

# CIPS Level 4 Diploma in Procurement and Supply - Module 6

1. According to Michael Porter, what is procurement?

A. a support activity which provides a source of competitive advantage

B. a primary activity which provides a source of competitive activity

C. a primary activity which provides value for money

D. a secondary activity which provides value for money

**Answer(s): A**

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2. Which of the following are considered part of the '5 Rights of Procurement'? Select THREE.

A. place

B. quality

C. cost

D. focus

E. time

**Answer(s): A B E**

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3. In a monopoly market, which of the following statements is true?

A. bargaining power of suppliers is strong

B. bargaining power of buyers is strong

C. There is strong rivalry

D. There is a threat of new entrants

**Answer(s): A**

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4. In an oligopoly market, what would a regulator do?

A. prevent price fixing and collusion

B. stop the market becoming a monopoly

C. ensure value for money for buyers

D. ensure health and safety standards

**Answer(s): A**

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5. Which of the following would not affect rivalry in a marketplace? Select TWO.

A. industry growth or decline

B. exit barriers

C. switching costs

D. supply chain disruption

E. legislative changes

**Answer(s): D E**

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6. Which of the following factors would you use to analyse the macro-environment? Select THREE.

A. social

B. cultural

C. political

D. philosophical

E. legislative

**Answer(s): A C E**

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7. Gabriel is a procurement manager who wishes to explore a new avenue to procure products for his company. His manager has told him that he should invite internal stakeholders to a meeting to get their feedback.

Who should Gabriel invite? Select THREE.

A. end-users

B. legal department

C. customers

D. suppliers

E. employees

**Answer(s): A B E**

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8. Value for money is often described at the 'three Es'; economy, efficiency and effectiveness. However some people consider a 4th E which refers to the public sector.

What is the fourth E?

A. Equality

B. Environment

C. Equity

D. Ethics

**Answer(s): C**

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**9.** A garden centre has recently purchased some lollypop sticks to use as plant labels. The staff have written the name of the plant on the lollypop stick and put it next to the plant. This helps them identify which plant is which. However, after a couple of weeks, the lollypop sticks have become mouldy and the writing has faded. Staff are now struggling to identify their plants. The Manager of the garden centre is considering returning the lollypop sticks and asking for a full refund as they were not fit for purpose. Can the Manager do this?

A. Yes- the lollypop sticks have gone mouldy- this is unacceptable

B. Yes- so long as the manager kept the receipt

C. No- as this was not the lollypop sticks intended purpose

D. No- the manager cannot prove that the product is faulty

**Answer(s): C**

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**10.** Fred is a new procurement manager at a large engineering firm. They procure 100s of components and use these to make kitchen appliances such as kettles and toasters. He has been asked by his manager to look into procuring a new component which will go into a new environmentally friendly kettle and has been asked to ensure that the firm receives value for money.

What should Fred do?

A. Hold an open competition

B. Contact current suppliers to try and get a good deal

C. Invite known suppliers to bid for the contract

D. Put together a business case to make the product in-house

**Answer(s): A**

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**11.** Which of the following are considered 'wastes' which can be removed from a business?  
Select THREE.

A. Over-processing

B. Stockout

C. Equity

D. Transportation

E. Inventory

**Answer(s): A D E**

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**12.** Tim manages the procurement department at a large retailer. He wants to ensure that his team are achieving value for money in their procurement activities.  
Which of the following should Tim set up?

A. ITT

B. Audit

C. Framework

D. Contract

**Answer(s): B**

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**13.** In public sector procurement, tenders are advertised with CPV codes, which provide a reference to describe the product or service being tendered.  
What does CPV stand for?

A. Condensed Procurement Vocabulary

B. Common Procurement Vocabulary

C. Complete Procurement Vocabulary

D. Clear Procurement Vocabulary

**Answer(s): B**

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**14.** In Public Sector procurement a PIN is sent out to inform suppliers of an upcoming tender opportunity.

What does PIN stand for?

A. Prior Information Notice

B. Procurement Information Number

C. Procurement Identification Number

D. Possibilities Identified Notice

**Answer(s): A**

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**15.** Under what circumstances should a competitive tender not be completed? Select TWO.

A. When the items are of high value

B. When the items are of low value

C. When there is a clear specifications

D. When there is not a clear specification

**Answer(s): B D**

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**16.** Which of the following are NOT one of the four key principles of procurement in the EU?

A. Transparency

B. Value for Money

C. Non-Discrimination

D. Proportionality

**Answer(s): B**

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**17.** Which of the following documents can be used at the selection stage of a tender process to ensure that short listed bidders meet the requirements of the buying organisation? Select TWO.

A. Request for Information

B. Request for Quotation

C. Pre-Qualification Questionnaire

D. Invitation to Tender

**Answer(s): A C**

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**18.** Victoria runs a hotel and has recently had several security issues such as attempted robberies. She has decided that she needs to hire a security firm to ensure these issues don't continue. She has done some research and has found there are several local security firms who may be able to provide services to her hotel. However, she hasn't decided exactly what she would require the security firm to do.

What should be Victoria's next steps?

A. Issue a Request for Proposal

B. Issue an Invitation to Tender

C. Issue a Request for Quotation

D. Issue a Prior Information Notice

**Answer(s): A**

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**19.** David is sourcing a new cleaning contract as he is not impressed with his current cleaning company's performance. He believes that his current supplier has been overcharging him, and due to budget cuts, he is keen to secure a lower price than what he is paying now. His Manager has suggested using an e-auction as the procurement method. Is this the correct way forward?

A. Yes- an e-auction is an electronic system so it will be easy for David to compare bids

B. Yes- an e-auction will allow David to secure the lowest possible price

C. No- a reverse e-auction would be more suitable as it will secure the lowest price

D. No- a reverse e-auction will ensure only high quality suppliers bid for the opportunity

**Answer(s): C**

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**20.** In which procurement process is a PQQ not issued?

A. Open

B. Restricted

C. Competitive Procedure with Negotiation

D. Competitive Dialogue

**Answer(s): A**



