CIPS Level 2 – Certificate in Procurement and Supply Operations

Introducing Procurement and Supply [L2M1]

Sample Exam Questions (Objective Response)

The correct answer will be listed below each question
Q1. Which of the following is a definition of the term ‘supply chain’?

a. The way in which information passes from user to procurement supplier
b. The range of suppliers used by a procurement organisation
**c. The network of organisations and activities involved with the flow and transformation of goods**
d. The types, frequency and organisation of deliveries to the end user

LO: 1
AC: 1.3
Correct answer: C

Q2. A primary aim of a procurement professional must be to achieve ...

a. value for money
b. stock control
c. inventory management
d. outsourcing

LO: 2
AC: 2.2
Correct answer: A

Q3. Drag and drop the correct option into the blank space.

When defining the 5 rights of procurement and supply we should consider ...

quality, quantity, ____, source, price

target, time, tally, tangent

LO: 2
AC: 2.2
Correct answer: time
Q4. Drag and drop the correct option into the blank space.

Defining involves evaluating the extent to which the proposed solutions will achieve the desired outcomes and also reconciling those benefits with the total lifetime cost of realising those benefits.

just in time, value for investment, corporate social responsibility, value analysis

LO: 2
AC: 2.2
Correct answer: value analysis

Q5. Which of the following is a key part of a decision to outsource?

a. Make or buy  
b. Win or lose  
c. Buy or sell  
d. Pass or fail

LO: 3
AC: 3.1
Correct Answer: A

Q6. In order to ensure value for money organisations must strive for ...

a. timely delivery  
b. efficient and effective administration  
c. short supply chains  
d. inventory management

LO: 5
AC: 5.1
Correct answer: B

Q7. Drag and drop the correct option into the blank space.

Organisational reputation may be negatively affected by low return on investment, poor communication, an ethical supplier, an unethical supplier

LO: 6
AC: 6.1
Correct answer: an unethical supplier
Q8. Exploiting labour is an example of ...
   a. poor ethical practice
   b. sound business practice
   c. good ethical practice
   d. progressive management

LO: 6
AC: 6.1
Correct answer: A

Q9. Drag and drop the correct option into the blank space.

The first four stages of the sourcing process are ...

identify need, [blank], request quotation, receive quotation

Agree costs, produce specification, raise purchase order, award contract

LO: 4
AC: 4.1
Correct answer: produce specification

Q10. Customers are ...
   a. an example of an external stakeholder in the supply chain
   b. an example of an internal stakeholder in the supply chain
   c. not considered to be part of the supply chain
   d. responsible for the management of the supply chain

LO: 3
AC: 3.2
Correct answer: A
Q11. Costs that are directly attributable to the end product or service are known as what?
   a. Capital costs
   b. Operational costs
   c. Direct costs
   d. Indirect costs

   LO: 1
   AC: 1.1
   Correct answer: B

Q12. Julia works for a company that buys in diamonds and creates jewellery. In which sector is Julia employed?
   a. Primary
   b. Tertiary
   c. Secondary
   d. Quaternary

   LO: 1
   AC: 1.1
   Correct answer: C

Q13. The end user of beneficiary of a product or service is best described as what?
   a. A customer
   b. A consumer
   c. A supplier
   d. A buyer

   LO: 1
   AC: 1.3
   Correct answer: B
Q14. Frank has a meeting with a business that supplies raw materials to a supplier from which Frank buys finished products. Frank knows that working with suppliers throughout the supply chain can aid transparency. What is the name for the levels of suppliers in a supply chain?

a. Tiers  
b. Stages  
c. Steps  
d. Traders

LO: 1  
AC: 1.3  
Correct answer: A

Q15. What is the terminology used whereby all associated costs of a procurement are taken into consideration?

a. Total cost of buying  
b. Total cost of procurement  
c. Total cost of purchasing  
d. Total cost of ownership

LO: 2  
AC: 2.1  
Correct answer: D

Q16. Which type of function is best suited to being outsourced?

a. High operational performance, high strategic performance  
b. High operational performance, low strategic performance  
c. Low operational performance, low strategic performance  
d. Low operational performance, high strategic performance

LO: 3  
AC: 3.1  
Correct answer: B
Q17. How many stages are there within the procurement cycle?

a. 10  
b. 11  
c. 12  
d. 13  

LO: 4  
AC: 4.1  
Correct answer: B

Q18. For many years Lynn has entrusted a strategic supplier to stitch her saddles that she then sells online across the world. Due to financial constraints Lynn has taken the decision to do the needlework (stitching) herself from next month. What is the name of the process whereby Lynn will do something herself that used to be contracted to a supplier?

a. Outsourcing  
b. Off shoring  
c. Insourcing  
d. In shoring  

LO: 3  
AC: 3.1  
Correct answer: C

Q19. What is the main purpose of issuing a pre-qualification questionnaire in procurement?

a. To obtain the best price  
b. To engage with the most suitable suppliers  
c. To achieve the lowest cost  
d. To engage with high volume producing suppliers  

LO: 4  
AC: 4.1  
Correct answer: B
Q20. Helen wants to place a purchase order for a capital item (CAPEX). Helen’s research has shown that the item will cost $10,000. The maximum price Helen can place an order for is $7,500. She needs to speak to her line manager because her level of “..........” authority is not high enough to conduct the task.

   a. Delegated  
   b. Depreciated  
   c. Documented  
   d. Deferred

LO: 5  
AC: 5.4  
Correct answer: A