

**THE IMPACT OF AUDITING ON THE EFFECTIVE PROCUREMENT PROCESS IN
ORGANISATIONS**

A CASE STUDY OF KAKIRA SUGAR LIMITED

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ABSTRACT

The goal of this study was to examine various aspects of the purchase audit that can have an impact on a company's performance. The study was done with Kakira Sugar Limited in mind, which had the procurement audit applied but had not seen an increase in efficiency.

The analysis made it easier to comprehend the potential causes of Kakira Sugar Limited's subpar performance notwithstanding procurement audit.

Accountability, conformance, and transparency all have a high positive link with procurement audit. The study's findings led to the conclusion that the quantity and quality of procurement conformance measurements had a considerable, favorable impact on procurement practices. Holding all other variables unchanged, Kakira Sugar Limited's purchasing function would typically increase by 0.39 percent for every one percentage point rise in the effect of purchasing visibility. Since the P-value (0.00) is less than 0.05 and this is significant according to the 0.05 threshold of symbolic importance, we reject the null hypothesis and come to the conclusion that there is a significant correlation between the effect of acquisition accountability and Kakira Sugar Limited's procurement strategy.

The study made a recommendation to management and other important decision-makers to develop and enhance improved training methods on purchase responsibility, conformance, and transparency that center on the advantages of purchase audits for the entire organization is determined. The study recommended the policy makers and top management to formulate and

cultivate culture of performance in terms of appropriate accountable procedures, structures and systems for procurement that would provide appropriate direction for the organization.

*Key words: **auditing and effective procurement***

Background of the study

About as far back in history as bookkeeping is the origin of acquisition auditing.

The wisdom of checking the loyalty of the former would have become clear if the advancement of civilization necessitated one man being somewhat trusted with the possessions of another.

The demand for both internal and external auditing stems from the requirement for an independent sample of confirmation in order to decrease fraud, record-keeping errors, and asset theft in both for-profit and nonprofit organizations. There was a pressing need for a separate control over the process function that would validate the accounting information utilized for decision-making as commercial activities increased in size, scope, and sophistication. The management needed a way to assess the employees' honesty as well as the effectiveness of the work being done for the company. The logical response at the turn of the 20th century was to create a formal department of internal auditing to which these duties might be assigned.

In due course, the internal audit function was given the mandate to "carefully collect and analytically report on selected business facts" in order to provide management with a means of monitoring major business movements, activities, and outcomes from a variety of complex interactions (Richard Cascarino 2013). Forensic accountants have historically been engaged in considerable numbers by the U.S. General Accounting Office (GAO) and various State Auditors' Offices, including the State of Ohio Auditors' Office.

Internal review services are valued by businesses in the railway line, defense, and retail sectors. These services go far beyond accounting information audit procedures and are committed to providing trustworthy operating reports with nonfinancial data like "quantities of parts in short supply, adherence to timetables, and performance of the goods" (Sridhar 2012).

To combat unethical activities in the public procurement procedures, the Public Regulatory Authority (PPRA) in Tanzania has introduced the government procurement audit as a new practice.

Broadly speaking, Section 7(1)(j) of the Act requires the PPRA to implement state aid audits. Government procurement audits are mandated by the PPDA Act of 2003 and are an authorized inspection or inquiry of public procurement practices over a specified time period. They must be carried out by designated and trained purchasing auditors.

It is crucial to stress that the goal of public acquisition auditing is to merely determine whether the government procurement law, policies, and procedures have been followed within the government procurement framework rather than to bring charges against anyone involved.

Statement of the Problem

According to Marie (2015), the majority of businesses worldwide that have adopted contract management auditing have seen improved profitability, growth, and corporate development as well as improved relationships with their stakeholders. They have also seen increased effectiveness in terms of production and efficiency throughout all their entire enterprise by ensuring that trying to purchase activities are performed in accordance with contract management procedures and guidelines and that there is less waste.

According to Sandra (2017), these businesses which conduct acquisition audit benefit from compliance to purchasing manuals, where their activities and supporting documents are carried out as specified in their manuals and they encounter little to almost no divergence from them. The companies also have procurement method that are transparent throughout organization, allowing for assessment and follow-up.

Specific objectives

- 1. To analyze the effect of procurement accountability on the procurement performance of Kakira Sugar limited.*

2. *To determine the effect of conformance to the procurement manual on the procurement performance of Kakira Sugar limited.*
3. *To analyze the effect of procurement transparency on the procurement performance of Kakira Sugar limited.*

Research questions

1. *What is the effect of procurement accountability on the procurement performance of Kakira Sugar limited?*
2. *How do you determine the effect of conformance to the procurement manual on the procurement performance of Kakira Sugar limited?*
3. *Explain the effect of procurement transparency on the procurement performance of Kakira Sugar limited.*

Hypothesis of the study

Ho: There is no relationship between procurement accountability and procurement performance of Kakira Sugar limited

Ha: There is a relationship between procurement accountability and procurement performance of Kakira Sugar limited

Ho: There is no relationship between the effect of conformance to the procurement manual and procurement performance of Kakira Sugar limited

Ha: There is a relationship between the effect of conformance to the procurement manual and procurement performance of Kakira Sugar limited

Ho: There is no relationship between the effect of procurement transparency and procurement performance of Kakira Sugar limited.

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Methodology

Research Design

The senior management and regular staff of Kakira Sugar Company were provided with surveys

and interviewed in order to get the data.

The survey methodology is used because it is thorough, comprehensive, and contextual.

Data collecting was simple and adaptable.

It allowed them to save money and time, allowing them to advance in various facets of the activities.

Also, it will allow a researcher the ability to induce effects on the study's parameters (Cooper and Kumar, 2016).

Study Population

In this study, the population was comprised of Auditors of Kakira Sugar Limited for the purpose of getting the required information. Kakira Sugar Limited has over 50 Auditors at different sections and levels of operation.

Sample Size and Sampling Techniques

Sample Size

In this study a sample of 40 respondents was used and 40 questionnaires were prepared for the Auditors of Kakira Sugar Limited in order to ensure maximum representations. This included key informers who are the Auditors of Kakira Sugar Limited.

Table 1: Sample Size

	Respondents	Target Population	Sample Size
	<i>Auditors</i>	50	40
	Total	50	40

Sampling Techniques

Kothari (2014) defines sampling as the procedure of selecting portions of an aggregation or completeness in order to form an opinion about it. It is the process of choosing a

population, set of circumstances, behavior pattern, or other component with which to perform a study. Whether a sample design, or a list of the units that make up the research population, is accessible is a critical factor determining the choice of a sampling technique. In order to select participants from the general population, the researchers employed both a purposeful technique and simple random sampling.

Purposive Sampling Technique

Babbie (2014) defined purposive sampling technique as the one which enables a researcher to select a sample based on his /her knowledge of population, research elements and objectives. Purposive sampling is also based on researcher's judgment and purpose of the study. This technique was used on 5 key informants who have that information according to the knowledge of the researcher.

Random Sampling

According to Yates et al (2018), stated that in random selection each individual was chosen randomly entirely by chance, such that each individual has the same probability of being chosen at any stage during the sampling process and each subset of individuals has the same probability of being chosen for the sample as any other subset of individuals.

Data Collection Techniques

This was a systematic collection of information concerning the problem under the study. Three types of data collection techniques were employed in this study. These included questionnaires, interviews, and direct observation.

Questionnaire

The questionnaire method permitted the use of a set of questions to collect data and carry out social research. Kothari (2014) argued that a questionnaire consists of a number of questions printed or typed in a definite order on a form or set of forms. This method of data collection was

applied to 40 respondents.

Data Analysis

Data was analyzed using Statistical package for social science (SPSS). Then the results were presented by means of words, numbers and percentages in the form of tables, Data analysis and interpretation enabled the researcher to get a clear understanding of the research findings and were used to arrive at a conclusion and make recommendations.

RESULTS

Procurement Accountability

Table 3: Procurement Accountability

Statement	Mean	Std. Deviation
<i>Responsibilities are clearly stipulated for all staff</i>	3.99	.478
<i>The staff understand the regularity requirements</i>	3.99	.611
<i>The staff are competent and have relevant skills and training</i>	4.04	.548
<i>Process and financial monitoring is precise and easy follow up on</i>	3.95	.536
<i>There are relevant and adequate documentation to cover start to end procurement process</i>	4.07	.486
<i>There are set procedures for handling poor performance, errors and</i>		
<i>- - -</i>		
<i>The set correctional and preventive procedures for poor performance</i>		.570
<i>There are specific individuals that handle procurement issues in all units</i>		.506
<i>The organization's culture support accountability</i>		.617
<i>The organization has improved due to the state of <u>Valid N (listwise)</u></i>		.618

Most people agreed that there are relevant and adequate documentation to cover start to end procurement process. It attained a mean of 4.07 and a standard deviation of 48.6%.

The majority of respondents (mean 3.95; standard deviation 65.7%) believed that there were established methods for dealing with concerns including poor performance, mistakes, and fraud. The majority of respondents also concurred that the predetermined corrective and preventive measures for lackluster performance and wrongdoing were consistently carried out, with a mean of 3.99 and a sample variance of 57%.

The majority of respondents concurred that the organization had improved as a result of the procurement function's accountability and caution, which led to a mean of 4.17 and a standard deviation of 61.8%.

Procurement Conformity

Table 4: Procurement Conformity

<i>Statement</i>	<i>Mean</i>	<i>Std. Deviation</i>
<i>There are set policies and manual to be used in procurement</i>	4.17	.556
<i>The standards for goods/services are well communicated</i>	3.95	.710
<i>There are monitory and evaluation tools that help the organization</i>	4.18	.415
<i>Procurement processes and manuals are well adhered to by all in</i>		
<i>Organization</i>	4.11	.640
<i>There are guidelines to be used in case of poor quality or</i>		
<i>The organization delivers quality to its beneficiaries</i>	4.07	.486
<i>The quality and policies improve beneficiary satisfaction</i>	4.08	.732
<i>Valid N (listwise)</i>		

The second goal was to ascertain the impact of compliance with the purchasing manual on Charity Uganda's procurement processes.

The majority of individuals concurred that procurement strategy must follow established policies and manuals.

It achieved a 4.17 mean and a 55.6% sample variance. The majority of the respondent concurred that everyone in the firm adheres closely to the procurement activities and manuals.

It achieved a mean of 4.11 and demonstrated to its customers that it provides quality service by achieving a mean of 4.07 and a confidence interval of 48.6%.

Procurement Transparency

Table 5: Procurement Transparency

<i>Statement</i>	<i>Mean</i>	<i>Std. Deviation</i>
<i>The procurement processes are open for entire public to participate</i>	4.05	.657
<i>There is timely and well shared information throughout the</i>	4.10	.551
<i>Whistle blowers in the organization are protected</i>	4.14	.584
<i>The channels of communication are user friendly</i>	4.12	.476
<i>There are a large number of suppliers attempting to bid</i>	4.07	.433
<i>The suppliers are given equal chances to compete</i>	4.11	.491
<i>There is a flowing communication between the organization</i>	4.14	.494
<i>stakeholders, other departments and suppliers</i>		
<i>The level of openness in the procurement function is helping the</i>		
<i>organization achieve its goals</i>	4.08	.625
<u><i>Valid N (listwise)</i></u>		

The third goal was to examine the impact of contract management transparency on Kakira Sugar Limited's effectiveness in that area.

The majority of respondents agreed that the public is welcome to contribute in the procurement activities.

It achieved an average of 4.05 and a confidence interval of 65.7%.

Most participants agree that there is timeously and well promotes teamwork all through the institution by achieving an average of 4.10 and a confidence interval of 55%.

Also, the majority of the respondent concurred that the business protects whistleblower by having a mean of 4.14 and a sample variance of 58.4%. Most respondents agreed that there is a flowing communication between the organization stakeholders, other departments and suppliers. It attained a mean of 4.14 and a standard deviation of 49.4%. Most of respondents also agreed that the level of openness in the procurement function is helping the organization achieve its goals by attaining a mean of 4.08 and a standard deviation of 62.5%.

Procurement Performance

Table 6: Procurement Performance

<i>Statement</i>	<i>Mean</i>	<i>Std. Deviation</i>
<i>Procurement audit takes place in the organization</i>	4.12	.568
<i>Procurement audit undertaken in the organization are preventive and corrective in nature.</i>	3.96	.630
<i>Procurement audit keenly observes processes and</i>	4.00	.515
<i>Procurement audit is done by specialists in procurement function</i>	3.99	.649
<i>Procurement audit help to improve the beneficiary satisfaction</i>	3.95	.743
<i>Procurement audit enable the delivery of quality in the organization</i>	4.00	.560
<i>Procurement audit can to be done more keenly ad vigorously for better</i>	3.93	.708

Valid N (listwise)

Determining the impact of audit reports on the procurement efficiency of quasi organizations in Uganda was the study's main goal.

The majority of the participants were in agreement that a revealed that the amount carefully examines the procedures and records of procurement activity.

It reached a mean of 4.00 and a sample variance of 51.5 percent.

The majority of the participants concurred that purchasing audits enhance recipient contentment.

It achieved a 3.95 mean and a 74.3% standard deviation.

The majority of the participants were in agreement that procurement audits help organizations deliver excellent services.

It achieved a 4.00 mean and a 56% sample variance.

Table 10: Multiple Regression Analysis

Coefficients				
<i>Unstandardized Coefficients</i>				
<i>Standardized Coefficients</i>				
<i>Model</i>	<i>coefficient</i>	<i>St. Error</i>	<i>t</i>	<i>Sig</i>
<i>(Constant)</i>	10.544	3.758	2.806	.000
<i>Effect of</i>				
<i>accountability</i>				
<i>on procurement</i>	.353	.089	2.472	.000
<i>procedures</i>				
<i>Effect of conformity</i>				
<i>performance</i>	0.39	.111	3.153	.000
<i>Effect of transparency on</i>				
<i>performance</i>	.137	.037	.282	.07

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A one percent growth in the effectiveness of responsibility would, on aggregate, result in a 0.353 percent improvement in Kakira Sugar Limited's procurement practices, holding all other variables equal.

Since the P-value (0.00) is less than 0.05 and this is statistically noteworthy at the 0.05 threshold of significance, we disregard the null hypothesis and come to the conclusion that there is a strong correlation between both the consequences of acquisition accountability and Kakira Sugar Limited's contract management.

Holding all other variables fixed, Kakira Sugar Limited's purchasing function would typically increase by 0.39 percent for every one percentage point rise in the effectiveness of adherence to the purchasing manual. Because the P-value (0.00) becomes less than 0.05 and this is proportionally significant at the level of symbolic importance of 0.05, we reject the hypothesis and come to the conclusion that there is a significant correlation seen between effect of order to conform to the acquisition manual and the contract management of Kakira Sugar Limited.

Holding all other variables unchanged, Kakira Sugar Limited's procurement function would typically increase by 0.39 percent for every 1 % change in the effect of purchase visibility.

Since the P-value (0.00) is less and over 0.05 and this is statistically significant at 0.05 of significance, we null hypothesis is rejected and come to the conclusion that there is a significant correlation between both the effect of contract management accountability and Kakira Sugar Limited's contract management.

Conclusions

According to the study, pecuniary and duty-based procurement measurement methods had a considerable and favorable impact on procurement processes.

A positive and statistically significant link between acquisition traceability and effectiveness was seen in the regression analysis.

This was credited to having the right procedures in place and the staff's capacity to comply with all the guidelines provided in the purchase manual with a positive attitude, which increases productivity.

Recommendations

Policy makers should formulate the best methodology to approach the procurement audits in a way that it will achieve procurement performance of the organization. This achievement is cultivated by having improved and enhanced procurement accountability procedures in place that will provide opportunity for all the responsible management to account for whatever they would have done in the procurement department.

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