

**UNIVERSITY OF ESWATINI**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**MAIN EXAMINATION PAPER; IDE STUDENTS**  
**AUGUST 2020**

**TITLE OF PAPER : PURCHASING & SUPPLY CHAIN MANAGEMENT**

---

**COURSE CODE : BA 430**

**TIME ALLOCATED : THREE [3] HOURS**

**TOTAL MARKS : 100 MARKS**

**INSTRUCTIONS**

1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS 6
2. THE PAPER CONSISTS OF SECTION A AND SECTION B
3. ANSWER ALL QUESTION IN SECTION A AND ANY TWO [3] QUESTIONS IN SECTION B.
4. THE MARKS ALLOCATED FOR A QUESTION OR PART OF A QUESTION ARE INDICATED AT THE END OF EACH QUESTION OR PART OF THE QUESTION.
5. NOTE: MAXIMUM MARKS WILL BE AWARDED FOR QUALITY, LAYOUT, ACCURACY, AND EXPLANATIONS FOR STEPS USED TO SOLVE PROBLEMS

THIS PAPER MUST NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

**SECTION A: CASE STUDY. CAREFULLY READ THE CASE STUDY BEFORE YOU CAN ATTEMPT THE CASE STUDY QUESTIONS**

**MAKING THE TENDERING PROCESS TRANSPARENT**

The Gauteng provincial government has unveiled a new model for deciding on major contracts that includes the opening of the tender box in public, with each bidder and amount being read out, and the full list of bidders published on the respective department's website within 48 hours. At a media briefing the Gauteng Finance MEC, Barbara Creecy, said the new procurement system in Gauteng would see the present seven-stage tender process being modified to allow for more transparency and public oversight in the awarding of bids. She said the upgrade of Cedar Road in Sandton, at a cost of more than R50 m, had been identified as the pilot project for the start of the new "open procurement process". The initiative places the Gauteng government ahead of the Treasury in the push towards more transparency in the handling of state public tenders, as part of a bid to discourage fraud and corruption.

The move forms part of efforts by Gauteng to restore public confidence in the work of government, after a study in had found out that almost 90% of residents in SA's biggest province were concerned about corruption as a threat to democracy. Ms Creecy said in terms of the new tender process the names of the successful bidder as well as the amount of the tender would be published, including the site handover date, as well as the expected construction period. She said details of bidders who had passed the "compliance gate" during the bid evaluation process would also be published.

"We want to re-establish confidence in the tender process," she said, "and we believe that the best way to do this is to make the process more open to public scrutiny so that bidders are convinced that the award process is fair and transparent." Research has shown that public tender amounts were the equivalent of 20% of gross domestic product. But their adjudication has been the source of fraud and corruption, leading to the emergence of new labels such as "tenderpreneurs" to describe politically connected business people who live off state tenders irregularly awarded to them.

The National Treasury in 2014 appointed a central chief procurement officer to oversee the implementation of an e-procurement tendering platform to replace the old tendering system

and so contribute to eliminating corruption. Plans are also under way to create a central tender board to adjudicate tenders in all spheres of government. The National Treasury is understood to be implementing other interventions, including looking into the standardisation of prices. Ms Creecy said in addition to opening up government tenders to public scrutiny, all government contracts of more than R50 m would be evaluated for compliance by independent auditors appointed by the provincial treasury.

She said the work of the bid adjudication committee would be open to the public. An internal audit was expected to "confirm that the lowest bid had been recommended, and if not, what is the motivation to recommend the second-lowest bid", said Ms Creecy. The provincial treasury expected to be informed of any contractor who was not performing, as well as potential litigation matters that were likely to arise. Government needed to make it difficult for people to engage in corruption by ensuring that decision making processes on tenders were transparent. Speaking at the same briefing, Gauteng Roads and Transport MEC, Ismail Vadi, said the Department would participate fully in the Cedar Road pilot project, likely to be concluded by April next year (2015).

He said it would provide an indication of how practical it would be to apply the checks and balances in the new tender process. Mr Vadi's department handled more than 100 tender projects in a year.

**Question 1.1.** Explain in detail why the award of contracts is based on the lowest bid and not the cheapest bid criteria (10 marks)

**Question 1.2.** Explain why there is much hype and interest in public procurement by the citizenry of the country (15 marks)

**Question 1.3.** In your opinion is there anything wrong with the open tendering process and is it worth the while to call people tenderpreneurs? (15 marks)

**[TOTAL 40 MARKS]**

**SECTION B: ANSWER ANY THREE (3) QUESTIONS OF YOUR CHOICE FROM THIS SECTION.**

**QUESTION 2**

As head of procurement in the organisation, what are some of the indicators you look up to as signs that things are not well in the Procurement department? **[20 MARKS]**

**QUESTION 3**

Explain the upstream and downstream activities of an organisation in relation to supply chain management **[20 MARKS]**

**QUESTION 4.**

Discuss the fundamental supply chain management practices with specific reference to an Eswatini company you are familiar with. **[20 MARKS]**

**QUESTION 5.**

Making reference to specific services, explain five different attributes used in measuring service quality **[20 MARKS]**

**QUESTION 6**

Discuss procurement challenges faced by Public Procurement practitioners in Eswatini and what could be done to minimize impact of such challenges? **[TOTAL 20 MARKS]**

**END OF EXAMINATION PAPER: GOOD LUCK!!!!**