

YVONNE KAPHANTENGO*
CONTRIBUTOR

Unveiling hidden inefficiencies through procurement audit

In today's competitive business environment, companies continually seek ways to improve their bottom line, enhance efficiency and stay ahead of competitors.

Procurement is one area that is often overlooked. Despite its seemingly straightforward nature, procurement can be riddled with inefficiencies that drain resources, inflate costs and lead to missed opportunities.

A procurement audit is a powerful tool for identifying these inefficiencies and providing actionable insights to improve processes.

This article explores how a comprehensive procurement audit can uncover inefficiencies and help organisations unlock greater value from their supply chain.

What is a procurement audit?

A procurement audit is a thorough examination of an organisation's procurement processes, practices, and policies. It assesses efficiency, effectiveness, compliance, risks, and opportunities for improvement. Key focus areas include; Supplier performance and relationships; procurement policies and procedures; contract management; cost control and pricing strategies; procurement technology and systems and compliance with regulations and industry standards.

A well-executed audit provides a clear picture of procurement efficiency, pinpointing areas where waste, redundancy, or misalignment exist.

Uncovering overlapping or redundant suppliers

Audits often reveal inefficiencies such as multiple suppliers for similar products and services. Maintaining redundant suppliers inflates administrative costs, fragments supply chains and misses bulk discount opportunities.

Consolidating suppliers and negotiating better terms can streamline processes, reduce overhead and secure favourable pricing.

Identifying cost overruns, pricing discrepancies

Procurement audits frequently expose pricing discrepancies or cost overruns. These may



PHOTOGRAPH: NATION

Procurement of goods such as these requires proper procedure



PHOTOGRAPH: COURTESY OF YVONNE KAPHANTENGO

The author: Yvonne Kaphantengo

stem from inconsistent pricing, poor contract negotiation, or failure to capitalise on volume discounts. Audits help identify and address these inefficiencies by renegotiating contracts and optimising pricing strategies.

Assessing contract compliance, performance

Audits uncover issues such as missed milestones, unfulfilled deliverables, or unmet contract terms, which can disrupt operations and result in penalties. A comprehensive

audit evaluates supplier compliance and performance, addressing deficiencies to reduce risk and enhance supplier relationships.

Streamlining procurement processes

Inefficient processes cause delays, bottlenecks and resource waste. Audits analyse procedures such as purchase requisitions, supplier selection, order processing and payment approvals to identify inefficiencies.

Recommendations often include automation, improved workflow management, or standardised procedures to accelerate procurement and cut costs.

Ensuring compliance and mitigating risk

Audits are vital for identifying compliance issues and mitigating risks, including adherence to internal policies and external regulations, such as anti-bribery laws and environmental standards. Auditors ensure procurement aligns with regulatory requirements, minimising legal and financial exposure.

Leveraging technology for optimisation

Many organisations underutilise digital procurement tools, leaving room for improvement. A procurement audit assesses current technology and recommends systems such as e-procurement software or analytics platforms to enhance automation, data visibility, and decision-making.

Benefits of conducting procurement audit

Cost Savings

Audits identify

inefficiencies and waste, helping organisations reduce supply chain costs through better supplier negotiations, optimised processes and elimination of redundancies.

Improved Supplier Relationships

Procurement audits promote transparency and structure in supplier management, fostering stronger partnerships, better pricing, and long-term collaboration.

Enhanced risk management

Audits help pre-emptively identify and address risks, avoiding legal or financial pitfalls and building a resilient supply chain.

Better procurement decisions

With clearer insights into procurement performance, organisations can make informed decisions about suppliers, contracts, and processes, leading to strategic sourcing and optimised spending.

Conclusion

A procurement audit is more than an evaluation of past activities, it is a strategic tool for uncovering inefficiencies and setting the stage for future optimisation. By leveraging insights from an audit, organisations can improve processes, reduce costs, mitigate risks, and strengthen supplier relationships, driving greater value from their supply chain.

In today's efficiency-driven landscape, conducting a procurement audit provides a competitive edge. Whether streamlining processes, renegotiating contracts, or gaining better procurement visibility and audits unlock untapped potential. ■

**Yvonne Kaphantengo is a seasoned supply chain and procurement specialist with over two decades of experience in local and international procurement management*