



UGANDA MANAGEMENT INSTITUTE

POSTGRADUATE DIPLOMA IN BUSINESS
ADMINISTRATION (DBA)

SECOND SEMESTER EXAMS 2015/2016

MODULE: PROCUREMENT AND CONTRACT
MANAGEMENT

Date: Tuesday 4 October 2016

Time: 09.00 AM – 12.00 NOON

INSTRUCTIONS

1. Answer **FOUR** Questions.
2. Question **ONE** of Section A is compulsory and carries 40 marks.
3. Answer any other **THREE** Questions from Section B. Each question carries **20 marks**.
4. Write clearly and legibly.
5. **Do not** write anything on the question paper.
6. **Do not** take Mobile Phones into the examination room.
7. Follow the instructions of the examination supervisor.
8. Indicate questions answered on the Answer Sheet in the column of Questions.

This paper consists of 4 printed pages

~~GOOD LUCK~~

SECTION A:

COMPULSORY

40 MARKS

QUESTION ONE

CASE STUDY“

NORTHERN BYPASS CRACKS BEFORE OFFICIAL OPENING”

The Sh.118 billion Kampala Northern Bypass has developed cracks even before the road is officially opened to traffic. The Weekly Observer has seen gaping cracks that are fast developing into gullies on a section of the road off the flyover bridge at Bwaise roundabout on Bombo Road. Cracks have also been seen in the stretch of the road near Kiwatule, an indication of possible poor workmanship. SaliniConstructori Spat, the Italian company that is building the 21km road, said they are aware of the cracks and had suspended work while they wait for a proper design to apply to the problem areas. “We are aware of the cracks.”

In fact we are not laying [constructing] now,” said Mel England, the Project Manager. But a source at the Italian construction company that is familiar with road works said the road has cracked because they [Salini] are using substandard bitumen and also applied inadequate asphalt when sealing the road. Actually, Salini refused to work on the existing design, arguing that the road would “crack in less than two years”. Bitumen and asphalt are mineral aggregates that are compacted and laid down in layers to smoothen roadways.

Differences

Construction of the road that is meant to ease traffic congestion in Kampala is also dogged by a series of disagreements between the supervisors and the contractors. Since October 2004 when Salini won the tender, it has been following the road design done by French project supervisor, BCEOM, at least for 18km. However, the company rejected the design for the remaining 3km, arguing that it was poor and the road would crack in less than two years.

The Ministry of Works and Transport was forced to hire a British company, TRL to review the contract with Salini, but the two parties also disagreed over the design. It appears, sources say, that Salini wants to carry on with the work without the input of an independent supervising consultant. According to Dan Alinange, the Public Relations Officer of Uganda National Road Authority [UNRA], negotiations are still on to harmonise the two opposing positions.

“Government is still in negotiations with contractors,” he said. The negotiations are on the financial implications of the delay and the technical ingredients for final layer of the road—the main disagreement between the contractor and the supervisor.

More delay

While talks continue, the road meanwhile is behind schedule by more than two years. By the time of signing the contract in October 2004, Salini promised to deliver by November 2006, 30 months after being awarded the contract. Then the deadline was later extended to September 2007 before it was pushed to July 2008 that also lapsed. No new date for completion of the work has been fixed.

“The contractor is delaying us. We are in a fix and they are going to pay for this delay,” said Alinange. “We [UNRA] are not going to accept a road which has cracks. In fact, the defect period is one-year and we shall use it to monitor any defects,” he added.

The delay has already cost the European Union, the main financier of the project, Shs 11billion that has effectively pushed the total cost to Shs 118 billion. Despite this, main components of the road such as pavements, passenger ways and sideways are still undone. Salini blames what it calls a poor project design and heavy rains for the delay. Critics however say that the government and the donors are handling Salini with soft gloves.

They argue that when the Jinja-Bugiri road project contractor, Basil Read Bouygues TP, abandoned the work in December 2004, government terminated the contract in February 2005. Reynolds Construction of Nigeria took over the tender and work is progressing.

But instead of calling Salini to order, the same company was given yet another contract—the \$750 million Bujagali hydro-power dam. It is hoped that when complete, the bypass will provide a diversion for mostly commercial trucks and trailers from Bweyogerere, on Kampala-Jinja highway and through the city suburbs of Bwaise, Namungoona, Kiwatule, Kyebando and Kisaasi, before terminating in Busega on Mityana Road.

The road is also meant to improve traffic flow on the northern corridor, especially trucks transiting through Uganda to neighbouring countries such Rwanda and the Democratic republic of Congo. The project is jointly funded by European Union and the Government of Uganda.

Source: The Observer online, Wednesday, 10 September 2008 16:40

Required

- a) Using your knowledge in procurement identify the anomalies that happened along the procurement process? **(20 marks)**
- b) Advise on what needs to be done to improvement procurement performance for organisations. **(20 marks)**

c)

QUESTION TWO**SECTION B: ANSWER ANY THREE QUESTIONS FROM THIS SECTION**

At a recent Workshop of procurement cadres in Uganda, a member of the institute of professional procurement professionals, made the following remarks

“The use of principles of procurement is a key fundamental benchmark to achieve stakeholder satisfaction and successful procurement processes in public, private and third sector organization”.

- i) Discuss the rational of using the procurement principles in the procurement process. **(6 Marks)**
- ii) With Examples discuss the key principles of procurement **(14 Marks)**

QUESTION THREE

- i) Discuss the role of the procurement function in organizations. **(6 Marks)**
- ii) Organizations are made up of different business functions/departments. With examples discuss how the procurement function influences these functions and how does this in turn influence the success of the Business. **(14 marks)**

QUESTION FOUR

Just like any other Business process, procurement process goes through key stages and this is referred to as the procurement management process or cycle.

Discuss the Key stages that constitute the procurement management cycle, clearly spelling the roles of various stakeholders **(20 marks)**

QUESTION FIVE

One of the key success factors of any business process is the ability to effectively plan.

i) Discuss why it is important for any organization to carry out procurement planning.

(8 marks)

ii) Describe the key aspects involved in the process of procurement planning clearly spelling out the contents of a procurement plan.

(12 Marks)

QUESTION SIX

i) Outline the Key stages of the disposal cycle, that may be appropriate for an organization intending to dispose some of its assets

(6 Marks)

ii) Discuss the available disposal methods clearly spelling out the conditions of using each of the methods.

(14 Marks)

END