
CIPS Level 3 – Advanced Certificate in Procurement and Supply Operations

Ethical Procurement and Supply [L3M2]

Sample Exam Questions (Objective Response)

The correct answer will be listed below each question

Q1. Deciding whether to use internal resources or to place the work with an external third party is known as which of the following?

- a. Make or buy
- b. Opportunity cost
- c. Value analysis
- d. Economy of scale

LO: 2

AC: 2.1

Correct answer: A

Q2. Drag and drop the correct option into the blank space.

are often used to improve supplier performance.

- Technical specifications
- Action plans
- Zero-defect contracts
- Internal records

LO: 4

AC: 4.1

Correct answer: Action plans

Q3. A supplier appraisal should take place ...

- a. before any orders have been placed
- b. after the first order has been completed
- c. as soon as the contract is signed
- d. one year after the contract commenced

LO: 2

AC: 2.3

Correct answer: A

Q4. A Corporate Code of Ethics is used to ...

- a. demonstrate commitment to reinforcing ethical values throughout the supply chain
- b. enforce ethical behaviours in all organisations in specific sectors
- c. ensure all employees assume personal responsibility for the organisation's unethical behaviour
- d. comply with international legislation in relation to ethical behaviours

LO: 3

AC: 3.2

Correct answer: A

Q5. A buyer's daughter works as a sales manager for a manufacturing company. If the buyer purchases products from the manufacturer this could represent which of the following?

- a. Conflict of interest
- b. Opportunity cost
- c. Breach of legislation
- d. Operational risk

LO: 3

AC: 3.3

Correct answer: A

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

is a key criterion for consideration by the buyer when determining value for money.

- Price
- Technology
- Legislation
- Mobilisation

LO: 1

AC: 1.5

Correct answer: Price

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

A specification describes precisely the product that is needed, how it is made and includes detailed designs and technical drawings.

- technical
- output
- performance
- outcome

LO: 2

AC: 2.2

Correct answer: technical

Q8. Surveying the market is an initial activity when ...

- a. sourcing supplies
- b. appraising suppliers
- c. evaluating price
- d. undertaking value analysis

LO: 2

AC: 2.3

Correct answer: A

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

aims to prevent defects.

- Quality assurance
- Value engineering
- Quality Control
- Value Analysis

LO: 1

AC: 1.3

Correct answer: Quality assurance

Q10. A procurement manager believes a supplier has breached an agreed ethical code. The buyer should...

- a. have a private conversation with his contact within the supplier organisation
- b. make an appropriate note on the supplier's file for future reference
- c. nothing as there is no firm evidence to support their belief at this stage
- d. escalate to a senior manager in their organisation immediately

LO: 3

AC: 3.2

Correct answer: D

Q11. When evaluating the lifetime cost of a fixed asset, which of the following is likely to represent the greatest end-of-life cost?

- a. Operating costs
- b. Maintenance costs
- c. Insurance costs
- d. Disposal costs

LO: 1

AC: 1.1

Correct answer: Disposal costs

Q12. A buyer has identified that an item costing individually USD100, reduces to USD75 per unit if the order is for a minimum of ten units. Furthermore, if 50 units are ordered the price reduces to USD50 per unit. The buyer is exploring which of the following concepts?

- a. Value analysis
- b. Value engineering
- c. Economies of scale
- d. Whole life costing

LO: 1

AC: 1.2

Correct answer: C

Q13. Which of the following is the most useful when assessing the quality of a product or service that has been delivered by a supplier?

- a. Requisition
- b. Specification
- c. Invoice
- d. Schedule

LO: 1

AC: 1.3

Correct answer: B

Q14. Requirements in respect of quality can be defined the most easily through use of which of the following?

- a. Product schedules
- b. Value engineering
- c. Extended warranties
- d. International standards

LO: 1

AC: 1.3

Correct answer: D

Q15. Which of the following defines the total amount of time from when an item is ordered to when it is delivered?

- a. Lead time
- b. Order time
- c. Cycle time
- d. Waiting time

LO: 1

AC: 1.4

Correct answer: A

Q16. The most effective Key Performance Indicators (KPIs) should be ...

- a. subjective
- b. variable
- c. specific
- d. negotiable

LO: 2

AC: 2.2

Correct answer: C

Q17. A pharmaceutical buyer is preparing a specification to be included within tender documentation. The required product must comply with a specific chemical formula to ensure it matches existing ingredients. Which type of specification should be used?

- a. Performance
- b. Output
- c. Conformance
- d. Outcome

LO: 2

AC: 2.2

Correct answer: C

Q18. When is a 'variance' mostly likely to arise?

- a. When actual spend is greater than the budget
- b. When an annual budget review is required
- c. When the next year's budgeting process begins
- d. When comparing a budget to market trends

LO: 4

AC: 4.3

Correct answer: A

Q19. Which of the following is a useful method of obtaining opinions about customer service?

- a. Analyse competitor intelligence
- b. Review social media
- c. Evaluate sales trends
- d. Market data reports

LO: 4

AC: 4.1

Correct answer: B

Q20. Which of the following is most likely to cause an unexpected delay when sourcing supplies?

- a. Emerging technology
- b. New legislation
- c. Industrial action
- d. Staff training

LO: 4

AC: 4.3

Correct answer: C

SAMPLE QUESTIONS