



UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF MANAGEMENT AND
LEADERSHIP

PSM 301: PUBLIC SECTOR PROCUREMENT

DATE: 29TH JULY 2026

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:

CORRUPTION IN THE PUBLIC SECTOR PROCUREMENT

International institutions and bilateral donors have in the recent years emphasized on the need to having transparency and control in procurement processes to curb corruption. Global policy circles notes that there is need to ensure that tax payers' money and aids have impact on the countries development. However, to aid effectiveness on the other hand has endeavored to provide renewed procurement system which is strengthened to ensure that development money is spending prudently. As such many international communities have embarked on reforming procurement system by incorporating integrity in the process.

Transparency international report indicates that low level of integrity lead to massive corruption in procurement process. Lack of integrity such as bribery, collusion, conflict of interest, bribery and trading influence are perceived to be the greatest contributing factors of corruption in government institutions. Government offices particularly those held by politicians and public officials are cited to be the leading in taking series of actions that are based on own interest during procurement and management of large contract). The process of bidding involves other intermediaries such as joint venture companies and private companies who may facilitate corruption by compromising to the illegal acquisition of funds.

The costs associated to fraud in public procurement process cannot be underestimated. Research estimates on damages caused by corruption in procurement indicate that an average of between 10 to 25% of contract value is lost in dire process. This leads to high price levels of businesses. Corruption in procurement has cost lives particularly during the implementation of a contract which is flawed leading to collapse of

building and other damage that claim lives. Other examples may be in health sector where counterfeit drugs may be supplied to various hospitals for administration to patients.

Required:

- a) International institutions and bilateral donors have in the recent years emphasized on the need of having transparency and control in procurement processes to curb corruption. Explain the reasons of public procurement reforms in the recent years in Kenya.

(10 marks)

- b) From the case study, discuss the pillars of effective public procurement systems

(10 marks)

- c) Evaluate the effects of corrupt practices in public procurement in Kenya.

(5 marks)

QUESTION TWO

- a) Discuss on preferences and reservations for SMEs participation in public procurement as provided for in the PPDA 2005

(10 marks)

- b) Outline FIVE necessary conditions for use of open tendering procurement method as applied in public procurement.

(5 marks)

QUESTION THREE

- a) Explain the procedure for disposal of stores and equipment /assets

(5 marks)

- b) Identify at least FIVE criteria to be satisfied by a person for eligibility to bid

(10 marks)

QUESTION FOUR

- a) Explain the reasons to why procurement suppliers should not split or inflate tenders.

(5 marks)

- b) Outline the organizations that nominate members to public procurement administrative review board.

(10 marks)

QUESTION FIVE

- a) Explain the conditions necessary for debarment from participating in procurement procedures. **(5**

Marks)

- b) Describe the functions of public procurement and Regulatory Authority.

**(10
marks)**

QUESTION SIX

- a) Public procurement is increasingly recognized as a lever for improving the efficiency and effectiveness in the public sector. Describe the objective of the enactment of PPDA 2005

(10 marks)

- b) Explain the methods of payment in international trade.

(5 marks)