



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY  
FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION  
DEPARTMENT OF MARKETING, LOGISTICS AND SPORT MANAGEMENT**

<b>QUALIFICATION: POSTGRADUATE DIPLOMA: PROCUREMENT MANAGEMENT</b>	
<b>QUALIFICATION CODE: 08PDPM</b>	<b>LEVEL: 8</b>
<b>COURSE CODE: ACM801S</b>	<b>COURSE NAME: ADVANCE CONTRACT MANAGEMNET</b>
<b>SESSION: JUNE 2024</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>
<b>FIRST OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
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<b>MODERATOR:</b>	Ms. Martha Shingenge
<b>INSTRUCTIONS</b>	
<ol style="list-style-type: none"><li>1. Answer ALL the questions.</li><li>2. Write clearly and neatly.</li><li>3. Number your answers clearly.</li><li>4. This question paper consists of three sections: Section A (Question 1 which consists of Multiple choice and is allocated 20 Marks), Section B which consists of (Questions 2, 3, 4 and 5 allocated 60 Marks) and Section C which consists of (Questions 6 allocated 20 Marks)</li></ol>	

**THIS QUESTION CONSISTS OF 10 PAGES (Including this front page)**

## SECTION A: MULTIPLE CHOICE QUESTIONS (20 MARKS)

### QUESTION 1

There are twenty (20) Multiple-choice questions with several possible choices each. Choose the best possible answer, for example, 1.1 A. Each question is equivalent to 1 mark. There is only ONE correct answer for each question. Negative marking will not be applied, but answers to questions will not be marked where more than one answer has been given. Only write the chosen letter next to the corresponding question number.

- 1.1 During negotiations, a category manager is negotiating with a significant supplier. Progress seems slow, despite the supplier offering a significant pricing reduction. In response, the category manager agrees to modify the specification to suit the supplier's processes. This move takes both parties further than they initially planned. The category manager's response could be described as...
- A. an authoritative position
  - B. a reciprocated concession
  - C. a take it or leave it reply
  - D. Both A & C
  - E. None of the above

(1 Mark)

- 1.2 A Procurement Manager at the Lüderitz Waterfront Development Company is engaged in a negotiation process. Which type of negotiation style can be used by the Procurement Manager by using their power as leverage or being satisfied with a win-lose outcome?
- A. Integrative
  - B. Principled
  - C. Influential
  - D. Both A & C
  - E. None of the above

(1 Mark)

- 1.3 Which of the following accurately describes an offer in contract law?
- A. A statement of intention to negotiate.
  - B. A proposal indicating a willingness to enter into a contract under specific terms.
  - C. An invitation to treat.
  - D. A counteroffer made in response to a previous offer.
  - E. None of the above

(1 Mark)

- 1.4 The Chief Procurement Officer (CPO) of a major organization is meeting with a key internal stakeholder whom the CPO has not previously met. The purpose of the meeting is to build rapport and understand the stakeholder's needs, ensuring these are addressed in the future procurement strategy. Which type of question would the CPO be likely to use the most in this situation?
- A. Leading
  - B. Direct
  - C. Closed
  - D. Both A & B
  - E. None of the above

**(1 Mark)**

- 1.5 Which of the following constitutes a breach of contract?
- A. A party's failure to perform its obligations under the contract due to unforeseen circumstances beyond its control.
  - B. A party's refusal to perform its obligations under the contract without a valid excuse.
  - C. A party's delay in performing its obligations under the contract due to circumstances outside of its control.
  - D. A party's decision to renegotiate the terms of the contract after it has been executed.
  - E. All of the above

**(1 Mark)**

- 1.6 Which of the following is NOT a typical remedy available to the non-breaching party in the event of a breach of contract?
- A. Specific performance
  - B. Liquidated damages
  - C. Injunction
  - D. Restitution
  - E. All of the above

**(1 Mark)**

- 1.7 Which of the following does not describes termination by mutual agreement?
- A. The contract is terminated due to expiration of the contract term.
  - B. One party unilaterally decides to end the contract without the consent of the other party.
  - C. Both parties agree to end the contract, typically by entering into a new agreement or releasing each other from their obligations under the existing contract.
  - D. The contract is terminated automatically upon the occurrence of a specified event or condition.
  - E. None of the above

**(1 Mark)**

- 1.8 Which of the following best defines **Contract Management** in procurement?
- A. A process solely focused on the negotiation of pricing and terms between parties involved in a procurement transaction.
  - B. The process of overseeing the procurement team's activities, ensuring compliance with procurement policies and regulations.
  - C. A systematic approach to managing agreements, from inception through execution by the selected party, to contract termination.
  - D. The strategic planning phase of procurement, involving market analysis and supplier selection.
  - E. None of the above

(1 Mark)

- 1.9 Which stage of Contract Management in procurement primarily involves strategic planning, resource allocation, and structural formulation prior to the contract being awarded?
- A. Post-award phase
  - B. Award phase
  - C. Management and/or development phase
  - D. End of the contract lifecycle phase
  - E. None of the above

(1 Mark)

- 1.10 Nangondwe Construction PTY LTD, a Namibian Based retail chain, is exploring partnerships to expand its product range. They are considering various types of potential collaborations that are crucial for Nangondwe Construction PTY LTD's growth strategy.

- 1. Joint venture
- 2. Closer tactical
- 3. Partnership
- 4. Arm's length

- A. 1 and 2 only
- B. 1 and 3 only
- C. 3 and 4 only
- D. 2 and 4 only
- E. 2 only

(1 Mark)

- 1.11 In the pre-award stages of procurement, what primarily involves determining the structure and format of the contract, including terms and conditions, pricing, and performance metrics?
- A. Contract Evaluation
  - B. Supplier Identification
  - C. Contract Implementation
  - D. Risk Assessment and Mitigation
  - E. None of the above

(1 Mark)



- 1.12 A newly appointed procurement manager at the Namibia Trade Board, Mrs. Haufiku has a meeting scheduled with an important stakeholders of equivalent seniority level, within the Public Entity. Mrs. Haufiku as a procurement manager plans to meet them for coffee in the staff canteen to get to know them better. Is this the right course of action?
- A. No, first meetings should always be more formal and minuted
  - B. Yes, this will build rapport and make influencing more effective
  - C. Yes, buying someone a coffee is a form of bargaining which can be traded in the negotiation
  - D. No, meeting in the staff canteen for a coffee is unprofessional and unethical
  - E. None of the above

**(1 Mark)**

- 1.13 In a competitive bidding process, when should the buyer's terms and conditions ideally be communicated to the supplier, posing a challenge for optimal timing and strategic advantage?
- A. At the contract commencement meeting
  - B. When the negotiation is nearing completion
  - C. With the contract award notification
  - D. As part of the invitation to bid
  - E. A & D only

**(1 Mark)**

- 1.14 When entering into negotiation with a supplier as a buying team, which of the following should the team consider before the negotiation?
1. What roles will the buying team need to fulfil?
  2. Who will take minutes during the meeting?
  3. When will we rehearse before the meeting?
  4. How the supplier will communicate the negotiation outcomes?
  5. A review the negotiation outcomes
  6. Who will be blamed if negotiations fail?

- A. 1, 2 and 4
- B. 1, 3 and 5
- C. 1, 2, and 3
- D. 3, 4 and 5
- E. 4, 5 and 6

**(1 Mark)**

- 1.15 In maintaining a diverse property estate, which procurement approach involves procuring goods or services on a case-by-case basis, typically for unique or one-time requirements?
- A. Framework agreements
  - B. Once-off purchases
  - C. Spot transactions
  - D. Purchase orders
  - E. None of the above

**(1 Mark)**

1.16 Cecilia is a procurement graduate for Windhoek Cleaning CC, a Namibian manufacturing company. She is planning a negotiation with a supplier of consumable cleaning products, which are categorized at Windhoek Cleaning CC as non-critical. Cecilia's target for the negotiation is to reduce the cost of the contract by at least 2%. She believes that the supplier thinks of Ingen as a nuisance customer, as Windhoek Cleaning CC's spend equates to around 1% of the supplier's overall turnover, and only buys a small number of the supplier's available products. Which of the following are the supplier's potential likely objectives during the negotiation?

1. Agree the shortest possible payment terms for its invoices
2. Assign a permanent account manager to Ingen's account
3. Gain agreement to develop bespoke products for Ingen
4. Design a sophisticated new ordering system for Ingen to use
5. Increase the value of the products bought through the contract

- A. 1, 2 and 3 only
- B. 1, 3 and 4 only
- C. 1, and 5 only
- D. 1, 3 and 5 only
- E. 4 and 5 only

**(1 Mark)**

1.17 Which of the following benefits is achieved through the contract management process by ensuring adherence to regulatory requirements and organizational policies?

- A. Enhanced contract compliance
- B. Performance Monitoring
- C. Risk management
- D. A only
- E. All of the above

**(1 Mark)**

1.18 Demonstrating which of the following characteristics to the other party is the most important when attempting to build a good and sincere working relationship?

1. Trust
2. Logic
3. Integrity
4. Leadership

- A. 1 and 2 only
- B. 2 and 4 only
- C. 1 and 3 only
- D. 3 and 4 only
- E. 1, 2 and 4 only

1.19 A procurement professional (PP) is preparing for a negotiation with one of the organisation's most important suppliers. Due to staff turnover, the supplier has experienced some minor performance issues but has promised to resolve these soon. The contract is approaching the end of year three and has a further seven years left to run, with the option of an extension of a further two years. The contract is very high value and is viewed by the procurement organisation as high risk with equally high complexity. To achieve a mutually acceptable and positive outcome, using a principled approach to the negotiations, which of the following will be important for the PP to concentrate on during the negotiation?

1. Separate the people from the problem
2. "Win" the negotiation at all costs
3. Avoid any concessions to the supplier
4. Focus on interests and not on positions

- A. 1 and 2 only
- B. 2 and 3 only
- C. 3 and 4 only
- D. 1 and 4 only
- E. 2 and 4 only

**(1 Mark)**

1.20 Positive supplier motivation will typically be enhanced by which of the following on contracts?

1. Being paid on time
2. Retaining the customer's business
3. Reduced service standards
4. Encouraging open market competition
5. Earning an acceptable profit margin
6. The buyer varying the specification

- A. 1, 3 and 6 only
- B. 2, 3 and 5 only
- C. 3, 4 and 6 only
- D. 1, 2 and 3 only
- E. 1, 2 and 5 only

**(1 Mark)**

**Subtotal: 20 Marks**

**SECTION A: 20 TOTAL MARKS**



## **SECTION B: STRUCTURED QUESTIONS (60 MARKS)**

### **QUESTION 2**

Using the Value Risk Matrix (VRM), apply your understanding, analyze and provide a classification of the contract into one of the following categories: Strategic, Leveraged, Routine, or Focused? Your justification is critical in answering this question based on the contract's value and associated risks. (20 Marks)

- 2.1 The Walvis Bay Municipality, a Namibian based Public Entity, is considering outsourcing its IT services for a contract valued at N\$50 million. (2 Marks)
- 2.2 Ongwediva Medipark Hospital, a leading hospital chain, is entering into a procurement contract for the servicing of respiratory support medical equipment valued at N\$20 million. (2 Marks)
- 2.3 ABC Electronics, a leading manufacturer of consumer electronics, requires specialized packaging materials for its new line of high-end smartphones, with a contract value of N\$1 million. (2 Marks)
- 2.4 GHI Pharmaceuticals is engaging in a contract for the development of a new drug, with a contract value of N\$150 million. (2 Marks)
- 2.5 JKL Corporation, a manufacturing company, is outsourcing its logistics operations for a contract valued at N\$30 million. (2 Marks)
- 2.6 MNO Bank is procuring a new core banking system for a contract value of N\$80 million. (2 Marks)
- 2.7 A government agency is entering into a contract with Waltons Namibia for the provision of office stationery, with a contract value of N\$500 000.00. (2 Marks)
- 2.8 The Roads Authority concluded a contract after an Open National bidding process for the construction of a highway. STU Construction Company was awarded the contract with a value of N\$900 million. (2 Marks)
- 2.9 See-Through IT Services, a large multinational company, is negotiating a software licensing agreement with a leading software vendor for its enterprise resource planning (ERP) system, with a contract value of N\$500 million. (2 Marks)
- 2.10 YZA Retail Chain is entering into a contract for the supply of transportation services from a new service provider, with a contract value of N\$100 000.00 (2 Marks)

**Subtotal: 20 Marks**

### **QUESTION 3**

The Namibia Standards Institution as a public sector organization is planning to construct a new head office building to accommodate its growing workforce and enhance operational efficiency. The construction of the office building is estimated at an amount of N\$ 100 million, and estimated to take 3 years to complete. The procurement process involves several stages of contract management and stakeholders.

Using the provided example, analyse each stage of the contract management process and identify the key activities, stakeholders and considerations involved in each stage? (20 Marks)

### **QUESTION 4**

Apart from the contract agreement itself, what other documents should be included in the content of a procurement contract arising from a public procurement process? (6 Marks)



### QUESTION 5

In relation to the relationship spectrum, indicate in the table below the relationships corresponding descriptions as provided for under the relationship spectrum? (14 marks)

Item number	Description	Relationship
1	Parties maintain a formal and distant association characterized by minimal interaction and limited cooperation. (2 marks)	
2.	Involves frequent interactions and collaboration focused on achieving short-term objectives. (2 marks)	
3.	One party exclusively selects and relies on a single supplier or provider for a particular product or service. (2 marks)	
4.	Contracting out specific functions or processes to external vendors or service providers. (2 marks)	
5.	A collaborative relationship between organizations aimed at achieving mutual strategic objectives. (2 marks)	
6.	A close and enduring relationship between parties based on mutual trust, shared values, and common goals. (2 marks)	
7.	Characterized by intense collaboration and integration, often involving shared (2 marks)	

(14 Marks)

### SECTION B: 60 TOTAL MARKS

#### SECTION C: STRUCTURED QUESTIONS (20 MARKS)

##### QUESTION 6

XYZ Construction Company has been awarded a contract by the Ministry of Works and Transport, in Namibia to build a new highway overpass in the capital city. The contract includes a provision for liquidated damages to ensure timely completion of the project.

##### Contract Details:

**Contractor:** XYZ Construction Company

**Client:** Ministry of Works and Transport, Namibia

**Project:** Construction of a new highway overpass

**Contract Value:** N\$80 million

**Timeline:** 12 months

**Liquidated Damages Clause:** The contract stipulates that if XYZ Construction Company fails to complete the project within the agreed-upon timeline, they will be liable to pay liquidated damages at a rate of N\$15,000 per day for each day of delay.

XYZ Construction Company starts the project with the goal of completing the highway overpass within the 12-month timeframe. However, the following challenges arise during the construction process, leading to delays.

1. **Design Changes:** Midway through the project, the Ministry of Works and Transport requests design changes to the overpass to accommodate increased traffic flow projections. This requires additional approvals and redesign work, causing a delay of 30 days.

2. **Substandard materials:** A situation substandard materials supplied by the contractor, essential for the overpass's structural integrity, occurs due to supplier non-performance. This halts construction for 20 days until the supplier delivers the quality standard of material.
3. **Labor Strikes:** Workers go on strike to demand better working conditions, leading to a work stoppage for 15 days.

Prepare an analysis detailing the applicable liquidated damages and indicate the total liquidated damages applicable to XYZ construction company? (20 Marks)

**SECTION C: 20 TOTAL MARKS**

**TOTAL MARKS:100**

**ALL THE BEST**