

## COURSE-WORK ONE GUIDE

1. procurement process is facilitated by documentation, describe **any four** documents that are originated by the buying organization in the process. **(4 Marks)**

**Answers include but not limited to;**

- *Budget: Document from the Accounting & Finance department that shows planned expenditure in the Organization that in turn guides in the planning.*
- *Procurement Plan: A document that shows the requirements of all departments in Organization needs. Specifying quantities, source of funding*
- *Procurement Policy and Guidelines; Provide overall guidance of conducting procurement in the Organization clearly detailing roles, methods and procedures.*
- *Requisition note-created by operations or user department for the required item.*
- *Enquiry or Requests for Information (RFIs) This is a request for information sent to potential suppliers about their offering.*
- *Request for Quotations (RFQs) Documents state what the organization requires from the supplier in terms of goods, services*
- *Purchase order is a legal offer stating the quantities or acceptance and the supplier knows that he or she will be paid by the organization.*
- *Goods received note: This is a document that is sent to the procurement department after the goods have been received and checked and have been found to be in good order.*

**1 Mark @ any Total 4 Marks**

2. Explain the **five rights** that would guide a procurement officer in undertaking their respective role. **(5Marks)**

- *In the right quantity*
- *In the right quality*
- *At the right time*
- *At the right place*
- *At the right price*

**1 Marks @ Total 5 Marks**

3. Describe **any four** principles that guide the procurement profession. **(4 Marks)**

- *Economy and efficiency. Economy-Maximizing value at minimum cost should be the thinking in procurement activities and efficiency, funds should be allocated and used for appropriately for the*

*allocated procurements in accordance with the set budget. All this is geared to obtaining value for money*

- *Fairness – All eligible parties must be given the same opportunities to participate in the activities. A fair process is the one that is free from favoritism, self-interest or preference in judgement, and ensures equal opportunity and treatment for all vendors.*
- *Integrity – The procurement staff must protect the organization from prohibited practices, including fraud, corruption, collusion and other unethical practices. All parties involved to observe the highest standard of ethics during the procurement processes and in the execution of duties.*
- *Transparency – in the procurement cycle to ensure good-quality procurement. Sufficient and relevant information on procurement opportunities and processes must be made available to the appropriate interested parties in an open, consistent, and timely manner, through widely accessible means.*
- *Accountability: requires anyone involved in procurement to take responsibility of for their actions and decisions and how you comply with other principles.*
- *Competition all potential vendors shall be provided with timely and adequate notification of the procurement requirements and an equal opportunity to tender. The buyers shall ensure that restrictions are not placed on the competitive processes, limiting the pool of potential vendors.*
- *Non-discrimination. Of any party participating in procurement on the basis of nationality, race, religion, gender or any other criterion not related to qualification, except to the extent provided for in the law.*
- *Confidentiality should also be maintained when it comes to proprietary information that belongs to the organization or individual who is participating in the procurement procedure.*

**1 Mark@ Total 4 Marks**

4. Explain the relationship between supply chain management and procurement. **(3 marks)**

*The supply chain management ensures that the Procurement function achieves the objective. Procurement is a component of the supply chain. Procurement scope is limited to immediate supplier(s) but Supply Chain management scope is broad extending beyond the immediate supplier to the Supplier of raw materials. Their relationship is essential for optimizing operational efficiency and ensuring that organizational goals are met.*

**1 Mark @ Total 3 Marks**

5. The Supply Chain has both downward and upward flows. Describe the item flows that are present in any given supply chain. **(6 Marks)**

- *Information Flow: Information flow is the flow of information from supplier to customer and from customer back to supplier. This flow is bi-directional, it goes both directions.*
  - *Material /Product Flow- This is the flow of the physical product from supplier all the way down to the customer. This flow is usually uni-directional, that is, it only flows one direction from supplier to customer; however, in certain instances, when the customer returns the product, the flow occasionally goes in the other direction.*
  - *Financial /Finance Flow: Financial flow involves the movement of money from the customer to the supplier. Usually, when the customer receives the product and verifies it, the customer pays and the money travels back to the supplier. Sometimes the finances flow the other direction (from supplier to customer)*
- 2 marks @ Total 6 Marks**

6. An organization's supply chain involves many other organizations facilitating its operation, this exposes it to risk. Discuss **any five** supply chain risks that an organization may face. **(5 Marks)**

**Answers include but not limited to;**

- *Unrest/ strikes- political unrest, strikes from transporter like truck drivers*
- *Natural disasters and climate risk disruptions -flooding, heatwaves wildfires and extreme weather events*
- *Shipping problems- ocean freight bottlenecks canal blockage, and widespread port closures.*
- *Financial risk- currency exchange rate fluctuations*
- *Human error and inexperience*
- *Malicious activity from pirates, other parties along the chain*
- *Breakdown of technology, equipment or systems*
- *Security risks*
- *Lack of internal controls*
- *Complex regulatory environments*
- *Cyber risk*
- *Inventory risk*

- *Quality Risk*
- *Etc*

**1 Mark @ Total 5 Marks**

7. Describe the broad types of supply chains. **(6 Marks)**

- *Direct supply chain – made up of a company or supplier and a customer involved in upstream or downstream flow of products, services, finances and information.*
- *Extended supply chain – includes suppliers of the immediate supplier and customers of the immediate customer.*
- *Ultimate supply chain – includes all organizations involved in all the upstream and downstream flows of products, services, finances and information from the ultimate supplier to the ultimate customer.*

**2 Marks @ Total 6 Marks**

## COURSE-WORK TWO GUIDE

1. Explain **three (3)** models of designing the procurement function of an organization **(6 Marks)**

- *Central procurement model. Where all procurement tasks and activities are done at central by one unit: All decisions relating to purchasing activities are made at this central place. Its commonly used for homogenous products. (Similar or related products)*
- *Decentralized procurement model. Where all each unit independently handles its own procurement tasks are performed at a decentralized level.*
- *Coordinated procurement model; combines benefits of centralized and decentralized procurement headed by a procurement coordinator and requires commitment of parties. This department does not do buying (tactical tasks) but works on the strategic and supports tactical buyers working in the entire organization.*

**2 Marks @ Total 6 Marks**

2. Describe **five (5)** factors that should be considered when selecting a procurement mode of the organization? **(5Marks)**

- *If company is undergoing rapid growth/expansion rate, the flexibility of a decentralized model may be more suitable.*
- *The same applies for project-based industries, with unique service purchases are often more suited for decentralized purchasing.*
- *Nature of industry. In industries like automotive or oil and gas, where products are more or less the same around the world, centralization is a better fit.*

- *Size of the company, for large, global companies, more decentralization is generally recommended.*
- *Level of procurement skills by the employees at the different purchasing units.*
- *Availability of suppliers*
- *Availability of funds.*
- *Location of the firm e.g., multinational companies that have their headquarters overseas.*
- *Nature of the purchase i.e., if the purchase of either high value or low value.*

***1 Mark @ any 5 Total 5 Marks***

3. Explain **five (5)** sources of information that a procurement officer may use to analyse the supply market. **(5 Marks)**

- *Sourcing Services – a number of agencies will provide information to buyers about potential sources of supply*
- *Supplier representatives – these represent suppliers and provide useful information to buyers about potential sources of supply.*
- *Exhibitions – these events may provide the buyer with an opportunity to compare similar products from different sources.*
- *Colleagues – personnel in other departments within the company are often knowledgeable about sources of materials.*
- *Other buyers – communications with fellow professionals in the purchasing field might be useful in discovering new sources.*
- *Agents – stockists and distributors might provide comparative information on different manufactures and their products*
- *Organisations promoting trade – e.g. UMA, association for small scale industries, UIA, e.t.c*
- *Approved lists – individual organisations may maintain lists of companies that have been assessed and approved.*
- *Recorded performance – the purchasing department may maintain records, which may provide information on past performance of suppliers who have been used in the past.*
- *Trade directories*
- *Catalogues*
- *Publications*

- *Professional associations*
- *Government sources like ministries, bureaus of statistics, e.t.c*

**1 Mark @ any 5 Total 5 Marks**

4. Explain the **three (3)** types of relationships in supply chain management. **(6 marks)**

- *Transactional Relationship/Arm's Length; refers to a relationship between parties that are not close the supplier wants to maximize profits (charges the highest price) while the buyer wants to minimize costs (looks out for the lowest possible price). Here neither party is concerned with the well – being of the other. The primary focus of the relationship is price.*
- *Collaborative Relationships; In these relationships, people work together and realize the need to do so as compared to transactional relationships. Parties aim at managing the relationship, building trust, communication and joining efforts. Parties enjoy benefits like improvements in costs, quality, reduced time to market and access to better technologies. Continuous improvement is easier to implement and manage where there is cooperation and interdependence.*
- *Alliance Relationships The main difference between a collaborative and an alliance relationship is the presence of a higher level of trust in alliance relationships. (This trust is called institutional trust). With institutional trust, the parties have access to each other's strategic plans; relevant cost information and forecasts are shared; risks and rewards openly addressed; and informal agreements as good as written ones.*

**2 Marks @ Total 6 Marks**

2. Explain the term supply chain risk. **(2Marks)**

*Supply Chain Risk refers to the potential disruption or unavailability of resources from external suppliers, leading to disruptions in business operations. Or a potential threat that can disrupt the flow of goods and services within a Organization's supply chain.*

3. Describe **four** supply chain risks clearly highlighting their respective mitigation strategies. **(8 Marks)**

**Answers include but are not limited to;**

- *Poor Supplier Performance of failing to meet organizational needs either through failed deliveries mitigation Strategy. Mitigation is to use diversification through multiple sourcing,*

*Supplier selection – more careful assessment of supplier capability and risks of dealing with particular supplier.*

- *Financial risks are caused by unfavorable economic factors that involved parties can control to a greater or lesser extent. For instance, these risks include unexpected or adverse fluctuation in exchange rates, sudden cost increases, credit issues, or bankruptcy of the involved company. Mitigation hedge against currency fluctuations, negotiate long-term contracts to fix prices*
- *Geopolitical Risk; Ongoing global political events like Russia- Ukraine war and China’s zero-Covid policy have heavily disrupted global supply chains. Mitigation Strategies - Insurance – against losses caused by supply chain disruption. Stock piling – using inventory as a buffer against all eventualities or diversify the supply chain geographically.*
- *Natural Disasters and Climate Risk; Supply chains are vulnerable to property damage and business interruption due to natural disasters, but they also present opportunities to meet sustainability targets. Mitigation Strategies; Use climate data to assess how a supplier’s activities and the location of its facilities expose you to risk, also insure against losses from acts of god*
- *Cyber Risk; the increased threat of cyberattacks and online scammers and fraudsters. Any organization with access to the company’s network or systems can pose a risk. Mitigation Strategies; start by reviewing system access, information sharing permissions, and the extent of the information being shared.*

**1 mark @ risk & 1 Mark @ Mitigation for any 4 Total 8 Marks**

4. Explain **five (5)** differences between public procurement and private procurement. **(5 Marks)**

- *Public Procurement is comprised of organizations under Government ownership and control while private procurement comprises Organizations owned by individuals.*
- *Public procurement aim is to provide a service/ social benefit while private procurement aims are profit centred.*
- *Public procurement organizations follow detailed strict procurement regulations while private procurement follows procurement policies that are internal to each organization.*
- *Public procurement utilizes public funds for operations while private procurement utilizes more private funds for their operations.*

- *Public procurement operations are under more public scrutiny while private procurement operations are under little or no scrutiny from the public as they are accountable to their shareholders*
- *Public procurement is accountable to a broader spectrum of stakeholders while private procurement is accountable to fewer stakeholders.*

***1 mark @ any 5 Total 5 Marks***

5. Explain the difference between international procurement and global sourcing. **(3 Marks)**

*International procurement refers to buying materials, products or services from manufacturers or suppliers that are located outside of your home country (two or more nations) whereas Global Sourcing is the procedure of sourcing goods and services from the international market throughout geopolitical boundaries (worldwide). It is essential because firms sourcing from both inside and outside their country borders are better able to compete. 1.5 Marks @ Total 3 Marks*

6. Describe **five (5)** enablers of international procurement **(5 Marks )**

**Answers include but not limited to;**

- *Presence of incoterms that facilitate the trade across borders*
- *Presence of Information and communication technologies that foster communications.*
- *Presence and use of insurance companies*
- *Use and presence of third-party organizations. E.g., clearing and forwarding and forwarding firms, they aid in transportation, warehousing etc.*
- *Presence of international organizations. E.g., ICC (international chamber of commerce), WTO etc., they harmonize trade, resolve conflicts.*
- *Enabling infrastructure. roads, railways, ports, warehousing etc.*
- *Regional integrations. EAC (East African community) through progressive reductions in trade barriers*
- *Sourcing efficiencies*
- *Country or region-specific supply factors*



- *Harmonization of technical standards*
- *Progressive reductions in trade barriers*
- *Sourcing efficiencies*
- *Country or region-specific supply factors*

**1 mark @ any 5 Total 5 Marks**

**END**