

## **KESHO CONSTRUCTION COMPANY**

Kesho Construction Company (KCC) was established in June 2000, during that time it was a relatively small company dealing with road constructions for industrial customers and rarely local government authorities interested in such kind of contracts. The company functioned under a traditional form of organizational structure with no potential human resource policy guiding employees' performances. On the other hand the company depended on somewhat external auditors, engineers, and technicians who were employed on part time basis when need arose. In 2001 top management decided that the direction of the company must change to enhance valuable competition with other construction companies.

In order to achieve its business targets, KCC developed comprehensive business plan which could be implemented by employees involving in business operations. On the other hand human resources policy was developed by the management to enhance employment of experienced professionals, ensure appropriate departmentalization and make sure that there is appropriate chain of command. The new policy thus provided rooms for the company to employ more professionals and therefore one civil engineer, one mechanical engineer, three internal auditor and two technicians were employed to work as full time employees. Finally the company managed to establish civil engineering and mechanical engineering departments headed by the newly employed civil and mechanical engineer respectively. The company believed that such initiatives would solidify future company's growth as well as procurement and contract performance. Furthermore, due to establishment of engineering departments as well as employment of new professionals and technicians, the company's reputation for possessing a superior construction capability increased then allowing the company to diversify into other construction services within the industry. However, the company did acknowledge one shortcoming that possibly could hurt their efforts—it had not established an independent audit department

As a result of consistent reputation, the company in June 2004 was awarded a major contract for the construction of highway roads in one of the major cities in Tanzania. The company continued to rely on technological capabilities, combined with improved human resources efforts to manage the awarded contract and therefore motivated more clients to demand services from the company. Consequently the contract awarded in June 2004 led to subsequent successful government contracts and in fact, four more were awarded amounting to 200,000,000 USD in

total. These contracts were to last anywhere from five to seven years, taking the company into early 2012 before expiration would occur. Due to their extensive growth, especially with the area of construction projects, the company was forced in 2015 to establish a strong directorate of procurement and supplies audit and appointed the director to oversee all audits issues relating to the company.

The company brought Mr Ngojea Majaribio as the new director who had an extensive background in Procurement Auditing and who previously had been heavily involved in auditing work. The prime motivating factor for the new director during his period was to undertake effective auditing by familiarization, planning and formulating audit strategy hence retaining profitability and maximize return on investment. The new director faced many challenges while fulfilling his responsibility. The contracts which were implemented during his service were complicated and involved employees who were not flexible to change with organizational changes therefore it became difficult and risky for his subordinate to undertake procurement and supplies audits effectively In order to compound the challenges associated with procurement and supplies audit, the director initiated a unique task of changing corporate philosophy by enhancing understanding of the importance of effective procurement and supplies audit function to all employees of the company. After general understanding and awareness of employees on the auditing issues, the auditors easily managed to conduct various professional audits relating to procurement and supply function as employees were very cooperative and no many challenges were observed compared to previous audits

Apart from revealed weaknesses relating to internal control for supplies functions, stock verification as well as asset valuation, the prime weakness observed by auditors was lack of procurement department with required professionals to support the key procurement undertakings. The company therefore underwent further organizational changes whereby an independent procurement department was created and the head of the department was appointed. The company realized the necessity of involving the procurement professionals more extensively in implementing ongoing projects. Procurement department through its experts was then able to set stock control policy which among others could effectively guide stocktaking, stock verification and stock valuation activities within the company. After company`s restructuring the procurement and stores operations were managed properly to the extent of increasing company productivity by 40%