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Question 1

Question Type: MultipleChoice

Which of the following is not a type of fraud that procurement professionals should be vigilant for?

Options:

A- coercion

B- phishing

C- kickback

D- identity theft

Answer:

A

Explanation:

Coercion is not a type of fraud. The other three are.

Question 2

Question Type: MultipleChoice

It is important that buyers take an approach that is reasonable and fair when selecting suppliers to work with. Which of the following is a voluntary document which can help procurement professionals treat suppliers respectfully?

Options:

- A- EU Procurement Directive 2014
- B- CIPS Code of Conduct
- C- ISO 9001
- D- ILO is an organization

Answer:

B

Explanation:

The correct answer is the CIPS Code of Conduct. This is a voluntary document about doing 'good procurement' i.e. treating suppliers with respect.

EU Procurement Directive is legislation, so isn't voluntary

ISO9001 is about quality management

ILO is an organisation rather than a document

Question 3

Question Type: MultipleChoice

Added value can be objectively defined. Is this sentence TRUE?

Options:

- A-** Yes- added value should be assessed along with price
- B-** Yes- added value is the same for all organisations
- C-** no - added value may change from one company to another

D- no- added value is always intangible

Answer:

C

Explanation:

The correct answer is 'no - added value may change from one company to another'.

Added value is very subjective. What one person thinks is excellent added value, another may not rate highly. For example one buyer may consider a supplier having good brand reputation as added value, but another might not care.

The other no answer is incorrect because added value can be tangible or intangible. Tangible means you can touch and see it and intangible means you can't.

Question 4

Question Type: MultipleChoice

A company has actively included supporting of disadvantaged groups within their ESG commitment. Which of the following groups are considered disadvantaged?

Options:

- A- endangered species
- B- pregnant women and children
- C- international suppliers
- D- Muslims

Answer:

B

Explanation:

Pregnant women and children are considered 'disadvantaged' by the UN. The other groups the UN call disadvantaged include; the elderly, the immunocompromised, those with disabilities and those living in poverty. This is the list given in the study guide.

A company could help disadvantaged groups in several ways. Firstly by offering employment (obviously not to the children). It could also include helping these groups as part of a Social Value out-come or community benefit scheme.

Question 5

Question Type: MultipleChoice

Roberto is running a tender in which his main concern is price. However he is keen to hear also about the companies' Corporate Social Responsibility Policies and how this will impact their delivery. Roberto is considering awarding the CSR question 4 points in a weighted point system. If he does this, what weight should be given to the price?

Options:

- A- 4
- B- 5
- C- 8
- D- 96

Answer:

D

Explanation:

96 is the correct answer- weighted point systems should add up to 100 (as in 100%)

Question 6

Question Type: MultipleChoice

Damian is a procurement professional in the Public Sector. He has recently run a competition to source new uniforms for hospital staff and has decided on a suitable supplier. Should Damian conduct post tender negotiation with the supplier?

Options:

- A- yes- post-tender negotiation may result in a lower price and thus better value for money
- B- yes- all tender processes should include post-tender negotiation
- C- no- this isn't necessary as Damian has selected the most appropriate supplier
- D- no- it would be against the law for Damian to do this

Answer:

D

Explanation:

Damian works in the Public Sector- it is against the law for the public sector to conduct 'post tender negotiation' after a contract has been awarded. This is because it's not transparent and equal opportunities, which are founding principles of public sector procurement.

Private sector can do whatever they want. They can do post-tender negotiations.

NOTE: this is currently the rules as per Public Contract Regulations 2015. These are being superseded in October by new legislation. The study guide doesn't mention this, but it's happening. At the time of writing (January 2023) we don't have the full details about what the new rules are but I doubt they will change on this particular topic. You can find out more about the changes to Public Sector Procurement here: [Transforming Public Procurement - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/transforming-public-procurement)

Question 7

Question Type: MultipleChoice

Yolo Inc. have recently run a tender opportunity to find a suitable supplier of yoyos and they have received a number of bids. The supplier will become a strategic partner to the business as yoyos are vital to the success to Yolo Inc. The tender asked for both price submissions and had a number of quality questions. Eamon is the Procurement Manager of Yolo Inc and is responsible for selecting the most appropriate supplier. How should Eamon appraise the bids?

Options:

A- evaluate the bids himself as this is a complex requirement

B- evaluate the bids himself as this is a strategic purchase

C- organise a cross-functional team to assess the bids as people from other departments may have important information and experience of yoyos

D- organise a cross-functional team of procurement personnel as they will have experience in assessing price and quality of bids

Answer:

C

Explanation:

Eamon should use a cross-functional team (this rules out two of the options). The purpose of using a cross-functional team is to use the knowledge of people from other departments as they may better understand the service required and help assess any technical questions. Therefore a cross-functional team of procurement personnel, isn't cross-functional (they're all the same function). Yoyos is a bit of a silly example, the exam questions are a little more serious- but the learning outcome is the same; use a cross-functional team to evaluate bids.

Question 8

Question Type: MultipleChoice

Tulip Rose Industries is using a restricted approach to tendering for a new contract for the facilities management of their seven factories which produce furniture made of organic materials. What is likely to be the reason they are using a restricted approach?

Options:

- A- the requirement is complex
- B- the suppliers are likely to be unqualified
- C- interest in the tender opportunity is likely to be low
- D- interest in the tender opportunity is likely to be high

Answer:

D

Explanation:

you would use a restricted approach when interest is likely to be high. The buyer needs a method of de-selecting unsuitable bidders and creating a shortlist of acceptable organisations.

For complex requirements you could use both an open or restrictive tender- the difference between the approaches is about how many bids you're likely to get rather than the complexity of it.

Question 9

Question Type: MultipleChoice

A Request for Quotation asks a supplier to submit a price only, with no other details provided. Is this TRUE?

Options:

- A- Yes- price is the only factor considered
- B- Yes- this ensures the cheapest supplier is appointed
- C- No - specifications, technical details and quantities can also be provided
- D- No - quotations provide samples too

Answer:

C

Explanation:

Request for Quotations can include more details than just prices. They can include specs and technical drawings and samples. It's like saying 'we can give you this price with these conditions'.

The other no answer is wrong because RfQ don't always include samples. A sample wouldn't be possible for a quote for an IT consultancy piece of work.

Question 10

Question Type: MultipleChoice

Jamilla is looking to find a new supplier who can deliver raw materials of wood and paper to her company Woody Manufacturing Incorporated. The requirement is for regular orders of high volume. She has issued a Request for Quotation. What will this assess the suppliers on?

Options:

- A- who can deliver the items the cheapest
- B- who can deliver the highest quality items
- C- the five rights of procurement
- D- which price is the most ethical

Answer:

C

Explanation:

According to p.75 'a RFQ attempts to assess which supplier can achieve the Five Rights of Procurement'. Although price is the only factor considered when using a RFQ- it's important to consider this price in detail; can the supplier deliver the right QUALITY of product for this price?, can they deliver the item WHEN we need it for this price? etc.

The answer is not 'who will deliver it the cheapest' because Jamilla might not pick the cheapest supplier. If the cheapest supplier has inferior quality paper, or can only make deliveries every other Tuesday then Jamilla may not select them.

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