



NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF MARKETING, SPORTS MANAGEMENT AND LOGISTICS

QUALIFICATION: BACHELOR OF PROCUREMENT & SUPPLY CHAIN MANAGEMENT	
QUALIFICATION CODE: 07BPSM	LEVEL: 5
COURSE CODE: CPM521S	COURSE NAME: CONTRACT AND PERFORMANCE MANAGEMENT
SESSION: NOVEMBER 2024	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100
FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
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MODERATOR:	MS. PAULINA SHINANA
INSTRUCTIONS	
1. Answer ALL the questions. 2. Write clearly and neatly. 3. Number the answers.	

THIS EXAMINATION QUESTION PAPER CONSISTS OF 8 PAGES (Including this front page)

SECTION A

QUESTION 1: MULTIPLE-CHOICE (30*2= 60 MARKS)

There are 30 Multiple-choice questions with several possible choices each. Choose the best possible answer, for example, 1.1 A. Each question is equivalent to 2 marks. Only write the letter next to the correct answer.

1.1 Which of the following is the most effective strategy for mitigating risks associated with contractor non-performance in a high-stakes project? (2 Marks)

- a) Incorporating penalty clauses for delays
- b) Conducting pre-award financial assessments
- c) Using a fixed-price contract
- d) Relying on the contractor's reputation

1.2 Your company is engaging a consulting firm for a market research project with clearly defined tasks and deliverables. Which type of contract would you select? (2 Marks)

- a) Cost-Reimbursable Contract
- b) Fixed-Price Contract
- c) Cost-Plus-Fixed-Fee Contract
- d) Time and Material Contract

1.3 In an international procurement contract where goods must be transported from the supplier's country to your own, which aspect do Incoterms primarily cover? (2 Marks)

- a) Payment terms between the buyer and the supplier
- b) Responsibilities for transportation and risk
- c) Intellectual property transfer
- d) Types of products being procured

1.4 In contract law, "consideration" is critical to a valid contract. Which of the following best describes "consideration"? (2 Marks)

- a) The moral obligation one party owes to another
- b) A promise to perform a duty already obligated by law
- c) Something of value exchanged between the parties, creating a binding agreement
- d) A token gesture made to signal good faith

1.5 Which performance management tool allows for ongoing improvement by setting specific, measurable, attainable, relevant, and time-bound objectives for contractors? (2 Marks)

- a) Balanced Scorecard
- b) Lean Six Sigma
- c) Key Risk Indicators

d) SMART KPIs

1.6 You are managing a procurement contract for a software development project. The project scope is outlined in a document that specifies the necessary functionalities and features. What is this document called? (2 Marks)

- a) SOW
- b) RFQ
- c) MOU
- d) Letter of Intent

1.7 In the context of evaluating procurement contract performance, what is the primary function of a KPI? (2 Marks)

- a) To quantitatively assess and gauge the effectiveness and efficiency of a supplier's performance in meeting contractual obligations
- b) To establish the final settlement, amount payable under the contract
- c) To evaluate the financial health and stability of the procuring party
- d) To monitor the total volume of contracts managed within the organisation

1.8 In procurement contract performance, what is the purpose of conducting a post-contract review? (2 Marks)

- a) To document lessons learned and identify areas for improvement
- b) To renegotiate the contract terms and conditions
- c) To assess the financial stability of the supplier
- d) To finalise all payments to the supplier

1.9 In complex procurement contracts, "liquidated damages" clauses are often included to manage performance risks. What is the primary legal purpose of liquidated damages? (2 Marks)

- a) To punish the contractor for non-compliance
- b) To compensate the buyer for anticipated losses due to contractor delay or failure
- c) To prevent the buyer from terminating the contract prematurely
- d) To incentivise the contractor to achieve early completion

1.10 In the realm of procurement contract dispute resolution, what is the fundamental distinction between arbitration and mediation? (2 Marks)

- a) In arbitration, a neutral third party renders a binding decision, whereas, in mediation, the third party merely facilitates discussions, leaving the final decision to the disputing parties.
- b) Arbitration follows a rigid legal procedure, while mediation is characterised by a more flexible and informal negotiation process.

- c) Mediation mandates the involvement of legal counsel, while arbitration typically does not require such representation.
- d) Arbitration proceedings occur in a formal judicial setting, while mediation occurs in a casual, private environment.

1.11 During a procurement contract for the supply of custom-engineered machinery, the supplier delivers the equipment, but upon inspection, it is discovered that the machinery needs to meet the critical performance specifications outlined in the contract. What type of breach has occurred in this scenario? (2 Marks)

- a) Material Breach
- b) Fundamental Breach
- c) Minor Breach
- d) Anticipatory Breach

1.12 Which of the following scenarios would likely trigger a "force majeure" clause in a contract, potentially excusing non-performance? (2 Marks)

- a) The contractor faces unexpected labour shortages due to internal disputes
- b) A contractor's key supplier goes bankrupt, delaying material delivery
- c) A natural disaster destroys critical infrastructure, making performance impossible
- d) Market prices fluctuate, increasing the cost of goods significantly

1.13 What actions can be taken while executing a procurement contract to ensure adherence to environmental and safety regulations? (2 Marks)

- a) Conducting frequent audits and inspections
- b) Following regulations to prevent additional expenses
- c) Depending solely on the supplier's self-reporting
- d) Steering clear of projects with potential environmental risks

1.14 In contract performance management, the concept of "benchmarking" is primarily used for which of the following purposes? (2 Marks)

- a) Establishing the legal baseline for contract enforcement
- b) Comparing current performance against industry standards to drive improvements
- c) Calculating financial penalties for underperformance
- d) Identifying critical risks associated with contractor operations

1.15 Which of the following is a key characteristic of a Fixed-Price Contract? (2 Marks)

- a) The contractor is paid based on the time and materials used
- b) The contract price is subject to adjustment based on cost overruns
- c) The price is predetermined and remains constant regardless of project costs
- d) The buyer assumes the risk for any additional project costs

1.16 In which type of procurement contract does the buyer pay the contractor for allowable incurred costs along with a predetermined fee? (2 Marks)

- a) Cost-Plus Contract
- b) Materials Contract
- c) Lump-Sum and Time Contract
- d) None of the above

1.17 Which of the following best describes the Compromising Style of conflict resolution? (2 marks)

- a) Both parties give up something to reach a mutually acceptable solution
- b) One party completely avoids the conflict, hoping it will resolve itself
- c) One party insists on their solution, regardless of the other party's concerns
- d) Both parties work together to find a win-win solution that satisfies everyone

1.18 The Avoiding Style of conflict management is most appropriate when: (2 marks)

- a) Quick, decisive action is needed, and there is no time for negotiation
- b) The issue is trivial, or there is no chance of winning
- c) Both parties are committed to finding a creative solution to the problem
- d) The relationship is more important than the outcome of the conflict

1.19 A farmer, A, sold a cow to B, assuring B that the cow was free from any disease. However, the cow was infected with a mouth disease at the time of the sale. As a result, the cow later died and spread the infection to other cows owned by B. Which statement best describes B's legal rights in this scenario? (2 Marks)

- a) B is not entitled to claim any damages from A.
- b) B is entitled to claim the loss suffered in his business.
- c) B is entitled to claim the cost of the cow and the loss due to diseases spread to other cows from A.
- d) None of the above.

1.20 In procurement management, which of the following is NOT considered an objective? (2 Marks)

- a) To foster cooperative and productive internal relationships within the organisation
- b) To achieve organisational procurement goals with optimal cost-effectiveness and efficiency
- c) To oversee government procurement processes and the acquisition or disposal of assets on behalf of public entities
- d) To independently execute activities separate from the functions of other departments within the business

1.21 In an international procurement contract, what is the significance of an Incoterm?

(2 Marks)

- a) It defines the payment schedule for the buyer
- b) It specifies the types of products that can be procured
- c) It clarifies the responsibilities of the buyer and seller in terms of transportation and risk
- d) It establishes the terms of intellectual property transfer

1.22 During the contract performance phase, what is the purpose of conducting regular progress meetings?

(2 Marks)

- a) To finalise all payments to the supplier
- b) To track and evaluate the supplier's performance, address any issues, and ensure alignment with project objectives
- c) To renegotiate the contract terms and conditions
- d) To assess the financial stability of the supplier

1.23 You manage a project where the contractor is consistently behind schedule, and deliverables must be on time. However, the contractor continues to bill according to the agreed-upon payment schedule. What should you do first to mitigate financial risk?

(2 Marks)

- a) Approve the payments but request an extension of the timeline
- b) Stop payments and demand immediate performance improvement
- c) Conduct a performance review and invoke contract penalties for delays
- d) Renegotiate the contract to extend deadlines and adjust payments

1.24 During contract monitoring, you notice that although the project is on schedule, the cost of materials has unexpectedly doubled, and the contract does not include an escalation clause.

What financial action should you take to protect the project's budget?

(2 Marks)

- a) Absorb the cost increases to keep the project moving
- b) Renegotiate the contract terms with the contractor to split the material cost increases
- c) Terminate the contract and re-tender the project to lower the cost
- d) Request the contractor to absorb all additional material costs

1.25 In the middle of a procurement dispute between a construction company and a supplier, both parties want to avoid the lengthy and public litigation process. What might be some potential advantages of arbitration in this scenario?

(2 Marks)

- a) Greater flexibility, confidentiality, and potentially quicker resolution
- b) Stronger legal precedent and more rigorous enforcement of decisions
- c) Lower overall cost and higher likelihood of preserving business relationships

- d) Unlimited access to appeal options and a more comprehensive range of available remedies?

1.26 A government agency embarks on a project to develop new technology, but they are still determining the scope and requirements. The agency wants to cover all reasonable costs throughout the project's development. What type of contract is most suitable? (2 Marks)

- a) For well-defined projects
- b) For high-risk and uncertain projects
- c) For repetitive tasks with variable quantities
- d) For projects with fixed budgets

1.27 You are managing a fixed-price contract, and halfway through the project, the contractor informs you that they will only be able to complete the work with additional funds due to rising labour costs. What should you do to avoid a significant financial impact? (2 Marks)

- a) Provide the additional funds to maintain project continuity
- b) Negotiate a cost-sharing agreement for the labour cost increase
- c) Hold the contractor to the original terms, as cost increases are their responsibility
- d) Terminate the contract and reissue a new tender to find a cheaper supplier

1.28 The most advantageous alternative that a negotiating party can take if negotiation fails and an agreement cannot be made is referred to as: (2 Marks)

- a) BATNA
- b) BTANA
- c) WATNA
- d) None of the above

1.29 After a night out, Cindy and Karo decide to open a restaurant and impulsively write up a contract on a napkin. The following day, Cindy reconsiders and refuses to proceed with the plan. Karo sues, claiming the contract is valid. Why might the court rule in Cindy's favour? (2 Marks)

- a) Cindy's likely high level of intoxication could invalidate the contract
- b) Karo's purchase of drinks might relieve Cindy of responsibility
- c) They didn't discuss Cindy's financial capacity
- d) They drafted the contract before planning finances

1.30 What is the term used for identifying and evaluating risks related to a procurement contract? (2 Marks)

- a) Risk Mitigation
- b) Risk Transfer
- c) Risk Analysis

d) Risk Avoidance

SECTION A: 60 TOTAL MARKS

SECTION B: STRUCTURED QUESTIONS

QUESTION 2 (60 MARKS)

You are the Contract Manager for a construction project awarded to Kaion Enterprises, a well-established company known for delivering large-scale government infrastructure projects. The Ministry of Works and Transport contracted Kaion Enterprises to build a new government office complex to improve public service facilities. As Contract Manager, your role covers several critical phases in the procurement contract management process.

2.1 Briefly discuss the critical phases of the contract management process in the context of a construction project awarded to Kaion Enterprises? **(20 Marks)**

2.2 Provide practical advice to the Ministry of Works and Transport on the potential impacts of inadequate contract management? **(20 Marks)**

SECTION B: 40 TOTAL MARKS

TOTAL MARKS:100 MARKS