

**MONDAY: 18 August 2025. Afternoon Paper.**

**Time Allowed: 3 hours.**

**Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.**

**SECTION A**

**QUESTION ONE**

- (a) Highlight **FIVE** contract risks that should be monitored during the contract implementation phase. (5 marks)
- (b) Identify **FIVE** control measures that should be taken into account when issuing inventory. (5 marks)
- (c) Outline **FIVE** steps involved in the bid evaluation process. (5 marks)
- (d) Discuss **FIVE** key activities undertaken when disposing of goods in a public entity. (5 marks)

**(Total: 20 marks)**

**SECTION B**

**QUESTION TWO**

- (a) Evaluate **FIVE** roles played by the procurement function in ensuring that the stages of procurement cycle deliver value. (10 marks)
- (b) Describe **FIVE** features of the Quality-Based Selection method when undertaking a Request for Proposal (RFP). (10 marks)

**(Total: 20 marks)**

**QUESTION THREE**

- (a) Examine **FIVE** challenges likely to be encountered by procurement entities during a pandemic. (10 marks)
- (b) Explain **FIVE** considerations that may necessitate aggregation of the material requirements during procurement planning. (10 marks)

**(Total: 20 marks)**

**SECTION C**

**QUESTION FOUR**

**Read the case study below and answer the questions that follow.**

**ZIP LIMITED**

Zip Limited, a private sector entity, identified the need to procure 20 photocopying machines. The procurement was initiated under Restricted Tender No. ZIP/RT/43/2021 and conducted through the e-tendering portal. During the invitation to tender, ten (10) prequalified bidders in the category of electoral and electronic machines were selected and uploaded to the portal. A comprehensive bid document, including the required specifications, was made available to these bidders.

The Head of Procurement, Mr. Mara, envisioned the acquisition of high-performance, heavy-duty machines. These specifications were clearly embedded in the tender documentation. A pre-bid conference was held.

To safeguard the procurement process, Zip Limited required several compliance documents, including a performance guarantee, warranty agreement, advance payment guarantee, and manufacturer's authorisation (where applicable). The tender was officially invited on 9 September 2021 and scheduled for opening on 30 September 2021.

Mr. Mara appointed a bid opening committee and a separate evaluation and negotiation committee. Mr. Mara and Ms. Kendi, (the Head of Finance), were designated as the lead negotiators. The bids were submitted and opened as scheduled on 30 September 2021. Evaluation took place between 2 October 2021 and 9 October 2021 and the negotiation was scheduled for 15 October 2021.

Following the evaluation, 2T Electronics emerged as the preferred supplier at a unit price of Sh.2,000,000. The firm was formally notified on 12 October 2021 and the proposed negotiation date was also communicated. Zip Limited promptly notified all unsuccessful bidders.

2T Electronics acknowledged the award notification via an acceptance letter and submitted the required performance bond, manufacturer's authorisation and warranty documents. However, they requested to submit the advance payment guarantee after the negotiation meeting. The negotiation proceeded as scheduled at Zip Limited's offices in a cordial and collaborative manner. The engagement resulted in a 5% reduction in the contract sum. On 18 October 2021, 2T Electronics submitted the advance payment guarantee.

With all preconditions fulfilled, Zip Limited proceeded with the contract development process, including detailing the execution date, general conditions of the contract (GCC) and special conditions of the contract (SCC). The contract was signed by both parties on 25 October 2021 and the Local Purchase Order (LPO) was issued the following day, 26 October 2021.

The photocopying machines were delivered as expected on 20 December 2021. The supplier provided support in setting up the equipment and finalising the support service arrangements.

*(Disclaimer: This case study is solely for education and examination).*

**Required:**

- (a) Explain **FIVE** justifications for Zip Limited holding a pre-bid conference. (10 marks)
  - (b) With reference to the case, examine the significance of notifying unsuccessful bidders in the procurement process. (10 marks)
  - (c) Describe **FIVE** measures that Zip Limited may have undertaken to ensure the machines met its high-performance requirements. (10 marks)
  - (d) Discuss the importance of having a structured evaluation and negotiation team in the procurement process. (10 marks)
- (Total: 40 marks)**

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