



**STRATHMORE BUSINESS SCHOOL
BACHELOR OF SCIENCE IN SUPPLY CHAIN AND OPERATIONS
MANAGEMENT (BSCM)
FINAL EXAMINATION
SCM 2203: PUBLIC PROCUREMENT**

DATE: 18th December 2023

Time: 08:00-10:00

Instructions:

Question ONE is Compulsory.

Answer any other TWO questions from the choice of FIVE questions.

QUESTION ONE

(30 MARKS)

a) Case Study 1:

“Tuendelee Municipal Council Saga”

In the renowned town of Tuendelee, a man named Mjuaji Marco held the prestigious position of Town Clerk in the Tuendelee Municipal Council. His reputation was beyond reproach, and he was known for his perfect record of public service. However, beneath the surface of respectability, Mjuaji harboured a hidden ambition.

Mjuaji had recently ventured into the business world with his establishment, "Wonderful Wares Suppliers," specializing in stationery supplies. This new endeavour had not yet reached the heights of success he had envisioned. The opportunity came knocking when Tuendelee Municipal Council announced a lucrative tender worth KSh. 300,000 for stationery supply, a business line that Mjuaji had a keen interest in.

Desperate to secure the tender for his struggling business, Mjuaji hatched a plan. Using his influential position as Town Clerk, he enlisted the help of Mtiifu Paulo, a council employee with inside knowledge of the tender process. Under darkness, Mtiifu Paulo secretly opened the Tender Box and shared confidential information about competing bids with Mjuaji.

Mjuaji was dismayed to find that "Amazing Supplies," one of his competitors, had submitted the highest bid, making it unlikely for his "Wonderful Wares Suppliers" to secure the contract. Without hesitation, Mjuaji decided to take matters into his own hands. He tampered with the tender documents, replacing the "Amazing Supplies" bid with a fabricated one quoting the lowest price.

When the Council's tender committee convened to review the bids, Mjuaji remained tight-lipped about his vested interest in "Wonderful Wares Suppliers." He actively participated in the discussions, using his influence to sway the committee's decision in favour of his company.

As the tender was awarded to "Wonderful Wares Suppliers," the corruption web extended further. Mlanawe Yohana, the Public Officer responsible for procurement, was entrusted with receiving the stationery from Mjuaji's company. However, upon inspection, he discovered that the goods were below par in quality and significantly fewer in quantity than what had been ordered.

Mlanawe, being an honest officer, threatened to reject the entire consignment. This is where Mporaji Maarufu, a crafty salesperson from "Wonderful Wares Suppliers," stepped in. Mporaji implored Mlanawe not to reject the goods and disclosed the connection between the company and the Town Clerk. He dangled a tempting offer, promising Mlanawe a substantial reward for accepting the substandard goods.

Mporaji produced a bundle of one thousand shilling notes to seal the deal, slipping them into Mlanawe's palm. The money reached Mlanawe's pocket as an unspoken acknowledgement of the illicit transaction. Mjuaji, knowing that the wheels of corruption had been set in motion, expedited the payment process for "Wonderful Wares Suppliers," disregarding all established procurement procedures.

Required:

- i. From the Case Study 1 above, discuss any FIVE public procurement offences that have been committed. **(10 Marks)**
- ii. Justify circumstances under which Wonderful Wares Supplies can be debarred from the procurement proceedings. Any FIVE points. **(10 Marks)**

b) Case Study 2:

The Unwarranted Scheme: Mary's Misadventure in NIP's Transport Business

Mary joined the National Improvement Program (NIP), a government security agency, over 25 years ago. Over time, she became a very senior officer of the agency. A few years ago, she developed an innovative idea for the institution. The local bus company was not doing very well business-wise. While it had had a monopoly of road transport in the area for a long time, matatus was now offering stiff competition. However, the matatus were not as well organized, leading to the emergence of cartels restricting new investors' entry into the business.

Over time, Mary got NIP to be involved in the transport business without the approval/authorization from the Board. This would realize income for NIP and help supplement their exchequer allocation. However, given that NIP was a security agency and that the transport business was not a core business of a national security agency, procurement of the buses would have to be done secretly.

Mary has a sister who lives in Holland. She decides to get her sister to secretly arrange meetings with a bus assembly company in Holland to enter into a contract for the supply of buses. Mary can influence NIP to award the contract to the company in Holland.

The contract with the company in Holland is designed in such a way as to commit NIP to pay for the buses for 20 years. In return for her assistance, the company agrees to inflate the cost of the buses by 25% and pass this on to Mary through her sister as a kickback. As a result, Mary can make a small fortune from the deal.

Mary has three brothers who are unemployed and have been staying in her house for the past three years since leaving school. She views the NIP bus business as a source of employment for them. As soon as the NIP buses begin operating, Mary ensures that her brothers are employed as conductors. She does not disclose to the Human Resources Manager of NIP that the three men are her brothers. Mary advises her brothers to supplement their income by tucking away “a few shillings” from the bus collections every day.

Once the buses are fully operational, Mary convinces the management of NIP to construct houses to accommodate some of the conductors and drivers of the project. Once these houses are completed, Mary intends to allocate them to her brothers, as they have become quite a nuisance at her home. To ensure the housing project succeeds, Mary commits NIP to buying an adjacent piece of land for KSh. 3,000,000/-. The land owner has been a friend of Mary’s for many years and has had serious difficulties selling the land. In return, the land owner gives Mary a ‘thank you gift’ of Ksh. 100,000/-. Construction of the houses commences but is never completed as the project runs out of money. It was never properly planned or budgeted for by NIP. It will cost NIP a further 1.7 billion shillings to complete the scheme. A few years later, the bus company collapsed. The buses are now lying idle in NIP’s yard, many of them badly damaged due to the recklessness of the bus drivers.

Required:

- i. Describe the ethical dilemmas that Mary has faced in her actions within the National Improvement Program (NIP) **(3 Marks)**
- ii. Outline the procurement irregularities and conflicts of interest that arises from Mary's secret arrangement with the bus assembly company in Holland? **(4 Marks)**
- iii. Explain the ethical concerns that arises by Mary employing her unemployed brothers as conductors without disclosing their relationship to the Human Resources Manager? **(3 Marks)**

QUESTION TWO

(15 MARKS)

With the advent of climate change issues and the need for sustainable practices in our public procurement systems, discuss using FIVE points the importance of sustainable public procurement practices on supply chain performance. **(15 Marks)**

QUESTION THREE**(15 MARKS)**

- i. On eligibility to bid, documentary evidence becomes important. Explain using THREE points why. **(6 Marks)**
- ii. Using a practical example, discuss the implications of globally accepted public procurement principles to public procurement performance using THREE points. **(9 Marks)**

QUESTION FOUR**(15 MARKS)**

Using practical examples, discuss any FIVE recent trends in public procurement.

(15 Marks)**QUESTION FIVE****(15 MARKS)**

As a procurement professional faced with a dilemma to use other procurement methods other than open tendering:

- i. Outline circumstances when a professional opinion becomes a tool for defence in public procurement disputes. **(3 Marks)**
- ii. What is your understanding of open tendering? **(2 Marks)**
- iii. Elaborate any FOUR circumstances where other public procurement methods can be preferred other than the open tendering method. **(8 Marks)**
- iv. What is your understanding of a professional opinion? **(2 Marks)**