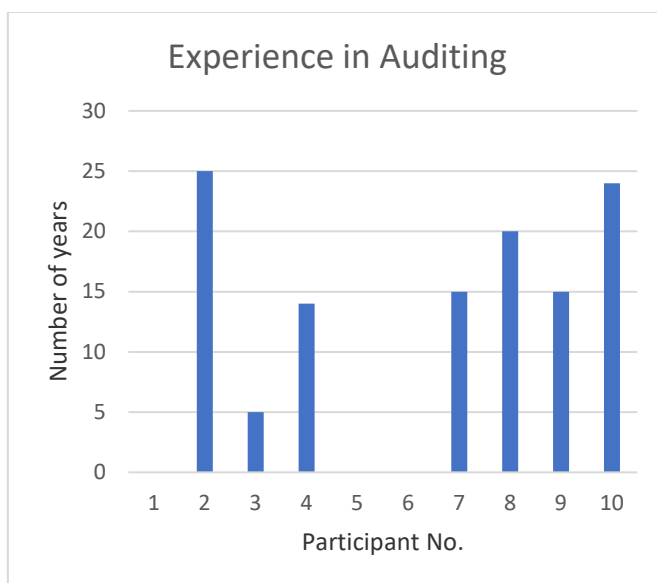
The experience of participants ranged from 0 years to 25 years, with 30% either having zero experience or answering n/a, 10% have five years' experience, and 60% had over ten years of experience in auditing (see Figure 4.5 below).

As discussed under Figure 4.3 as a correlation to experience, an area of concern is the lack of employment of younger experienced individuals in auditing and SCM. Drawing from the results below, most of the participants had more than 10 years' experience in auditing. It is evident that the experience of the participants contributes to the ability to forecast future risks based on previous similar experience and implement controls to mitigate these risks going forward. Anis Chariri (2014) and Panji

& Sukirman (2017) find that auditor experience influences audit quality. In the context of this study this has proven to be a strategy that works in the Cape Winelands District Municipality with nine consecutive, unqualified audit opinions with no audit findings.

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 regressed or progressed between audits. Auditing experience is thus important for both the Chief Audit Executives and SCM Managers in municipalities. This finding is supported by the discussion on Capable Human Resources Augmented with Relevant Training in Chapter 2 of this study.

Figure 4.5: Experience Breakdown



100% of the participants said their municipality had never been implicated in corporate governance malpractice. This result is evident that in addition to clean audit outcomes within the Cape Winelands District, good governance has also been maintained.

70% of the participants were members of a professional body (see Figure 4.6 below). 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 addressed 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.

Figure 4.6: Professional Membership Breakdown



A total of 40% of the participants were affiliated with a professional organisation; 20% were members of the Chartered Institute of Procurement & Supply (CIPS); and 10% were registered with both the South African Institute of Chartered Accountants (SAICA) and the Association of Certified Fraud Examiners (ACFE). In conclusion, thirty percent of the participants indicated they were not affiliated with a professional organisation or did not respond to this inquiry (see Figures 4.6 and 4.7 below).

The mandate of professional organisations is to advance a specific profession and the interests of its practitioners, in addition to serving the public interest (IIA SA). Based on the data presented below, the majority of participants (40%) were registered with the IIA SA. An internal auditor who is a member of the IIA SA is promptly acknowledged as a professional who is committed to upholding rigorous standards and a code of ethics, which inspires confidence, esteem, and a reputation for expertise. In addition, the International Standards for the Professional Practice of Internal Auditing were established and are upheld by the IIA. These standards serve as the technical guidelines that internal auditors across the globe must comply with, thereby mandating this registration.

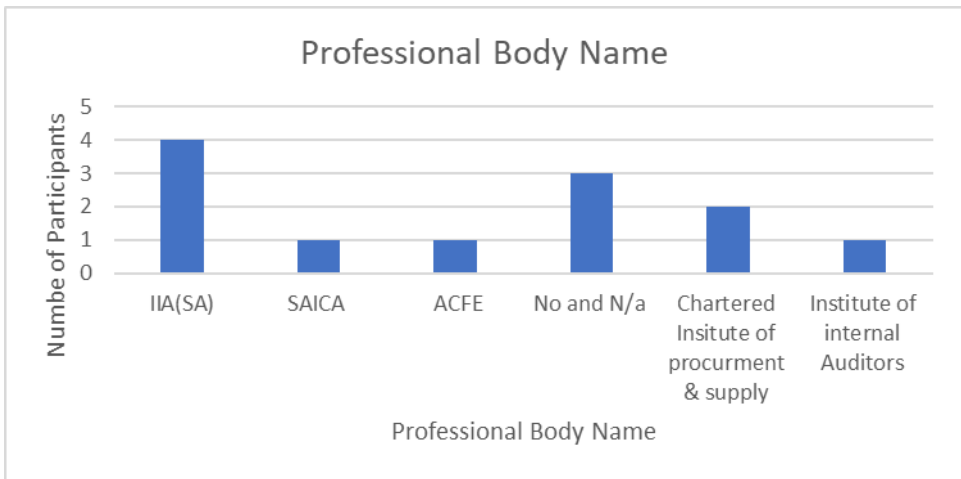


Figure 4.7: Type of Professional Membership Breakdown

Although the study solicited for member in the five professional bodies indicated in figure 4.7, most participants (40%) indicated that they were registered with the IIA (SA). The IIA(SA) provides internal auditors with access to resources, networking opportunities, and professional development programs tailored to the South African context. It also allows internal auditors to stay updated with the contemporary industry standards, best practices, and regulatory requirements.

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.

4.3 The Internal Audit Function (IAF)

There were 19 questions that were accessed to understand all ten participants' perceptions of the IAF. In this section, the participants had to answer the questions by placing an X or ticking a box indicating that they either Strongly Agree – SA, Agree – A, Uncertain – U, disagree – D, and Strongly disagree– SD with the statements provided about the IAF and CAE in relation to the last municipality with which they had been involved (see Figure 4.8 below).

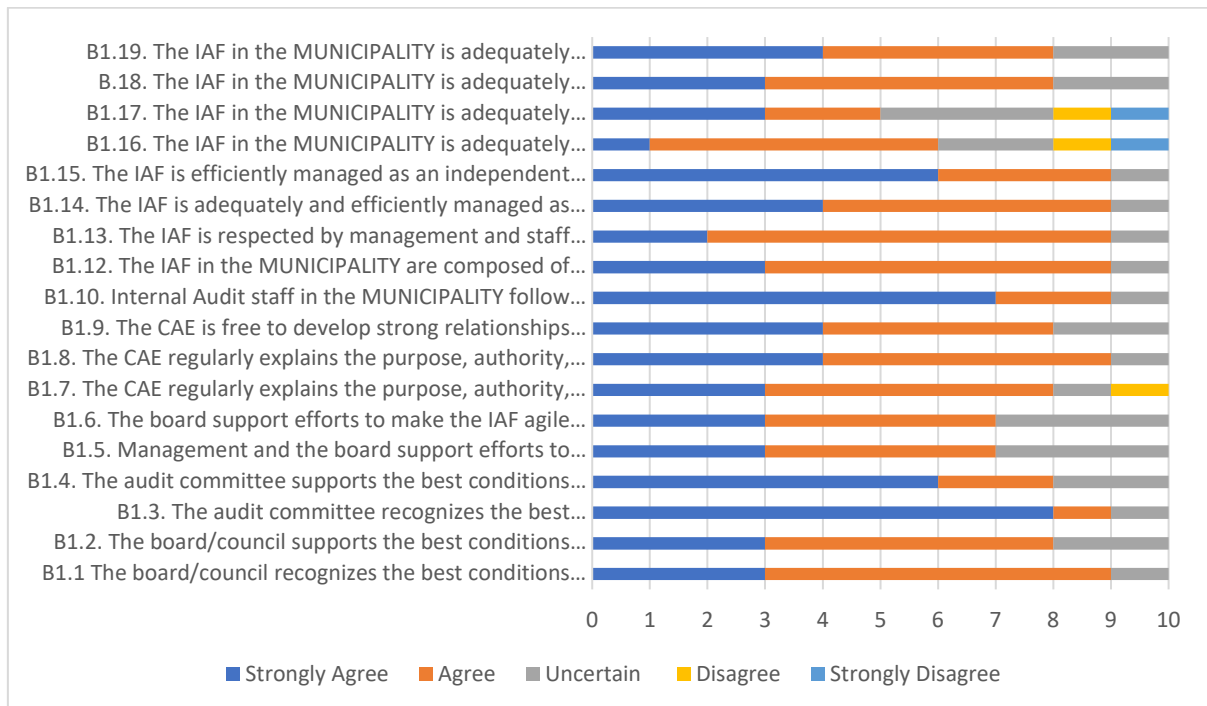


Figure 4.8: Internal Audit Function Findings

B1.1 The board/council recognises the best conditions under which the IAF can thrive. 6 out of 10 (6/10) participants agreed with the statement, 3/10 strongly agreed, and 1/10 was uncertain. Drawing from these results it can be concluded that the municipal Councils within the Cape Winelands District recognises the importance of an enabling internal audit function.

B1.2. The board/council supports the best conditions under which the IAF can thrive. 5/10 participants agreed with the statement, 3/10 strongly agreed, and 2/10 were uncertain about this statement. The answers gathered from this question revealed that

most of the participants agreed that the internal audit function receives the necessary support from Council.

B1.3. The audit committee recognises the best conditions under which the IAF can thrive. 8/10 participants strongly agreed, 1/10 agreed and 1/10 was uncertain about the statement. Drawing from these results most (9/10) of the participants agree that the Audit Committee recognises the importance of an enabling internal audit function.

B1.4. The audit committee supports the best conditions under which the IAF can thrive. 6/10 participants strongly agreed with the statement and 2/10 participants agreed and 2/10 were uncertain. The answers gathered from this question revealed that most of the participants agreed that the internal audit function receives the necessary support from the Audit Committee.

This is in line with the literature review in Chapter 2 which outlines the role of the audit committee in implementing the combined assurance model. 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).

B1.5. Management and the board of directors' support efforts to make the IAF agile and innovative

B1.6. The board supports efforts to make the IAF agile and innovative.

For both these statements, 4/10 participants agreed, 3/10 strongly agreed, and 3/10 were uncertain. This finding is in line with the literature review in Chapter 2, which mentions the role of senior management as part of the combined assurance model, in essence supporting the internal audit function. Accounting officers, members of the executive council and senior management comprise the first level of assurance in a municipal environment (Forte & Barac, 2015).

B1.7. The CAE regularly explains the purpose, authority, and responsibility of the IAF to the board

5/10 participants agreed with this statement. 3/10 strongly agreed; 1/10 was uncertain, and 1/10 disagreed. Although most (8/10) of the participants agrees or strongly agreed to this statement, one participant disagreed. This is an area

of concern as all stakeholders should understand the purpose, authority and responsibility of the internal audit function. For the combined assurance model to be implemented successfully, it is important that all assurance providers understand each other's roles.

B1.8. The CAE regularly explains the purpose, authority, and responsibility of the IAF to senior management.

5/10 participants agreed, 4/10 strongly agreed, and 1/10 was uncertain.

B1.9. The CAE is free to develop strong relationships with the board.

4/10 participants strongly agreed with this statement, 4/10 agreed, and 2/10 were uncertain.

B1.10. Internal Audit staff in the municipality follow the International Professionals Practice Framework (IPPF) as a basis for performing internal audit engagements.

7/10 participants strongly agreed with this statement, 2/10 agreed, and 1/10 was uncertain. This finding supports the results in Figure 4.6 above and emphasises the importance of registration with the IIA. In addition, the International Standards for the Professional Practice of Internal Auditing were established and are upheld by the IIA. These standards serve as the technical guidelines that internal auditors across the globe must comply with, thereby mandating this registration.

B1.12. The IAF in the municipality is composed of competent, skilled professionals.

6/10 participants agreed with this statement, 3/10 strongly agreed, and 1/10 was uncertain.

Drawing from these results most (9/10) participants agreed or strongly agreed that the Internal Audit Function is composed of competent, skilled professionals. 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.

B1.13. The IAF is respected by management and staff within the municipality.

7/10 participants agreed with this statement, 2/10 strongly agreed, and 1/10 was *uncertain*. For an internal audit function to function optimally it is important that management and staff respects the role of internal audit. This is important as mentioned in the literature review in implementing the combined assurance model. The results in this question supports this statement.

B1.14. The IAF is adequately and efficiently managed as an independent unit within the municipality.

5/10 participants agreed with this statement, 4/10 strongly agreed, and 1/10 was uncertain. Most (9/10) participants agreed or strongly agreed to this statement that the internal audit function is managed independently. This finding supports the Literature Review in Chapter 2. The internal audit, which offers an independent assurance (refer to Table 2.3), constitutes the third line of defence.

B1.15. The IAF is efficiently managed as an independent unit within the municipality. 6/10 participants strongly agreed with this statement, 3/10 strongly agreed, and 1/10 was uncertain.

B1.16. The IAF in the municipality is adequately resourced to provide high-quality professional assurance.

5/10 participants agreed with this statement, 1/10 one strongly agreed, 2/10 were uncertain, 1/10 disagreed, and 1/10 strongly disagreed. Although most (6/10) of the participants agreed or strongly agreed to this statement, it is concerning that 2/10 participants were uncertain and more concerning that 1 participant disagreed and strongly disagreed. The internal audit function is key in implementing the combined assurance model, in the absence of the adequate resources this cannot be implemented successfully.

B1.17. The IAF in the municipality is adequately resourced to provide high-quality advisory services.

This statement was supported by 3/10 participants who strongly concurred, 2/10 who agreed, 3/10 who were uncertain, 1/10 who disagreed, and 2/10 who strongly disagreed. The participant responses to this inquiry are disconcerting, as a mere 5/10

of the participants expressed agreement or strong agreement, while 3/10 of the participants disagreed or strongly disagreed. The Internal Audit Function should be amply resourced to provide the council, senior management, and the accounting officer with high-quality advisory services. As the internal audit function is entrusted with the responsibility of driving the combined assurance model and providing advisory services pertaining to the assurance model, this is of the uttermost importance. Furthermore, the risk environment pertaining to the SCM Function requires continuous engagement between internal audit, user departments and the SCM unit.

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. The majority of 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 aforementioned remarks regarding outcomes demonstrate that the internal audit function of the IA is operating effectively within the Cape Winelands District Municipality. Furthermore, the emphasised components of the IAFs align with those identified in the literature review. The importance of the IAF, the audit committee, management, and external auditors of organisations 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.

In this sense, an IA is vital, consisting of risk, governance and control professionals who assure senior management and the audit committee (IIA, 2018). It is evident that there is a huge reliance on the IA for information, and its effectiveness is contingent on a robust and well-resourced IA department that can assist audit committees in fulfilling their oversight responsibilities.

Consequently, there is a growing demand for controlling risk through the risk management process, and the IA is in an ideal position to aid in the enhancement of such processes. Risk management is a crucial topic that internal auditors must handle as part of their work if they desire to continue playing a significant role within the combined assurance model. If not, the board of directors, audit committees and other levels of management will not be informed about the status of these matters, that will severely influence their capacity to fulfil their responsibilities (Mbewu & Barac, 2017).

4.4 Involvement in the Internal Audit in the Municipality

For this section, participants were asked to respond to statements by placing an X or ticking (✓) a box to indicate they either strongly agreed, agreed, were uncertain, disagreed or strongly disagreed with a statement.

In this section, the majority of the participants either strongly agreed or agreed with the statements, and very few, with no more than one participant, were uncertain about the statements presented to them. Questions B1.20 and B1.21 were the only questions in which the statements did not have similar or close numbers between strongly agreed and agreed (Figure 4.9 below).

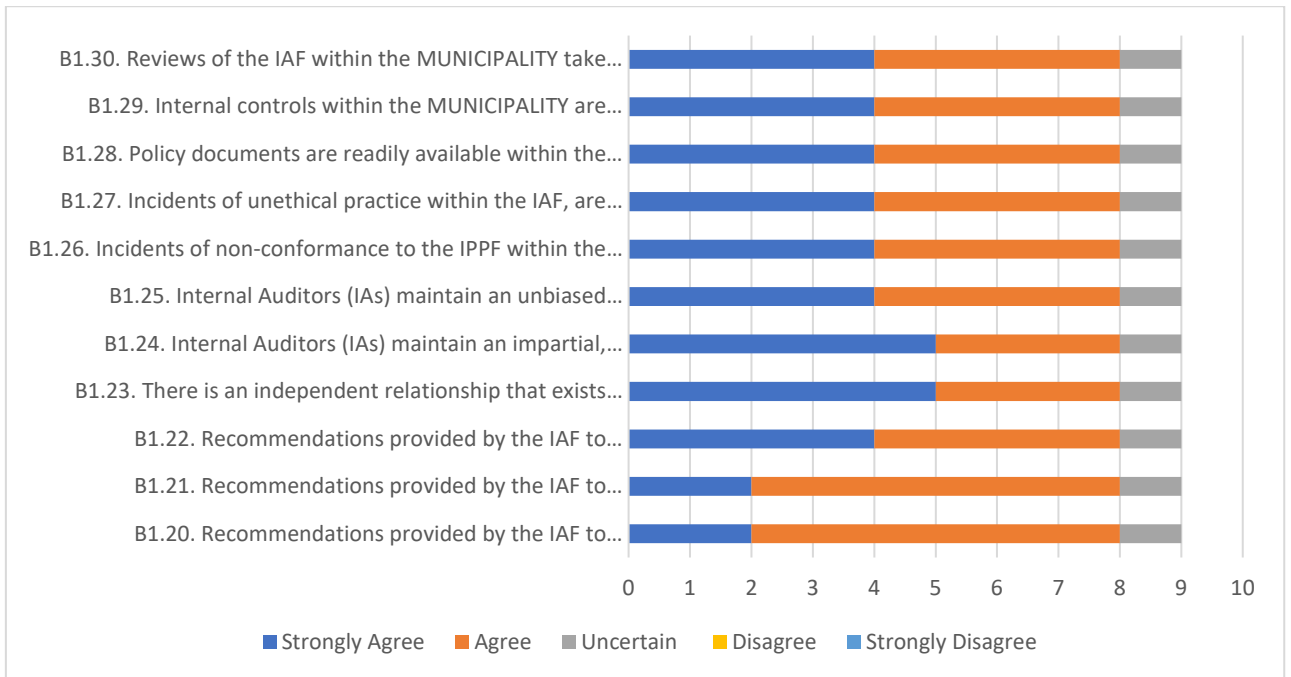


Figure 4.9: Involvement in the Internal Audit in the Municipality

The results above are of utmost importance for the successful implementation of the combined assurance model. Most of the questions received favourable results where the participants agreed or strongly agreed that the internal audit function within the Cape Winelands district municipalities functions optimally. The literature review in Chapter 2 outlines the important legislative prescripts which governs the SCM and audit environment within municipalities. The results in response to question B1.28 supports this discussion and the importance of such policy documents to be readily available for all stakeholders within the municipality.

The response to B1.26 gives meaning to the results presented in Figure 4.7 as it relates to registration with the IIA (SA). What this confirms is that the professional standards set by the IIA (SA) are utilised and monitored within the municipality’s internal audit function.

Drawing from the results to whether the recommendations made by the internal audit unit to the municipality are adopted, implemented and adds value, it seems evident that the internal audit function is effective within the Cape Winelands District. This is important for the effective implementation of the combined assurance model.

4.5 Policies, Practice Guides and Procedures that Inform the Municipality

In the section regarding the policy and procedures informing the municipality, there were five statements, and the participants mainly agreed or strongly agreed with these statements; very few of the participants were uncertain with values of under 2/10 participants who disagreed with the statements or having no (0/10) participants who strongly disagreed or less than 3/10 participants who disagreed (see Figure 4.10 below).

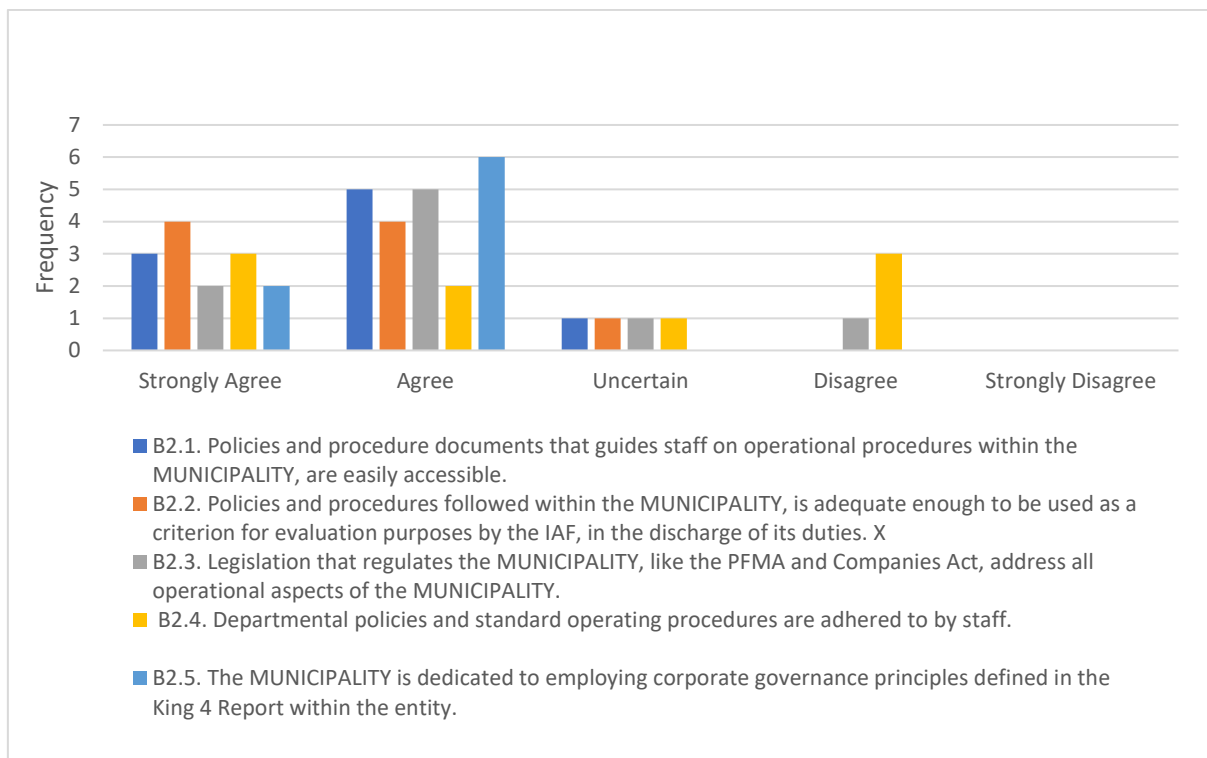


Figure 4.10: Policies, Practice Guides and Procedures that inform the municipality

The policies are critical for the functioning and effective governance of the municipality and act as a baseline for internal control and risk management. Processes as outlined in the standard operating procedures are critical within a municipality and must be designed to be sufficiently flexible to win over the council and be supported by politicians. Involvement from council members and officials is expected, but day-to-day operations will be handled by administration or staff, with updates sent to politicians as needed in terms of their oversight role in the municipality. Drawing from the results as

to whether policies and procedure documentation are easily accessible it seems evident that most participants agreed that these policies and procedures are accessible. This suggests that the Cape Winelands district supports a culture of transparency in their processes which is the foundation of sound internal audit and SCM function.

4.6 Recommendations of Internal Audit in the Last Municipality Audit

This section consisted of six questions, and the study participants generally agreed with the statements – with consistently more than five (5/10) participants agreeing with the statements. For the majority of questions 9/10 participants either agreed or strongly agreed with the statements (see Figure 4.11 below). Question 3.5 was the only question with more participants responding ‘uncertain’ than those who strongly agreed.

Drawing from these results and its meaning to the success of the combined assurance model within the Cape Winelands District, it becomes evident that internal audit recommends ways to improve organisational performance management and ways to address corporate governance challenges as mentioned in the Chapter 2 literature review. The oversight structures should be responsible for a variety of tasks, such as monitoring the organisation's performance and assuring appropriate consequences for failures (Wibowo et al., 2022).

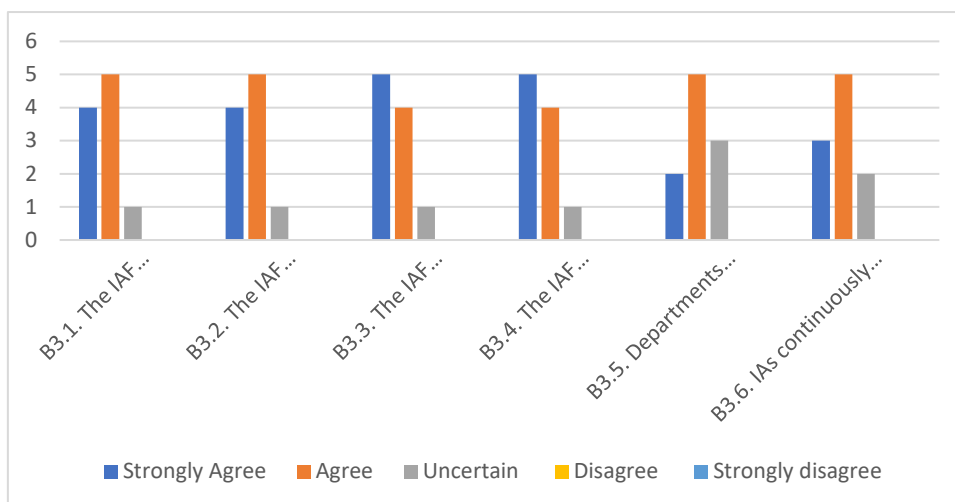


Figure 4.11: Recommendations of Internal Audit in the Last Municipality Audit

4.7 Risk Management within the SCM Function

This section had four statements. Generally, the participants agreed with the statements. However, there were some participants who disagreed or strongly disagreed with some of the statements – these disagreements were minimal with less than 2/10 participants disagreeing with the statements. All the statements had participants who registered ‘uncertain’, with 3 of the statements having more than 2/10 participants who felt uncertain about the statement (see Figure 4.12 below).

Drawing from the results to whether the municipality’s assurance providers meet regularly to discuss its risk developments, it is evident that most of the participants were either uncertain (4) or disagreed and strongly disagreed (2). What this means is that there remains room for improvement on this aspect as it is an important element of effectively implementing the combined assurance model. This statement is furthermore supported in the literature review. Sibanda et al. (2020) argue that accountability requires SCM public authorities to account for, report on, explain and defend their operations and take responsibility for the results of municipal financial expenditures.

The procurement, tendering and procuring of products and services in South African municipalities remain inefficient despite the presence of SCM systems. Consistent failure to establish, implement and monitor appropriate SCM systems, governance, internal controls and financial reporting processes is a major factor in the deteriorating audit outcomes of local governments. The results depicted in Figures 4.12 below confirm that 9/10 participants believed that the municipality had adequate controls to mitigate the risks. Such practices are crucial because White et al. (2020) argued that compliance with SCM rules, laws and legal frameworks must be strengthened considering the recurrence of unproductive, irregular and wasteful expenditures. The internal auditing process identifies SCM risk areas and suggests strategies for controlling and mitigating them. This finding suggests that the Cape Winelands District values the principles of an effective assurance model.

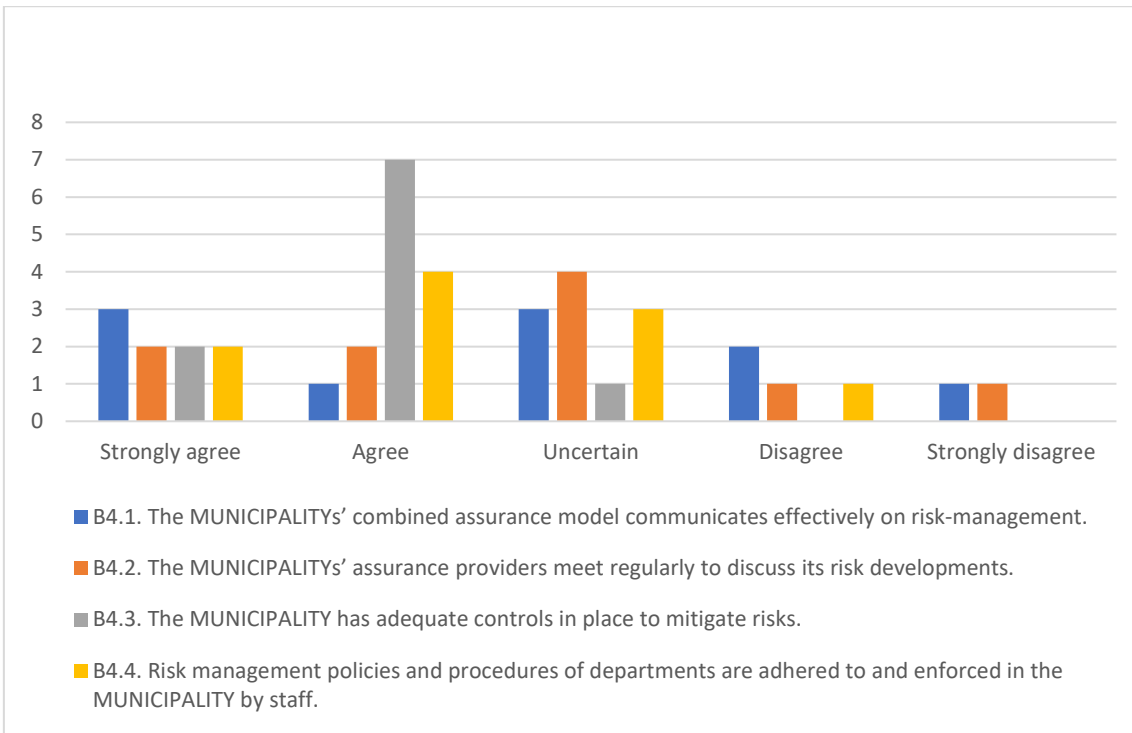


Figure 4.12: Risk Management within the SCM function of the Municipality

The results obtained as it relates to whether the combined assurance model communicates effectively on risk management is indicative that although 4 participants agreed or strongly agreed, 3 participants were uncertain. Concerning to note that 3 participants disagreed. This finding is of utmost importance for purposes of this study, it means that there remains room for improvement in effectively implementing the combined assurance model within the Cape Winelands District of South Africa.

4.8 Internal Audit Function Role Towards Risk Management in the Municipality

This section of the questionnaire contained statements regarding the IAF's role in risk management within the municipality. Five statements were presented to the participants, and, in the majority of responses, there were at least 2/10 participants who agreed or strongly agreed with these statements. For all five statements there were participants who registered 'uncertain', with only three statements having 2/10 or less participants who disagreed while no (0/10) participants strongly disagreed with the statements (see Figure 4.13 below).

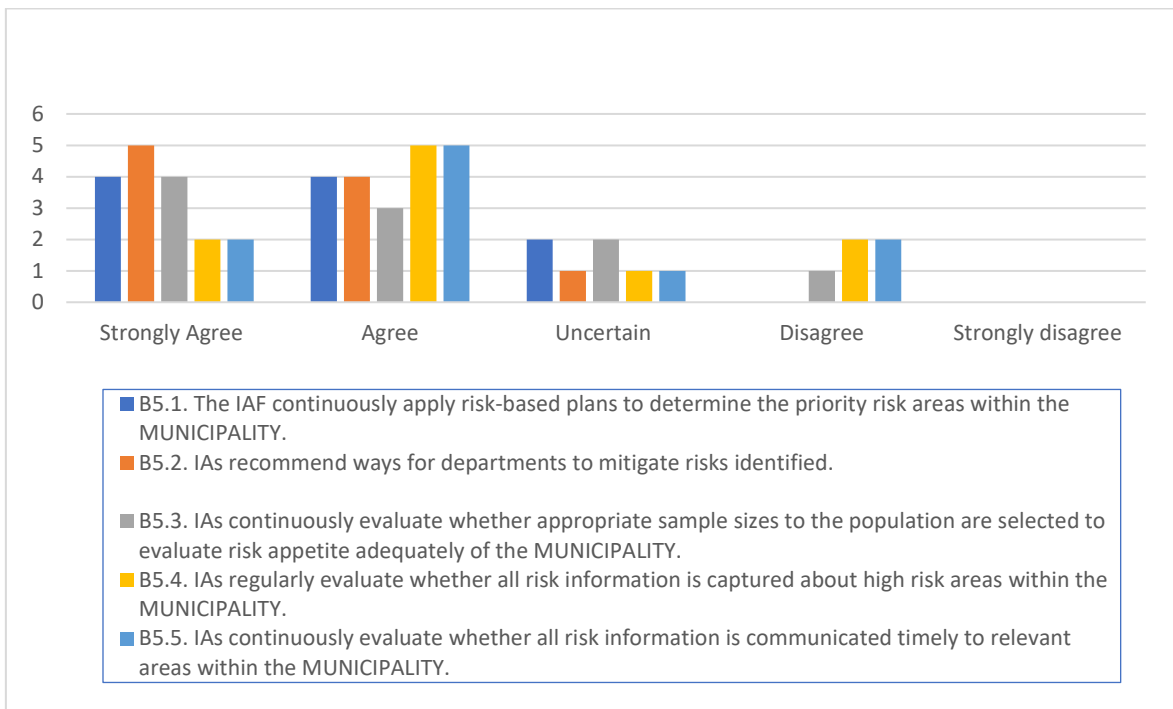


Figure 4.13: Internal Audit Function Role Towards Risk Management in the Municipality

Given the results obtained in Figure 4.13. it becomes evident that the internal audit function with the Cape Winelands municipalities applies risk-based audit action plans to determine priority risk areas within the municipality. Although none of the participants disagreed to this statement, it is concerning that participants were uncertain as to whether risk-based audit plans were being implemented. For an assurance model to be fully effective all role players should be informed and certain in terms of the assurance model being utilised. Therefore, all assurance providers as discussed in Chapter 2 should familiarise themselves with the risk-based audit action plans within their respective municipality. The above results indicate that the IAF plays a critical role in verifying the efficacy of risk management strategies and governance procedures and ensuring public accountability and cost-effectiveness within municipalities.

4.9 Municipality's Last Internal Audit

The Cape Winelands District Municipality's last IA showed that the study participants were mainly agreed or uncertain about the statements B5.6 to B5.10 below, with none

(0/10) who disagreed or strongly disagreed. These statements focused on the IAs' comprehensive evaluation of whether risk specialists identify all risk exposures relating to operations within the municipality (see Figure 4.14 below).

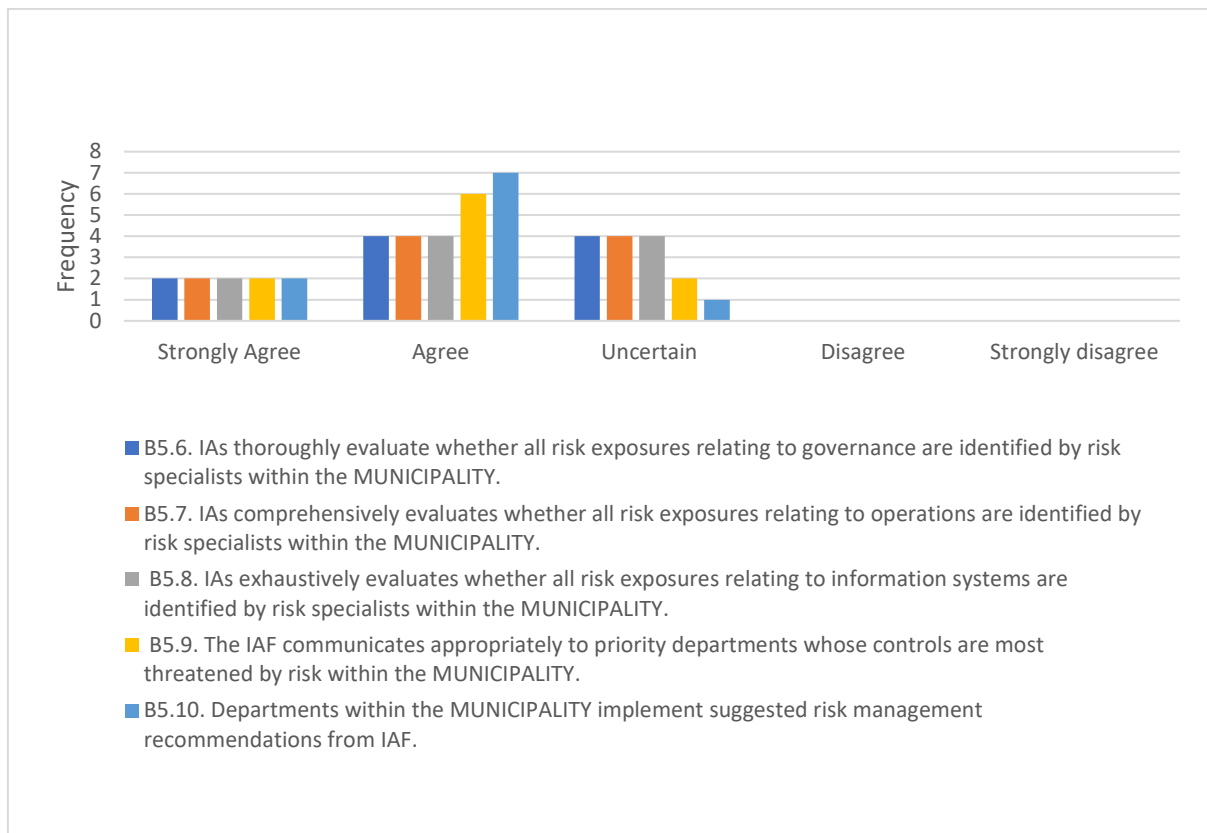


Figure 4.14: Municipality's Last Internal Audit

The IAF effectively communicates with the priority departments that face the greatest threat to their controls, and those departments within the municipality subsequently execute the risk management recommendations proposed by the IAF.

4.10 Adoption of Combined Assurance Model to Mitigate Risk in SCM

The study results show that the adoption of the combined assurance model to mitigate the risks in SCM was in process, with some participants indicating that it was already in place. In contrast, others highlighted that although currently in process, the combined assurance model was not yet fully institutionalised.

Yes, Langeberg Municipality adopted a combined assurance model, but the implementation of the model is still a challenge to which I, as a CAE, am paying close attention. LANG-CAE

Yes, but not institutionalised fully ^{BVMCAE}

At least one (1/10) of the participants registered ‘uncertain’ because risk management was the competency of the IA. Several major risks were identified in SCM as identified in the most recent audit within these municipalities (see Table 4.1 below).

Table 4.1: SCM Risks as Identified in the Most Recent Audit

Participant	Risk identified			
CWDM SCM	SCM Regulation 36 deviation	SCM Regulation 29(2): Composition of BAC committees	SCM Regulation 32	
CAE CAPE	Segregation of duties	Conflict of interest not declared by staff	Members doing business with the state	
SMBSCM	Reg 36 deviations	Contract Management variations	Application of Preferential Procurement Regulations	
BVMCAE	Supplier Declarations	Preference Points Calculations		
LANG-CAE	Non-compliance with local content and production requirements.	Non-compliance with SCM regulations on deviations	SCM process time delays in the completion of projects	Achievement of key performance indicators
SCMBVM	Calculations on PPPFA points (BBBEE) – wrongly	Misstatements of SCM disclosures	Declaration of Interest (MBD4)	

Participant	Risk identified			
	carried over from the supporting documentation into the calculation sheet			
CAE-DRAK	Legislative non-compliant resulting in irregular expenditure	Inadequate procurement planning	Inefficient procurement processes	
STEL-CAE	None mentioned			
CAE-LANG	Local content deviation	Constitution of the bid committee in terms of regulations		
SCM-WIT	Local content deviation	Constitution of the bid committee in terms of regulations		

These major risks included the conflict of interest, SCM Regulation 29(2): Composition of Bid Adjudication Committees (BAC) and the South African Constitution so far as their regulations, deviations, non-compliance with local content and production requirements and calculations on PPPFA points BBBEE (wrongly carried over from the supporting documentation into the calculation sheet) and Legislative non-compliance resulting in irregular expenditure, amongst other challenges. One of the major risks identified in SCM according to the most recent audit, included the Declaration of

Interest (MBD4 form) on information between suppliers' decelerations versus those by municipal staff that differ from each other.

Some study participants explained that the audit plan feedback is generally provided quarterly (every three months), and that departments such as financial services (others mentioned the chief financial officer, finance and IA) are responsible for monitoring the audit action plan. Others stated that the end users are responsible for the audit plan.

Quarterly feedback: Yes, the identified risk is a realistic view of the SCM risks experienced currently. CAE-CAPE

Progress is reported quarterly to management and the MPAC (Municipal Public Accounts Committees). All risks have been identified, and the AGSA has also highlighted emerging risks. End users are responsible for monitoring. IA (Internal Audit) updates progress on a quarterly basis. STEL-CAE

There were also participants who mentioned that the feedback is provided monthly to management. This process allows for the continuous monitoring and implementation of improvement plans.

Feedback is provided monthly by the CAE to management, and yes, the risks identified are the realistic view of issues experienced in the SCM process and how these risks impact the achievement of strategic organisational objectives. LANG-CAE

Monthly, we update and provide feedback on the Audit Action Plan as compiled by our Financial Planning audit committee. We will further indicate the progress as we proceed in order to establish proper controls. SCMBVM

Other participants, such as CAE-DRAK, indicated that the combined assurance is still in the developmental phase, even though the Cape Winelands District Municipality has adopted it.

No, combined assurance for the organisation is in the developmental phase. CAE-DRAK

The Municipality has adopted a combined assurance model but has not formally implemented it yet. A pilot project is currently underway with the Provincial Treasury

and Drakenstein Municipality, which will inform the CAF and standardise templates and reports. STEL-CAE

In conclusion, it is of the utmost importance, as alluded to by Dinga (2012) and IoD (2009), to integrate and synchronise assurance processes within an organisation in order to optimise control efficiencies, risk and governance oversight, and overall assurances provided to the audit team, while also considering the organisation's risk tolerance. Brinkerhoff and Brinkerhoff (2015) concluded that it is essential for developing countries such as South Africa to have good governance at the local level of government and to impose fiscal discipline in order to reduce inefficiencies.

4.11 Chapter Summary

This chapter furnished perceptive information pertaining to the IAF in the Cape Winelands District Municipality, focusing particularly on supply chain management. A significant proportion of the participants in the study hold the belief that the requisite governance and risk management controls are presently implemented within the municipality under investigation.

The study results demonstrate the importance of the IAF's contribution to the Cape Winelands District Municipality's overall risk management procedure. Furthermore, the results furnished substantiation that the requisite municipal policies, practice manuals, and processes are operationally established. Efforts are underway to implement a combined assurance model as a risk reduction strategy for SCM; nevertheless, substantial progress remains to be made prior to its complete institutionalisation.

The next chapter presents the results and conclusions of the study, together with the consequences for the key stakeholders. The study's limits will be discussed and, thus, serve as the conclusion of this research report and help to contextualise the results and recommendations for further investigation.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS OF THE STUDY

5.1 Introduction

This study has examined the legal framework governing combined assurance and SCM in local government, highlighting the objectives of democratic and accountable governance, sustainable service provision, social and economic growth and community involvement. South Africa's National Government has enacted several regulations to guide municipalities' SCM policies, such as the MFMA SCM Regulations, the Preferential Procurement Policy Framework Act (PPPFA), and the Black Broad-Based Economics Empowerment (BBBEE) Act.

The Auditor-General of South Africa (AGSA, 2019) reported the highest non-compliance to supply chain legislation in municipalities since 2011-12, with irregular expenditure increasing more than 100% over the last two financial years. The AGSA (2021) urged municipalities to prioritise supply chain management and develop comprehensive procurement strategies to reduce non-compliance.

Combined assurance, as stated previously, is a process of integrating assurance procedures within a corporation to maximise assurance from multiple sources regarding risk areas affecting an organisation (Sibanda et al., 2020). The significance of the board of directors in an organization's oversight of assurance functions and their strategic congruence with risk considerations is underscored in the King IV Report on Corporate Governance (IoD, 2009; 2016). In South African municipalities, inadequate governance frameworks contribute to underperformance.

The implementation of combined assurance in the SCM of the Cape Winelands District Municipality in the Western Cape was the subject of this study. In the SCM environment, the three lines of defence model for risk management and control functions is critical. Key benefits of combined assurance include early identification of internal control weaknesses, risk mitigation or minimisation, implementation of internal controls and cost savings associated with contract management and litigation (Ackermann & Marx, 2016; White et al., 2020).

5.2 Main Results

This study investigated the implications of conducting combined assurance within municipalities, assessing its adoption within the SCM. The investigation was conducted using structured qualitative research, with ten representatives from the Cape Winelands District Municipality participating. These participants were SCM experts, with the majority overseeing more than 200 staff members. The participants' experience ranged from 0 to 25 years, with 70% being members of a professional body and having over ten years auditing experience. The study found that these participants from the local municipalities within the Cape Winelands District had never been implicated in corporate governance malpractice. Furthermore the combined assurance model has been partially implemented however there remains room for improvement on the implementation of this assurance model within the Cape Winelands District of South Africa.

RQ1 *What are the elements of an effective internal control system in SCM?*

The IAF within the various local municipalities within the Cape Winelands District was assessed through 19 questions. The results showed that the IAF is functioning well within these municipality, with the board/council, audit committee, management and external auditors all supporting its growth. The study analysed the involvement of municipal officials in internal audits, policies, practice guides and procedures. A significant proportion of the participants expressed strong agreement or agreement regarding the existence of acquisition management, demand management, disposal management, logistics management, performance management, and risk management.

RQ2 *What is the role of internal auditors in the adoption of combined assurance within the public service?*

The questionnaire responses indicated that a significant proportion of participants agreed or strongly agreed with the statements regarding the IAF's role in risk management. This confirmed that IAs were instrumental in assessing the effectiveness of governance procedures and risk management strategies.

RQ3 *Do CAEs understand the concept of combined assurance?*

The CAEs regularly explain the IAF's purpose, authority, and responsibility to the board of directors and senior management of the numerous local municipalities within the Cape Winelands District, according to the study. This demonstrates that the CAEs comprehend the concept of combined assurance.

RQ4 *What transversal SCM-related risks are municipalities facing?*

The major risks identified in the audit include non-compliance with local content and production requirements, SCM regulations and calculations on Preferential Procurement Policy Framework Act points. The combined assurance model is still in the developmental phase, with a pilot project being implemented with the Provincial Treasury and Drakenstein Municipality.

RQ5 *What internal control activities are municipalities utilising to mitigate risks in SCM?*

The IAF of each municipality is comprised of proficient professionals who are held in high regard by both staff and management, and are effectively managed as an autonomous entity. It possesses sufficient resources to deliver professional assurance and advisory services of the highest calibre. A comprehensive and well-resourced department that aids audit committees in carrying out their oversight duties is essential to the IAF's effectiveness. The IAF is an integral component of the combined assurance model and contributes significantly to risk management.

The most recent internal audit of the Cape Winelands District Municipality unveiled that the organisation is in the process of implementing a combined assurance model to mitigate risk in Supply Chain Management (SCM). The IAs are in the process of developing the model to assess the risk exposures associated with operations within the municipality in question. The priority departments whose controls are most vulnerable are notified by the IAF, and these departments subsequently execute the risk management recommendations proposed by the IAF.

RQ6 *How sound are these internal control activities to improve audit outcomes?*

The significance of the IA in identifying and mitigating risks is demonstrated by the fact that the Cape Winelands District Municipality had adequate controls in place to mitigate risks, according to this study. Additionally, the recommendations of the IA in the last municipal audit were generally agreed upon.

5.3 Recommendations

Based on the responses highlighted above to RQ1 to RQ 6, this research has the practical implication of enhancing the effectiveness of relevant, dependable, understandable and comparable SCM, as well as providing a supporting information technology infrastructure. The study's results suggest that for SCM to be relevant, dependable, comparable, and understandable, the HR department must optimise personnel management via personnel planning and enhance the efficacy of education and training implementation, promotion, and reward systems, in accordance with the requirement for efficient and effective staff (Tsolakis et al., 2021). Municipalities should continue to optimise the assessment and evaluation of the organisation's internal control system's implementation to achieve relevant, dependable, understandable and comparable service effectiveness in SCM (Astuty et al., 2021).

5.3.1 Effective Municipal Leadership

Based on the responses to RQ1 to RQ6, It is advisable to enhance the municipal leadership's capabilities through continuous capacity-building initiatives so that these leaders can provide effective leadership (Mnguni & Subban, 2022). This objective can be attained by instituting effective community engagement strategies, including extensive public participation and recruiting competent professionals to execute the approved plans (Gurtu & Johny, 2021). In addition, the leadership should implement flexible systems and policies to support these efforts. By doing so, the combined assurance model will be implanted effectively.

5.3.2 Promoting Good Governance

Based on the responses to RQ1 to RQ6, To effectively assist council members in carrying out their oversight responsibilities, it is advisable to populate oversight

structures with individuals who possess the necessary skills and knowledge in local governance (Petersen, 2019). The Executive Committee, Municipal Public Accounts Committee, Audit Committee, and Financial Misconduct Committee are the recommended oversight mechanisms (Dichabe, 2020). The oversight structures should be responsible for a variety of tasks, such as monitoring the organisation's performance and assuring appropriate consequences for failures (Wibowo et al., 2022). In addition, these committees should superintend the implementation of audit action plans, monitor risks and the implementation of internal controls and ensure that both internal and external stakeholders receive accurate information (Van Zyl & Mans-Kemp, 2020). These structures should also establish an organisation-wide culture of ethical and responsible decision-making and work to improve the municipality's capacity and capabilities (Mnguni & Subban, 2022).

5.3.3 Attracting and Retaining Good Talent

Based on the responses to RQ1 to RQ6, the management of the Cape Winelands District Municipality should adopt efficient human resources systems that aid in the acquisition and retention of proficient and capable staff (Anton & Nucu, 2020). In addition, the HR system should nurture continuous talent development and cultivate a high-performance culture (Sobb et al., 2020). In addition, the HR system should provide comprehensive support for the implementation of consequence management, assuring its resiliency through the appropriate application of performance management strategies (Hangggraeni et al., 2019). The combined assurance model requires all assurance providers to be skilled and competent in their respective fields of expertise.

5.3.4 Clear and Implementable Audit Action Plans

Based on the responses to RQ1 to RQ6, ednbasis of the Auditor General's report, it is suggested that the CAEs of the Cape Winelands District Municipality devise an exhaustive and detailed audit action plan (Motuba, 2014). This action plan should expressly outline the tasks to be undertaken, establish specific timeframes for their completion, and assign responsibility to the personnel tasked with executing the prescribed measures (Nkwanyana & Agbenyegah, 2020). In addition, the action plan should be subjected to rigorous review by the appropriate regulatory bodies, namely the MPAC and Audit committees, to ensure compliance with regulations and provide

the Council members with comprehensive updates on significant progress (MacCarthy et al., 2022).

5.3.5 Development of a Clear Compliance Framework

Based on the responses to RQ1 to RQ6 discussed in detail above, It is essential that the Cape Winelands District Municipality's CAEs should establish a comprehensive compliance framework encompassing all relevant legislation to provide guidance for adhering to applicable rules and regulations (Maleka, 2016). In addition, it is essential that they also construct the compliance framework after conducting the compliance assessment to ensure its adaptability to all identified compliance-related deficiencies and risks (Langa, 2021). Priority should be given to automating the framework to ensure optimal use by all relevant stakeholders (Caiado et al., 2022).

Lastly, the governance structures within the Cape Winelands District Municipality, including Audit, Risk and MPAC, should be responsible for monitoring the implementation of the compliance framework once it has been authorised (Mnguni & Subban, 2022).

5.4 Areas for Future Research

The study participants answers could have been constrained because they are using structured interview guides. As such, 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.

Researchers could also explore establishing suitable SCM metrics and measurement systems at the municipal level to evaluate operational performance (Janse van Vuuren et al., 2022).

Despite numerous obstacles, communities live in an ever-increasingly data-rich society in which the development of novel software tools is ongoing (Caiado et al., 2022). These tools have the potential to accelerate the analysis, visualisation and automation of various mapping-related aspects (Mishra et al., 2022). While these new developments may not be able to solve every problem, they hold promise for the research community. These developments provide additional investigational possibilities that could be pursued in the future. The increasing importance of AI in SCM necessitates research into AI's potential to increase the value of supply chain procedures (Sharma et al., 2021).

The use of geographical information systems (GIS) in supply chain mapping is also an essential aspect that warrants further investigation (Di Vaio et al., 2023).

Another factor for future research entails the exploration of how digital technology could transform municipal SCM (MacCarthy et al., 2022). These suggestions for future research projects would necessitate the incorporation of AI into digital transformation-focused training and educational initiatives. Organisations should prioritise digital and cultural transformation to improve SCM accountability and performance within resilient business models (Ghadge et al., 2020).

5.5 Study Limitations

Given the researcher's time and financial constraints, the cross-sectional research design was the best option to employ. As such, the study's insights are observations taken at a particular point in time and, therefore, are susceptible to the broader context of what was occurring in the Cape Winelands District during the time the data was collected such as audit periods and performance management periods.

The sample size was a limitation because it only provided responses from specific individual municipalities. This problem was mitigated somewhat by the appropriateness of the participant profiles. However, it would have been better to receive at least three data points per each local municipality – particularly one participant from each of the three lines of defence. Future researchers may consider this as a study design as well.

This study was qualitative, therefore, the results cannot be generalised. However, given the Cape Winelands District Municipality's commendable performance in AGSA

(2021) audit outcomes (which it has maintained consistently for the past five years), this study may serve as a model for other South African municipalities to emulate.

5.6 Study Conclusion

This study examined the adoption of combined assurance within municipalities and its impact on SCM. The research involved ten representatives from the Cape Winelands District Municipality of South Africa, with the majority overseeing more than 200 staff members. The study found that this municipality's IAF is functioning well, with the board/council, audit committee, management and external auditors supporting its growth. The majority of participants agreed that acquisition management, demand management, disposal management, logistics management, performance management and risk 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 assurance, regularly explaining its purpose, authority and responsibility to the municipality's Council and senior management. Some of the major risks identified in the audit process include non-compliance with local content and production requirements, SCM regulations 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 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. Monitoring can additionally be enforced by means of performance monitoring systems for all key staff. Furthermore, promoting good governance could practically require workshops led by the Accounting officers and Internal Audit to openly discuss key governance issues and best practices with all key assurance providers.

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. Practically this could be achieved by clear policy implementation in terms of attracting good talent, a guide for HR and user departments with clear targets per post level as well as a policy to follow in terms of retaining good talent.

The researched 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. Practically this would require the Internal Auditors and all officials in the three lines of defense model to be actively involved in implementing and monitoring these audit action plans.

In terms of the theoretical implications of this study, it should be emphasized that there 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.

As mentioned above researchers could also explore establishing suitable SCM metrics and measurement systems at the municipal level to evaluate operational performance (Janse van Vuuren et al., 2022).

The use of geographical information systems (GIS) in supply chain mapping is also an essential aspect that warrants further investigation (Di Vaio et al., 2023).

Other areas suggested for future research included semi-structured interviews or focus groups, longitudinal studies tracking the adoption of combined assurance in municipalities, exploring suitable SCM metrics and measurement systems at the municipal level, exploring the use of AI in supply chain management and the effects of digital transformation-focused training and educational initiatives that prioritise both digital and cultural transformation to improve SCM accountability and performance within resilient business models.

The study's limitations included its limited sample size and cross-sectional research design, that was susceptible to the broader context of the Cape Winelands District during the time of data collection. However, despite these deficiencies it is anticipated that the study can serve as a best practice case for other municipalities in improving SCM accountability and performance.

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LIST OF APPENDICES:

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APPENDIX A – Participant Information Sheet



Cape Peninsula University of Technology

23 June 2020

To whom it may concern

Dear Participant

My name is Jamie-Leigh Bruce, and I am currently working on my research project for a master's degree in internal auditing at the School of Accounting at the Cape Peninsula University of Technology. I am seeking your permission to share approximately 20-30 minutes of your valuable time during my questionnaire-based interviews. Granted, such permission will enable the student to carry out questionnaires across the research project entitled "The adoption of combined assurance within the Supply Chain Management environment in the Cape Winelands District in the Western Cape".

The research project is intended to investigate the implications of applying a combined assurance model as a mechanism to mitigate risks within the Supply Chain Environment within the Cape Winelands District. Furthermore, to establish whether the compliance/internal audit unit understands the concept of combined assurance and the link between combined assurance and the audit performance of a municipality.

I pledge that all the data will be aggregated, that collected information will be treated with the strictest confidence and that you are under no obligation to participate. All the data obtained will be used for research purposes only. The final report will not include any identifying information about your organisation. Should you have any queries, do not hesitate to contact me or my research supervisor. Your participation in this research project will be most appreciated. I kindly request you provide your signature in the appended signature space below to show your consent.

Yours Sincerely

Jamie-Leigh Bruce – Email: jamieleigh.bruce@gmail.com

Supervisor: Prof J. Dubihlela

APPENDIX B – Permission Letter

CONSENT FORM: MASTERS OF INTERNAL AUDITING



23 June 2020

To whom it may concern

Dear Respondent

My name is Jamie-Leigh Bruce, and I am currently working on my research project for a master's degree in the field of internal auditing under the School of Accounting at the Cape Peninsula University of Technology. I am seeking your permission to share approximately 10-15 minutes of your valuable time during my questionnaire-based interviews. Granted, such permission will enable the student to carry out surveys across the sector of the project entitled, **"The adoption of combined assurance within the Supply Chain Management environment in the Cape Winelands District in the Western Cape"**.

The research project is intended to investigate the implications of applying a combined assurance model as a mechanism to mitigate risks within the Supply Chain Environment within the Cape Winelands District. Furthermore, to establish whether the compliance/internal audit unit understands the concept of combined assurance and the link between combined assurance and the audit performance of a municipality.

I pledge that all the data will be aggregated, that collected information will be treated with the strictest confidence; and that you are under no obligation to participate. All the data obtained will be used for research purposes only. The final report will not include any identifying information of your organisation. Should you have any queries, do not hesitate to contact me or my research supervisor. Your participation in this research project will be most appreciated. I kindly request that you provide your signature in the appended signature space below to show your consent.

<i>Position/Office of Respondent</i>	<i>Signature</i>	<i>Date</i>
Manager. SCM Cape Winelands District Mun.		24/6/2020

Your Sincerely



Jamie-Leigh Bruce. Email: jamieleigh.bruce@gmail.com Tel: +27 021 8701/ 072 884 6677 Supervisor:
Prof J. Dubhlehla Tel: +2783 9855 136

23 June 2020

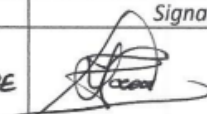
To whom it may concern

Dear Respondent

My name is Jamie-Leigh Bruce, and I am currently working on my research project for a master's degree in the field of internal auditing under the School of Accounting at the Cape Peninsula University of Technology. I am seeking your permission to share approximately 10-15 minutes of your valuable time during my questionnaire-based interviews. Granted, such permission will enable the student to carry out surveys across the sector of the project entitled, **"The adoption of combined assurance within the Supply Chain Management environment in the Cape Winelands District in the Western Cape"**.

The research project is intended to investigate the implications of applying a combined assurance model as a mechanism to mitigate risks within the Supply Chain Environment within the Cape Winelands District. Furthermore, to establish whether the compliance/internal audit unit understands the concept of combined assurance and the link between combined assurance and the audit performance of a municipality.

I pledge that all the data will be aggregated, that collected information will be treated with the strictest confidence; and that you are under no obligation to participate. All the data obtained will be used for research purposes only. The final report will not include any identifying information of your organisation. Should you have any queries, do not hesitate to contact me or my research supervisor. Your participation in this research project will be most appreciated. I kindly request that you provide your signature in the appended signature space below to show your consent.

<i>Position/Office of Respondent</i>	<i>Signature</i>	<i>Date</i>
CHIEF AUDIT EXECUTIVE		26/06/2020

Your Sincerely



Jamie-Leigh Bruce. Email: jamieleigh.bruce@gmail.com Tel: +27 021 8701/ 072 884 6677 Supervisor:
Prof J. Dubihlela Tel: +2783 9855 136

Dear Respondent

My name is Jamie-Leigh Bruce, and I am currently working on my research project for a master's degree in the field of internal auditing under the School of Accounting at the Cape Peninsula University of Technology. I am seeking your permission to share approximately 10-15 minutes of your valuable time during my questionnaire-based interviews. Granted, such permission will enable the student to carry out surveys across the sector of the project entitled, **"The adoption of combined assurance within the Supply Chain Management environment in the Cape Winelands District in the Western Cape"**.

The research project is intended to investigate the implications of applying a combined assurance model as a mechanism to mitigate risks within the Supply Chain Environment within the Cape Winelands District. Furthermore, to establish whether the compliance/internal audit unit understands the concept of combined assurance and the link between combined assurance and the audit performance of a municipality.

I pledge that all the data will be aggregated, that collected information will be treated with the strictest confidence; and that you are under no obligation to participate. All the data obtained will be used for research purposes only. The final report will not include any identifying information of your organisation. Should you have any queries, do not hesitate to contact me or my research supervisor. Your participation in this research project will be most appreciated. I kindly request that you provide your signature in the appended signature space below to show your consent.

<i>Position/Office of Respondent</i>	<i>Signature</i>	<i>Date</i>
Acting Chief Audit Executive	<i>Mati Ayanda</i>	24/06/2020

Your Sincerely



APPENDIX C – Instrument (sample questionnaire)



APPENDIX A: DATA COLLECTION TOOL – QUESTIONNAIRE

Dear Respondent,

Invitation to participate in an academic research study

My name is Jamie-Leigh Bruce and I am currently studying towards a Master's Degree in Internal Auditing with the Cape Peninsula University of Technology, in Cape Town. My research topic is **“Adoption of combined assurance within Supply Chain Management in Cape Winelands District of South Africa.”** I kindly request your assistance in completing this questionnaire based on your knowledge and experience of combined assurance. Completing this questionnaire will take approximately 15-20 minutes. The responses obtained from this study will contribute towards developing new perspectives on the implementation of combined assurance.

The responses obtained in this study will be kept confidential and will only be used for research purposes only, including publication in academic journals. The final report, and any other articles developed from the responses obtained, will not include any information identifying the respondents. Should you have any enquiries, please feel free to contact my supervisor – Prof J. Dubihlela (021 460 3477); email: dubihlelaj@cput.ac.za

If you consent to participate in this research survey, kindly sign this form to indicate that:

You have read and understood the information provided above; and you were afforded an opportunity to ask all the questions.

Ms Jamie-Leigh Bruce
Doctorate Student-FBMS
Cape Peninsula University of Technology
Cape Town, 8000
South African
Tel: 076 683 0586

Prof J. Dubihlela (PhD)
HOD Internal Auditing & FIS - School of Accounting Sciences
Faculty of Business & Management Sciences
Cape Peninsula University of Technology
Cape Town, 8000
South Africa

Section A: Demographics – Please select/indicate the correct answer.

		Choices					
A1.	Please select your Gender	Male		Female			
A2.	What is your Ethnic group	Black		Coloured		Indian	White
A3.	Please select your Age group	18-28		29-39		40-49	
		50-59		60+			
A4.	What is your Home language?	English		Afrikaans		Xhosa	
		Zulu		Northern Sotho		Tswana	
		Swati		Ndebele		Tsonga	
		Southern Sotho		Venda			
A5.	What is your Highest academic qualification?	Certificate		Diploma		Degree	
		Master's Degree		Doctorate			
A6.	In which sector are you employed?	Public Sector		Private Sector			
A7.	Are you employed in a district municipality?	Yes		No			
A7.1.	If yes, in which municipality are you employed?	E.g. Cape Winelands					
A7.2.	What is the staff complement in your municipality in which you are employed?						
A7.3.	Have your MUNICIPALITY been implicated in corporate governance mal-practices?						
A7.3.1.	If so, did the IAF recommend plans/controls for the MUNICIPALITY to deal with corporate governance mal-practices?						

A8.	How many years of experience do you have in the Internal Audit field?				_____ Years
A9.	Do you belong to a Professional body? If yes, kindly indicate which body you are a member of.	Yes		No	
A10.	In which sector is the MUNICIPALITY or provider of utilities services that you are/were involved with?	E.g. Water, Electricity, Health, sanitation.			

Section B - Kindly complete the following section below by marking your answer with an X.

B4	The Internal Audit Function (IAF): Please respond to the following statements in relation to the <i>LAST MUNICIPALITY</i> you have been involved with	SA	A	U	D	SD
	<i>For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</i> SA-Strongly Agree A-Agree U-Uncertain D-Disagree SD-Strongly Disagree					
B4.1.	The board/council recognizes the best conditions under which the IAF can thrive.					
B4.2.	The board/council supports the best conditions under which the IAF can thrive.					
B4.3.	The audit committee recognizes the best conditions under which the IAF can thrive.					
B4.4.	The audit committee supports the best conditions under which the IAF can thrive.					
B4.5.	Management and the board support efforts to make the IAF agile and innovative.					
B4.6.	The board support efforts to make the IAF agile and innovative.					
B4.7.	The CAE regularly explains the purpose, authority and responsibility of the IAF to the board.					

B4.8.	The CAE regularly explains the purpose, authority and responsibility of the IAF to senior management.					
B4.9.	The CAE is free to develop strong relationships with the board.					
B4.6.	Internal Audit staff in the MUNICIPALITY follow the International Professionals Practice Framework (IPPF) as a basis for performing internal audit engagements.					
B4.7.	The IAF in the MUNICIPALITY are composed of competent, skilled professionals.					
B4.8.	The IAF is respected by management and staff within the MUNICIPALITY.					
B4.9.	The IAF is adequately and efficiently managed as an independent unit within the MUNICIPALITY.					
B4.10.	The IAF is efficiently managed as an independent unit within the MUNICIPALITY.					
B4.11.	The IAF in the MUNICIPALITY is adequately <i>resourced</i> to provide high quality professional assurance.					
B4.12.	The IAF in the MUNICIPALITY is adequately <i>resourced</i> to provide high quality advisory services.					
B4.13.	The IAF in the MUNICIPALITY is adequately <i>positioned</i> to provide high quality professional assurance.					
B4.14.	The IAF in the MUNICIPALITY is adequately <i>positioned</i> to provide high quality advisory services.					
	<p>Please respond to the following statements in relation to the <i>LAST MUNICIPALITY</i> you have been involved with</p> <p><i>For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</i></p> <p>SA-Strongly Agree A-Agree U-Uncertain D-Disagree SD-Strongly Disagree</p>	SA	A	U	D	SD
B4.15.	Recommendations provided by the IAF to management within the MUNICIPALITY, are adopted.					
B4.16.	Recommendations provided by the IAF to management within the MUNICIPALITY, are implemented.					
B4.17.	Recommendations provided by the IAF to management within the MUNICIPALITY, adds value to the organisation.					
B4.18.	There is an independent relationship that exists between management and the IAF in the MUNICIPALITY.					
B4.19.	Internal Auditors (IAs) maintain an impartial, unbiased attitude when executing their duties in the MUNICIPALITY.					

B4.16.	Internal Auditors (IAs) maintain an unbiased attitude when executing their duties in the MUNICIPALITY.					
B4.17.	Incidents of non-conformance to the IPPF within the IAF, are immediately reported.					
B4.19.	Incidents of unethical practice within the IAF, are immediately reported.					
B4.20.	Policy documents are readily available within the IAF to guide IAs.					
B4.21.	Internal controls within the MUNICIPALITY are regularly evaluated by IAs.					
B4.22.	Reviews of the IAF within the MUNICIPALITY take place within stipulated timeframes.					
B5	Policies, practice guides and Procedures that informs the MUNICIPALITY					
B5.1.	Policies and procedure documents that guides staff on operational procedures within the MUNICIPALITY, are easily accessible.					
B5.2.	Policies and procedures followed within the MUNICIPALITY, is adequate enough to be used as a criterion for evaluation purposes by the IAF, in the discharge of its duties.					
B5.3.	Legislation that regulates the MUNICIPALITY, like the PFMA and Companies Act, address all operational aspects of the MUNICIPALITY.					
B5.4.	Departmental policies and standard operating procedures are adhered to by staff.					
B5.5.	The MUNICIPALITY is dedicated to employing corporate governance principles defined in the King 4 Report within the entity.					

B6.	Please respond to the following statements in relation to the <i>LAST MUNICIPALITY</i> you have been involved with	SA	A	U	D	SD
	<i>For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</i>					
	SA-Strongly Agree A-Agree U-Uncertain D-Disagree SD-Strongly Disagree					
B6.1.	The IAF promote the ethical standards and values listed in the King 4 report, within the MUNICIPALITY.					

B6.2.	The IAF recommends ways to improve organisational performance management within the MUNICIPALITY.					
B6.3.	The IAF recommends ways to coordinate activities amongst the board and various assurance providers within the MUNICIPALITY.					
B6.4.	The IAF recommends ways to management to addresses corporate governance challenges faced by the MUNICIPALITY.					
B6.5.	Departments within the MUNICIPALITY provides the relevant reliable information required by the IAF to perform their duties.					
B6.6.	IAs continuously assess the MUNICIPALITY objectives, to test alignment with the mission of the MUNICIPALITY.					
B7.	Risk Management within the SUPPLY CHAIN MANAGEMENT FUNCTION OF THE MUNICIPALITY					
B7.1.	The MUNICIPALITYs' combined assurance model communicates effectively on risk-management.					
B7.2.	The MUNICIPALITYs' assurance providers meet regularly to discuss its risk developments.					
B7.3.	The MUNICIPALITY has adequate controls in place to mitigate risks.					
B7.4.	Risk management policies and procedures of departments are adhered to and enforced in the MUNICIPALITY by staff.					
B8.	The IAFs role towards Risk Management in the MUNICIPALITY					
B8.1.	The IAF continuously apply risk-based plans to determine the priority risk areas within the MUNICIPALITY.					
B8.2.	IAs recommend ways for departments to mitigate risks identified.					
B8.3.	IAs continuously evaluate whether appropriate sample sizes to the population are selected to evaluate risk appetite adequately of the MUNICIPALITY.					
B8.4.	IAs regularly evaluate whether all risk information is captured about high risk areas within the MUNICIPALITY.					
B8.5.	IAs continuously evaluate whether all risk information is communicated timely to relevant areas within the MUNICIPALITY.					

	Please respond to the following statements in relation to the LAST MUNICIPALITY you have been involved with	SA	A	U	D	SD
	<p>For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</p> <p>SA-Strongly Agree A-Agree U-Uncertain D-Disagree SD-Strongly Disagree</p>					
B8.5.	IAs thoroughly evaluate whether all risk exposures relating to governance are identified by risk specialists within the MUNICIPALITY.					
B8.6.	IAs comprehensively evaluates whether all risk exposures relating to operations are identified by risk specialists within the MUNICIPALITY.					
B8.7.	IAs exhaustively evaluates whether all risk exposures relating to information systems are identified by risk specialists within the MUNICIPALITY.					
B8.8.	The IAF communicates appropriately to priority departments whose controls are most threatened by risk within the MUNICIPALITY.					
B8.9.	Departments within the MUNICIPALITY implement suggested risk management recommendations from IAF.					

Section C - Kindly complete the following section below by giving the answers to the following questions.

<p>C1. Has your municipality adopted the combined assurance model as a tool to mitigate risks within supply chain management? If no, kindly provide reasons</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>C2. What are the key risks identified in Supply Chain Management as identified in the most recent audit?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
---	--

C3. Who in the Municipality is **responsible for monitoring the audit action plan**?

.....
.....

C4. How often do you receive/provide **feedback** in terms of the **audit action plan**? Are the **risks** identified a **realistic view** of the Supply Chain Management risks experienced currently?

.....
.....

Kindly forward the completed questionnaire to the following e-mail addresses: jamieleigh.bruce@gmail.com

Thank you for taking the time to complete this questionnaire.

Jamie-Leigh Bruce (Master of Internal Auditing Student, Cape Peninsula University of Technology, Cape Town, 076 298 5140©/ 021 408 3344(w))

APPENDIX D – Ethics Clearance Approval from University



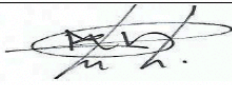
P.O. Box 1906 | Bellville 7535
 Symphony Road Bellville 7535
 South Africa
 Tel: +27 21 4603291
 Email: fbmsethics@cput.ac.za

Office of the Chairperson Research Ethics Committee	FACULTY: BUSINESS AND MANAGEMENT SCIENCES
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The Faculty's Research Ethics Committee (FREC) on **15 June 2021**, ethics **APPROVAL** was granted to **Jamie-Leigh Bruce (207183163)** for a research activity for **Masters of Internal Auditing** at the Cape Peninsula University of Technology.

Title of dissertation / thesis / project:	Adoption of combined assurance within Supply Chain Management in Cape Winelands District of South Africa Lead Supervisor (s): Prof J. Dubihlela
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Decision: APPROVED

	16 October 2021
Signed: Chairperson: Research Ethics Committee	Date

The proposed research may now commence with the provisions that:

1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the CPUT Policy on Research Ethics.
2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study requires that the researcher stops the study and immediately informs the chairperson of the relevant Faculty Ethics Committee.
3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing accompanied by a progress report.
5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, notably compliance with the Bill of Rights as provided for in the Constitution of the Republic of South Africa, 1996 (the Constitution) and where applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003 and/or other legislations that is relevant.
6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data requires additional ethics clearance.
7. No field work activities may continue after two (2) years for Masters and Doctorate research project from the date of issue of the Ethics Certificate. Submission of a completed research ethics progress report (REC 6) will constitute an application for renewal of Ethics Research Committee approval.

Clearance Certificate No | 2021 FBMSREC 070

APPENDIX E – Editor's Letter

DECLARATION OF LANGUAGE EDITING

A thesis submitted in fulfilment of the requirements for the degree Master of Internal Auditing in the Faculty of Business Sciences at the Cape Peninsula University of Technology, District Six Cape Town Campus

entitled

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

by

Jamie-Leigh (Bruce) Alexander

Supervisor: Prof. J Dubihlela

Co-supervisor: Dr AC (Visser) Neethling

has been subjected to an English language edit by

Dr Barbara Basel

(The edits still have to be checked and implemented by the student.)

D.Litt. University of Pretoria,
MA Potchefstroom University,
BA UNISA

Vice President of the Council of English Academy of Southern Africa
Associate Member Professional Editors' Guild

Past Lecturer in English Literature, Linguistics, Communication and Business English for 10 years at Pearson Institute for Higher Education (previously Midrand Graduate Institute), Cape Town Campus.

Academic Editing – PhD, MBA, MComm, MEd, MPM and Master's in Graphic Design Theses, External Examiner for MEd Thesis.

Cell: 082 651 1659
barbara.basel@gmail.com

Barbara Basel

23 November 2023

APPENDIX F – Similarity Report