



# MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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## University Examinations 2015/2016

FIRST YEAR FIRST SEMESTER EXAMINATION FOR  
DIPLOMA IN  
BUSINESS ADMINISTRATION  
PURCHASING AND SUPPLIES MANAGEMENT

### BBD 2101: PRINCIPLES OF PROCUREMENT

DATE: NOVEMBER 2015

TIME: 1 ½ HOURS

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INSTRUCTIONS: Answer question *one* and any other *two* questions

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#### QUESTION ONE (30 MARKS)

- a) Explain the importance of inspection in a buying process. (8 marks)
- b) In respect to public procurement act 2005 S.45 (1), purchasing officers must maintain records for at least six years.
  - (i) Explain the various types of the records that must be kept. Give content of each. (8 marks)
  - (ii) State the importance of maintaining records in an organization. (5 marks)
- c) Highlight the importance of BATNA in procurement negotiation. (4 marks)
- d) Explain the importance of procurement as a function of a business. (3 marks)

#### QUESTION TWO (20 MARKS)

Specification development is one of first process in procurement and analyzing a need.

- a) Briefly explain the purpose of specification development. (10 marks)
- b) Explain problems encountered in specification development stating solution for each. (10 marks)

### **QUESTION THREE (20 MARKS)**

Procurement is a progressive process such that each stage follows each other until goods and services are acquired and paid for.

- a) Highlight a procurement cycle which may be adopted in a public entity. (14 marks)
- b) State any problem(s) that may be at each stage. (6 marks)

### **QUESTION FOUR (20 MARKS)**

- a) Explain five ways of quality identification (10 marks)
- b) Discuss the importance of setting standards for goods and services in an organization (10 marks)

### **QUESTION FIVE (20 MARKS)**

- a) Briefly discuss factors considered when evaluating suppliers (10 marks)
- b)
  - (i) What is a letter of credit? (2 marks)
  - (ii) Highlight characteristics of letter of credit. (6 marks)
  - (iii) Give the types of letter of credit. (2 marks)