**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

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**University Examinations 2016/2017**

FIRST YEAR, FIRST SEMESTER EXAMINATION FOR CERTIFICATE IN BUSINESS ADMINISTRATION

**BBC 1101: PRINCIPLES OF PURCHASING**

**DATE: DECEMBER, 2016 TIME: 1½ HOURS**

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

**QUESTION ONE (30 MARKS)**

1. Explain three objectives of public procurement authority of republic of Kenya.(3 Marks)
2. Differentiate the following terms as used in procurement negotiation.
3. Snow job and flinching (2 Marks)
4. Empty ladder and Russians front (2 Marks)
5. Highlight five reasons for undertaking follow-up in the procurement cycle. (5 Marks)
6. State five reasons for buying right quantity products. (5 Marks)
7. Explain three principles of total quality management as a philosophy of quality enhancement. (3 Marks)

**QUESTION TWO (20 MARKS)**

Making sourcing decisions is paramount in any organization and is aimed at protecting cost structure of an organization.

1. Discuss consideration that favour a “make” decision. (10 Marks)
2. Explain the problems that may be encountered. (10 Marks)

**QUESTION THREE (20 MARKS)**

You have been appointed as head of procurement in Meru University and due to many expansion programs you are expected to undertake purchasing following required procedures and principles.

1. Explain a typical procurement process that you may follow. (14 Marks)
2. State any problems that may be in each stage of the above process. (6 Marks)

**QUESTION FOUR (20 MARKS)**

Professional ethics are important in any profession and are part of well being organization which give integrity and good image even to a purchasing department.

1. Discuss briefly any six ethical practices as outlined in procurement and disposal act 2005. (12 Marks)
2. Discuss four things you would introduce to the department to benchmark with internal and external departments of the organization. (8 Marks)

**QUESTION FIVE (20 MARKS)**

1. Highlight the role of bank in documentary collection in payment. (4 Marks)
2. State four sources of information for a procurement officer when sourcing. (4 Marks)
3. Highlight flow of transaction in documentary collection deal. (12 Marks)