

Adoption of a combined assurance framework in South Africa's provincial government departments: A compliance case study

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ABSTRACT

This paper examines the role of compliance units in the adoption of a combined assurance framework within provincial government departments in the Western Cape. It strives to avoid risks being managed in silos and ensure risks are efficiently managed collaboratively. A combined assurance framework provides a coordinated approach to all assurance activities. It aims to optimise the assurance coverage obtained from management and internal and external assurance providers on the risk areas affecting an organisation. Compliance is an independent function that supervises and participates in placing internal procedures in conformity with regulations within the context of the integrity policy covering fields such as corporate governance and fields possibly required by respective Boards of Directors, taking account of risks in various activities. This study followed a qualitative approach, and data was collected by interviewing various officials within the provincial government departments. A sample of 10 respondents ranging from CAEs, Internal Auditors, and Directors was selected to participate in the face-to-face semi-structured interviews. The study aimed to conclude that a combined assurance framework undeniably incorporates the efforts of management and external and internal assurance providers. It builds their alliance and develops a combined and more holistic breakdown of the organisation's risk profile. The general view is that the assurance gap is significant. However, the combined assurance framework will furnish a clear process and criteria for recognising each department's assurance gap and degree of risk coverage.

Introduction

Combined assurance is gaining popularity through its effect on providing better risk management in many countries including South Africa (Rabambi, 2021). The importance of combined assurance cannot be understated; directors can only comment on the effectiveness and relevance of risk management and internal control systems if they have a more holistic assurance approach. It is also evident that risks are prevalent (Dhlamini, 2022). Assurance providers tend to perform assurance activities in isolation, and management, auditees, and the board may suffer from assurance fatigue and cracks that may lead to ineffective reporting to governing bodies (Vanderleest & Mathews, 2021). In addition, receiving multiple opinions places boards in a position of not exercising their oversight role appropriately. Therefore, as a result, coordination between the different assurance providers is necessary. The coordination of assurance providers to perform assurance activities permits prompt rationalisation and efficiency gains. Combined assurance aims to deliver holistic assurance to the board on the effectiveness of risk management and internal control systems by coordinating assurance activities from numerous sources of assurance. In addition, it ensures adequate and effective control environment and integrity of reports for better decision-making (IOD, 2016).

Provincial Treasury issued a framework on combined assurance in June 2012 via PT Circular Mun 29 of 2012; however, in 2014, minimal progress was noted on implementing combined assurance. The combined assurance concept was urged into action since the release of King III in 2009. The framework emanating from the private and public sectors was implemented as a foundation for combined assurance within Provincial Treasury. According to the King IV report (IOD, 2016), the adoption and implementation of combined assurance in the government can change financial management because it is recommended as a governance practice. Pfisterer and Van Tulder (2021) assess the improvement between the public and private sector because unethical behaviour in the corporate sector impacts the shareholders of a company and adversely affects citizens in the public sector. In

another study, it became evident that in the public sector, management is increasingly required to attest to an effective internal control system and sound governance in their areas of responsibility (Eton et al., 2022). They further articulate that control environment brings more impact on financial accountability in sectors. Therefore, a combined assurance approach is encouraged to verify correct coverage against chief ethics risks concerning assurance services linked to ethics management. Management and internal and external assurance providers are principal role players in administering assurance to the councils over risks in public sector entities. The King IV report has further elaborated on this concept specifying that a combined assurance framework incorporates and enhances all assurance services and tasks so that, taken as a whole, these allow for an effective control environment, backing the integrity of data used for decision making by management, the governing body, and its committees, and aiding the integrity of the external organisational reports (IOD, 2016). The recommendation resulted from a common understanding that more can be done to boost assurance coverage and quality through better coordination of assurance providers. Combined assurance as a business paradigm is relatively new, and as a result, there is little research about the role of compliance units adopting the combined assurance framework. This study will seek to scrutinise and provide insight into compliance units' role in adopting combined assurance in the Western Cape provincial public sector.

In the current Western Cape Government environment, assurance is gained from different categories of assurance providers who are each ruled by different mandates, standards, and statutes. In addition, assurance providers are confronted with the challenge of scarce resources warranting assurance on all critical risks that departments face (Western Cape Government, 2023). The service delivery end is constantly negatively impacted by the restricted coordination and integration of assurance efforts in Gauteng South Africa (Masibigiri, 2022).

The combined assurance framework undeniably incorporates management's efforts, and external and internal assurance providers build their alliance and develop a combined and more holistic breakdown of the organisation's risk profile (Moodley et al., 2022). It has been recognised as a strategic management tool that builds on current enterprise risk management processes and aims to render accounting officers or authorities and management of departments and institutions with a formalised and documented framework and process to manage the arrangement of assurance efforts in the most favourable and integrated manner WCG (2015). This framework allows management to be prevented from being overwhelmed by information and reports and folding to "assurance fatigue" by combining and aligning assurance processes so that senior management, audit, and supervisory committees obtain a comprehensive, holistic view of the efficacy of their organisation's governance, risks, and controls to permit them to set priorities and take any required actions.

The general view is that the assurance gap is significant. However, certain assurance activities are being piloted in a controlled environment but are not officially recognised and considered when assessing the assurance gap. This demands a formalised process to extensively assess assurance affiliated with each risk, guaranteeing that assurance gaps and excessive assurance are spotted and addressed suitably through the integration and coordination of assurance efforts. The CAF will therefore furnish a transparent process and criteria for recognising those activities and give reliable information on the assurance gap and degree of risk coverage in each department. Assurance methods relying on the conventional tools, techniques, and procedures may be inadequate to account for new challenges due to reduced requirement specifications, static nature, and poor development processes (Shukla et al., 2022).

Literature Review

The Western Cape Government (2023) has an internal control unit (ICU) that functions as a fundamental part of financial management within the various departments. The internal control unit comprises two prime areas: assurance services and governance (DEDAT, Financial Policy Manual, 2018). It reports to the Department's Chief Financial Officer and is responsible for identifying, mitigating, and managing control risks that may hinder the Department's objective to manage its financial and related resources effectively, efficiently, and economically.

The Internal Control section must ensure that effective internal control measures are in place throughout the Department, particularly in high-risk areas, also the prevention of adverse internal and external audit findings and provision of secretariat services to the Fraud and Risk Management Committee (FARMCO) (WCG: Provincial Treasury Annual Performance Plan, 2014/15-2016/17). The establishment of an effective system of internal control emanates from section 38 of the PFMA. Internal control is broadly defined as a process undertaken by an institution's Accounting Officer, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives (WCG, Department of Agriculture Annual report, 2013/14). It includes all processes and procedures management implements to ensure that revenue, expenditure assets and liabilities are managed effectively and efficiently. Management is accountable to the Accounting Officer for designing, implementing, and monitoring the process of internal control. The internal control unit forms an integral part of the internal control system. To carry out its role effectively, the internal control unit maintains a degree of independence from the other financial management activities, although being part of the organisational structure of the Office of the Chief Financial Officer (WCG, Department of Agriculture Annual report, 2013/14).

Internal Controls at Western Cape Government

Islah et al. (2022) defined Internal control as a process designed to provide 'reasonable assurance' regarding the 'achievement of objectives' in the following categories: reliability of financial reporting, effectiveness and efficiency of operations and compliance with relevant laws and regulations. Internal control system influences the operations, asset management and the internal control system, as well as the functioning of the organisation (Muhlisoh et al., 2023).

One of the main problems of the vast majority of private and state economic entities is the weakness of internal control systems (Abbaszadeh et al., 2018). As a result, these entities and, inevitably, the economy of the country suffer substantial losses and heavy damage. Internal control is a critical element of managing an establishment that comprises relevant projects, methods, and techniques to achieve tasks, objectives, and goals. Strictly speaking, it supports the management based on performance and represents the first defensive line utilised to safeguard assets and to prevent and detect errors and fraud (Dubihlela & Mukono, 2022). Because, if internal control is poor in the organization, it will provide opportunities for fraud to occur (Hamdani & Albar, 2016). In the public sector, internal control is described as the process put in place by management and other associates, designed to render reasonable assurance that the corporation's objectives are effectively and efficiently reached in compliance with the laws and regulations that apply to the corporation. In addition, it should also ensure sound financial reporting.

The public sector provides another definition of internal control where they indicate that internal control is systems, procedures and processes that are implemented to reduce risks that departments may be exposed to and which have been caused because of negligence, error, incapacity, or other causes (National Treasury, 2002: 28). In the public sector it is believed that internal controls should minimise risks in the public sector due to factors like fraud and incapacity. Kuhn and Morris (2017) state that Internal controls are policies and procedures intended to achieve the objectives of efficient and effective operations, reliable financial reporting, and compliance with laws and regulations. Izza and Islami (2022) examined the necessity of the internal control system in the public sector. Their research showed that the optimal design and implementation of internal controls in the public sector are critical. Therefore, public sector managers must design and implement appropriate internal control systems to relatively ensure the predicted goals achievement, good performance of activities in all areas, prevention of any embezzlement, fraud, and misuse of resources and assets and the realisation of responsiveness and accountability, for the performed activities. Bandiyono (2020) showed that if internal controls in the public sector are not weak and built up strongly, they will provide reliable financial reports. Internal control weakness shows a defect in internal controls, which is primarily used in recent studies to evaluate the effect of internal control quality on financial reporting; earlier investigations include Dubihlela and Mukono (2022) reported that weakness in internal controls might decrease financial reporting quality. Cheng et al. (2018) reveal that internal control system material weaknesses result in operational inefficiency.

The IC unit's mandate is derived in terms of section 38(1)(a)(i) of the PFMA the Accounting Officer of the Department must ensure that the Department has and maintains an effective, efficient, and transparent system of internal control. Ji et al. (2017) declared that designing an effective internal control system is essential in guaranteeing financial reporting quality. This was further iterated by Dashtbayaz et al. (2019) when they explained that the implementation of an effective internal control system, which is of high quality, can be considered an essential mechanism for high-quality financial reporting. In this respect, Pham, Tran, Bui, Nguyen & Bui (2023) outline that ineffective internal control over financial reporting significantly impacts investment efficiency.

Objectives of Internal Control

The committee of sponsoring organisations of the Treadway Commission (COSO) has identified that internal control has three key objectives, and that is to ensure efficient and effective operations, accurate financial reporting and compliance with laws and regulations Harmed (2023). According to the Department of Economic Development and Tourism's Financial Policy Manual the internal control units objectives are to ensure that the unit espouses the optimisation of resources/value for money in all activities undertaken, to improve and ensure the integrity of the information that will provide for or provide the tools to ensure sound decision-making processes within the unit, to ensure a financial legislative and policy framework in which efficient and effective processes may be implemented in the unit and to provide support and expertise in terms of governance structures, systems and processes for the institutionalisation of the King IV principles of corporate governance. Internal control could help improve the efficiency and effectiveness of operating activities and, thus, firm performance. On the other hand, effective internal control could enhance information quality, which would help managers make better decisions (Monteiro et al., 2023).

Origin of Combined Assurance

Combined Assurance has been reckoned as the process that aligns and integrates practices such as assurance in organisations to assist in maximising oversight over risk and governance and to better the efficiencies of controls

and to optimise assurance to audit and risk committees also taking into consideration the respective risk appetite of the business (Roos, 2012). This assurance model is also defined as the calibration of several assurance activities within an establishment to ensure that assurance holes cease to exist, and assurance activities diminish and overlap. Still, pilots risk consistency with the board and executive expectations (Nicholson & Baker, 2013). The combined assurance model was initially developed by King III in 2009 and covered the traditional three lines of defence: (a) management control, (b) risk control and compliance oversight functions, and (c) independent assurance.

According to the King III report, combined assurance is defined as the process of integration and harmonisation of support in the business to assist in ensuring maximum risk management and oversight and improve management efficiency, and optimise overall assurance to the audit Committee, considering the relevant risk expectations (The International Standards for the Professional Practice of Internal Auditing, 2013). Additionally, combined assurance should assist in improving the understanding of the General levels of confidence and how to solve or mitigate areas of risk (The small business environment, 2012).

The idea of combined assurance was further augmented by King IV, who broadened the three lines of defence to five lines of assurance. This was done to embrace all assurance role players and to accentuate that assurance is about having an adequate and effective control environment and strengthening the integrity of reports for better decision-making. The five lines of assurance include (1) line functions that own and manage risk and opportunity, (2) specialist functions that facilitate and oversee risk and opportunity, (3) internal assurance providers, (4) external assurance providers, and (5) governing bodies and committees. The concept of changing the focus to “five lines of assurance” is to include additional role players with an even greater emphasis on providing combined assurance. Therefore, it is a requirement in King IV that the audit committee ensures the implementation of this model results in combining, coordinating, and aligning assurance activities across the various lines of assurance.

In the three lines of defence, each line plays a distinct role within the organisation's wider risk and control framework. Dubihlela and Mukono (2022) present further evidence when they highlight that the roles and responsibilities of each line of defence, by categorising the 1st line of defence as operational management control of risks, should own the risks and controls, including management supervision and oversight. The second line of defence, which contains the compliance function, should monitor these risks and controls. It should be working directly with the business to define and drive the risk management framework and the internal control structure as part of the day-to-day operations and oversight of the company.

Importance of Combined Assurance

Risks are everywhere, therefore why not assurance? Assurance providers tend to perform assurance activities in isolation, and management, auditees, and the Board may suffer from assurance fatigue and cracks that may lead to ineffective reporting to governing bodies. In addition, receiving multiple opinions places boards in a position of not exercising their oversight role appropriately. The concept of combined assurance is to look at the assurance function holistically and divide it differently between internal and external auditors to increase the scope of assurance (Dubihlela & Mukono, 2022). Therefore, as a result, coordination between the different assurance providers is necessary. The coordination of assurance providers to perform assurance activities permits prompt rationalisation and efficiency gains. Unfortunately, there have often been such overlapping functions—and companies cannot understand why the external auditors must redo work already done by the internal auditors (Nyakumwa et al., 2023). King's concept of combined assurance gets companies to create a framework that looks at the content of assurance provided by internal and external audits as well as risk management, coordinating all of them to ensure there is no duplication and no omissions. Nyakumwa et al. (2023) defines combined assurance as the merger of the assurance in an entity with the aim of expanding risk and governance oversight and to govern efficiencies, and to enhance overall assurance to the audit and risk committee. This definition supports the King IV report, suggesting that combined assurance is pivotal to good corporate governance practice.

The adoption of combined assurance within the government can change financial management in that combined assurance is recommended as a governance practice, according to the King IV report. Sartor and Beamish (2020) accentuated that governance within government should lay claim to the same attention that governance in the private sector receives due to the fact that unethical behaviour in the corporate sector has an impact on the shareholders of a company but adversely affects citizens in the public sector. In another study, it became obvious that in government, staff in management positions are increasingly needed to attest to applying an adequate internal control system and intact governance in their areas of responsibility (Ratliff, 2022). In relation to assurance services linked to the management of ethics, a combined assurance approach is cheered to verify acceptable coverage against chief ethics risks. Management and internal and external assurance providers are key participants in administering assurance to committees over risks in government entities. This concept was further elaborated on and stated that this framework integrates and enhances all services and tasks so that when these are collectively taken, it allows for a controlled environment that is effective (King IV). In doing so, it would back the forthrightness of data that assisted management, governing bodies, and committees in making decisions, and the integrity of the

external reports of the organisation would be uplifted. A common understanding is that much more can be done to boost assurance quality if assurance is better coordinated. In addition, a combined assurance approach can help internal audit raise its profile in facilitating the corporate governance process (Chen et al., 2020). Prinsloo and Maroun (2020) observed that when both internal and external assurance providers act collectively in the mitigation of business risks, numerous advantages can be reaped as this enhances the efficiency of risk management. A combined assurance model highlights the firm's exposure to risk areas threatening the organisation to management and internal and external assurance providers (Rabambi, 2021). This includes a greater concentration on perceived risks, their mitigations, and how assurance is reported to audit committees.

Trying to prevent management from becoming overwhelmed with information and reports then becomes a problem, and this eventually creates "assurance fatigue". Addressing the problem becomes the purpose of combined assurance by integrating and aligning the assurance processes in an establishment to boost risk and governance oversight, control efficiencies, and enhance overall assurance to the audit and risk committee, considering the company's risk appetite. By coordinating and bringing assurance activities and ways of working across different functions into line, delivering assurance tend to become progressively more efficient and effective. Hence with the combined assurance framework, several parties are involved in offering assurance, and their events involve coordination and alignment. Therefore, the combined assurance framework can be classified as the process of internal and possibly external parties collaborating and combining activities or events to achieve the common goal of communicating information to management. The combined assurance model aims to provide an all-inclusive assessment to the board of directors of the efficacy of risk management and internal control systems by organising assurance activities from different sources of assurance (Prinsloo & Maroon, 2020). In Europe, approximately 65% of its international sample is aware of the Combined Assurance model, and this shows the widespread use of this model and the importance of the consequences of its implementation.

Regulators claim that internal controls executed by various functions should be coordinated to steer clear of duplication of efforts and gaps in risk coverage and to certify that all major risks are tackled appropriately. Since regulations of the various internal control functions frequently fail to establish clear boundaries for their activities, the possibility of several actors testing the same control or even the difficulty of testing them all may occur. Therefore, combined assurance is clearly needed to solve these problems. Conversely, the implementation of CA, particularly the combining of hierarchical lines of defence, will diminish the independence of each control function (IIA, 2013). The Institute of Internal Auditors proposed this model as it enhances comprehension of internal control by shedding light on the roles and duties of the various internal control functions. The three lines of defence under the surveillance and guidance of senior management and the board of directors are seen as the fundamental premise and are essential within an establishment for effective management of risks and controls (IIA, 2013).

Decaux and Sarens (2015), using qualitative data acquired through semi-structured interviews with six multinationals at different stages of CA implementation maturity, discovered that corporations are still learning through CA implementation, and no organisation appears to have conquered a mature CA program. The aim is, therefore, to connect, analyse, and report the information provided by different assurance providers in such a way that senior management, the audit committee, and the supervisory committee receive a comprehensive and holistic view of the effectiveness of governance, risks, and controls in their organisation to enable them to take any necessary actions. By aligning and harmonising assurance activities and ways of working across different functions, delivering assurance becomes increasingly efficient and effective. However, different sources of external assurance are only a part of a more coordinated approach to managing operations, internal processes, and risks. The aim is to use different types of "assurance" to ensure efficiency, maximise value generation, mitigate adverse social and environmental impacts and enhance the quality of reporting to stakeholders.

For the combined assurance process to operate effectively, assurance providers must have the necessary expertise, resources and standing in the organisation. A carefully designed management and control framework must be in place, enabling communication among assurance providers and allowing those charged with governance to coordinate the use of different types of assurance to achieve monitoring and control objectives (Prinsloo & Maroon, 2020). As part of this, combined assurance needs to form part of a culture that champions risk governance rather than being seen as a compliance exercise. The intention is not to have every aspect of the organisation subject to detailed review and testing. A balance must be struck between seeking an effective control environment and avoiding situations where assurance mechanisms frustrate operations and stifle innovation (Prinsloo & Maroon, 2020).

A well-functioning combined assurance model can bolster the effectiveness of an organisation's internal controls and, in turn, contribute to improved operating efficiency and the realisation of business objectives (Chen et al., 2020). A more comprehensive review of and response to material risks can inform management's decision-making processes and provide stakeholders with greater confidence in the quality of the information included in external reports (IOD, 2016). At the same time, combined assurance can promote a culture of risk management and ensure compliance with laws and regulations without requiring a significant increase in associated costs.

However, empirical evidence on the benefits of combined assurance and the quality of existing assurance models is limited (Prinsloo & Maroun, 2020).

Research Method

This research used the qualitative method to appreciate the role of compliance units in adopting the CA model in the WCG provincial departments. This qualitative inquiry is foregrounded within interpretivism and constructivism because there is an appreciation of people's understandings, meanings, experiences, and views, which are formed, implanted and established through relations with people. Therefore, human relations, research participants' actions, subjectivity, meanings, and interpretations saw the qualitative research method as appropriate for this study. This differs from the quantitative research method, whose central belief is about inferring, studying, and measuring underlying relationships between variables at abstract levels (Creswell & Creswell, 2018).

The interpretations of the role of compliance units are essential in the CA model to promote a culture of risk management and ensure compliance with laws and regulations within provincial government departments in the Western Cape (Prinsloo & Maroun, 2020). However, the benefits of the qualitative method cannot polish over the weaknesses, which need much attention. The predominantly held criticism of qualitative research is that of the researcher's subjective position, which may jeopardise the state and the accuracy of the research. The commonly known shortcoming is the small number of participants ordinarily used in this type of research, which tends to generate unwillingness to inflate findings to broad populations by other researchers (Creswell & Creswell, 2018). The researcher was conscious of the spectrum of problems to validity which could have repercussions on the qualitative method; thus, data was gathered using interviews in this study.

This study's population comprised of employees working within the compliance units of the 13 provincial government departments. A sample is a small number of people from a population participating in a survey and from whom the findings are generalised to the entire population (Saunders et al., 2019). Therefore, the sample size represented the entire population (du Plooy-Cilliers et al., 2014). A Sample of ten (10) respondents, consisting of Chief Audit Executives, Senior Managers, Internal Auditors, Directors, Deputy Directors, Risk Managers and CFOs, was utilised. The research strategy used was like that of Shoup (2015), who selected participants constructed on their knowledge and experience relevant to the area of concern. Data were collected by conducting and recording semi-structured interviews via the MS Teams platform with senior managers, directors, and senior personnel within compliance units. The interviews aimed to give respondents an untainted voice and inspire them to respond with honest views. The interviews were later analysed on the ATLAS. Ti Software. The interviews would have taken place at the respondents' workplaces to ensure that respondents were not removed from their settings, as this may have led to contrived findings that would be out of context (Creswell, 1998). However, face-to-face interviews were no longer an option due to the pandemic and had to be conducted virtually.

Data collection commenced by purposively identifying senior personnel in compliance units, senior managers, and directors. The respondents were sent an email requesting them to participate, and if no response was received after two days, respondents were telephonically contacted as a follow-up measure. Interview appointments of 30-40 minutes were secured via the MS Teams platform at a time most convenient to them. Respondents were asked the same questions to reduce bias and harmonise data capturing.

Data Analysis

Biographical data

The respondents' ages ranged between 31 and 41 or older. Of note is that 40% of the respondents were between the ages of 31 and 40. A total of 60% of the respondents were between the ages of 41 and above. A total of 60 % of the study's respondents are male, and 40 % are female. This study reveals that male in government still dominates the higher positions of employment. A total of 40 % of the study's respondents are in the Internal Control Unit. In addition, a total of 40 % of the study's respondents are in the Internal Audit Unit, 10 % of the respondents are in Enterprise Risk Management, and 10 % is in Finance. A total of 30 % of the respondents are Deputy Directors, 20 % are Directors, and 20 % are Managers. Of note is that 10 % of the respondents are Chief Audit Executives, 10 % are Chief Risk Officers, and 10 % are Accountants. A total of 50 % of the respondents are involved in strategy formulation, and 30 % in Auditing. Of note is that 10 % of the respondents are involved in risk identification, mitigation, strategy formulation, and hiring, and 10 % are involved in governance, risk management, compliance, forensics, and internal control. The study revealed that 60 % of the sampled population has been in his/her current employment between 0-5 years. 20 % of respondents have been in their current employment between 6-10 years, and 20 % of respondents have been in their current employment between 11-15 years.

In terms of work experience, the study revealed that 40 % of respondents had between 20 to 26 years of experience, 30 % had 11 to 15 years of experience, and 10 % had been working for 0-10 years. Twenty % of the respondents did not answer this additional question or were not asked this additional question. To note is that of

the total amount of working experience, 70 % of the respondents have 0-10 years of working experience in the combined assurance framework space. On the other hand, 10 % of the respondents have 11-20 years of working experience in the combined assurance framework space, and 20 % of the respondents did not answer this additional question or were not asked this additional question. Of note is that the study revealed that 50 % of the respondents have degree qualifications, while 40 % have professional qualifications and another 10 % have national diplomas as a qualification. Of note is that the study revealed that 20 % of the respondents are involved in developing and implementing the combined assurance framework. By comparison, 10 % are involved in drafting the CAF. 10 % are involved in coordinating and providing assurance, 10 % was involved as an Internal Auditor, 10 % was involved as a second line of defence as an ASD, 10 % were involved in the assessment of risk, review of assurance providers and 10 % played a role as an oversight body in providing assurance. However, 20 % of the respondents did not answer this additional question or were not asked this additional question.

Table 1. Demographic Analysis

Organisational Code	Participant Code	Gender	Education	Tenure Years	CAF Experience
DOTP	P01	Male	Degree	26	13
DOTP	P02	Female	CIA	20	8
DOTP	P03	Female	Degree	13	6
DOTP	P04	Female	Degree	0	0
DOTP	P05	Female	Degree	26	7
DCAS	P06	Male	ND	24	8
DOH	P07	Male	CA	13	3
DEA	P08	Male	PGD	10	5
DOE	P09	Male	CA	12	0
DOA	P10	Male	CIA	15	5

Source: Author's construction

Data analysis process

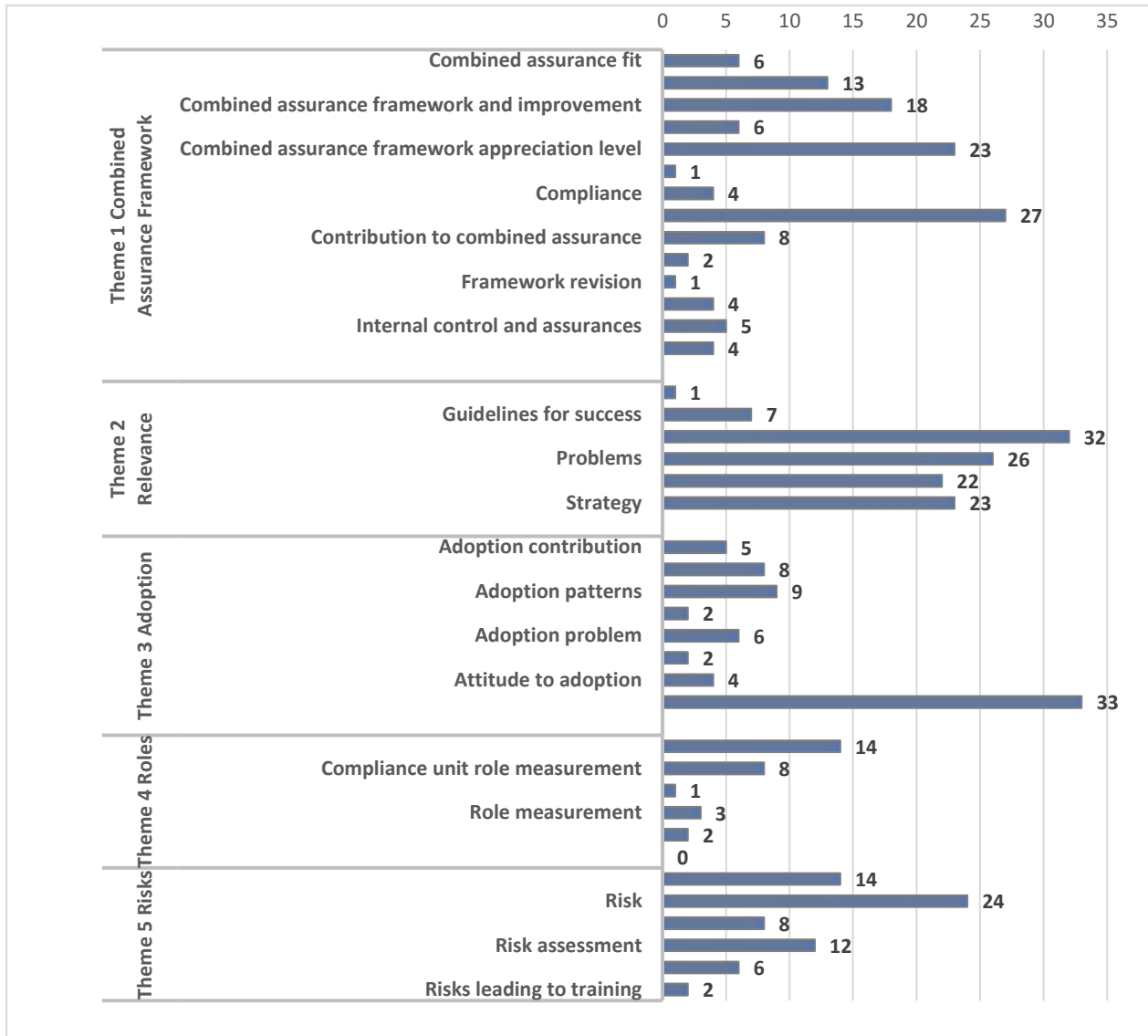
This study made use of semi-structured interviews to collect primary data, where 11 respondents who are knowledgeable on the subject matter under discussion was selected. Due to the pandemic, qualitative research is currently going through a transformation. Traditional face-to-face data collection is replaced by methods and procedures that allow for fieldwork at a distance. Therefore, interviews were done virtually via MS Teams, recorded for confirmation purposes, and guided by the semi-structured schedule. The respondents could give honest answers because the interview questions were open-ended. The semi-structured interview was selected as the primary data collection strategy since it was deemed the most relevant research tool for this study. They were conducted with CAEs, CEOs, directors, general internal auditors, AO and others since these interviewees form part of the decision-making and could be responsible for all organisational activities.

Eventually, the data obtained were processed and analysed. According to Bezuidenhout, Davis and Du Plooy-Cilliers (2014), the process of bringing soundness, structure and sense to the immense data is called qualitative data analysis and therefore, common factors such as reduction, organisation, interpretation, and substantiation of data are considered significant. Due to the coronavirus pandemic, interviews were conducted and recorded via MS Teams and transcribed verbatim. Data were analysed using thematic content analysis, which was done according to themes and perspectives using ATLAS.ti. This comprises creating categories of information using emerging and pre-determined codes and linking these categories to position them within the context informed by the literature review (Creswell, 2009). The researcher became familiar with the data by in-depth reading and re-reading, summarising the data and categorising it into emerging themes and data interpretation will be made. Recorded interviews were transcribed to allow content analysis of the statements of individual responses and for key messages to materialise after compressing the data according to the major themes emerging from the respondents' statements (Khan & MacEachen, 2022).

Results and Discussion

Five themes emerged from the participants' narratives namely Combined assurance framework, relevance, adoption, roles, and risks. Figure 1 illustrates the five main themes and sub themes that emerged from the study.

Table 2 reflects on the combined assurance framework and the sub themes that have emerged from the study. The table indicates which respondents discussed the sub themes and which sub theme were discussed the most. As shown in the table, sub themes combined assurance framework appreciation level and compliance unit criteria were the leading discussion topics.



Source: ATLAS.ti

Figure 1. Themes Chart

Table 2. Theme 1: Combined Assurance Framework

THEMES	FRAMEWORK ITEMS	P01	P02	P03	P04	P05	P06	P07	P08	P09	P10	TOTAL
Theme 1												
Combined Assurance Framework	Combined assurance fit	1	2	2	0	0	0	1	0	0	0	6
	Combined assurance framework	5	2	3	2	0	0	1	0	0	0	13
	Combined assurance framework and improvement	0	0	1	3	0	3	7	2	1	1	18
	Combined assurance framework and management role	0	0	2	2	0	2	0	0	0	0	6
	Combined assurance framework appreciation level	0	0	3	7	0	4	0	2	2	5	23
	Combined assurance map	1	0	0	0	0	0	0	0	0	0	1
	Compliance	3	0	0	1	0	0	0	0	0	0	4
	Compliance unit criteria	0	13	0	4	0	4	0	2	4	0	27
	Contribution to combined assurance	1	0	0	0	0	3	0	2	0	2	8
	Framework negative reflection	2	0	0	0	0	0	0	0	0	0	2
	Framework revision	1	0	0	0	0	0	0	0	0	0	1
	Internal audit control	2	0	0	1	0	0	1	0	0	0	4
	Internal control and assurances	1	0	0	0	0	0	4	0	0	0	5
	Internal control units	1	0	0	0	0	0	3	0	0	0	4

Combined Assurance Framework

The study revealed that the combined assurance framework can serve as a warning tool for management as this will be projected in the reports, which will show them whether the implemented controls are effective or should be revised. This statement is in line with a study done by Polizzi et al. (2023) which stated that combined assurance can assist solve integrating and aligning assurance processes so that senior management and audit and supervisory committees obtain a comprehensive, holistic view of the effectiveness of their organization's governance, risks, and controls to enable them to set priorities and take any necessary actions. It's also further supported by Masegare (2018) that its main goal is to support corporations to comprehend their level of assurance and where improvements should take place or to address those levels to manage organisational risks. The study also discovered that the CAF would create awareness of the importance of internal controls and the risk coverage that assurance providers will provide, and that the CAF is meant to be a management tool. In support of this Huibers (2015) further concludes that management represents the first line of defence, owning the processes, controls, and risks.

Combined Assurance Framework and Improvement

The findings revealed that the CAF would improve the compliance unit to become a reliable second line of defence. It further revealed that currently, the CAF stops with assurance mapping, but the CAF can contribute further if ICU starts reporting to oversight bodies on the risk-based plan that was developed. It was also discovered that if the CAF is implemented correctly, it would be advantageous to the compliance unit if they assign roles to the experts and provide the right skills in the right focus areas. However, the findings between respondents is contradictory as some respondents believe that the CAF has been implemented and significantly impacts the number of clean audits which is supported by Boersman and Bedford (2023) which states that The adoption and implementation of the CA model could also see improvements in obtaining clean audits.

Another outcome is that the CAF will force the ICU to relook at areas they can improve, or leverage and that the CAF would provide a better overview of the organisation by having different levels look at it and that there will be some alignment between the different lines of defence, and if not, they will be able to investigate why there is a misalignment. Further findings revealed that if the combined assurance mapping is not in place, they will not be able to determine the percentage of risk coverage for a particular year, and if they follow the mapping correctly and have their own IC plan, it will enhance the department. Boersman and Bedford (2018) further confirmed that to effectively implement the combined assurance model, the establishment will have to define the important risk categories that make up its risk management framework, so that the assurance map can be established based on the structure of the risk framework. The main purpose of assurance mapping is to streamline business processes regarding: Who is doing what? What has been done to date? It further aspires to provide reassurance to those at the top by showing that all of the following participants are being responsible and accountable, in the first, second and third line of defence (Mamokhere & Meyer, 2022).

Combined Assurance Framework Appreciation Level

An interesting outcome in this study is that there are contradictory views on the appreciation of combined assurance within the WCG provincial departments as the study revealed that the appreciation is minimal or non-existent however on the other end the appreciation is seen as relatively high, well respected and understood but also uncertainty around appreciation exists. It also revealed that the topic is relatively new to the provincial government and that not enough is known about it. This is supported by Tarquinio (2012) which claims that Combined assurance as a business paradigm is new and as a result, there is minimal research on how organizations are implementing combined assurance approaches.

Compliance and Compliance Unit Criteria

The study found that the internal control unit's role is linked to compliance; they are compliance driven. This finding is supported by literature which states that the ICU has "gained importance" in the government department because of their role that ensures compliance and safeguards government funds (Pfeil et al., 2023). Another finding is that the compliance unit is considered the 2nd line of defence and provides a monitoring role which is contradictory to Makgatho (2013) that claims that the ICU are the only unit that is used as a preventative control (first line of defence) to protect and manage government resources. They assist the department to prevent the manipulation and corruption that commonly arises when procuring and paying for goods and services in the government departments (Makgatho, 2013). The study has observed that the criteria would include the experience of officials within the unit and whether there is an existing methodology and that there are not many criteria set out in the CAF for the ICU, but the criteria will probably be based on the requirements for reliance. Finally, it claimed that ICU units are very critical and are in the process of re-aligning their focus areas and assessing whether they are still relevant; they have found that people continue with the same process for years on end.

Table 3. Theme 2: Relevance

THEMES	FRAMEWORK ITEMS	P01	P02	P03	P04	P05	P06	P07	P08	P09	P10	TOTAL
Theme 2 Relevance	Focus on fixing financial controls	0	1	0	0	0	0	0	0	0	0	1
	Guidelines for success	1	0	0	3	0	1	2	0	0	0	7
	Perception	18	0	0	0	0	0	4	4	4	2	32
	Problems	20	3	0	0	0	0	3	0	0	0	26
	Relevancy factors	1	2	1	5	0	2	3	3	1	4	22
	Strategy	22	0	1	0	0	0	0	0	0	0	23

Presented in Table 3 is theme 2 which discussed the relevance of the CAF. The table indicates which respondents discussed the sub themes and which sub theme were discussed the most. As shown in the table, sub themes perception and problems were the leading discussion topics and focus on fixing financial controls were discussed the least.

Relevancy Factors

The outcome of the study advanced by the participants on this theme were overwhelming in that the combined assurance is relevant to the ICU. According to the participants the CAF recognises the ICU as an internal assurance provider and that all the assurance providers have the same objective in assisting the department in achieving its objectives. Therefore, the ICU's relevancy would then provide a level of assurance to management on whether the, although limited to financial controls, financial controls are adequate and effective. They have indicated that the CAF is relevant as it ties all the roles players together, i.e., everyone has access to each other; this, to me, also means that silos will fade. In addition to that, they added that the framework is relevant as it was approved by top management and is being categorised as a 2nd line of defence in the framework and therefore needs to roll out and become a living document and should become the way they do things. They also stated that it becomes relevant, especially with the ICU facing the problem of limited resources and looking at the scope of the work, especially when faced with many risks. The relevancy is then that it allows the role players to focus on specific areas knowing that the other risk areas are covered by other parties, which means a role player's attention is less divided. The relevancy of the ICU adopting the CAF is that compliance will strengthen the control environment, and duplication of efforts will also be minimised. This finding confirms Information sharing and coordinating activities with other assurance providers is a crucial role for any establishment and that these interventions are pursued to ensure proper coverage and to minimize duplication of efforts (Alzoubi et al., 2022).

Focus on Fixing Financial Controls and Guidelines for Success

Another important additional outcome of this study is that one of the flagging risks is that ICU is only focused on financial controls. It indicated that with any strategy, you must define your success measures. As the framework stands now, it takes them up to mapping, and if they start using that mapping to look at where they are placing their assurance effort, then it could enhance the effort. It was also revealed that when information and methods of working are shared, the ICU will certainly improve on the focused areas. The respondents claimed that building in unanimous terms in the methodology of the different assurance providers will also enhance assurance efforts. The respondents also suggested requesting management assistance in determining the adequacy and effectiveness of controls once a risk or risks has been identified.

Table 4. Theme 3: Adoption

THEMES	FRAMEWORK ITEMS	P01	P02	P03	P04	P05	P06	P07	P08	P09	P10	TOTAL
Theme 3 Adoption	Adoption contribution	1	1	0	0	0	1	0	2	0	0	5
	Adoption guidelines	1	0	0	1	0	3	0	0	0	3	8
	Adoption patterns	1	0	0	2	0	3	0	0	0	3	9
	Adoption plan	2	0	0	0	0	0	0	0	0	0	2
	Adoption problem	1	0	1	0	0	3	0	1	0	0	6
	Adoption process	2	0	0	0	0	0	0	0	0	0	2
	Attitude to adoption	3	0	0	0	0	0	1	0	0	0	4
	Benefit of adoption	1	5	2	8	0	0	8	3	4	2	33

Illustrated in Table 4 is theme 3 which discussed the adoption of the CAF within the WCG. The table indicates which respondents discussed the sub themes and which sub theme were discussed the most. As shown in the table, sub themes benefit of adoption were the leading discussion topic.

Adoption Contribution and guidelines

According to the respondents, the CAF's contribution is that more assurance is provided. Nahid (2023) supports this when he defines combined assurance as an integration of the assurance in a corporation to maximise risk and governance oversight, and to control efficiencies and optimise overall assurance to the audit and risk committee. The study also revealed that there would also be a transfer of knowledge, skills, and sharing of ideas, methods, and tools, so it would be a significant contribution if implemented correctly. The respondents added that the CAF allows you to see where your gaps are in those risks where there is either a lack or minimal assurance being provided. They further stated that they need to bring internal control units along so that they can first understand what it means to be a second line of assurance provider and also then understand at what point do they as internal control know what it is that they need to do to be able to play their role within the combined assurance framework fully.

Adoption Patterns, Adoption Problem and Process

The respondents stated that an extensive consultation process took place to get people aware of what is in it and get them on board because they knew that adoption would not really work unless people were aware of what was happening and felt part of the process. The study further indicated that a formal adoption process took place through adopting the framework as a formal WCG policy. Additionally, the respondents also indicated that they have not defined how the level of adoption of combined assurance would be measured as it is still very much in the implementation phase. Finally, the respondents also indicated that adoption patterns are directed through identifying and assessing risks in collaboration with internal audit and risk management.

The findings also indicated that the role players did not know about it or were unfamiliar with the CAF content and, therefore, could not drive the adoption. This tallies with Feather et al. (2022) which indicated that the CBOK 2015 Global Internal Audit Practitioner Survey revealed that knowledge and implementation of the combined assurance concept is not yet widespread. Globally, only 59% of respondents were aware of combined assurance, although there were huge differences between regions (Huibers, 2015). Respondents also indicated that they are not sure how effectively they will implement the combined assurance framework as it depends on your skills within your various units and the internal audit units, for example, are not sufficiently capacitated. Hence, there is a limited amount of function and therefore it will not be possible for them to cover all the department's risks.

Benefit of Adoption

The findings revealed that there is a massive benefit in adopting the framework. However, although it has happened, the adoption has been very slow. According to respondents, the CAF will tell you which of those identified mitigations are working effectively, are adequate and effective, not only today but also tomorrow. Another benefit of adopting the framework is that it will enhance assurance by ensuring that assurance is optimised cost-effectively, eliminating duplication of effort between different assurance providers. It further revealed that the CAF, with ICU on board, increase risk coverage; it will assist management or accounting officers with investment decisions in terms of resources and where to direct their resources, e.g., should an internal audit, or internal control report indicate control deficiencies in those areas it will assist them in mitigating the risks. The respondents also indicated that it would broaden compliance units' work scope. Respondents added that from an oversight perspective, they would get a better view of all the assurance and a more accurate indication of the actual assurance gaps. They also concluded that internal control units' benefit would be expanding knowledge. First, there will be a need for additional training and knowledge sharing that will increase knowledge within those units. Secondly, because of this broadened assurance, work that is now open to them will allow them to enhance their knowledge and understanding. Additionally, they also indicated that it would assist the province in determining how work can be done more efficiently and effectively and how they can leverage the existing assurance structures. Furthermore, the respondents also added that their role would be elevated if people could understand their contribution to the more extensive combined assurance framework that the ICU is assuring them on the risks and mitigation as opposed to just an internal control review on compliance.

Table 5. Theme 4: Roles

THEMES	FRAMEWORK ITEMS	P01	P02	P03	P04	P05	P06	P07	P08	P09	P10	TOTAL
Theme 4 Roles	Compliance unit role criteria	0	0	3	0	0	2	1	5	0	3	14
	Compliance unit role measurement	0	0	1	2	0	0	0	0	2	3	8
	Role benefits	0	1	0	0	0	0	0	0	0	0	1
	Role measurement	0	1	0	0	0	2	0	0	0	0	3
	Role of internal control	1	0	0	1	0	0	0	0	0	0	2

Table 5 reflects on the roles within combined assurance framework and the sub themes that have emerged from the study. The table indicates which respondents discussed the sub themes and which sub theme were discussed the most. As shown in the table, sub themes compliance unit role measurement and compliance unit role criteria were the leading discussion topics.

Role of Internal Control and Compliance Unit role Criteria

The findings concluded that internal control plays a more significant role in focusing on the management controls and looking at their entirety; and giving assurance on how those risks are being managed through the adequacy and effectiveness of the controls in place. Further to that the findings indicated that the ICU role is to play that second line of defence, to contribute to the combined assurance framework through the work that they do and to make sure that everything is in place so that the work that they do can be relied upon by the oversight bodies. However, some of the respondents specified that the framework is still very new and not enough has been discussed regarding the matter, and many engagements need to happen between departments and the premier department. It was revealed and noted that ICUs are functioning at a very, very operational level they are not there to assist management in terms of growing the control environment in the department. This was further substantiated in the study, that not much have been developed. So, it is like a blank statement and that provincial treasury with departments has done minimum requirements for internal control units. Hence, it fits within the combined assurance but predominantly focuses on finance, and its responsibility is to provide assurance on various financial compliance for the department.

Table 6. Theme 5: Risks

THEMES	FRAMEWORK ITEMS	P01	P02	P03	P04	P05	P06	P07	P08	P09	P10	TOTAL
Theme 5 Risks	Role of senior management	0	1	2	0	0	0	3	2	3	3	14
	Risk	4	5	2	5	0	4	0	1	2	1	24
	Risk and mitigation	1	1	0	2	0	1	1	0	0	2	8
	Risk assessment	1	0	0	1	0	0	4	6	0	0	12
	Risk assurance	2	1	0	1	0	0	1	1	0	0	6
	Risks leading to training	0	1	0	0	0	1	0	0	0	0	2

Presented in Table 6 is the risks associated with combined assurance framework and the sub themes that have emerged from the study. The table indicates which respondents discussed the sub themes and which sub theme were discussed the most. As shown in the table, sub themes risks, and role of senior management were the leading discussion topics.

Risk and risk leading to training.

This study revealed that adequate resourcing and the necessary training, knowledge and understanding of the CAF might not exist to implement the framework. This respondent also raised an additional concern regarding the mandate of the ICU in the CAF. It was also revealed that the other role players and the work that you place reliance on, fail, and that could be due to several reasons. It might be that other parties do not understand your organisation necessarily the way you do, or they do not deem certain areas to be the same type of risk or category of risk as you do, so focus areas might be skewed. As a result, objectives might not be met, and resources available on the other side is also a concern whether the relevant skills are there and do they have the right people to do the work. Another concern raised is that all their work is not the same and at the same level. For example, AGSA, internal audit and internal control unit perform different audit procedures, which is the issue. This statement is in line with researcher such as Feather et al. (2022) which states that when implementing combined assurance, one of the core challenges is in aligning the different activities, ways of working, definitions, and rating systems of different assurance providers. The respondents additionally stated that the coverage may be different, the independence of staff and that there are so many elements when it comes to the audit of how they operate differently. In addition, the nature and extent of the reports are completely different between the different assurance providers, as the three parties do not sit together and agree on procedures.

Conclusion

Although, the sample size limitation and time constraints were notable for this study, influencing the research process and suitability for the phenomenon under investigation, this chapter addressed the qualitative data results from this empirical study to describe the role of compliance units in adopting combined assurance within provincial departments in the Western Cape. The key findings of the study reveal that the role of the compliance unit, referred to as the internal control unit, is mainly focused on financial compliance. Although some respondents believe that

the CAF has been fully adopted and implemented, others seem to believe the opposite. The results have supported the conceptual premise that combined assurance benefits organisations, as all respondents agreed on this; however, some felt that it would create more work for the compliance units. It also confirms that combined assurance is integral to strengthening or broadening risk coverage within an organisation if implemented correctly.

The qualitative analysis validated the relevance of combined assurance in the compliance units. The internal control units will need to do work that contributes to the assurance profile of the department. Although the study has revealed that the internal control unit purely focuses on financial controls and combined assurance is about all controls, the relevancy would provide some level of assurance to management that the financial controls that have been put in place are adequate and effective in relation to the financial risks in the institution.

The study revealed that with the adoption and implementation of the framework, it would become how things will be done in the departments. It will serve as a term of reference, a guide, providing structure to the function of the internal control units. It will address the problem of limited resources when looking at the scope of work and the specific risk areas that require coverage as there would be different parties focusing on certain risk areas and therefore, the attention of role players will be less divided, and more time can be spent on focusing on the critical areas that are not being addressed by someone else. So, in short, the framework allows for more extensive risk coverage and tapping in on the areas where there are gaps in assurance.

One of the study's objectives was to assess how the adoption of combined assurance in the WCG was determined. The findings highlighted that prior to the adoption of the CAF in 2015, extensive consultation was conducted with the drivers of the CAF, such as the HODs and EXCOs. The formal adoption of the CAF as a policy made it mandatory for all provincial departments in the Western Cape to implement it. However, Internal Audit noted that awareness of the policy was lacking and if they are not aware of something, they cannot drive the adoption thereof. IA stepped in to take up the coordinating role, which conflicts with the framework, as IA is seen as an independent assurance provider within the framework. As the coordinator, part of developing their annual audit plans, IA built a combined assurance table in their annual audit plan and engaged with the other assurance providers, be it internal or independent assurance providers, to map the work that will be performed as part of the combined assurance map. The combined assurance framework adopted in the WCG, unfortunately, limits the role of internal control units to that of a monitoring role as they check that the controls in the management level of assurance are appropriately designed, in place, and operating as intended. However, the coordinator of the framework, IA, realised that internal control has a significant role to play in the process. It focuses on managing controls, examining risks in their entirety, and giving assurance on how those risks are managed through the adequacy and effectiveness of the controls which are in place.

It was also established that there are not sufficient criteria in the framework. Also, from the perspective of the guidance that is being issued by the provincial treasury, there are no criteria established from the provincial treasury side that drives the internal control unit's role in combined assurance and that IC units' function at a very operational level. The above conclusion is further supported by the Treasury circular issued in 2013 to Internal control units that the key responsibilities were compiled based on using the ICU as a mechanism to monitor and enforce compliance with the established internal control system. The CAF, however, categorises this unit as a 2nd line of defence assurance provider, contrary to the circular issued by PT, as the CAF does not limit a role player only to financial governance but is about the entire organization.

The findings revealed that some of the internal control units or compliance units are unaware of this framework, which means there is a lack of comprehension of the CAF and lack of training, leading to implementation barriers. It also revealed that there is a limitation on financial controls, their scope of work is limited, coupled with the lack of resources has also been firmly identified as a risk as adopting this framework is seen as additional work. Adopting the framework and addressing the resources-related concerns would require training, knowledge and understanding.

Furthermore, clarity regarding the role or mandate of the ICU has been flagged with concern because the CAF rates the ICU as the second line of defence. The PT circular limits its role to monitoring. However, it was suggested that all of that can be mitigated through governance maturity that exists within an organization. There are different levels within the Western Cape Government, different departments, and different levels of maturity. For example, in one department, the issue of sticking to financial governance is huge because units do not want to move beyond what their mandate is. In other departments where there is a more mature governance environment, they have already gotten to a point where people are looking at risk-based planning that takes ICU beyond financial governance.

Another interesting risk was the failure of the reliance placed on other role players, which could be due to several reasons, such as parties misunderstanding the organization, or not agreeing on specific areas to be the same type of risk or category of risk. In addition, focus areas might be skewed, and objectives might not be met. In addition, all the role players' work is not the same and at the same level. AGSA, internal audit and internal control unit perform different audit procedures, which has also been identified as an issue. In addition, the coverage may differ, the independence of staff and even reporting, the nature of the reports and the extent of the reports are completely different between the different assurance providers. When it comes to audits, the role players operate differently.

This revolutionary study is the first research done attempting to bring forth the role that internal control units play in the combined assurance framework in the Western Cape Provincial Government Departments. This study, regardless of the necessity to consider the limitations and the substantiation of the outcomes with similar studies under different settings, presents valuable inputs. This study will enhance role players in the combined assurance framework understanding and appreciation of the framework and, possibly, the alignment of methodologies across all assurance providers within the CAF. Further, the study provides valuable contributions to the drivers and the role players of the framework within the Western Cape Government who stand to benefit by comprehending the advantages of the framework and concerns raised by ICU regarding the adoption of this framework. It will provide helpful information to such people to enable them to have the right mindset when the framework is fully implemented and adopted. Further, the outcome of this study will, to some extent, equip the drivers of the framework and the role players with enough strategies to break silos, implement the required controls, effect proper implementation mechanisms, provide relevant resources, and the right leadership with the required qualifications, experience, and skills to apply the combined assurance framework.

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