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Q&A

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Exam : L4M8

Title : Procurement and Supply in Practice

Version : DEMO

1.Which sector most frequently uses invitation to tender?

Answer:

The public sector uses tenders a lot more in the working environment than private sector.

2.What two areas of an organization do the Kraljic Portfolio matrix uses to establish the category of a product or service?

Answer:

The Kraljic Portfolio Matrix shows where a product or services fits into in an organization.

It is based on two areas

- 1) the risk of supply (Risk Impact).
- 2) Effect it has on profit (cost impact).

3.Create a list of tangible, intangible, direct and indirect needs within an organization with which you are familiar.

Answer:

Tangible costs are the cost an organization incur acquiring items that can be physically touched and or seen.

Examples includes;

- 1) Capital Purchase
- 2) Raw materials
- 3) Sundry items
- 4) Vehi-cles/transport
- 5) Utilities

Intangible costs are the cost an organization incurs acquiring something that cannot be physically seen or touched.

Examples include;

- 1) Insurance
- 2) Marketing
- 3) Research and development
- 4) Salaries and/pension
- 5) Services
- 6) Training.

Direct costs – These are costs that an organization incurs acquiring product and services directly attributable/traceable to its production, for example, the cost of labour and materials directly uses to produce the goods/services which the organization sells. In the case of buying and running a Lorry for transport fleet, this would be

- 1) total cost of acquiring the lorry,) Tooling
- 3) Operation.

Indirect cost - These are costs that are not directly associated to production, for example, materials and services not used in production, labour/staff cost not directly attributed to production, such as management, sales and marking, ICT support, rents. In the case of buying and running a Lorry for transport fleet.

Examples are;

- 1) Insurance

2) Disposal.

- Go back to the question column and study the Questions and response

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Examples are;

- 1) Insurance
- 2) Disposal.

5. What information should be included on a purchase requisition?

Answer:

RESPONSE

A purchase requisition should contain the following information

- 1) Date of the requisition
- 2) Description of what is required
- 3) Supplier if known

- 4) The quantity
- 5) when the need is required
- 6) why the need is required
- 7) who identified the need
- 8) who approved the need
- 9) if it's a re-buy