CIPS Introducing Procurement and Supply (L2M1) Practice Test (Sample)

Study Guide

BY EXAMZIFY

Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

• Practice answering questions under realistic conditions,

• Improve accuracy and speed,

• Review explanations to strengthen weak areas, and

• Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Don't worry about getting everything right, your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations, and take breaks to retain information better.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning.

7. Use Other Tools

Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly — adapt the tips above to fit your pace and learning style. You've got this!

Questions

1. **Which of the following is NOT one of the pre-award procurement processes?**

   A. Requirement determination

   B. Vendor selection

   C. Order monitoring

   D. Source determination

2. **When is a cost-plus contract typically used?**

   A. When the project scope is clearly defined

   B. When specifications cannot be adequately determined

   C. For short-term projects with few costs involved

   D. When the work is fully specified and priced

3. **What is the main focus of a Service Level Agreement (SLA)?**

   A. Cost management and pricing strategies

   B. Quality, delivery, and availability criteria

   C. Supplier's financial stability

   D. Expense reporting and budgeting

4. **What does a requisition document convey?**

   A. A request for payment from the supplier

   B. A statement of need for procurement of a product or service

   C. A summary of supplier performance

   D. A contract outlining terms of service

5. **What is one way to achieve cost savings in procurement?**

   A. Increasing labor costs

   B. Economies of scale

   C. Adding redundant processes

   D. Increasing variable costs

6. **Which quadrant represents a supplier that is strategically important and should be protected?**

   A. Nuisance

   B. Core

   C. Development

   D. Exploit

7. **What does a conformance specification detail?**

   A. What the product is made of

   B. The intended use of a service

   C. A timeline for delivery

   D. The market demand for a product

8. **In which sector would you categorize manufacturing and assembly activities?**

   A. Tertiary sector

   B. Primary sector

   C. Secondary sector

   D. Quaternary sector

9. **Which factor is NOT relevant when evaluating suppliers?**

   A. Capacity

   B. Location

   C. Market trends

   D. Reputation

10. **What is a characteristic of a framework agreement?**

   A. It must include a detailed price list

   B. It allows individual terms for each order

   C. It provides flexibility in future transactions between parties

   D. It is a legally binding contract for all terms

Answers

1. C
2. B
3. B
4. B
5. B
6. B
7. A
8. C
9. C
10. C

Explanations

1. Which of the following is NOT one of the pre-award procurement processes?

   A. Requirement determination

   B. Vendor selection

   C. Order monitoring

   D. Source determination

Order monitoring is not considered part of the pre-award procurement processes because it takes place after a supplier has been selected and an order has been formally placed. Pre-award processes focus on the activities that occur before a contract is signed or an order is executed, primarily involving identifying needs, selecting suppliers, and determining sourcing strategies.   In contrast, requirement determination involves understanding the specific needs of the organization, vendor selection refers to the process of choosing the most appropriate suppliers, and source determination focuses on identifying where and how to procure the needed goods or services. These activities are crucial for establishing a solid foundation for procurement and ensuring that the organization can obtain the best value from its suppliers.

2. When is a cost-plus contract typically used?

   A. When the project scope is clearly defined

   B. When specifications cannot be adequately determined

   C. For short-term projects with few costs involved

   D. When the work is fully specified and priced

A cost-plus contract is commonly used in situations where the specifications of a project cannot be adequately determined at the outset. This type of contract allows the contractor to be reimbursed for their actual costs incurred in the performance of the work, plus an additional fee that represents their profit. This arrangement provides the flexibility necessary for projects where there may be uncertainties about the scope of work, materials needed, or overall expenses. In scenarios where the project scope is unclear, it becomes challenging to establish a fixed price beforehand. By employing a cost-plus contract, both parties can adapt to changes and unforeseen expenses without the need for constant renegotiation of the contract terms. This approach fosters a collaborative environment, allowing for necessary adjustments as the project evolves. In contrast, a fixed-price contract would be more suitable when the project scope is well-defined, and there is confidence in the ability to estimate costs accurately. Similarly, short-term projects with few costs involved typically do not require the flexibility of a cost-plus arrangement; a simpler contracting method would suffice. Therefore, the use of a cost-plus contract aligns best with projects marked by uncertainty and the inability to state specifications clearly at the beginning.

3. What is the main focus of a Service Level Agreement (SLA)?

A. Cost management and pricing strategies

B. Quality, delivery, and availability criteria

C. Supplier's financial stability

D. Expense reporting and budgeting

The main focus of a Service Level Agreement (SLA) is indeed on quality, delivery, and availability criteria. An SLA is a formalized document between a service provider and a client that outlines specific expectations and standards regarding service performance. This includes metrics like response times, resolution times, service uptime, quality of service provided, and performance benchmarks.   By explicitly defining these criteria, SLAs ensure that both parties have a shared understanding of the level of service to expect, which helps in measuring performance and holding the service provider accountable. The clarity in these agreements is crucial for managing expectations and fostering a strong working relationship between suppliers and clients, ultimately leading to improved service delivery and customer satisfaction.   While cost management, supplier financial stability, and expense reporting are important elements in the broader procurement and supply chain context, they do not encapsulate the primary intent of an SLA, which focuses on operational performance and quality of service.

4. What does a requisition document convey?

A. A request for payment from the supplier

B. A statement of need for procurement of a product or service

C. A summary of supplier performance

D. A contract outlining terms of service

The requisition document primarily serves as an internal communication tool within an organization, conveying a statement of need for the procurement of a product or service. It is typically generated by a department or individual who identifies a requirement for goods or services necessary for their operations. This document outlines the details of what is needed, such as quantities, specifications, and desired delivery times, enabling the procurement team to take action in sourcing and acquiring the necessary items. In contrast, the other options relate to different aspects of procurement processes. The request for payment focuses on the transactional phase after goods or services have been received, rather than the initial need identification. A summary of supplier performance evaluates past engagements rather than initiating a new procurement request. Lastly, a contract defines the terms and conditions of a supplier relationship rather than the initial expression of need. Thus, the requisition document is distinctly about conveying a need for procurement.

5. What is one way to achieve cost savings in procurement?

A. Increasing labor costs

B. Economies of scale

C. Adding redundant processes

D. Increasing variable costs

Achieving cost savings in procurement can effectively be accomplished through economies of scale. This concept refers to the cost advantage that arises with increased output or increased purchasing volume. When organizations purchase larger quantities of goods or services, they often negotiate better pricing with suppliers, as volume discounts become available. Suppliers are typically willing to offer lower prices per unit because the bulk order guarantees a higher level of business from the buyer. In addition to better pricing, economies of scale can also lead to reductions in administrative costs per unit, as fixed costs are spread over a larger number of goods. This can enhance the efficiency of procurement processes and result in overall cost savings for the organization. In contrast, increasing labor costs, adding redundant processes, or increasing variable costs would generally lead to higher expenses rather than savings. These actions do not contribute to the efficiencies and savings that can be leveraged through the concept of economies of scale, making this option the most effective strategy for achieving cost savings in procurement.

6. Which quadrant represents a supplier that is strategically important and should be protected?

A. Nuisance

B. Core

C. Development

D. Exploit

The quadrant that represents a supplier that is strategically important and should be protected is indeed the Core quadrant. Suppliers within this category are crucial to the operation and success of the business, often providing key goods or services that drive competitive advantage. Protecting these suppliers entails strengthening the relationship, ensuring their stability, and prioritizing collaboration to foster mutual growth. The Core quadrant emphasizes the importance of strategic alignment and engagement with suppliers that an organization cannot easily replace or substitute. By investing time and resources in building strong partnerships with these suppliers, companies can ensure consistent quality, reliability, and innovation in their supply chain. In contrast, the other quadrants focus on different supplier relationships. For instance, suppliers in the Nuisance quadrant might be those that offer minimal value and are not essential to the business, while Development suppliers may represent an opportunity for growth but are not currently vital. Exploit suppliers could indicate those that provide basic or commodity items, where the primary focus is on cost reduction rather than strategic relationships. Understanding these distinctions is key to effective supplier management and procurement strategy.

7. What does a conformance specification detail?

A. What the product is made of

B. The intended use of a service

C. A timeline for delivery

D. The market demand for a product

A conformance specification details what a product is made of, including the materials, components, and quality standards that must be met for the product to be deemed acceptable. This specification is critical in ensuring that the product not only meets the performance requirements but also adheres to regulatory and safety standards. By laying out the exact materials and characteristics needed, conformance specifications help ensure that manufacturers produce goods that meet the predefined criteria for quality and reliability. In contrast, the intended use of a service relates to how and why the service will be used, which is not the focus of a conformance specification. A timeline for delivery is concerned with the scheduling and logistics of getting the product to the customer, while market demand indicates the willingness of consumers to purchase the product, which does not pertain to the specifics of its composition. Therefore, the correct choice emphasizes the foundational aspects of product manufacturing and quality assurance, which are central to ensuring stakeholder satisfaction and compliance.

8. In which sector would you categorize manufacturing and assembly activities?

A. Tertiary sector

B. Primary sector

C. Secondary sector

D. Quaternary sector

Manufacturing and assembly activities are categorized under the secondary sector because this sector involves the processing of raw materials into finished goods. The secondary sector includes industries that transform natural resources (obtained from the primary sector) into products that can be consumed or used in further production processes. By creating tangible goods, manufacturers add value to the raw materials, making this sector a crucial component of the economy that bridges the extraction of resources and the service-oriented activities of the tertiary sector. Thus, the categorization of manufacturing and assembly activities within the secondary sector accurately reflects its role in production and value addition.

9. Which factor is NOT relevant when evaluating suppliers?

A. Capacity

B. Location

C. Market trends

D. Reputation

When assessing suppliers, the focus is primarily on factors that directly influence the supplier's ability to meet the purchasing organization's requirements. Among the options provided, market trends do not pertain directly to the specific capabilities, reliability, or performance of a supplier.   Capacity is crucial because it determines whether a supplier can fulfill the order volumes required by the organization. Location plays a significant role in logistics, cost, and lead times, making it essential for understanding how easily and quickly the products can be delivered. Reputation is important as it reflects the supplier's reliability, quality of goods or services, and overall customer satisfaction. In contrast, while market trends may impact the broader industry and a supplier's strategies, they do not specifically affect the fundamental aspects of a supplier's suitability in meeting an organization's needs. Thus, focusing on supplier-specific evaluations like capacity, location, and reputation is far more relevant than considering external market dynamics when determining supplier effectiveness.

10. What is a characteristic of a framework agreement?

A. It must include a detailed price list

B. It allows individual terms for each order

C. It provides flexibility in future transactions between parties

D. It is a legally binding contract for all terms

A characteristic of a framework agreement is that it provides flexibility in future transactions between the parties involved. Framework agreements are designed to establish the terms and conditions under which individual purchases or orders can be made over a specified period. This flexibility means that while the overarching agreement sets out general conditions, such as pricing terms or quality standards, it does not lock the parties into fixed terms for every transaction. Instead, it allows for adjustments based on the needs of each order, which can facilitate smoother and more responsive procurement processes. The key feature of flexibility is crucial in procurement as it enables organizations to adapt their purchasing strategies in response to changing market conditions, demand fluctuations, or specific project requirements without the need to renegotiate the entire agreement for each purchase. This adaptability can lead to cost savings and more efficient resource usage. In contrast, certain characteristics like the inclusion of a detailed price list or binding contracts for all terms do not align with the nature of framework agreements, which prioritize adaptability and ease of use. Additionally, while framework agreements do allow for individual terms to be discussed for specific orders, the primary defining feature is their capacity to offer flexibility in future transactions.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://cipsl2m1.examzify.com

We wish you the very best on your exam journey. You've got this!