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630-005

C.P.M. Module 1: Purchasing Process

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QUESTION NO: 1

Certkiller .com has a 10% profit margin before taxes and spends 50% of its sales dollar on materials. What percentage reduction in material costs for Certkiller .com to achieve an increase of 5% in sales?

- A. 1%
- B. 2.5%
- C. 5%
- D. 7.5%
- E. 10%

Answer: A

QUESTION NO: 2

Which of the following statements regarding the process of reviewing supplier samples and/or demonstrations with user departments and functional departments such as quality, engineering, research, and administration, are FALSE?

- A. It increases the amount of time involved in making a buying decision.
- B. It is an example of purchasing's role as a service function within the organization.
- C. It reduces purchased prices by allowing purchasing to make the final buying decision.
- D. It leads to improved quality because the supplier will have a better understanding of user requirements.

Answer: C

QUESTION NO: 3

In which of the following countries outside of the United States do

- A. In countries that have full diplomatic relations with the United States.
- B. In countries that are signatories to patent conventions only.
- C. In European Union member countries only.
- D. In GATT member countries only.
- E. None of the above.

Answer: B

QUESTION NO: 4

Certkiller .com has a contract with Road Haulers, Ltd. to dispose of toxic material at a site in New Orleans. However, Road Haulers, Ltd. decides to use a site in Dallas instead. The site at Dallas is a cheaper but disreputable source. Who has primary liability in this situation?

- A. Certkiller .com.
- B. Road Haulers, Ltd.
- C. The site atNew Orleans.
- D. The site atDallas.

Answer: A

QUESTION NO: 5

Which of the following is the MOST important aspect of service contract administration?

- A. Aggressive management of the contract.
- B. Selection of the right source.
- C. A fair and reasonable price.
- D. A sound statement of work.

Answer: D

QUESTION NO: 6

You work as a purchaser at Certkiller .com. Your brother works as an engineer for a major supplier for Certkiller .com. Your brother asks you for input on a new product line that his company is developing. The product is quite similar to one that Certkiller .com currently buys from another company. Which of the following is the PRIMARY ethical issue that arises in this situation?

- A. Fraud
- B. Bribery
- C. Nepotism
- D. Conflict of interest

Answer: D

QUESTION NO: 7

From which of the following are prices requested from in the second step of two-step bidding?

- A. All suppliers submitting acceptable technical proposals in the first step.

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- B. The three suppliers submitting the best proposals in the first step.
 - C. All suppliers qualified to submit proposals in the first step.
 - D. All suppliers submitting proposals in the first step.

Answer: A

QUESTION NO: 8

Which of the following is generally NOT included in the cost analysis process?

- A. Semi-variable costs.
- B. Overhead costs.
- C. Indirect costs.
- D. Sunk costs.

Answer: D

QUESTION NO: 9

Which of the following is MOST likely to assure receipt of materials against the invoice from the supplier?

- A. The Receiving Department.
- B. The Production Department.
- C. The Purchasing Department.
- D. The Accounts Payable Department.

Answer: D

QUESTION NO: 10

You work as a buyer at Certkiller .com. You place an online order containing only price, quantity, and description. You do NOT have a written contract with the supplier. The parts fail inspection, and the supplier claims it is under no obligation for the parts. What would be your FIRST line of action in this situation?

- A. Accept the parts and write a contract covering the supplier's obligations in future online transactions.
- B. State that an implied warranty for merchantability is applicable to the parts.
- C. Use a manual order system for all future orders with the supplier.
- D. Accept the parts with no further comment.