BRENTWOOD
OPEN LEARNING COLLEGE

Assignment Cover Sheet

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Course:	Advanced Diploma in Accounting and Finance-Level5
Assignment NO:	8 Project Human Resource Management

Marking Criteria:

We expect the learners to write minimum one well expressed point in three lines against each allocated mark. This means one needs to write 15 lines with 5 well expressed points to get high grades for a 5 marks question.

For high grades use examples and illustrations where appropriate.

1. Give short answers for the following questions:

i. Outline are as of project procurement management knowledge.

Projects require procurements regularly. Projects need equipment, consultants, materials, training, and many other services and goods. The process of purchasing the products necessary for meeting the needs of the project scope is called project procurement management. The processes involved in purchasing goods or services from external vendors, contractors, and suppliers are included in the Project Procurement Management knowledge area. When discussing the Procurement Management processes, it is assumed that the discussion is taking place from the perspective of the buyer. As the project manager, you would be the buyer purchasing the goods or services from a supplier or contractor; therefore, these processes should be examined from that perspective.

ii. Procurement management centres on four key elements. hat are these?

There are four major elements of supply chain management: integration, operations, purchasing and distribution. Each relies on the others to provide a seamless path from plan to completion as affordably as possible. Project procurement management is the creation of relationships with outside vendors and suppliers for goods and services needed to complete a project. This process is comprised of five steps, including initiating and planning, selecting, contract writing, monitoring, and closing and completing.

iii. How is market evaluation important in terms of procurement?

Part of procurement management is to determine what sources are available to provide the needed services or products for the project. Determining what products and services are available and from whom and on what terms and conditions they are available requires an evaluation of the marketplace. While in most free market enterprise societies there are multiple vendors offering comparable products, there may be times when choices of vendors are limited.

And which processes are involved in market evaluation?

Sole source: Only one qualified seller exists in the marketplace. Single source: The performing organization prefers to contract with a specific seller. Oligopoly: There are very few sellers and the actions of one seller will have a direct effect on the other seller's prices and the overall market condition.

iv. At which stage in a project does a project manager complete a make or buy analysis?

A fundamental aspect of management is the decision on whether to make or buy a product. Sometimes it is more cost-effective to buy, while at other times it makes more sense to create an in-house solution. The make-or-buy-analysis should be undertaken in the initial scope definition. This determines whether the entire project should be completed via procurement or in-house. Additional make-or-buy decisions are needed as the project evolves.The initial costs of the solution for the in-house or procured product must be considered, but so too must the on-going expenses of the solutions. For example, if a company elects to lease a piece of equipment, the on-going expenses of leasing the piece of equipment should be weighed against the expected on-going expenses of purchasing the equipment and the monthly costs of insuring, maintaining, and managing the equipment.

v. What are cost reimbursable contracts?

These contract types pay the seller for the product. In the payment to the seller there is a profit margin—the difference between the actual costs of the product and the sales amount. The actual costs of the product fall into two categories: Direct costs: These are costs that are incurred by the project in order for the project to exist. Examples include salaries of the project team, equipment needed to complete the project work, and other expenses tied directly to the project's existence. Indirect costs: These are costs that are attributed to the cost of doing business. Examples include utilities, office space, and other overhead costs

vi. What type of in formation is contained in procurement management plan?

The decisions made in the procurement planning processes are documented in this subsidiary project plan. It specifies how the remaining procurement activities will be managed. The plan details the following: How vendors will be selected. The process of independent estimating The relationship between the project team and the procurement office within the performing organization (if one exists). The type of contracts to be used The coordination between sellers and the project team and among project activities, project reporting, scheduling, business operations, and other project concerns.

vii. Describe the inputs of solicitation planning.

Solicitation planning is the process of preparing to solicit sellers to provide products required by the project. This is a fairly straightforward business, as Figure 12-4 demonstrates. There are three inputs to solicitation planning: Procurement Management Plan: This subsidiary plan sets out the methodologies and expectations of procurement within the performing organization. Statement of Work: The SOW provides detailed information on what the seller will be providing for the performing organization. Recall that this document allows the seller to determine whether it is able to provide the product and meet the requirements of the project team. Other planning outputs: Other details within the project plan, such as the schedules, estimates, constraints and assumptions, are referenced as their values may have direct influences on the solicitation process.

2. Discuss contract administration procedures.

The process of ensuring that the seller lives up to the agreements in the contract is called Contract Administration. To ensure that the seller meets its obligations, the project manager and the contract administrator must work together. Legal remedies may ultimately be pursued if the seller does not fulfil its contractual requirements. Another aspect of contract administration is the coordination between the contractors. This is especially important on larger projects with multiple sellers providing various products. The contract officer or project manager schedules and confirms the performance of the sellers to ensure that the deliverables, schedule and performance of a contractor do not infringe or adversely affect the performance of another contractor. There must be the terms for payment within the contract. Typically, the progress of the contractor and performance are directly linked to the payments the contractor receives. The project manager must track quality and performance to approve or decline payment as required.

3. What is the purpose of contract closeout processes?

The purpose of Contract Closeout is to confirm that the obligations of the contract have been met as expected. It is analogous to administrative closure. The project manager, key stakeholders, the customer, and, in some cases, the seller may complete product verification together to confirm that the contract has been completed. We can also link contract closeout to administrative closure, as it is the process of confirming that the work has been completed. In instances when the contract was terminated, contract closeout is reviewed and is considered closed because of the termination. Updating of the project records is necessary as it reflects the contract closeout and the acceptance of the work or product.

How is it performed?

Reviewing Contract Documentation

The details of the contract may need to be reviewed to successfully close out a contract. This review ensures that the product verification is complete and in accordance with the agreement and language in the contract. More than just the contract is actually considered in the review. The project manager should review and consider the following:

Auditing the Procurement Process

Through contract administration, the successes and failures within the procurement process of the project are reviewed from the procurement planning stage. The purpose of the audit is to learn from what worked and what did not work during the procurement processes. Application of this knowledge to other areas within the current project and to other projects within the performing organization is then possible. A contract file is a complete indexed set of records of the procurement process. It is incorporated into the administrative closure process. These records include information on the performance and acceptance of the procured work as well as financial information. The contract can be closed as soon as it can be assumed that the procured work is acceptable and meets the requirements of the contract. The formal closure of a project comes in a written notice from the contract officer to the seller. The seller is informed that its work is acceptable and that the contract is considered closed by this notice. The size of the project causes the formal closure process to vary accordingly. Contract closeout requirements should be documented within the contract.