

**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**

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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 and services
- d. The types, frequency and organisation of deliveries to the end user

LO: 1

AC: 1.3

Correct answer: C

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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

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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 and price.

- target
- time
- tally
- tangent

LO: 2

AC: 2.2

Correct answer: time

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Q4. Drag and drop the correct option into the blank space.

is not just about achieving the lowest price, it is about an optimised combination of whole life costs and quality.

- just in time
- value for investment
- corporate social responsibility
- value for money

LO: 2

AC: 2.2

Correct answer: value for money

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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

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Q6. Which of the following can be defined as completing a task competently, with minimal waste and in the shortest time?

- a. Efficiency
- b. Effectiveness
- c. Expediting
- d. Ethics

LO: 5

AC: 5.1

Correct answer: A

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

Organisational reputation may be negatively affected by .

- shorter supply chains
- greater quality assurance
- ethical suppliers
- unethical suppliers an unethical supplier

LO: 6

AC: 6.1

Correct answer: unethical suppliers

Q8. Exploiting employees 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, , request quotation, receive quotation.

- agree costs
- produce specification
- raise purchase order
- award contract

LO: 4

AC: 4.1

Correct answer: produce specification

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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

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Q11. Costs that are directly attributable to the running of the end product or service are known as what?

- a. Capital costs
- b. Operational costs
- c. Opportunity costs
- d. Indirect costs

LO: 1

AC: 1.1

Correct answer: B

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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

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Q13. The end user or 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

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Q14. What is the name given to the various levels of suppliers within a supply chain?

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

LO: 1

AC: 1.3

Correct answer: A

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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

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Q16. Why might an organisation decide to outsource?

- a. To reduce costs
- b. To increase the number of employees
- c. To expand the size of the business premises
- d. To keep control of all functions

LO: 3

AC: 3.1

Correct answer: A

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Q17. Which of the following is a feature of a performance specification?

- a. Outlines what the product/service should do
- b. Details what the product/service will be made up of
- c. Less risk is placed with the supplier
- d. Is always more lengthy than a conformance specification

LO: 4

AC: 4.1

Correct answer: A

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Q18. For many years Lynn has entrusted a strategic supplier to stitch her leather products that she then sells online across the world. Due to financial constraints Lynn has taken the decision to do the 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

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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

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Q20. Drag and drop the correct option into the blank space.

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.

- delegated
- depreciated
- documented
- deferred

LO: 5

AC: 5.4

Correct answer: Delegated