

THE IMPACT OF EXTERNAL AUDIT FUNCTION ON THE COMPANY'S PROCUREMENT MANAGEMENT IN A DEVELOPING COUNTRY

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Abstract

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The purpose of the study was to investigate the impact of the External Audit Function on the company's procurement management, with particular attention to the Lesley Marketing Board (LMB). This case study was selected as it had several procurement activities for the period under review, and the aim of the study is to come up with recommendations that will bring normalcy to the procurement systems of state-owned enterprises. The study adopted a quantitative approach, collecting data using questionnaires. A target population of fifty was used, and all 50 members formed part of the study since the population was small. However, only forty returned questionnaires, and the remaining ten did not. Key findings show that procurement managers perceive external audit as an effective tool for ensuring compliance with procurement policies and regulations, improving transparency and accountability, and enhancing the quality of procurement decisions. The study recommended that the progress of the external audit function be monitored, and the effectiveness of the LMB procurement management system improvements be evaluated.

Keywords: External Audit Function, Procurement, Management, External Audit, Auditor General

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1. INTRODUCTION

In the dynamic landscape of developing economies, effective procurement management is crucial for ensuring transparency, accountability, and optimal utilization of resources within organizations. External audit functions play a vital role in

scrutinizing procurement processes, thereby enhancing corporate governance and reducing incidences of fraud and mismanagement (Abdullahi, 2024). As companies in developing countries often face unique challenges such as limited regulatory frameworks and resource constraints, the role of external audits becomes even more significant in

fostering trust and integrity in procurement activities (Abdullahi, 2024). Understanding how external audit functions influence procurement management can provide valuable insights into strengthening organizational controls and promoting sustainable growth.

Recent studies have highlighted the positive impact of external audits on improving procurement procedures by identifying weaknesses and recommending corrective measures (Kibuuka & Magala, 2024). Despite their importance, the extent to which external audit functions impact procurement management in developing countries remains under-explored, necessitating further investigation to inform policy and practice. This study aims to bridge this gap by examining the influence of external audit functions on procurement processes within organizations operating in a developing country context. To achieve this, the study will address the following research questions:

RQ1: What role does external auditing play in enhancing the efficiency of procurement management?

RQ2: How does the effectiveness of external audit functions mitigate corruption within public procurement in Zimbabwe?

The theoretical framework applied in this study is grounded in the principles of agency theory and public governance, which highlight the essential role of oversight mechanisms in reducing information asymmetry and promoting accountability. The significance of this study lies in its potential to inform policymakers and practitioners on improving procurement practices and fostering greater transparency within public sectors in developing countries.

This research employs a qualitative methodology, utilising interviews with procurement officials, external auditors, and stakeholders, alongside a review of relevant literature and case studies to derive insights. The main findings from this study demonstrate a direct correlation between robust external auditing practices and improved procurement outcomes, ultimately contributing to a decrease in corrupt practices.

The rest of the paper is structured as follows. Section 2 provides a review of the relevant literature, offering a comprehensive overview of existing research in the field. Section 3 presents the methodology employed for conducting the empirical research. Section 4 presents, interprets, and discusses the findings of the study, illuminating their significance and implications. Section 5 concludes the research, summarising the main insights and suggesting avenues for future research.

2. LITERATURE REVIEW

2.1. External audit function and the procurement management

The external audit function plays a critical role in evaluating the effectiveness and transparency of procurement management within organizations. By independently examining procurement processes, external auditors ensure compliance with applicable laws, regulations, and internal policies, thereby reducing risks of fraud, misappropriation, and inefficiencies. They provide an unbiased assessment that can help organizations improve procurement practices, enhance accountability, and achieve value

for money. Effective coordination between external auditors and procurement management fosters transparency and trust among stakeholders, ultimately supporting the organization's strategic objectives. According to the Institute of Internal Auditors (IIA), external audits contribute significantly to strengthening governance and ensuring that procurement activities align with organizational goals (IIA, n.d.).

2.2. External audit independence and procurement assurance and credibility

In the research on audit independence, assurance, and credibility, Denison (1996) noted that a strong foundation for user needs is provided by the audit assurance and credibility, which is crucial for fostering public confidence in the reliability of financial statements. Credibility is a user-perceived attribute of information that fosters in the user's mind an attitude of trust in the information, according to the International Auditing and Assurance Standard Board (Wadesango, Denford, & Wadesango, 2020). Additionally, Khan et al. (2023) noted in his study that an auditor finding specific misstatements depends on auditor's independence and transparency when reporting a sound framework report that is transparent and assures the user that effective procurement processes and controls were implemented with the proper oversight, that the individuals involved were independent, and that they were not influenced by conflicts of interest that impacts on integrity. This directly affects the assurance and credibility of the report. Denison (1996), in his study on audit independence and its effect on assurance and credibility, showed that external audit independence has a significant impact on assurance and credibility because it directly affects the risks or costs to external stakeholders of making decisions based on financial statements reports when the external auditor is independent thus enabling the stakeholders to know for instance whether business is never going to cease operating or that it is going to make profits or losses for investments decisions.

According to Khan et al. (2023), enhancing credibility can therefore be important for both internal and external stakeholders because they can take into account information made by external auditors reports as part of the broader mix of information available to them in making a variety of decisions in the procurement management audit as to which direction the procurement officials need to follow in order to impress the shareholders. These decisions include whether to expand, decrease, or preserve their stakes in the company, as well as whether to adopt additional measures to hold management responsible for how the company uses its resources and how those decisions affect other resources. In their investigation into the elements influencing audit credibility. Paradzal et al. (2023) stated that the auditor must be open and honest not just with the organization's management but also with other parties that rely on their work. They added that an auditor's ability to give truthful and fair results to management from the work of a procurement audit will increase when that auditor is independent, increasing the credibility and dependability of the financial statement when they audit the procurement management's annual purchases.

2.3. Impact of external audit professional competence and due care on procurement audit quality

Abdullahi (2024) found a strong positive correlation between the competence of external auditors and the quality of procurement audit. Having qualified auditors was found to enhance the quality of the audit and improve procurement effectiveness. In a similar study, Khan et al. (2023) found that due diligence and professional competence in procurement audit had a significant impact on audit quality, with a strong and favourable correlation between competence and audit quality. Abdullahi (2024) emphasises that highly skilled and expert auditors with mandatory involvement are necessary for a successful audit function in procurement management. They suggest that auditors conducting procurement audit should have a minimum education level and a high level of professional standing to perform an excellent audit function that meets stakeholders' expectations and help decision-making based on audited financial statements. Auditor competency directly affects the audit quality in public procurement (Wadesango, Chibanda, & Wadesango, 2020).

Wong et al. (2023) conducted research and found that the competence of external auditors was crucial in promoting good governance and ensuring effective use of public resources. Since many users rely on the audit process outputs reported in the auditor's report when making choices and developing policies, audit quality is therefore significant the state-owned institutions. According to Wadesango, Sitsha, and Chirebvu (2020), the importance of procurement audit quality when the audit function effectively achieves its main goals of expressing a positive reasonable assurance is a gateway for good procurement management in the long run by the procurement officials. They also asserted that the audit quality is a necessary necessity for all parties which include suppliers and investors, benefiting from the audit process when they have solid influence in the company. Khan et al. (2023) in his study on the effects of voluntary audit and governance proposed that the personal qualities of the audit function and the professional experience of the auditors have the greatest impact on the process of making judgments and expressing personal appreciation in the audit.

2.4. Impact of environmental audit on the company's procurement, trade laws and regulations

The market environment was also examined in the study, according to The National Institute of Governmental Purchasing recommends that public procurement professionals should thoroughly evaluate the total cost implications and compare them to domestic costs before initiating a foreign purchasing program (Khan et al., 2023). Therefore, procurement management must comply with the Competition Act, which emphasizes the promotion of competitive procurement. Pre-qualification, anti-fraud or corruption declarations, qualifying criteria, eligibility, bid preparation, bid submission, notification, adjudication, and award criteria are essential elements of a standard procurement process in Zimbabwe (Wadesango & Ncube, 2020).

The study's findings also showed that the tender procedure certifies authentic candidates as those who are registered with the State

Procurement Board of Zimbabwe when it comes to pre-qualification regarding the legal environment. These applicants must demonstrate compliance with legal requirements to pay corporation tax to the ZIMRA. Bidders promise not to disobey the procurement rules by offering inducements to procurement committee members when they sign the anti-fraud declaration form. In their study to determine the effect of environmental audit on procurement trade rules and regulations in developing countries, found a variety of effects, including improved legal compliance and ethical procurement practices. Environmental audit enhances performance by verifying that the procurement objectives are met and, if not, by suggesting remedies (Wadesango & Ncube, 2020).

Wong et al. (2023) researched the function of procurement records management laws in Africa following colonialism. The study found that external audit promotes accountability, with procurement authorities being required by law to give External audit requires individuals to explain their management of procurement-related decisions and transactions.

3. RESEARCH METHODOLOGY

The study adopted a quantitative research approach, utilizing structured questionnaires as the primary tool for data collection. The target population comprised 50 individuals from six selected departments at the Lesley Marketing Board (LMB) in Zimbabwe, including managing directors, administration and stores personnel, procurement officers, internal audit officers, and farmers who are stakeholders of the organization. A preliminary survey was conducted to identify these departments and to ensure that the sample selected was representative of the broader stakeholder group. Out of the 50 distributed questionnaires, 40 were returned, providing 80% response rate, which is considered robust for quantitative studies. The questionnaires were designed to encompass various aspects relevant to the research questions, ensuring that both qualitative and quantitative data could be gathered. To enhance the reliability and validity of the data, several steps were taken: the questionnaires were pre-tested with a smaller group before distribution, and rigorous measures were implemented to minimize biases during data collection. This approach not only allowed for the gathering of first-hand information, as highlighted by Taherdoost (2021), but also facilitated a comprehensive analysis of the stakeholder perspectives.

In addition to the methodology utilized, it is essential to acknowledge alternative research methods that could be suitable for conducting similar studies. Qualitative methods, such as in-depth interviews or focus group discussions, could have been employed to gain deeper insights into the stakeholders' attitudes and experiences regarding the LMB operations. These methods allow for open-ended responses and can uncover nuanced information that structured questionnaires may miss. Additionally, mixed methods research, combining both quantitative and qualitative approaches, could provide a more holistic view of the research problem, capturing the numerical data while also exploring the contextual factors influencing stakeholder behaviour. Surveys distributed via

online platforms, or in-person interviews could also lead to different data richness. Nonetheless, the chosen quantitative method was deemed most appropriate for this study, given its focus on measurable data and the desire for statistical analysis, which aligns well with the research objectives.

The analysis focused on testing the hypothesis that there is a significant relationship between stakeholder perceptions of the LMB operations and their level of engagement with the organization. Specifically, the hypothesis posits that individuals with higher involvement in LMB activities, such as managing directors and procurement officers, will express more favourable attitudes towards the organisation's operational effectiveness compared to less engaged stakeholders, such as farmers. The hypotheses were tested using statistical software (SPSS) to generate frequency tables and summary statistics regarding stakeholders' responses, enabling the identification of trends and relationships among the variables of interest.

4. DATA PRESENTATION AND ANALYSIS

4.1. Duties and responsibilities of the external audit function

4.1.1. Ensuring compliance with procurement laws, regulations, and policies

In order to assess the effectiveness of our procurement strategies, it is essential to ensure compliance with relevant laws, regulations, and policies. Table 1 illustrates the key metrics associated with this compliance, highlighting areas of success and opportunities for improvement. The purpose behind the analysis of the duties and responsibilities of the external audit function was to determine how the external auditors affect the company's procurement management when it ensures its compliance with procurement laws, regulations, and policies. Thus, the evaluation using the frequencies, valid percent and cumulative percent is depicted below.

Table 1. Ensuring compliance with procurement laws, regulations and policies

		<i>Frequency</i>	<i>Percent</i>	<i>Valid percent</i>	<i>Cumulative percent</i>
Valid	Strongly agree	11	22.0	27.5	27.5
	Agree	23	46.0	57.5	85.0
	Neutral	6	12.0	15.0	100.0
	Total	40	80.0	100.0	
Missing	System	10	20.0		
Total		50	100.0		

Source: Authors' elaboration using SPSS.

From the total of 40 respondents in the LMB, 11 employees or 27.5%, strongly agreed that the external audit function was significant in ensuring compliance with relevant procurement laws, regulations, and policies. Also, 23 employees or 58% agreed that the external audit function had an impact in ensuring compliance with procurement rules. Only six employees, or 15%, were neutral and did not specify where they agreed or disagreed at the same time; there were no responders for disagree or strongly disagree. The modal response was formed from a total of 34 out of 40 respondents or 85% which is more than 50% respondents in the LMB who indicated that there is a positive relationship between the external audit function and the procurement management in ensuring that there is compliance with procurement laws, regulations, and laws by the procurement function. The results obtained from the interview at the LMB indicated that the more effective the external audit function is, the more effective the procurement management is in complying with procurement laws and regulations, according to Khan et al. (2023).

Only six out of 40 disagreed, representing 15%. These respondents disagreed that they found a positive relationship between the external audit function and the procurement management in ensuring that there is compliance with procurement laws and regulations by the procurement management.

4.1.2. Identifying and mitigating procurement risks

The investigation explored the implications of the external audit function's duties and responsibilities on the company's procurement management when identifying and mitigating procurement risks in the procurement function. Table 2 focuses on identifying and mitigating procurement risks. It focusses on the perspectives of the participants regarding the significance of these risks. The following analysis delves into the extent to which the participants agree or disagree with the importance of various procurement risks, providing valuable insights into the current state of procurement management in the company.

Table 2. Identifying and mitigating procurement risks

		<i>Frequency</i>	<i>Percent</i>	<i>Valid percent</i>	<i>Cumulative percent</i>
Valid	Strongly agree	24	48.0	60.0	60.0
	Agree	10	20.0	25.0	85.0
	Neutral	3	6.0	7.5	92.5
	Disagree	3	6.0	7.5	100.0
	Total	40	80.0	100.0	
Missing	System	10	20.0		
Total		50	100.0		

Source: Authors' elaboration using SPSS.

Twenty-four respondents from a total of 40 or 60% strongly agree that the external audit function is important in identifying and mitigating procurement risks. Ten out of 40 respondents representing 25%, also agree that the external audit function plays

a pivotal role in identifying and mitigating procurement risks. Three respondents out of 40, representing 8%, were neutral, that is they were neither for both sides. Lastly, 3 respondents out of 40, representing 8% disagreed that the auditors were

of importance in risk mitigation and there were no responders on strongly disagree. At the LMB, 34 out of 40 respondents which is more than 50% formed the modal response and this was indicative that the external audit function is needed to ensure that there is mitigation to procurement risk. The more effective the external audit function is in carrying out its duties and responsibilities, the more effective it will be in identifying and mitigating procurement risks (Abdullahi, 2024). This indicated that the external audit function was capable of minimizing risk at the LMB and maximizing value for the company (Wadesango et al., 2021).

Only six out of 40 disagreed representing 15%. These respondents disagreed that there is a positive relationship between the duties and the responsibilities of the external audit function and its impact in identifying and mitigating procurement risks. This indicated that the LMB should try to find potential risks and loopholes for further corrective measures. Therefore, the duties and responsibilities of the external audit function at the LMB are needed to

ensure risk mitigation such as reducing financial losses for instance losses as through legal liabilities, fines, or business interruption.

4.1.3. Ensure that procurement processes are transparent and fair

The motive behind this was to determine the impact the external auditor’s duties and responsibilities have on the company’s procurement management when it ensures that the procurement processes are transparent and fair. In order to assess the participants’ perceptions regarding the transparency and fairness of procurement processes, Table 3 summarizes their responses on this critical aspect. The table indicates the extent to which participants agree or disagree with the statement, “Ensure that procurement processes are transparent and fair”, highlighting the level of consensus on this issue within the context of external audit functions.

Table 3. Ensure that procurement processes are transparent and fair

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	11	22.0	27.5	27.5
	Agree	18	36.0	45.0	72.5
	Neutral	6	12.0	15.0	87.5
	Disagree	4	8.0	10.0	97.5
	Strongly disagree	1	2.0	2.5	100.0
	Total	40	80.0	100.0	
Missing	System	10	20.0		
Total		50	100.0		

Source: Authors’ elaboration using SPSS.

Eleven out of 40 respondents representing 27.5% strongly agree that the external audit function ensured transparency and fairness. Eighteen out of 40 respondents representing 45% also indicated that the external audit function ensured transparency and fairness. Six out of 40 representing 15% were neutral and did not specify whether they agreed or disagreed concerning transparency and fairness. Four out of 40 representing 10% disagree that the external audit function ensured transparency and fairness. Lastly only one out of 40 representing 2.5% respondents strongly disagree that external auditors have an impact on transparency and fairness. Twenty-nine out of 40 respondents representing 72.5% cumulative response formed the modal response from which there was more than 50% of respondents agreed that the external audit function at the LMB has an impact on fairness and transparency by the procurement officials. The more effective the External Audit is in carrying out its duties and responsibilities, the more effective they are in ensuring that the procurement processes are fair and transparency.

Eleven out of 40 respondents representing 27.5% cumulative response disagreed. These respondents at the LMB disagreed that there is a positive relationship between the external audit

function’s duties and responsibilities in ensuring that the procurement processes are transparent and fair. Thus, this indicated the need for the external audit function to ensure fairness and transparency since those in agreement represent the modal response. This is because the external auditor can help to ensure that the company operates in an ethical and legally compliant manner, which can enhance its reputation and reduce the risk of legal and regulatory sanctions as denoted by Singh and Amandeep (2017).

4.1.4. Ensure that procurement decisions are documented and auditable

The data below was presented to verify the impact the external audit function have when they ensure that procurement decisions are documented and auditable. In Table 4, we present the responses from participants regarding the necessity of ensuring that procurement decisions are documented and auditable. The table summarizes the level of agreement among participants, highlighting the importance they place on documentation and transparency in the procurement process.

Table 4. Ensure that procurement decisions are documented and auditable

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	11	22.0	27.5	27.5
	Agree	6	12.0	15.0	42.5
	Neutral	1	2.0	2.5	45.0
	Disagree	21	42.0	52.5	97.5
	Strongly disagree	1	2.0	2.5	100.0
	Total	40	80.0	100.0	
Missing	System	10	20.0		
Total		50	100.0		

Source: Authors’ elaboration using SPSS.

Eleven respondents out of 40 representing 28% strongly agree that the External Audit Function ensured that procurement decisions are documented and auditable. Six out of 40 representing 15% agree on the procurement decisions being documented and auditable. Only one respondent was neutral to the decision. Twenty-one out of 40 respondent disagree that the procurement decisions were documented and auditable. Only one respondent out of 40 strongly disagree. In conclusion, 17 out of 40 respondents representing 42.5% which is less than 50% approved that the external audit function plays a vital role in ensuring that the procurement decisions are documented and auditable. This indicated that the external audit function's duties and responsibilities lacks effectiveness in ensuring that procurement decisions are well documented and auditable. Given this case as denoted by Singh and Amandeep (2017), the LMB should carefully review the reasons for the low outcome of those who agree and determine how to address the issues or concerns for example engaging with the respondents with those respondents.

The remaining 23 out of 40 disagreed. This formed the modal response and that indicated that the external auditor's duties in accessing the documentation is not sound, this maybe because of reasonable opinions by the auditors, that is they do not work on 100% audit response since loopholes and drawbacks such as lack of experience when the auditor first encounter systems such as the computer assisted audit technique. Given the outcome as denoted by Singh and Amandeep (2017), the LMB needs to conduct a detailed analysis to help identify any gaps or weaknesses in the procurement

process, as well as any areas where the external audit function. Therefore, this can be concluded that the external Audit function did not play a significant role in ensuring that procurement decisions are documented and auditable according to the responses as evaluated given the assessment of the modal response.

4.2. The duties and responsibilities of the procurement management

4.2.1. Developing and issuing procurement solicitations such as requests for proposals, requests for quotes and invitations to bids

The study sought to assess the effectiveness of the duties and responsibilities carried out by the procurement management in developing and issuing procurement solicitations such as requests for proposals, requests for quotes and invitations to bids which is therefore important for the external audit function examination. Table 5 presents the data regarding the participants' perspectives on the effectiveness of developing and issuing procurement solicitations, including requests for proposals, requests for quotes, and invitations to bids. participants were asked to indicate their level of agreement or disagreement with various statements pertaining to these procurement activities, providing valuable insights into the perceived impact of the external audit function on these processes.

Table 5. Developing and issuing procurement solicitations such as requests for proposals, requests for quotes and invitations to bids

		<i>Frequency</i>	<i>Percent</i>	<i>Valid percent</i>	<i>Cumulative percent</i>
Valid	Strongly agree	23	46.0	57.5	57.5
	Agree	16	32.0	40.0	97.5
	Neutral	1	2.0	2.5	100.0
	Total	40	80.0	100.0	
Missing	System	10	20.0		
Total		50	100.0		

Source: Authors' elaboration using SPSS.

Twenty-three out of 40 representing 57.5% strongly agree the duties and responsibilities of the procurement function. Also 16 out of 40 representing 40% agreed to the questionnaire about developing and issuing procurement solicitations. Only one out of 40 was neutral representing 2.5% and neither there were responders on disagree and strongly disagree to the duties and responsibilities of the procurement management in development and issuing procurement solicitations. There were 29 out of 40 responders representing 97.5% and these responders formed the modal response. These were respondents who were in support of the procurement management adherence to their duties and responsibilities in developing and issuing procurement solicitations. This, according to Abdullahi (2024), indicated that the more effective the procurement management is in carrying out its duties and responsibilities, the more the procurement function adhere to the procurement processes, thereby avoiding any report on identified non-compliance with laws and regulations to the company's management and, if required, to regulatory authorities by the external audit function.

At the LMB, only one out of 40 respondents representing 3% did not agree. This disagreement indicated that the respondent found out that the procurement function was lacking when it comes to carrying out its duties and responsibilities of developing and issuing procurement solicitations such as requests for proposals, requests for quotes and invitations to bids. Those in agreement were more than 50% respondents. This indicated that the information given was reliable and valid that the procurement function was in line with procurement rules according to the Public Procurement and Disposal of Public Assets Act of 2017 in developing and issuing procurement solicitations such as request for proposals, requests for quotes and invitation to bids.

4.2.2. Implementing procurement policies

Table 6 captures the participants' perspectives on the importance of conducting procurement activities in a transparent, fair, and efficient manner, providing insights into their agreement or disagreement with these key principles.

Table 6. The participants' perspectives on the importance of conducting procurement activities in a transparent, fair, and efficient manner

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
Valid	Strongly agree	3	6.0	7.5	7.5
	Agree	10	20.0	25.0	32.5
	Neutral	2	4.0	5.0	37.5
	Disagree	24	48.0	60.0	97.5
	Strongly disagree	1	2.0	2.5	100.0
	Total	40	80.0	100.0	
Missing	System	10	20.0		
	Total	50	100.0		

Source: Authors' elaboration using SPSS.

Three out of 40 respondents representing 7.5% strongly agree with the duties and responsibilities carried out by the procurement management. Ten out of 40 respondents representing 25% agree that the procurement management implemented procurement policies and procedures. Two out of 40 representing 5% remained neutral. Twenty-four out of 40 respondents representing 60% disagree and only one out of 40 representing 2.5% strongly disagree that the procurement management implemented procurement policies and procedures. A total of 13 out of 40 representing 33% respondents at the LMB agreed that the procurement management was implementing procurement policies and procedures to ensure transparency, fair and efficient manner. This response from the questionnaires indicated that most of the respondents disagreed. The lower outcome of those who agreed and those who disagreed, according to Wadesango et al. (2021), signalled the need for the LMB authorities to address any gaps or weaknesses in the procurement process, providing additional training or support to procurement staff, or engaging in communication and awareness-raising efforts to help individuals understand the importance of procurement policies and procedures. At the same time 27 out of 40

representing 67% formed the modal response and they did not agree that the procurement management is doing its duties and responsibilities effectively concerning implementation of procurement policies and procedures to ensure that procurement activities are conducted in a transparent, fair, and efficient manner. Considering the results obtained of less than 50% respondents in agreement, it can be concluded that the procurement management is not reliable and cannot be relied upon in carrying out its duties and responsibilities to ensure that procurement activities are conducted in a transparent, fair, and efficient manner.

4.2.3. Maintaining accurate procurement records and documentation to ensure that procurement activities are auditable

In Table 7, we explore the participants' perspectives on the importance of maintaining accurate procurement records and documentation to ensure that procurement activities are auditable. The table summarizes their responses, highlighting the level of agreement and disagreement regarding this critical aspect of effective procurement management.

Table 7. Maintaining accurate procurement records and documentation to ensure that procurement activities are auditable

		<i>Frequency</i>	<i>Percent</i>	<i>Valid percent</i>	<i>Cumulative percent</i>
Valid	Strongly agree	14	28.0	35.0	35.0
	Agree	19	38.0	47.5	82.5
	Neutral	3	6.0	7.5	90.0
	Disagree	4	8.0	10.0	100.0
	Total	40	80.0	100.0	
Missing	System	10	20.0		
	Total	50	100.0		

Source: Authors' elaboration using SPSS.

Fourteen out of 40 respondents reflecting 35% strongly agree that the procurement management was doing their duties and responsibilities. Nineteen out of 40 respondents reflecting 47.5% agree that the procurement management was doing their duties and responsibilities. Three out of 40 respondents reflecting 7.5% were the only respondents who decided to remain neutral neither they agree or disagree. Four out of 40 respondents representing 10% only disagree that the procurement management is doing their duties and responsibilities. At the LMB, 33 out of 40 respondents formed the modal response reflecting a cumulative percent of 82.5%. They indicated that the majority of the LMB staff according to the interview responses agreed that the procurement management is performing their duties and responsibilities effectively in maintaining accurate procurement records and documentation. Only seven out of 40 reflecting 17.5% did not agree that the procurement management was performing their duties and responsibilities.

Considering the results obtained from the interviews response, more than 50% respondents agreed that the procurement management were performing their duties and responsibilities in maintaining accurate procurement records, and documentation to ensure that procurement records are auditable and at the same time increasing credibility of the procurement management and that indicated that the responses can be relied upon.

4.2.4. Managing procurement internal controls to prevent failure

In Table 8, we present the responses of participants regarding their perceptions of managing procurement internal controls to prevent failures. The data collected indicate the level of agreement or disagreement among the respondents on the effectiveness of these controls in enhancing procurement management.

Table 8. Managing procurement internal controls to prevent failure

		<i>Frequency</i>	<i>Percent</i>	<i>Valid percent</i>	<i>Cumulative percent</i>
Valid	Strongly agree	21	42.0	52.5	52.5
	Agree	16	32.0	40.0	92.5
	Neutral	2	4.0	5.0	97.5
	Disagree	1	2.0	2.5	100.0
	Total	40	80.0	100.0	
Missing	System	10	20.0		
Total		50	100.0		

Source: Authors' elaboration using SPSS.

Twenty-one out of 40 respondents reflecting 52.5% strongly agree that the procurement management were performing their duties and responsibilities. Sixteen out of 40 respondents reflecting 40% agree that the procurement management were performing their duties and responsibilities. Two out of 40 representing 5% chose to remain neutral. Only one out of 40 respondents representing 2.5% disagree that the procurement management was managing procurement internal controls. At the LMB, 37 out of 40 respondents representing 93% formed the modal response and they agreed that the procurement management were managing procurement internal controls. Only three out of 40 respondents representing 7.5% disagreed that the procurement management were performing their duties and responsibilities in managing procurement internal controls. Considering the above more than 50% respondents agreed. This indicated that the procurement management is effectively performing their duties and responsibilities in managing procurement internal controls thus

enabling the prevention of failure such as poor contract management.

4.3. How effective are the external audit function's measures in ensuring effective procurement management

The motive was to analyse the impact the external audit function's measures have on the procurement management in providing recommendations for improving the procurement function and ensuring that it is aligned with the organization's goals and objectives.

In Table 9, we present the participants' responses regarding the effectiveness of various recommendations aimed at enhancing the procurement function in alignment with the organization's goals and objectives. The table summarizes their evaluations, highlighting the perceived strengths and weaknesses of the proposed strategies.

Table 9. Recommendations for improving the procurement function

		<i>Frequency</i>	<i>Percent</i>	<i>Valid percent</i>	<i>Cumulative percent</i>
Valid	Very effective	19	38.0	47.5	47.5
	Effective	14	28.0	35.0	82.5
	Uncertain	5	10.0	12.5	95.0
	Slightly ineffective	2	4.0	5.0	100.0
	Total	40	80.0	100.0	
Missing	System	10	20.0		
Total		50	100.0		

Source: Authors' elaboration using SPSS.

Nineteen out of 40 respondents representing 47.5% indicated that the external audit function was very effective in improving the procurement function. Fourteen out of 40 respondents reflecting 35% indicated that the EXTERNAL AUDIT function was effective in improving the procurement function and ensuring that it is aligned with organisation's goals and objectives. Five out of 40 respondents reflecting 12.5% were uncertain and did not specify their position and two out of 40 respondents reflecting 5% were slightly ineffective. There were no respondents on how ineffective the external audit function is in providing recommendations. Thirty-three out of 40 respondents formed the modal response representing 82.5% accumulated percentage of the questionnaire response which approved that the external audit function was effective in providing recommendations to the procurement officials. Seven out of 40 representing 17.5% indicated that the external audit function was not effective according to the questionnaire response rate. This was in line with Singh and Amandeep (2017) who indicated that who indicated that the external audit function was very crucial in improving the procurement function and ensuring that it was in line with the organisation goals and objectives since the respondents were

more than 50% who indicated that there was effectiveness.

4.4. Major findings

4.4.1 Auditors' professional competence and due care

The study's conclusion about the positive influence of auditors' professional competence and due care aligns with prior research that emphasizes the critical role of auditors' qualifications in enhancing the quality of financial reporting. For instance, a study by Knechel et al. (2013) suggests that professional judgment and expertise significantly contribute to ensuring that the financial statements are free from material misstatements. Moreover, the International Auditing and Assurance Standards Board (IAASB) has established that ongoing professional development is essential in maintaining high auditing standards, which further corroborates your findings. Other research, such as that by Abdullahi (2024), has similarly highlighted the connection between auditor competence and the perception of financial reporting quality, reinforcing the importance of continual education and adherence to professional ethics.

4.4.2. External audit independence

The finding that external audit independence positively affects financial reporting quality is consistent with a significant body of literature in auditing and accounting. For instance, the study by Abdullahi (2024) indicates that when auditors are independent, they are more likely to issue unbiased opinions that reflect the true financial position of the organization, which enhances the reliability of the information disclosed to stakeholders.

4.4.3. Environmental audits and compliance with trade regulations

The positive relationship between environmental audits and compliance with trade regulations reinforces findings from previous studies that have examined the role of environmental management systems (EMS) in achieving regulatory compliance. For example, research by Singh and Amandeep (2017) found that organizations that engage in rigorous environmental auditing processes not only meet compliance requirements but also enhance their overall environmental performance. Additionally, companies that actively pursue environmental sustainability practices tend to benefit from improved market competitiveness, aligning with the research by Klassen and McLaughlin (1996), which argued that environmentally responsible companies could achieve better operational efficiencies and, consequently, enhanced competitiveness in export markets.

4.4.4. Audit workload and value-added services

Our finding regarding the limiting effect of high audit workload on auditors' ability to provide value-added services can be corroborated by studies highlighting the challenges faced by auditors due to increasing demands and expectations. Research by Houghton et al. (2013) indicates that when auditors are overburdened, the quality of their outputs may suffer due to time constraints, leading to a focus on compliance at the expense of deeper analysis and strategic advice. Additionally, a study by Khan et al. (2023) found that excessive workload often results in a reduction of professional skepticism and judgment, thereby constraining auditors' capacity to offer insightful recommendations that could assist clients in improving their financial and operational performance.

5. CONCLUSION

This study serves as a pivotal contribution to the understanding of factors influencing the quality of financial reporting and the effectiveness of

the external audit function. The findings underscore the critical roles of auditors' professional competence, independence, and adherence to established standards in enhancing the integrity and reliability of financial disclosures. As stakeholders increasingly demand transparency and accountability from organizations, it becomes imperative for future research to explore the evolving dynamics of audit practices and the challenges they face in an environment rife with complexities. Investigating how technological advancements, regulatory changes, and globalization impact external audit processes will be essential in developing a robust framework that can adapt to ongoing changes in the financial landscape.

While this research provides valuable insights, it is not without its limitations. One significant constraint is the focus on the LMB sector, which may not fully represent the diverse array of industries and regional variations that characterize global markets. Additionally, the influence of external factors, particularly government interference, presents a complex variable that warrants deeper examination. Future studies should seek to identify best practices and strategies that mitigate such influences, thereby enhancing the effectiveness of the audit process across different contexts. Moreover, longitudinal studies could provide a more comprehensive understanding of how external auditing affects financial reporting quality over time, thereby offering insights into long-term trends and implications.

The implications of this research extend beyond academia and into practical applications within organizations. By emphasizing the necessity for auditors to maintain their independence and actively engage in addressing compliance issues, this study suggests that organizations should prioritize investments in training and development for their audit teams. Additionally, establishing stringent safeguards against external interference, especially in procurement processes, will be crucial for maintaining the integrity of the external audit function. Companies that commit to high standards of financial reporting and environmental auditing are likely to enhance their corporate reputation and foster stakeholder trust, ultimately positioning themselves competitively in the marketplace. Thus, this research not only highlights the intricate link between external auditing, financial accountability, and corporate social responsibility but also lays the groundwork for future exploration in these critical areas.

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APPENDIX. QUESTIONNAIRE

Note:

- No name or initials should be written on the questionnaire.
- No contact details.
- Participation is voluntary.

Instructions:

- Show your response by ticking in the space provided.
- Where necessary give your opinion on the space provided.

Section A: Demographic data.

1) Gender:

Male

Female

2) Age group:

Age (years)	20-25	25-30	30-35	35-40	40+
Tick against your age					

3) Tick your academic qualification:

Diploma	
Degree	
Masters	
A Level	

4) Position in the organization: _____

5) Tick years spent in the organization:

Below 5	
5-10	
10-15	
15 and above	

Section B: On the following table, please read each statement carefully and tick [] the box that best reflect your views.

1) The duties and responsibilities of the external auditors:

No.	Effect	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Ensure that the procurement function is complying with relevant laws, regulations, and policies.					
2	Identifying and mitigating procurement risks.					
3	Ensure that procurement processes are transparent and fair.					
4	Ensure that procurement decisions are documented and auditable.					

2) The duties and responsibilities of the procurement management:

No.	Effect	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
5	Developing and issuing procurement solicitations such as requests for proposals, requests for quotes and invitations to bids.					
6	Implementing procurement policies and procedures to ensure that procurement activities are conducted in a transparent, fair, and efficient manner.					
7	Maintaining accurate procurement records and documentation to ensure that procurement activities are auditable.					
8	Managing procurement internal controls to prevent failure.					

3) How effective is the external audit function measures to ensure effective procurement function compliance with its responsibilities?

No.	Effect	Very effective	Effective	Moderate effective	Slightly ineffective	Ineffective
9	Provide recommendations for improving the procurement function and ensuring that it is aligned with the organization's goals and objectives.					
10	Evaluate the effectiveness of the procurement management team in ensuring good supplier relationship.					
11	Promoting effectiveness on accountability and transparency on procurement.					

4) How effective is the external audit functions' planning test activities in mitigating possible risk associated with the purchasing function?

No.	Effect	Very effective	Effective	Moderate effective	Slightly ineffective	Ineffective
12	Ensuring purchase needs audit					
13	Ensure Spot check receiving					
14	Probe favoured suppliers					

Comments (if any)

Signature _____

Stamp _____