

International Journal of **Supply Chain and Logistics**

(IJSCL)

**Procurement Systems Audit and Performance of Devolved Units in
Kisii County, Kenya**



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Procurement Systems Audit and Performance of Devolved Units in Kisii County, Kenya

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Accepted: 13th June 2025 Received in Revised Form: 27th June 2025 Published: 11th July 2025

Abstract

Purpose: This study examined the influence of procurement systems audit on procurement performance in devolved units in Kisii County. The specific objectives were to assess the effect of procurement audit planning, compliance auditing, internal control assessment, and procurement audit reporting on procurement performance.

Methodology: A descriptive research design was adopted, and data were collected using structured questionnaires administered to procurement officers, auditors, and finance staff in selected departments within the county. A sample of 60 respondents was selected using stratified and simple random sampling techniques. Data were analyzed using both descriptive and inferential statistics, including Pearson correlation and multiple linear regression.

Findings: The findings revealed that all four procurement audit dimensions audit planning, compliance auditing, internal control assessment, and audit reporting had a positive and statistically significant influence on procurement performance. The regression model showed a strong explanatory power, with an R Square value of 0.705, indicating that 70.5% of the variation in procurement performance could be explained by the audit variables.

Unique Contribution to Theory Practice and Policy: The study recommended that devolved units invest in risk-based audit planning, strengthen compliance monitoring, improve internal controls, and ensure timely audit reporting and follow-up. Further research is suggested to explore technological innovations in procurement audits and to expand the scope to other counties for broader generalization.

Keywords: *Accountability, Devolution, Development Planning and Policy*

INTRODUCTION

Procurement systems play a pivotal role in how governments manage public resources, and procurement audits are increasingly recognized worldwide as essential tools for enhancing accountability, efficiency, and performance in public spending. Globally, procurement audits have become essential for improving accountability and performance in public resource management, especially given procurement's sizable share of national GDPs and its susceptibility to inefficiencies (World Bank, 2020). Countries like Canada and Sweden demonstrate how integrated, real-time audit systems enhance procurement effectiveness through faster processes and fewer disputes (OECD, 2019; Boehm & Krause, 2018).

Regionally, African nations are progressing in procurement audit adoption, though unevenly. South Africa's empowered audit institutions have achieved notable results (Sibanda & Manda, 2020), while Uganda faces limited impact due to weak enforcement and resource constraints (Ntale & Wamala, 2019). In Kenya, devolution has intensified the need for robust procurement audits at the county level. Although frameworks like the Public Procurement and Asset Disposal Act (2015) and PPRA exist, many counties struggle with audit planning and compliance (OAG, 2023). Kisii County exemplifies these challenges, showing ongoing issues in tendering and project execution despite audit systems being in place (Auditor General, 2022; Oloo & Gikonyo, 2024).

In Kisii County, recent audit reports have highlighted several challenges including irregular tendering, unsupported expenditures, and incomplete projects (Auditor General, 2022). These persistent issues raise concerns about the effectiveness of existing procurement systems audits in influencing actual performance outcomes. Despite audit functions being in place, their practical value in improving procurement efficiency, transparency, and value for money remains questionable. According to Oloo, & Gikonyo, (2024), procurement audit mechanisms in many counties are not fully institutionalized, and their potential impact on procurement performance remains underexplored.

Problem Statement

Effective procurement is at the heart of public service delivery in Kenya's devolved units. Counties rely heavily on procurement systems to acquire goods, services, and works needed to implement development plans and meet citizen needs. However, despite the establishment of legal frameworks such as the Public Procurement and Asset Disposal Act (2015), procurement-related inefficiencies and irregularities continue to hinder performance at the county level. Audits from the Office of the Auditor-General consistently reveal cases of inflated costs, non-compliance with

procurement procedures, and incomplete or poor-quality projects across several counties, including Kisii (OAG, 2023).

Procurement systems audits are designed to serve as a safeguard, helping identify gaps, ensure compliance, and enhance performance through transparency and accountability. Yet, in many devolved units, the full potential of these audits remains underutilized. Internal audits are often viewed as procedural rather than strategic, and audit recommendations are either ignored or implemented half-heartedly (Njoki, 2023). This undermines the very essence of procurement audits as tools for driving performance and achieving value for money.

According to Ndunda, Muturi, & Wanyoike, (2020), effective procurement audit practices significantly enhance efficiency, reduce wastage, and promote compliance in public procurement. Mutoro, Makokha, & Namisonge, (2018) found that in counties where audit recommendations are timely and followed through, procurement performance indicators such as cost control, supplier responsiveness, and service delivery tend to improve markedly. Therefore, this study sought to bridge the research gap by establishing the influence of procurement systems audit on procurement performance.

LITERATURE REVIEW

Theoretical Framework

This section discusses the key theories underpinning the relationship between procurement systems audits and procurement performance. Agency Theory, introduced by Ross (1973) and further developed by Jensen and Meckling (1976), examines the relationship between principals (e.g., government or citizens) and agents (e.g., procurement officers), emphasizing issues like moral hazard and information asymmetry. It suggests that monitoring, audits, and performance incentives help align the interests of both parties, improving procurement performance in devolved units like Kisii County. However, it assumes agents are always self-interested, which may not be the case in all public settings (Eisenhardt, 1989).

General Systems Theory, proposed by Bertalanffy (1968), views organizations as interconnected systems where inefficiencies in one component affect the entire system. Applied to Kisii County, it highlights how subsystems like audit planning and internal controls impact procurement performance, though it assumes ideal cooperation, which may not always exist in complex political environments (Scott, 2005). Institutional Theory, developed by Meyer and Rowan (1977) and expanded by DiMaggio and Powell (1983), explains that organizations adopt practices like

procurement audits to meet external pressures and gain legitimacy. In Kisii County, this theory helps analyze whether audits genuinely improve procurement performance or are simply conducted to meet formal requirements. However, it may overemphasize conformity and overlook internal dynamics (Greenwood et al., 2008).

Stakeholder Theory, proposed by Freeman (1984), suggests that organizations should consider the interests of all stakeholders, not just shareholders. In the context of procurement audits in Kisii County, it informs the research by emphasizing the importance of addressing the concerns of diverse stakeholder groups. Despite challenges in prioritizing conflicting interests (Donaldson & Preston, 1995), it remains relevant for examining how procurement audits affect the performance of devolved units.

Conceptual Framework

The conceptual framework illustrates the relationship between the independent variables (components of procurement systems audit) and the dependent variable (procurement performance of devolved units). The conceptual framework was as presented below;-

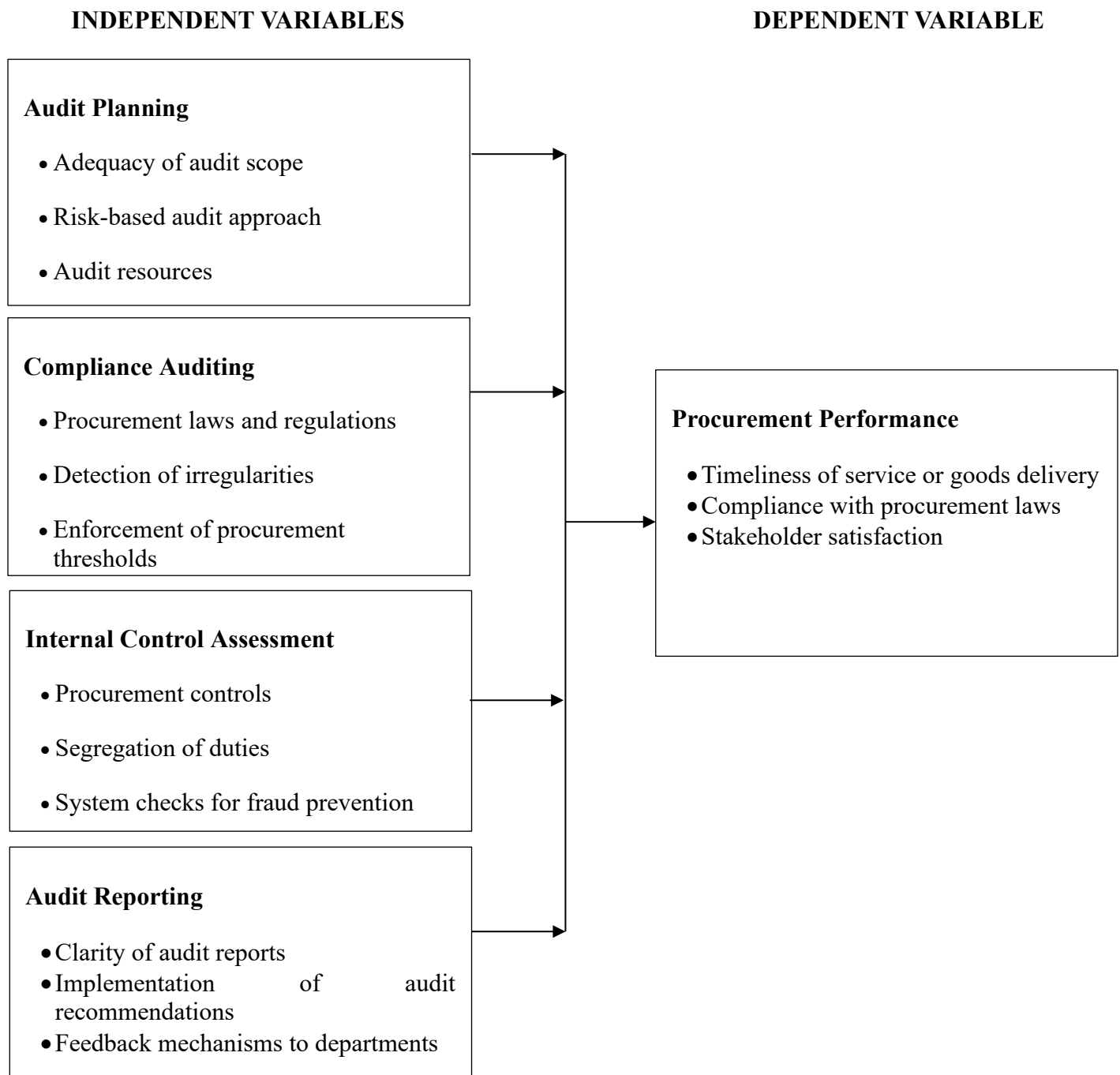


Figure 1 Conceptual Framework

Empirical Review

Effective procurement audit planning is highlighted as foundational to achieving audit objectives. According to Njaombe (2022), audits that begin with clear objectives, robust risk assessments, and structured timelines significantly improve procurement accountability in Kenyan public institutions. Poor planning, however, often results in superficial “checklist” audits that fail to detect substantive irregularities. While the study underscores the importance of strategic planning, it presents a conceptual gap as it does not specifically examine audit planning within the broader procurement systems audit framework.

Compliance auditing is presented as a proactive tool for aligning procurement practices with legal and ethical standards, especially vital within devolved government units vulnerable to misuse. Karanja and Kihara (2020) found that quarterly compliance audits in state corporations enhance supplier relations, value-for-money outcomes, and budget absorption. Nonetheless, their research focuses on state corporations rather than devolved units, revealing a contextual gap that the current study addresses by investigating Kisii County’s decentralized procurement environment.

Internal control assessments are also recognized as central to improving procurement performance. In a study of public universities, Kihara (2024) demonstrated that regular evaluation of internal controls correlates with shorter procurement cycles, fewer audit queries, and better legal compliance. Institutions lacking rigorous control systems face inflated costs and delivery delays. While informative, the study concentrates on higher education settings, necessitating broader generalization through the current study to capture insights applicable to devolved government units.

Finally, audit reporting and follow-up mechanisms are critical yet frequently underutilized. Chesire and Musau (2020) revealed that, despite consistent audit exercises, the absence of robust tracking and follow-up diminished the overall impact of audit findings in state corporations. Agencies that implemented structured tracking systems saw notable improvements in cost control and contract management. However, the study’s national and parastatal focus limits its relevance to devolved contexts. As county governments operate under distinct governance and resource constraints, the current study addresses this gap by exploring audit follow-up practices within Kisii County.

METHODOLOGY

This study adopted a descriptive research design. The design was appropriate because it allowed for the collection of both qualitative and quantitative data from a defined population. The target

population for this study comprised personnel directly involved in procurement and audit functions within the Kisii County Government. This includes procurement officers, internal auditors, accountants, departmental heads, and members of procurement and audit committees. These individuals were selected because they play a key role in planning, implementing, monitoring, or reviewing procurement activities, making them well-positioned to provide informed responses regarding the effect of procurement audits on procurement performance. The study employed a stratified random sampling technique combined with purposive sampling. Stratification was done to ensure that various categories of staff such as procurement officers, auditors, accountants, and departmental heads were proportionally represented. Within each stratum, respondents were selected randomly to reduce selection bias. Purposive sampling was applied specifically for key informants, such as senior procurement staff and audit committee members. The primary instrument used for quantitative and qualitative data collection in this study was a structured questionnaire. The questionnaire comprised of closed-ended questions using a 5-point Likert scale (ranging from Strongly Disagree to Strongly Agree) to measure respondents' perceptions, and a few open-ended questions to capture more detailed opinions and explanations. The cleaned data was analysed using Statistical Package for the Social Sciences (SPSS) Version 25. The analysis involved both descriptive and inferential statistics. Regression analysis was used to show linear relationship between the variables was illustrated as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

RESULTS

Descriptive Analysis

Respondents were asked to indicate their level of agreement with five key statements using a 5-point Likert scale on aspects of procurement systems audit. The responses were analyzed in terms of frequency, mean, and standard deviation.

Procurement Audit Planning

Table 1: Descriptive Statistics for Procurement Audit Planning

Statement	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Mean	Std. Dev.
Our procurement audits are planned in advance and follow a structured schedule.	20.4%	59.2%	2.0%	17.3%	1.0%	2.19	0.99
Risk-based audit planning is used to identify critical procurement areas.	18.5%	53.7%	7.4%	14.8%	5.6%	2.20	1.04
Audit plans are developed with input from relevant departments.	17.3%	55.6%	5.6%	18.5%	3.0%	2.21	1.01
Sufficient resources (time, personnel, and tools) are allocated to audit planning.	15.7%	46.3%	9.3%	22.2%	6.5%	2.27	1.11
The scope of the audit is clearly defined before audits begin.	19.4%	57.4%	3.7%	15.7%	3.7%	2.22	1.02

The responses show that a majority of the participants agreed or strongly agreed with most of the audit planning statements. The mean scores range between 2.19 and 2.27. The findings suggest that while the foundations of procurement audit planning exist, implementation consistency and operational capacity are uneven across departments. According to Kamau and Mohamed (2015), well-planned procurement audits help in identifying high-risk areas and enable auditors to prioritize critical transactions, ultimately improving public procurement performance.

Compliance Auditing

Table 2: Descriptive Statistics for Compliance Auditing

Statement	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Mean	Std. Dev.
Our organization regularly conducts procurement compliance audits.	24.1%	53.7%	7.4%	11.1%	3.7%	3.83	0.96
Compliance audits ensure adherence to procurement laws and regulations (i.e., PPADA).	29.6%	51.9%	5.6%	9.3%	3.7%	3.95	0.91
Compliance audits help detect unethical practices in procurement.	33.3%	46.3%	7.4%	9.3%	3.7%	3.96	0.88
Auditors verify if suppliers and contracts meet the legal requirements.	31.5%	48.1%	9.3%	7.4%	3.7%	3.97	0.85
Recommendations from compliance audits are implemented.	18.5%	44.4%	14.8%	16.7%	5.6%	3.54	1.03

The results reveal that the majority of respondents agreed or strongly agreed with most of the statements, reflecting a generally positive perception of compliance auditing practices within Kisii County's devolved procurement units.

Internal Control Assessment**Table 3: Descriptive Statistics for Internal Control Assessment**

Statement	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Mean	Std. Dev.
Internal controls are regularly assessed during procurement audits.	27.8%	50.0%	9.3%	9.3%	3.6%	3.89	0.91
There is clear separation of duties in the procurement process.	25.9%	44.4%	13.0%	11.1%	5.6%	3.74	1.01
Our procurement system has adequate fraud prevention controls.	22.2%	48.1%	11.1%	13.0%	5.6%	3.68	1.02
Internal audits help identify weaknesses in procurement procedures.	29.6%	51.9%	7.4%	7.4%	3.7%	3.96	0.88
Corrective actions are taken when internal control weaknesses are identified.	18.5%	40.7%	16.7%	18.5%	5.6%	3.48	1.11

The results suggest that respondents generally agreed that internal controls are reviewed and play a vital role in improving procurement performance. However, there are mixed views on the implementation of corrective actions following the identification of control weaknesses.

Procurement Audit Reporting

Table 4: Descriptive Statistics for Procurement Audit Reporting

Statement	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Mean	Std. Dev.
Audit reports are prepared and shared promptly after audits.	20.4%	48.1%	14.8%	13.0%	3.7%	3.69	1.02
Audit findings and recommendations are clearly communicated to relevant units.	24.1%	53.7%	7.4%	9.3%	5.6%	3.82	0.95
Management takes appropriate action based on audit reports.	18.5%	44.4%	13.0%	18.5%	5.6%	3.51	1.11
There is a structured mechanism for following up on audit recommendations.	16.7%	42.6%	11.1%	22.2%	7.4%	3.39	1.16
Previous audit findings are reviewed to avoid repeat issues.	20.4%	48.1%	13.0%	13.0%	5.6%	3.64	1.04

The results reveal that respondents generally agree that audit reporting is conducted and communicated, but there are concerns about action ability and follow-up.

Procurement Performance

Table 5: Descriptive Statistics for Procurement Performance

Statement	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Mean	Std. Dev.
Our procurement processes result in timely delivery of goods and services.	22.2%	50.0%	11.1%	13.0%	3.7%	3.74	0.98
Procurement activities are cost-efficient and within budget.	20.4%	46.3%	13.0%	16.7%	3.7%	3.63	1.04
Procurement outcomes comply with public and procurement laws and standards.	29.6%	48.1%	9.3%	9.3%	3.7%	3.91	0.91
There is transparency in the supplier selection process.	25.9%	44.4%	13.0%	11.1%	5.6%	3.74	1.00
Stakeholders (users, suppliers, public) are satisfied with procurement outcomes.	18.5%	42.6%	14.8%	18.5%	5.6%	3.50	1.12

The results show a generally positive perception of procurement performance, with majority of respondents agreeing or strongly agreeing with the performance indicators.

Correlation Analysis

The results of the correlation analysis are presented in Table 4.11. The Pearson correlation coefficient (r) ranges from -1 to +1, where values closer to +1 imply a strong positive relationship, values near -1 imply a strong negative relationship, and values near 0 indicate no relationship.

Table 6: Correlation among Study Variables

Variables	X1	X2	X3	X4	Y
X1: Audit Planning	1.000				
X2: Compliance Auditing	0.542**	1.000			
X3: Internal Control	0.498**	0.539**	1.000		
X4: Audit Reporting	0.566**	0.608**	0.573**	1.000	
Y: Procurement Performance	0.621**	0.658**	0.589**	0.644**	1.000

Note: Correlation is significant at the 0.01 level (2-tailed)

Values with "***" denote significant correlations ($p < 0.01$).

The results reveal that all four audit dimensions procurement audit planning (X1), compliance auditing (X2), internal control assessment (X3), and audit reporting (X4) have positive and statistically significant correlations with procurement performance (Y), with p-values less than 0.01, indicating strong confidence in the findings.

Model Summary

To determine the combined effect of the independent variables on procurement performance, a multiple linear regression analysis was conducted. The model summary is shown below.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.840	0.705	0.683	0.447

a. Predictors: (Constant); Procurement audit planning, Compliance auditing, internal control assessments and Procurement audit reporting

The results in Table 4.12 show that the model has a coefficient of determination (R Square) of 0.705, indicating that 70.5% of the variance in procurement performance can be explained jointly by the four predictors. The Adjusted R Square of 0.683 confirms that after adjusting for the number of predictors and sample size, the model still accounts for 68.3% of the variance, which strengthens the credibility of the model's explanatory power.

ANOVA Results

Table 8: ANOVA Summary

Model	Sum of Squares	df	Mean Square	F	Sig. (p-value)
Regression	45.216	5	11.304	56.502	0.000**
Residual	18.897	49	0.386		
Total	64.113	54			

Note: Significant at $p < 0.05$

a. Dependent Variable: Procurement Performance

b. Predictors: (Constant), Procurement audit planning, Compliance auditing, internal control assessments and Procurement audit reporting

The ANOVA test produced an F-statistic of 56.502 with a p-value of 0.000, which is less than the standard alpha level of 0.05. This result indicates that the overall regression model is statistically significant, and there is sufficient evidence to conclude that the independent variables collectively predict procurement performance.

Regression Coefficients

To evaluate the individual contribution of each independent variable to procurement performance, the regression coefficients were analyzed. The unstandardized coefficients (B) show the actual impact of each variable, while the standardized coefficients (Beta) help compare the relative strength of each predictor.

Table 9: Regression Coefficients of the Study Variables

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig. (p-value)
(Constant)	-0.115	0.114	—	-1.012	0.314
Audit Planning (X1)	0.286	0.092	0.263	3.109	0.003
Compliance Auditing (X2)	0.311	0.097	0.292	3.206	0.002
Internal Control Assessment (X3)	0.274	0.088	0.251	3.114	0.003
Audit Reporting (X4)	0.298	0.090	0.276	3.311	0.002

The regression results indicate that all four independent variables have positive and statistically significant effects on procurement performance ($p < 0.01$), with all t-values below 4.0, confirming stable individual contributions to the model.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the study findings, it can be concluded that procurement systems audit significantly influences procurement performance in devolved units within Kisii County. Each dimension of the audit process namely audit planning, compliance auditing, internal control assessment, and audit reporting was found to contribute meaningfully to the efficiency, transparency, and effectiveness of procurement activities.

Recommendations

Based on the findings of the study, the researcher recommended; Devolved units should adopt structured and risk-based audit planning approaches. County governments should empower internal audit units with independence, training, and access to procurement data to effectively detect and deter non-compliance and unethical practices. audit reports be prepared and disseminated promptly to key decision-makers within the procurement and finance departments. Continuous professional development should be prioritized for both internal auditors and

procurement staff. To foster accountability, devolved units should consider engaging external stakeholders such as suppliers and civil society in oversight forums.

Suggestions for Further Study

Future research could undertake a comparative study across multiple counties, or even a nationwide survey, to assess regional variations and identify broader systemic patterns that influence procurement performance in county governments.

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