

LAIKIPIA



UNIVERSITY

# UNIVERSITY EXAMINATIONS

2<sup>ND</sup> SEMESTER 2023/2024 ACADEMIC YEAR

FIRST YEAR EXAMINATION FOR THE DEGREE OF  
BACHELOR OF COMMERCE

BCOM 125: PRINCIPLES OF PROCUREMENT

***STREAM:***

***TIME: 2 HRS***

***DAY: THURSDAY [11.30-1.30 P.M]***

***DATE: 11/04/2024***

**THIS QUESTION PAPER CONSISTS OF TWO (2) PAGES**

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**ANSWER QUESTIONS ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE**

- a) Explain the meaning of the following terms as used in procurement (10 mks)
  - i) Supply chain management
  - ii) Material management
  - iii) Purchasing
  - iv) Lead time
- b) Discuss the relationship that exist between a procurement function and the production/user department (5 mks)
- c) Explain the objectives of quality control and quality assurance (5 mks)
- d) Discuss the disadvantages of a centralized purchasing systems in an organization (5 mks)
- e) Explain the Principles of right purchasing (5 mks)

**QUESTION TWO**

- a) Discuss any five documents used in purchasing showing the origin and the destined party of the document (10 mks)
- b) The prevention of fraud in relation to supplies depend on sound internal control, internal and external auditing.  
Outline ways in which fraud can be prevented in an organization (5 mks)
  - ii) By use of examples explain the meaning of fraud (5 mks)

**QUESTION THREE**

- a) Discuss the purchasing operating procedure. Highlight the documents that apply at each stage (10 mks)
- b) Describe four problems associated with specifications and show the remedies to the problems identified (10 mks)

**QUESTION FOUR**

- a) Discuss all possible reasons that would make an organization choose on make or buy decision (10 mks)
- b) Discuss the areas of cost analysis that form part, obligation and duty of procurement professionals in managing cost (10 mks)

**QUESTION FIVE**

Differentiate between EDI and traditional systems of purchasing.

What are the advantages and disadvantages of using these methods (20 mks)

