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Ref: Ad Hoc 2023/24-007

Date: 29 February 2024

Ms. A Vorster
Municipal Manager

Dear Madam,

Ad Hoc Investigation of Duplicate Order Collection at SSK

Order Investigated: Reference No. 113120

1. PURPOSE

The purpose of this investigation is to examine and understand the circumstances surrounding the incident where the same order was collected twice by municipal officials at SSK. This investigation aims to identify any lapses in the existing processes, procedures, or systems that may have contributed to this duplication, as well as to ascertain whether there was any intentional wrongdoing or systemic issues within the municipal processes. The ultimate objective is to improve the efficiency and reliability of order processing and delivery systems within the municipal processes and procedures.

2. BACKGROUND

At the request of management, an internal audit was conducted to assess the operational processes when ordering and receiving orders from suppliers. The aim was to uncover any potential risk or concerns that may require attention. It was discovered that municipal officials had collected the same order on two separate occasions at SSK. This raised concerns about potential inefficiencies, errors, or even misconduct within the municipal operations related to order management and fulfilment. The duplication of the order not only has the potential to impact the reputation of the municipal services but also raises questions about resource allocation, accuracy in record-keeping, and adherence to established protocols.

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This investigation is crucial to maintaining transparency, accountability, and public trust in municipal operations. Overall, the investigation is geared towards ensuring the effective and reliable functioning of municipal services in the handling of orders and deliveries.

3. ENGAGEMENT PROCEDURES & SCOPE

Internal Audit visited the supply chain management department to gain insight and understanding of the current modus operandi within their department. Also, internal audit interviewed the Manager of Supply Chain Management to gain clarity on the operational processes being followed and various supporting documentation was requested to substantiate that the operational processes being followed are in line with standard operating procedures (SOP).

4. ENGAGEMENT RESULTS:

While conducting the review, internal audit noted that the correct internal processes were followed. In addition, the following process was followed during the procurement process:

Requisition Creation:
A requisition was successfully initiated, reflecting the need for specific goods or services required within the municipality. On the requisition, the details such as quantity, specifications, and were appropriately included.

Order Generation:
The requisition was effectively converted into a purchase order, indicating a systematic and traceable progression in the procurement process. Key information, including vendor details, pricing was accurately transcribed from the requisition to the purchase order.

Expense Form Processing:
A structured and controlled process for expense form creation was observed. The expense form was duly signed by authorised personnel, ensuring proper authorisation and accountability.

Goods Receipt Note Issuance:
A goods receipt note (GRN) was generated and signed upon the successful receipt of goods and completion of services.

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Below is the breakdown of the duplicate order received at SSK:

Description	Quantity	Price
Cistern Elf (Wit) FD 16A	1.000	R 373.60
Flexible Hose Conn 15X350mm MF	1.000	R 50.06
ISM Bung	1.000	R 18.79
Total	**3.000**	**R 442.45**

5. CONCLUSION

The Internal Audit Activity conducted an in-depth assessment of the operational procedures within the supply chain management department, with a particular focus on the ordering and receiving of goods. Notwithstanding the occurrence of a duplicate order, our internal processes successfully detected the issue, affirming the efficacy of the control mechanism implemented by the municipality. In addition, internal audit can confirm that the procurement process was in accordance with the Swellendam procedures and that no deviations and/or omissions was identified. Internal Audit would recommend that the respective user departments upon ordering the goods and services proactively inform the supply chain management department on the goods received.

Yours faithfully,

Petersen

Mr. A Petersen
Senior Internal Auditor

6. ACCEPTANCE OF INTERNAL AUDIT REPORT

We agree to the observations and recommendations made and hereby accept the abovementioned report.

Ms. A Vorster
Municipal Manager

Comments: