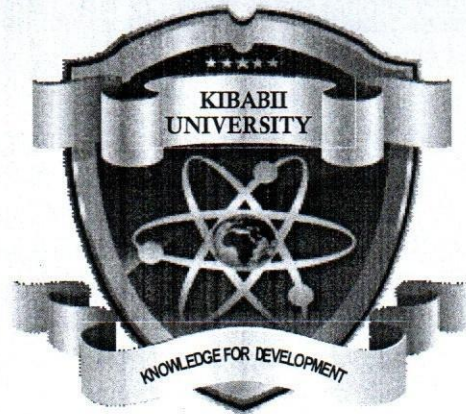


# KIBABII UNIVERSITY



## UNIVERSITY EXAMINATIONS

**2019/2020 ACADEMIC YEAR  
THIRD YEAR FIRST SEMESTER  
MAIN EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF COMMERCE**

**COURSE CODE: BCP 345E**

**COURSE TITLE: CONTRACT DEVELOPMENT IN  
PURCHASING AND SUPPLIES**

**DATE: 17/11/2020**

**TIME: 9.00 – 11.00AM**

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### **INSTRUCTION TO CANDIDATES**

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

**TIME: 2 Hours**

**KIBU observes ZERO tolerance to examination cheating**

## QUESTION ONE

Kakwezi (2012) defines contract management as those activities related to contract handling including invitation to and evaluation of bids; awarding and implementation of contracts; measurement, and payment calculation. This also entails monitoring contract associations, handling related issues, integrating essential contract modifications or changes. This is meant to ensure that all contract parties exceed or meet each other's expectations and interact with contractor to attain the objectives' of the contract. As Uher and Davenport (2009) note, it also involves practical monitoring, management and review of terms of contract established through the process of procurement, ensuring delivery is done appropriately. Contract management activities aim at ensuring that parties comply with the contractual terms and conditions, as well as documenting and accepting any necessary changes in the contract execution. Since contract management is a process, it involves certain activities necessary to accomplish in order to realize its benefits. Common contract management practices include contractor monitoring and acceptance management; managing the contractor relationship; contract administration; dispute resolution; and contract closure. Contractor monitoring and acceptance management is about ensuring that the contractor is undertaking his duties and fulfilling his obligations in compliance with the contract. This also is helpful to the contracting authority in identifying any issues or problems in advance that could arise and offer timely solutions. Managing the contractor relationship enables the contracting authority to ensure that all its actions and decisions enhance the supplier relationship. On the other hand, contract administration involves maintaining an updated form of the contract; controlling and managing 3 contract variations; paying the contractor; managing assets; drafting reports; and terminating the contract. Dispute resolution entails management of all conflicts that may arise between the two parties. Lastly, contract closure happens when all contractual terms and obligations have been honored (Cropper, 2008)

- a) Contracts are always formed between various organizations however a time come when the parties disagree due not following the elements of a contract discuss (14 marks)
- b) Differentiate the terms expressed terms and implied terms as applied in the contract (6marks)
- c) A contract is said to be discharged when the obligations created by cease to bind the parties that who are now freed from performance. Discuss (10 marks).

## QUESTION TWO

Describe the different approaches to the purchase of production materials and capital items. (20 marks)

## QUESTION THREE

In a contract specification is key Explain five reasons why a purchaser might favour an 'output' specification over a 'conformance' specification (20 marks)

#### **QUESTION FOUR**

(a) Outline three possible reasons for the failure of an outsourcing contract. (10 marks)

(b) Discuss five possible actions that could be taken to ensure success in outsourcing contracts. (10 marks)