

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

FIRST YEAR EXAMINATION FOR THE AWARD OF DIPLOMA
IN PROCUREMENT AND LOGISTICS MANAGEMENT

DPLM 0111: PRINCIPLES OF PROCUREMENT

STREAMS: DPLM

TIME: 2 HOURS

DAY/DATE: TUESDAY 11/04/2023

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS: Answer question ONE and any other TWO

QUESTION 1

- (a) Using examples define the following terms as used in principles of procurement
- (i) Procurement [2 marks]
 - (ii) Logistics [2 marks]
 - (iii) Decentralization purchasing [2 marks]
 - (iv) Centralized purchasing [2 marks]
 - (v) Local purchase order [2 marks]
 - (vi) Invoice [2 marks]
- (b) Some issues on which interaction and cooperation may take place between purchasing and other company departments. Discuss the relationship between purchasing department and the following department.
- (i) Purchasing department and finance department [3 marks]
 - (ii) Purchasing department and human resource development department [3 marks]
 - (iii) Purchasing department and marketing department [3 marks]
 - (iv) Purchasing department and information technology department [3 marks]
 - (v) Purchasing department and production department [3 marks]
- (c) During the acquisition of good, works and services by an organization there are various steps that are followed. State and explain these steps. [9 marks]

QUESTION 2

- (a) A specification can be defined as a statement or needs to be satisfied by the procurement of external resources. With reference to the above statement discuss the principles of specification writing. [10 marks]
- (b) Discuss atleast five procurement methods available for procurement officers to choose from. [10 marks]

QUESTION 3

- (a) The internet is changing the design and implementation of marketing strategies whereby it provides marketers with efficient and powerful methods of designing, promoting and distributing products, conducting marketing research and gathering marketing information. Using examples, discuss the role of information technology in purchasing. [10 marks]
- (b) State and explain the various inventory management techniques used by different organization to ensure there is no overstocking or understocking. [10 marks]

QUESTION 4

- (a) Purchasing is a function that particularly vulnerable to fraud. Fraud is not necessary restricted to those with the title purchasing officer but may involve anyone in direct contact with suppliers, including engineers, works managers, sales and computer staff. With examples discuss some of the supplier related frauds. [10 marks]
- (b) Explain the five rights of purchasing and their respective effect on the organizational performance. [10 marks]
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