

**SURTECH TEST -Gabe testing**

**INTERNAL AUDIT REPORT**

**AUDIT**

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# **Executive Summary**

# **Introduction**

As part of the Surtech independent review process, Internal Audit and Risk Function conducted a Test Audit. This is included in the Approved 20232024 Annual Internal Audit Plan.Internal Audit and Risk Functions work predominantly uses the risk-based approach. That is, the team obtains an understanding of the work that the auditable section does, areas that expose the Company to risks are identified and then audit responses are developed to test if the controls put in place are operating effectively in mitigating the identified risks.

# **Background/Context**

Surtech, as an organisation that

**Objective**

The objective of this engagement was to provide assurance over the operating effectiveness of controls put in place to maintain critical services and to ensure integrity of operations at Surtech HQ and Satellite offices.

# **Scope**

In general, this Engagement involved testing the appropriateness of the design and operating effectiveness of controls designed to mitigate the risks identified during the planning phase as shown in 6 below.

# **Overall Audit Opinion**

**Improvement Required**

**Basis of Opinion**: Surtechs Preventive Maintenance System for its assets is still in the early stages if we are to use a Capability maturity model. Processes to improve the maintenance system are on-going as seen in the recent development of some job cards. As a result, there are some improvement areas that have been highlighted that need a coordinated cross functional effort to ensure an effective maintenance program is implemented at the Company.

**Key to Overall Audit Opinion**

|  |  |
| --- | --- |
| **Unsatisfactory** | Audit results indicate that assurance cannot be placed on the adequacy and effectiveness of internal controls to mitigate and/or manage one or more of the inherent risks evaluated within the environment under review. |
| **Improvement Required** | Audit results indicate that limited assurance can be placed on the adequacy and effectiveness of internal controls to mitigate and/or manage one or more of the inherent risks evaluated within the environment under review. |
| **Satisfactory** | Audit results indicate that reasonable assurance can be placed on the adequacy and effectiveness of internal controls to mitigate and/or manage all the inherent risks evaluated within the environment under review. |

# **Opinion per Risk:**

|  |  |
| --- | --- |
| **Red** | Key controls assessed are generally inadequate, ineffective or both to properly mitigate the risk for which they were intended. |
| **Amber** | Some but not all key controls assessed are inadequate, ineffective or both to sufficiently mitigate the risk for which they were intended. |
| **Green** | Key controls assessed are adequate and effective to properly mitigate the risk for which they were intended. |

# **Acknowledgement**

We would like to thank the Director of Operations and the entire team in Operations including the Technical Services Manager and all Depot Managers, Supervisors and Technicians for the assistance rendered to us during the audit.

Yours Faithfully,

**Internal Audit and Risk Manager**

# **Summary of Audit Results**

# Risk IdRisk DescriptionRatingSiteFindingRefOpinion Per RiskR1Non-adherence to approved Preventive Maintenance Plan PMP of critical assets that might compromise the safety of the operationsVH(16)NairobiLack of user manual or reference documents for some critical equipment1Inadequate designJohannessburgAbsence of test plan for satellites depots6NairobiFailure to adhere to contractual terms Mchinji Concession Agreement7All SitesNo preventive maintenance or condition monitoring of some equipment8R4Delays in purchase and delivery of maintenance related services, spares and equipment which results in loss of time and money, and compromise safety and security in case of CCTV of operationsVH(20i)All SiteUn-updated job cards and PMP4Inadequate DesignAll SitePoor Structural condition on Foam tank and Diesel Cooling ring5R2Incompleteness of the PMP may result in rejected claims by the Insurance company in case of breakdowns.VH(16)All OfficesAbsence of job cards for some critical assets2Appropriate designAll SitesMissing job cards for preventive maintenance3Appropriate Design

# **Detailed Audit Findings**

## **Appendix 1: Risk Assessment Criteria Matrix (RACM)**

