



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF MARKETING, LOGISTICS AND SPORTS MANAGEMENT**

QUALIFICATION: POSTGRADUATE DIPLOMA: PROCUREMENT MANAGEMENT	
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COURSE CODE: PPG801S	COURSE NAME: PROCUREMENT AND GOOD GOVERNANCE
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DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS
<ol style="list-style-type: none">1. Answer all the questions.2. Write as legible and precise as possible.3. Read each question carefully.4. Provide practical examples to section B

THIS QUESTION PAPER CONSIST OF 7 PAGES, INCLUDING THE COVER PAGE

SECTION A

[40 MARKS]

QUESTION 1: MULTIPLE CHOICE

[40 MARKS]

There are twenty multiple-choice questions with several possible choices each. Choose the best possible answer, e.g. 1.1 A. Each question is worth two marks.

1. **What are the potential consequences of overpayment or false payment in public procurement?**
 - a) Escalation of project costs and budgetary constraints
 - b) Loss of confidence among stakeholders and investors in the procurement process
 - c) Impact on socioeconomic development and public service delivery
 - d) All of the above

2. **Which scenario represents biased supplier selection in public procurement?**
 - a) Awarding contracts to companies with proven financial and technical capacity
 - b) Rotating contractors for different projects within a procuring entity
 - c) Evaluating and passing a bidder that was substantially non-responsive to bid requirements.
 - d) Utilising competitive bidding to select suppliers for a particular project.

3. **What does non-critical procurement refer to?**
 - a) Low-complexity procurement for routine items from various suppliers
 - b) High-complexity procurement for strategic items from fewer suppliers
 - c) Non-complexity procurement from monopolistic markets
 - d) All of the above

4. **African Vaccine Acquisition Trust (AVAT): In response to the COVID-19 pandemic, the African Union established the AVAT initiative that consolidated various African countries' demand to create purchasing power to secure vaccines at a lower cost. AVAT aimed to procure 220 million COVID-19 vaccine doses for African countries in 2021 to vaccinate at least 60% of the African population. Which procurement strategy is more represented in this approach?**
 - a) Pool procurement
 - b) Framework agreement
 - c) Global sourcing
 - d) All of the above

5. **Which of the below is not a good procurement governance practice for the Bid Evaluation Committee?**
 - a) Ensuring a balance of the key procurement principles is enforced in bid evaluation.
 - b) Maintaining transparency throughout the evaluation process and documenting all decisions made
 - c) Changing bid evaluation criteria to make them suitable for all the bids submitted.
 - d) All of the above

6. For a company like Waltons, which of the following procurement busts do they categorise in the bottlenecks quadrant of the Kraljic matrix?
- a) Utilities
 - b) Stationeries
 - c) Acquisition of stores
 - d) All of the above
7. Which procurement strategy must the company adopt for items listed under the leverage quadrant of the Kraljic matrix?
- a) Total quality management
 - b) Cost reduction
 - c) Global sourcing
 - d) All of the above
8. Which of the following best describes category management as a procurement strategy?
- a) A process focused on managing individual purchases within a specific category of goods or services.
 - b) An approach that emphasises collaboration between buyers and suppliers to optimise value and reduce costs.
 - c) A strategic framework for organising and managing procurement activities across related product or service categories.
 - d) All of the above
9. Which of the below scenarios incorporated sustainability within their procurement processes effectively?
- a) Preference is given to an international environmentally friendly supplier who has a joint venture with a local company.
 - b) Evaluation criteria ensure the lowest responsive bids get awarded regardless of their sustainability practices.
 - c) Preference is given to a local supplier, who repackages locally.
 - d) All of the above
10. Which of the below is a risk in the planning and budgeting phase?
- a) Poor market analysis
 - b) Informal agreement on the contract
 - c) Technical specifications not based on performance requirements
 - d) All of the above
11. Which aspect of procurement governance involves assessing the effectiveness of the procurement function in achieving organisational objectives?
- a) Procurement Process
 - b) Risk Management
 - c) Performance Measurement
 - d) All of the above

12. Which component of procurement governance focuses on establishing rules and regulations to guide procurement processes based on international best practices and local legal requirements?
- a) Policy Framework
 - b) Procurement Planning
 - c) Ethics and Compliance
 - d) All of the above
13. The public procurement mandates that all public entities must publish their bids, bid opening, BEC executive summary, clarification etc., which key procurement principle is achieved by this practice?
- a) Good management
 - b) Transparency
 - c) Accountability and control
 - d) All of the above
14. Which scenario **does not** best exemplify the principle of "Avoiding conflicts of interest" in procurement practices?
- a) The procurement manager, aware of their friendship with a supplier, actively seeks bids from other suppliers to ensure fairness in the selection process.
 - b) A procurement officer, facing pressure from a senior executive to award a contract to a specific supplier, seeks legal advice to determine the ethical implications before making a decision.
 - c) The procurement team, lacking clear guidelines on personal relationships with suppliers, continues to engage with suppliers without considering the potential for conflicts of interest.
 - d) All of the above
15. Which of the following statements best describes the UNCITRAL Model Law on Public Procurement?
- a) It is a binding international treaty governing public procurement practices across all member states.
 - b) It is a comprehensive legal framework providing guidelines for the regulation of public procurement processes developed by the United Nations Commission on International Trade Law (UNCITRAL).
 - c) It is a set of voluntary guidelines aimed at promoting transparency and fairness in public procurement, endorsed by the World Trade Organization (WTO).
 - d) All of the above
16. Which aspect of procurement governance is primarily concerned with promoting standardisation to reduce the time and resources needed for procurement activities?
- a) Compliance with legal and ethical standards
 - b) Risk management
 - c) Efficiency and effectiveness
 - d) All of the above

17. Which component of procurement governance is responsible for ensuring compliance with legal and ethical standards related to anti-corruption and conflict of interest?

- a) Compliance with legal and ethical standards
- b) Transparency and accountability
- c) Efficiency and effectiveness
- d) All of the above

18. An organisation wants to develop a risk management plan for its procurement activities. Which of the following is a key component of risk management?

- a) Monitoring supplier performance
- b) Conducting regular audits and evaluations
- c) Declaring conflict of interest
- d) All of the above

19. Market Research process is meant to;

- a) Substitute for full and open competition
- b) Determine which product, service, or supplier is best.
- c) Determine the availability of sources of supply or alternative solutions that will meet minimum requirements.
- d) All of the above

20. What is procurement governance?

- a) The process of selecting suppliers
- b) The management of procurement policies and procedures
- c) The procurement of goods and services
- d) All of the above

SECTION B**[60 MARKS]****QUESTION 1:****[15 MARKS]**

The Methodology for Assessing Procurement Systems (MAPS) is a comprehensive framework developed by international organisations such as the World Bank to evaluate and improve public procurement systems. The following scenarios effectively demonstrate how different countries address key aspects of procurement governance, reflecting the four pillars of the MAPS framework.

A. Scenario 1: Country: Lumosia

In Lumosia, the government recently enacted comprehensive procurement legislation aimed at modernising its procurement system and aligning it with international best practices. The new procurement law provides clear guidelines for procurement processes, including tendering, evaluation, and contract award procedures. Additionally, the law mandates the establishment of a Procurement Regulatory Authority responsible for overseeing procurement activities and enforcing compliance with the law.

B. Scenario 2: Country: Aqualand

Aqualand's procurement institutions have undergone significant reforms in their public procurement. The government has invested in training programs to develop the skills and competencies of procurement staff, as well as implementing modern procurement management systems to streamline procurement processes. Furthermore, procurement entities have been reorganised to improve coordination and accountability in procurement operations by integrating with major institutions such as tax authorities and social security.

C. Scenario 3: Country: Venturia

Venturia has introduced innovative procurement practices to promote competition and transparency in its procurement operations. The government regularly conducts market surveys and engages with suppliers to assess market conditions and identify potential bidders for procurement contracts. Moreover, Venturia has implemented electronic procurement platforms to facilitate the submission of bids and streamline the procurement process.

D. Scenario 4: Country: Horizonia

In Horizonia, the government has established robust mechanisms to promote key principles in its procurement processes. Horizonia's procurement law includes provisions for mandatory disclosure of procurement information, such as contract awards and procurement plans, to the public. Additionally, the government has set up independent oversight bodies, such as procurement audit committees and anti-corruption agencies, to monitor procurement activities and investigate allegations of misconduct.

Each pillar exemplifies one pillar of the MAPS Indicate, with justification, which pillar is demonstrated by which country.

QUESTION 2**[25 MARKS]****Case Study: Government Pharmaceutical Tendering Process**

The Namibian government is currently embroiled in controversy over its pharmaceutical tendering process. The Health Minister has expressed concerns about the use of middlemen in health tenders, citing worries about inflated prices and the influence of "tenderpreneurs" on medical contracts. A recent tender for the supply of medicines, valued at over N\$1 billion, has attracted the attention of 22 companies, both local and international. The bidding process has raised questions about transparency, fairness, and potential instances of supply chain fraud.

The tender process for pharmaceutical supplies entails the submission of bids by a range of companies, including both domestic and international firms. These bids are currently under evaluation by the Central Procurement Board (CPB), with concerns emerging regarding the role of intermediaries and the potential for price inflation. Bid variations have been observed, with some local companies bidding for nearly N\$1 billion while others offer considerably lower quotations. This disparity in bid amounts, coupled with the participation of international companies, raises questions about pricing consistency and fair competition. The Minister has voiced apprehensions regarding inflated prices for essential medicines, highlighting potential implications for the accessibility of healthcare services among Namibian citizens. Given the susceptibility of the pharmaceutical tendering process to various forms of supply chain fraud, the involvement of middlemen and the potential for tender manipulation warrant heightened vigilance to mitigate the risk of fraudulent activities.

Source: The Namibian (Nov 2018)

Analyse the case and discuss, with practical examples, any five possible supply chain frauds that the ministry must be vigilant about. You are expected to discuss each fraud in the context of the case.

QUESTION 4**[20 MARKS]**

Company XYZ entered a 56-month contract to rent vehicles for \$15 million instead of buying them for \$12 million. Upon enquiries, the company justified their reason on the grounds that the rental contract includes maintenance, making it cheaper on operating costs. The contract, however, doesn't include fuel, and maintenance is capped at 100 km a day. If the car runs above 100 km a day, Company XYZ is responsible for the maintenance. Only four companies submitted bids, of which only one company's key activity is car rentals.

4.1 Identify any five key principles of procurement and evaluate whether they were upheld or compromised in this case? (15 marks)

4.2 Do you think the company made the right decision? (5 marks)

You are more than welcome to make any relevant assumptions; however, they should be stated in your answers.