CIPS Level 3 – Advanced Certificate in Procurement and Supply Operations

Contract Administration
[L3M3]

Sample Exam Questions (Objective Response)

The correct answer will be listed below each question
Q1. A performance measure that is important to the organisation, business unit or individual who is being measured is termed a …

a. key practical indicator
b. **key performance indicator**
c. key primary indicator
d. key positional indicator

LO: 1  
AC: 1.2  
Correct answer: B

Q2. Competitive pricing with suppliers can be achieved through ...

a. quality standards  
b. building supplier relationships  
c. value added analysis  
d. monitoring prices and obtaining quotations

LO: 2  
AC: 2.1  
Correct answer: D

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

A **spot** purchase is completed to meet immediate requirements, rather than for stock or to meet future demand.

LO: 1  
AC: 1.1  
Correct answer: spot

Q4. In order to achieve effective tendering a buyer must initially ...

a. forecast consumer demand  
b. carry out market research  
c. establish a JIT philosophy  
d. adopt TQM

LO: 3  
AC: 3.1  
Correct answer: B
Q5. A supplier offers low value non-complex goods to the organisation. The buyer may adopt which form of negotiation in these circumstances?

a. Disruptive  
b. Inclusive  
c. Open  
d. Closed

LO: 2  
AC: 2.2  
Correct answer: A

Q6. Drag and drop the correct option into the blank space.

Alignment, Collaborating, Synchronising, Negotiating

is a process through which “each party tries to achieve their goals in the context of the relationship with the other party”.

LO: 2  
AC: 2.2  
Correct answer: Negotiating

Q7. To ensure that the organisation receives value for money it will use which form of pricing mechanism?

a. Competitive  
b. Optimal  
c. Agreement  
d. Commercial

LO: 2  
AC: 2.1  
Correct answer: A
Q8. When evaluating a tender the organisation will invariably look for the most ...

a. economically viable tender
b. ecologically friendly tender
c. believable tender
d. cheapest tender

LO: 3
AC: 3.3
Correct answer: A

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

□ are included in the business case to highlight value for the organisation.

Benefits, Time constraints, Milestones, Financial costings

LO: 1
AC: 1.4
Correct answer: Benefits

Q10. In order to manage contractual risk the organisation may develop a ...

a. quality management policy
b. risk register
c. supplier appraisal
d. market analysis report

LO: 4
AC: 4.3.1
Correct answer: B

Q11. What is the name for a contract that runs for an agreed period of time and allows the buyer to request delivery of products throughout its duration at a set price.

a. Spot purchase
b. Framework agreement
c. Call off order
d. Panel contract

LO: 1
AC: 1.1
Correct answer: C
Q12. Offer, acceptance, consideration, intention and “xxxxxx” are the five elements of a legally binding contract.

a. Capacity  
   b. Capability  
   c. Control  
   d. Coercion

LO: 1  
AC: 1.2  
Correct answer: A

Q13. A [select from drop down] agreement is a simple framework agreement with more than one supplier.

a. Contract  
   b. Quotation  
   c. Panel  
   d. Spot

LO: 1  
AC: 1.1  
Correct answer: C

Q14. In an integrative approach to negotiation, what is the ideal outcome?

a. Win-win  
   b. Win-lose  
   c. Lose-lose  
   d. Lose-win

LO: 2  
AC: 2.2  
Correct answer: A

Q15. What is the name for terms that do not have to be specifically written into a contract to exist?

a. Express terms  
   b. Implied terms  
   c. Legal terms  
   d. Bespoke terms

LO: 3  
AC: 3.2  
Correct answer: B
Q16. **Price select from drop down** is the term used to describe prices that change both upwards and downwards in an unpredictable manner over a short period of time.

a. Increase  
b. Decrease  
c. Volatility  
d. Elasticity

LO: 2  
AC: 2.3  
Correct answer: C

Q17. What is the five letter acronym used to describe a back-up plan that can be referred to in a negotiation?

a. BATNA  
b. BATNC  
c. BETNA  
d. BANCA

LO: 2  
AC: 2.3  
Correct answer: A

Q18. The supplier preferencing model contains which four quadrants?

a. Nuisance, develop, expand, core  
b. Nuisance, direct, exploit, core  
c. Nuisance, develop, exploit, core  
d. Nuisance, dictate, export, core

LO: 3  
AC: 3.1  
Correct answer: C
Q19. Open and restricted are two types of what?

a. Quotation
b. Tender
c. Contract
d. Specification

LO: 3
AC: 3.1
Correct answer: B

Q20. Julian has some KPIs to monitor his supplier’s performance. One KPI is “deliveries must not contain more than 2% defects”. What type of KPI is this?

a. Quantitative
b. Subjective
c. Qualitative
d. Objective

LO: 4
AC: 4.2
Correct answer: A