
CIPS Level 3 – Advanced Certificate in Procurement and Supply Operations

Procurement and Supply Environments [L3M1]

Sample Exam Questions (Objective Response)

The correct answer will be listed below each question

Q1. Which of the following is a public sector organisation?

- a. A country's military forces
- b. A major charity
- c. A manufacturer of buses
- d. A food processor

LO: 1

AC: 1.3

Correct answer: A

Q2. Which of the following is a key function of a private sector organisation?

- a. Achieving market share growth
- b. Building profile of social issues
- c. Reducing global unemployment levels
- d. Raising awareness of charitable causes

LO: 1

AC: 1.1

Correct answer: A

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

A key characteristic of a third sector organisation is that

- its profits from operations are distributed to all shareholders.
- service satisfaction is not usually measured in financial terms.
- shares in the organisation are traded on a stock exchange.
- its supply chain operations are based on lean manufacturing.

LO: 1

AC: 1.4

Correct answer: service satisfaction is not measured in financial terms

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

is represented by the price at which there is equal supply and demand of an item.

- Best value
- Break-even
- Equilibrium point
- Open book

LO: 3

AC: 3.1

Correct answer: Equilibrium price

Q5. Which of the following would be evaluated by a procurement professional undertaking a PEST analysis?

- a. Interest rate trends
- b. Internal budget changes
- c. New competitors in the market
- d. Emerging barriers to entry

LO: 3

AC: 3.1

Correct answer: A

Q6. Which of the following is a recognised stage of the product life cycle?

- a. profitability
- b. maturity
- c. regeneration
- d. abandonment

LO: 3

AC: 3.1

Correct answer: B

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

An effective health and safety policy should result directly in improved for the organisation.

- stock management
- cash flow
- staff attendance
- warehouse capacity

LO: 3

AC: 3.3

Correct answer: staff attendance

Q8. An organisation has developed a new equal opportunities policy for its staff. This is most likely to be in response to which of the following?

- a. Employment law
- b. Community benefits
- c. Fairtrade principles
- d. Environmental standards

LO: 3

AC: 3.3

Correct answer: A

Q9. STEEPLD analysis includes consideration of which of the following?

- a. Internal processes
- b. Supplier power
- c. Substitute products
- d. Population changes

LO: 3

AC: 3.1

Correct answer: D

Q10. Which of the following is a formal communication to the supply market which sets out a description of the goods or services required by the procurement organisation?

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

LO: 4

AC: 4.1

Correct answer: A

Q11. Vela has his own business and works on his own. He keeps all his profits after tax and would be personally responsible for any losses his business makes. What type of business does Vela have?

- a. Limited company
- b. Partnership
- c. Sole trader
- d. Multi-national

LO: 1

AC: 1.1

Correct answer: C

Q12. Which of the following is a primary role of the procurement function of a private sector organisation?

- a. Contribute to profit
- b. Support society
- c. Generate tax revenues
- d. Create employment opportunities

LO: 1

AC: 1.2

Correct answer: A

Q13. Procurement in which business sector is typically the most highly regulated?

- a. Private sector
- b. Third sector
- c. Tertiary sector
- d. Public sector

LO: 1

AC: 1.3

Correct answer: D

Q14. Drag and drop the correct option into the blank space.

will have a direct impact on the cash flow of both the procurement organisation and the supplier.

- Pricing schedules
- Payment terms
- Open booking costing
- Technological factors

LO: 2

AC: 2.1

Correct answer: Payment terms

Q15. Which of the following approaches is used typically in collaborative relationships and provides full transparency of costs?

- a. Open book
- b. Reimbursable pricing
- c. Fixed price
- d. Index-linked

LO: 2

AC: 2.1

Correct answer: A

Q16. Which of the following is a key factor within the 'five forces model'?

- a. Opportunity through technology
- b. Weakness through lack of budgets
- c. Threat of new entrants
- d. Strength of staff knowledge

LO: 3

AC: 3.1

Correct answer: C

Q17. At which stage of the product life cycle are sales at their peak but with signs that they are beginning to slow down?

- a. Growth
- b. Decline
- c. Maturity
- d. Introduction

LO: 3

AC: 3.1

Correct answer: C

Q18. Which of the following is an example of an economic factor that might impact on procurement and supply decisions?

- a. Technological change
- b. Availability of staff
- c. Exchange rates
- d. Increasing competition

LO: 3

AC: 3.2

Correct answer: C

Q19. An internal client raises a document for the procurement department detailing the required component so the buyer can proceed with the purchase. This document is known as which of the following?

- a. A delivery note
- b. A purchase order
- c. A requisition
- d. An invoice

LO: 4

AC: 4.1

Correct answer: C

Q20. Which of the following is an example of a social criterion that might impact procurement and supply?

- a. Waste produced
- b. Workforce skills
- c. Carbon footprint
- d. Energy consumed

LO: 3

AC: 3.5

Correct answer: B

SAMPLE QUESTIONS