

# Operational Audit Report

## Detailed Findings

**Audit Scope:** Procurement Department  
**Audit Period:** January - March 2024  
**Date of Report:** 12 June 2024

### Summary of Findings

Ref	Issue/Observation	Criteria	Impact	Risk Rating
1.1	Lack of periodic supplier evaluation.	Company Procurement Policy, Section 5.2	Potential engagement with underperforming suppliers.	Medium
1.2	Delayed purchase order approvals.	Standard Operating Procedure PR-07	May result in supply chain disruption.	High
1.3	Insufficient documentation for bid analysis.	ISO 9001:2015 Clause 8.4	Lack of transparency and audit trail.	Medium

### Detailed Findings & Recommendations

#### Finding 1.1: Lack of Periodic Supplier Evaluation

##### Observation:

Current processes do not include periodic evaluations of suppliers as required by internal policy. Records from Q1 2024 show no documented performance assessments for active suppliers.

##### Criteria:

Company Procurement Policy, Section 5.2

##### Impact:

Continued reliance on suppliers who may not meet quality or performance standards, exposing the company to operational risk.

##### Recommendation:

Establish a schedule for regular supplier evaluations, including documented performance metrics aligned with company policy.

#### Finding 1.2: Delayed Purchase Order Approvals

##### Observation:

Analysis found that more than 40% of purchase orders in the audit period took over five days to approve, exceeding the maximum threshold set in SOP PR-07.

##### Criteria:

Standard Operating Procedure (PR-07), Approval Timeline

##### Impact:

Delays in order approvals can disrupt supply chain operations and potentially lead to stockouts or missed production deadlines.

##### Recommendation:

Implement an automated tracking system to flag and escalate delayed approvals to responsible management.

#### Finding 1.3: Insufficient Documentation for Bid Analysis

##### Observation:

Procurement files did not contain adequate supporting documentation for bid evaluations and vendor selection in 30% of cases sampled.

##### Criteria:

ISO 9001:2015, Clause 8.4; Internal Document Retention Guidelines

##### Impact:

Lack of adequate documentation reduces transparency and complicates future audits or dispute resolutions.

##### Recommendation:

Ensure all bid evaluations are fully documented and supporting materials are retained in accordance with internal guidelines.

### **Important Notes**

- Detailed findings should be clear, fact-based, and referenced to established criteria.
- Each issue must include a defined impact and actionable recommendation.
- Risk ratings help prioritize corrective actions.
- Operational audit reports are confidential and intended for management use only.
- Supporting evidence should be retained for all findings.