



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

MAIN EXAMINATION

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AUGUST – DECEMBER 2016 TRIMESTER

FACULTY OF ARTS AND SOCIAL SCIENCES

DEPARTMENT OF DEVELOPMENT STUDIES

WEEKEND PROGRAMME

MPM 503: PROCUREMENT, CONTRACTING AND COST MANAGEMENT

Date: DECEMBER 2016

Duration: 3 Hours

INSTRUCTIONS: Answer ANY FOUR Questions

- Q1. a) Explain the meaning of the following concepts
- i) Supply chain surplus **(3 Marks)**
 - ii) Solicitation planning **(2 Marks)**
- b) Discuss five advantages of procurement planning. **(10 marks)**
- Q2. a) Greener Horizons LTD is currently implementing a three years project. The management team of Greener Horizons is making a decision on if to outsource the transportation function or to purchase its own vehicles. They have the option of buying three cars at a cost of Ksh 3 million per car and will cost them Ksh 100, 000 per month to operate a single car. After three year, each car could have depreciated by 50%. If Greener Horizons opted to outsource, they will be paying a fixed amount of 300,000 per car per month. They are also likely to spend another fixed cost of ksh 200,000 per car per year in either arrangement.
- i) Using calculations to show different costs what could be the most cost effective option for Greener Horizons **(12 marks)**
 - ii) How much money will Greener Horizons save or lose in either option **(3 Marks)**

- Q3. i) Discuss any five guidelines that you may recommend to a new procurement management practitioner that can assist in preparing proposals. **(10 marks)**
- ii) Explain any five activities that entail a good contract closure practice. **(5 Marks)**
- Q4. a) Discuss any five principles that should be observed in handling a change order. **(10 Marks)**
- b) Using examples, explain five basic elements of a legal contract. **(5 Marks)**
- Q5. Discuss five emerging trends shaping contemporary approaches to procurement, cost and contract management. **(15 Marks)**
- Q6. a) Explain Five Ethical Issues that project managers should focus on during cost estimation process. **(10 Marks)**
- b) Explain any three basic tools of costs estimation in project cost management. **(5 Marks)**

END