



**THE CO-OPERATIVE UNIVERSITY OF KENYA  
END OF SEMESTER EXAMINATION DECEMBER -2023**

**EXAMINATION FOR THE DEGREE OF BACHELOR OF PURCHASING AND SUPPLIES  
MANAGEMENT  
(YR IV SEM II)**

**UNIT CODE: BPSM 4205  
UNIT TITLE: PUBLIC PROCUREMENT**

**DATE: FRIDAY, 22<sup>ND</sup> DECEMBER, 2023  
TIME: 11:30 AM – 1:30 PM**

**INSTRUCTIONS:**

- Answer question ONE (compulsory) and any other TWO questions

**QUESTION ONE**

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

**KAPU STATE CORPORATION**

Kapu State Corporation is a public entity under the Ministry of Metropolitan Services mandated to ensure the construction of safe, cheap and reliable housing infrastructure, which is in line with the national government agenda of providing affordable housing to its citizens. To realize these objectives, the corporation set aside sh. 2 billion in the annual budget to jump-start the process.

The procuring entity requested interested bidders to submit their expression of interest. One of the evaluation eligibility criteria required for prequalification was to submit a list of previously completed projects and the duration of completion of the projects. Two years after the contract award to Tash Constructions Company, only some houses had been completed against the target set. The tenants started complaining of leaking roofs and significant cracks on the floors and walls, among other complaints.

An external procurement audit report revealed massive violations of the procurement rules and regulations as provided for in the Public Procurement and Asset Disposal Act 2015. The report revealed that the winning bidder had submitted the list of PL1.03 Page 2 Out of 2 previously performed contracts to fulfil the prequalification requirement, yet he has never completed any project awarded. Therefore, the bidder ought to have been disqualified. Moreover, the signed contract differed significantly from the published contract on the public procurement regulatory authority website regarding the volume, deadlines and objects.

The external audit report further revealed that the procuring entity had unbundled the procurement and accepted the use of substandard materials that significantly compromised the quality of the houses and shortened the project's life cycle. The prices of the materials used were ten times lower than the materials specified in the contract, although the procuring entity still paid the full price. Finally, the report also revealed that the procuring entity had yet to comply with the provision of the preference and reservation schemes requiring locally available materials to be supplied by local contractors as envisaged in the Public Procurement and Asset Disposal Act, even though it had been budgeted for in the procurement plan. Several complainants filed the case to the review board for hearing and determination.

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

**Required:**

- (a) Assess any **FIVE** reasons that may justify unbundling of procurement by a public entity  
(10 marks)

- (b) Identify any **FIVE** procurement unethical practices, citing examples from the case study. (10 marks)
- (c) Describe any **FIVE** responsibilities of the review board as envisaged in the Public Procurement and Asset Disposal Act 2015. (10 marks)
- (Total: 30 marks)**

**QUESTION TWO**

- (a) Evaluate any **FIVE** roles of the public procurement regulatory framework in the country. (10 marks)
- (b) Examine any **FIVE** public procurement responsibilities of the National Treasury. (10 marks)
- (Total: 20 marks)**

**QUESTION THREE**

- (a) Discuss any **FIVE** conditions under which contract variations may be considered in public procurement. (10 marks)
- (b) Analyze any **FIVE** criteria that would be used to examine an expression of interest for consultancy services in a public entity in Kenya. (10 marks)
- (Total: 20 marks)**

**QUESTION FOUR**

- (a) Analyze any **FIVE** reasons for segregating procurement responsibilities in the public sector. (10 marks)
- (b) Describe any **FIVE** conditions a vendor should meet to participate in the preference and reservation schemes. (10 marks)
- (Total: 20 marks)**

**QUESTION FIVE**

- (a) Explain any **FIVE** contents that should be included in a procuring entity's annual asset disposal plan. (10 marks)
- (b) Describe any **FIVE** circumstances that may necessitate a call for international bids by a public entity. (10 marks)
- (Total: 20 marks)**