



The Chartered
Institute of Logistics
and Transport

The
Management
University
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CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT (CILT)
EXAMINATIONS IN COLABORATION WITH MANAGEMENT
UNIVERSITY OF AFRICA
PROFESSIONAL DIPLOMA IN LOGISTICS AND TRANSPORT

PD 10: SOURCING AND PROCUREMENT

DATE: 16TH DECEMBER 2024

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the case study below carefully and answer the questions that follow:

It has been estimated that between 70% and 90% of the company, by the name Y paratransit programs use one or more contracted operators. Some systems also use contractors to perform reservations and scheduling and sometimes the dispatch functions as well. Depending on the contractual arrangements and relationships these can be part of a turn -key operations contract or could be a contract for a call center management or brokerage management services with separate contracts for operations

A call center contract is a statutory contract between a third-party service provider and a company. It defines the terms and conditions of this association, including the assistance to be provided, the payment of services, and each party's obligations. Because of the use of contractors for company Y paratransit is so pre dominant, this is because the ways in which contractors for Y paratransit are procured bears examinations relative to their impact on the recruitments and retention of operators. Some transit agencies are included in the procurement document (RP sample Contract) terms and requirements that results in effective operator recruitment and a low turnover rate. Other transit agencies in their procurement documents have emphasized the importance of operator recruitment and the retention of a stable workforce in a more circuitous manner by including evaluation criteria and /bonuses paid to the contractors for achieving a certain level of operator retention /and 2 requiring or providing bonus for 100% pull-out coverage.

By including such terms, these transit agencies are working to discourage the submission of proposals that include low operators wage, which are two often a casualty of the competitive bidding process.

Required:

- a) A contract call center management has been mentioned in the case study highlight the dis-benefits that can be observed (9 marks)
- b) Outline and explain the source of causality of competitive bidding process in the case study (10 marks)

- c) The company seeks the retention of stable workforce through evaluation criteria. Determine and highlight the process on any three items that can be based on retention of stable workforce.

(6 marks)

QUESTION TWO

- a) Describe the steps involved in the pre-order purchasing cycle of a contract

(11 mark)

- b) Expound on the evolution of procurement as stated by Farrington **(4 marks)**

QUESTION THREE

- a) In a firm or company of your choice elaborate on how collaborative sourcing between supplier and procurer brings benefits **(10 marks)**

- b) Calculate the Economic Order Quantity (EOQ), given the following data below:

(3 marks)

- i. Annual Demand Kenya Shillings 3,000
- ii. Order Cost Kenya Shilling 20
- iii. Product Unit Cost Kenya Shilling 12
- iv. Holding Cost 25% of product unit cost

- c) List two assumptions of EOQ **(2 marks)**

QUESTION FOUR

- a) Highlight on the contract terms listed below **(10 marks)**
- i. Divisible contracts:
 - ii. Acceptance of partial performance:
 - iii. Completion of performance prevented by the promisee
 - iv. Substantial performance
 - v. Tender of performance
- b) Summarize the five features of sourcing **(5 marks)**

QUESTION FIVE

- a) Justify the need for IPR in business **(10 Marks)**
- b) Examine three essential elements that must be present and correct to make a contract enforceable **(5 marks)**

QUESTION SIX

- a) Establish any activities that can contribute to a firm to belonging to best in class purchasing **(10 marks)**
- b) Elaborate on why most organization are adopting strategic sourcing in their business **(5 marks)**