



**PAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

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

<b>QUALIFICATION: BACHELR OF PROCUREMENT AND SUPPLY CHAIN MANAGEMENT</b>	
<b>QUALIFICATION CODE: 07BPSM</b>	<b>LEVEL: 5</b>
<b>COURSE CODE: CPM521S</b>	<b>COURSE NAME: CONTRACT AND PERFORMANCE MANAGEMENT</b>
<b>SESSION: NOVEMBER 2022</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>
<b>SECOND OPPORTUNITY EXAMINATION</b>	
<b>EXAMINER(S)</b>	MS. SELMA KAMBONDE (FT/DI) MR. TANGI NEPOLO (PM) MR. PUIS SHIFETA (DI)
<b>MODERATOR:</b>	<b>MS. EMILIA SALOMO</b>
<b>INSTRUCTIONS</b>	
1. Answer ALL the questions. 2. Write clearly and neatly. 3. Number the answers clearly.	

**THIS QUESTION PAPER CONSISTS OF 7 PAGES (Including this front page)**

**SECTION A: MULTIPLE CHOICE AND TRUE OR FALSE**

**(60 MARKS)**

**QUESTION 1(40 MARKS)**

There are twenty (20) Multiple-choice questions with several possible choices each. Choose the best possible answer, for example 1.1 A.

**1.1 In common law, certain types of contracts are illegal because they are not severable and are generally unenforceable by either party. Which is of the following is NOT included?**

**(2 marks)**

- a) To defraud the revenue
- b) To comply with legal aspect
- c) To commit a crime or a fraud
- d) That prejudice the administration of justice

**1.2 The process of managing contracts related to procurement and purchases made as part of legal documentation of forging work relationships with customers, vendors, or even partners is called.....**

**(2 marks)**

- a) Negotiation process
- b) Procurement contract management
- c) Bidding process
- d) None of the above

**1.3 The following are the CORRECT stages of a contract management process in a chronological order.....**

**(2 marks)**

- a) The planning stage; pre-contract stage; implementation stage; contract stage; pre-renewal stage; and post contract stage
- b) The planning stage; implementation stage; pre-contract stage; post contract stage; contract stage; pre-renewal stage
- c) The planning stage; implementation stage; pre-contract; contract stage; pre-renewal stage; and post contract stage
- d) None of the above

**1.4 Only where proper consent has been given is there a contract that is binding upon the parties. Proper consent can be compromised by any of the following matters EXCEPT.**

(2 marks)

- a) Duress
- b) Mistakes
- c) Legal capacity for all the parties
- d) False statements

**1.5 Is an approach where the parties meet at midpoint. Both parties achieve a moderate but incomplete satisfaction with their agreement type of sub-optimal “win-win”. It is typified by the ‘split the difference’ tactic in negotiation is called.....** (2 marks)

- a) Compromising
- b) Accommodating
- c) Avoiding
- d) Competitive

**1.6 Offer, acceptance, consideration and \_\_\_\_\_ are some of elements of a legally binding contract?** (2 marks)

- a) Capacity
- b) Capability
- c) Control
- d) Coercion

**1.7 Which is not a characteristic of all negotiation situations?**

- a) an established set of rules
- b) conflict between parties
- c) two or more parties involved
- d) a voluntary process

**1.8 When two or more persons have a common intension for development of obligation between then it is known as?** (2 marks)

- a) Agreement
- b) Contract
- c) Letter of acceptance
- d) Warranty clause

**1.9 Consideration in a contract means that:** (2 marks)

- a) Something of value is being exchanged by the two parties.

- b) A person has the mental capacity to enter a contract
- c) The two parties deal with the contract in a polite manner.
- d) The contract is legal and fully valid.

**1.10 A person's contractual capacity refers to. (2 marks)**

- a) The extent to which that person can enter a legally binding contract.
- b) The number of contracts that person is allowed to enter.
- c) The formalities that that person must adhere to in order to create a legally binding contract.
- d) The minimum amount of consideration that person must provide in order to create a legally binding contract

**1.11 An agreement enforceable by law is called?**

- a) Void
- b) Promise
- c) Contract
- d) All of these

**1.12 A proposal, when accepted becomes a \_\_\_\_\_.**

- a) promise
- b) contract
- c) offer
- d) consensus

**1.13 The three sources of risk in negotiation include**

- a) Tactical risk, strategic risk, overconfidence risk
- b) Failure risk, BATNA risk, information-sharing risk
- c) Contractual risk, overconfidence risk, failure risk
- d) Strategic risk, BATNA risk, contractual risk

**1.14 A situation in which both parties are trying to find a mutually acceptable solution to a complex conflict is known as which of the following?**

- a) mutual gains
- b) win-lose
- c) zero-sum
- d) win-win

**1.15 BATNA stands for**

- a) best alternative to a negotiated agreement
- b) best assignment to a negotiated agreement
- c) best alternative to a negative agreement
- d) best alternative to a negative assignment

**1.16 What is the terminology used whereby all associated costs of a procurement are taken into consideration?**

- a) Total cost of ownership
- b) Total cost of buying
- c) Total cost of procurement
- d) Total cost of purchasing

**1.17 The time difference between a business ordering and receiving stock is called the:**

- a) Reorder quantity
- b) Lead time
- c) Buffer stock
- d) Reorder level

**1.18 Which of the following is a benefit to a business of having an efficient procurement department?**

- a) Improved levels of customer service
- b) Increased levels of staff motivation
- c) Higher sales revenue
- d) Lower unit costs

**1.19 Which of the following is an indication of an accommodative style of negotiation?**

- a) Win-lose
- b) Win-win
- c) Each parties win and lose a bit
- d) Lose-win

**1.20 Which of the following statements best describes what happens at fourth stage of the procurement cycle?**

- a) Accounts payable should conduct three-way matching by comparing the purchase order, order receipt or packing list and invoice
- b) The vendor delivers the promised goods/services within the stipulated timeline. After receiving them, the purchaser examines the order and notifies the vendor of any issues with the received items.
- c) All appropriate documents from purchase requests to approved invoices are stored in a centralized location.
- d) Once a vendor is selected, the contract negotiation and signing are completed, and the purchase order is then forwarded to the vendor. Vendor assessment should focus not only on cost but also on reputation, speed, quality, and reliability.

**QUESTION 2: TRUE OR FALSE (20 MARKS)**

**There are ten (10) True or false questions. Indicate your answer by writing True or False only. Each question is equivalent to 2 marks**

**State whether the below statements are True or False:**

- 2.1 A contract can be regarded as valid and legally enforceable even if one the requirements is not fulfilled.
- 2.2 In contract management, an agreement is the same as contract.
- 2.3 Central Procurement Board of Namibia is responsible for the contract below the threshold value.
- 2.4 A contract has been awarded a tender to construct two classroom blocks at Okahandja Primary School and during the process of executing the project, hurricane destroyed all the buildings. On the basis of Force Majeure, the contract is not liable for the damage.
- 2.5 In Namibia, Public Procurement Act No. 51 of 2015 is governing all the public procurements.
- 2.6 A party is not bound by a contract if he entered it under a mistake.
- 2.7 The term “value chain” includes both the upstream and downstream portion of the supply chain.
- 2.8 The final step of the procurement cycle is to audit the invoice.
- 2.9 When evaluating a supplier, it is not necessary to create performance metrics that measure delivery speed, quality related outcomes, environmental and cost related metrics.
- 2.10 Adversarial relationship is about working with others to produce something together and achieve shared goals.

**SECTION A: 60 TOTAL MARKS**

**SECTION B: STRUCTURED QUESTIONS (40 MARKS)**

**QUESTION 3**

There are different types of contracts that are covered under contract management. These Procurement contracts can cover several aspects of the buyer-seller relationship and they define the terms covered in each contract.

3.1 Briefly discuss the types of types of contractual agreements between buyer and suppliers?

**(20 Marks)**

**QUESTION 4**

Negotiation may occur at various stages during the procurement process.

4.1 Briefly discuss five issues (procurement negotiation areas) over which a buyer and seller can reach an agreement on and explain why each issue might be important to the buyer or seller?

**(20 Marks)**

**SECTION C: 40 TOTAL MARKS**

**GRAND TOTAL: 100 MARKS**