

PROJECT PROCUREMENT MANAGEMENT

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Here is a list of sample questions which would help you to understand the pattern of questions on **Project Procurement Management** being asked in PMP Certification Exams.

1 The fixed price contract is advantageous to the buyer because it:

1. requires extremely well defined specifications
2. requires formal procedures for scope changes
3. seller assumes financial and technical risk
4. has a known cost

Answer:C

Hint: Read about Fixed-price contracts under Sec 12.1.1.9, Page 362 PMBOK 5

2 The contract administration function includes:

1. funding management
2. managing relationships and interfaces
3. performance control
4. all of the above

Answer: D

Hint: PMBOK 5, Page 379, Sec 12.3

3 The major types of standard warranty used in the business environment *is/are*:

1. express
2. implied
3. negotiated
4. A and B
5. A, B, and C

Answer: D

Hint: Warranty types include express and implied. Negotiated is not a warranty type.

4 A Unit Price *UP* contract provides:

1. a reimbursement of allowable costs plus a fixed fee which is paid proportionately as the contract progresses
2. a reimbursement of allowable cost of services performed plus an agreed upon percentage of the estimated cost as profit
3. the supplier with a fixed price for delivered performance plus a predetermined fee for superior performance
4. a fixed price where the supplier agrees to furnish goods and services at unit rates and the final price is dependent on the quantities needed to carry out the work.

Answer:D

Hint: Time and Materials Contract, Page 364, PMBOK 5

5 The process of managing procurement relationships, monitoring contract performance, and making changes as appropriate is called

1. Plan Procurement Management
2. Control Procurements
3. Close Procurements
4. Conduct Procurements

Answer: B

Hint: PMBOK 5, Page 355, Section 12.3

6 From a contract management perspective, the project manager must consider the:

1. acquisition process
2. contract administration
3. ecological environment
4. offer, acceptance, and consideration
5. a and b

Answer: E

Hint: Options C and D are not related to contracts

7 The tools and techniques used in the process of Plan Procurement Management includes all but

1. Make-or-buy analysis
2. Market Research
3. Bidder Conferences
4. Expert Judgment

Answer: C

Hint: PMBOK 5, Page 356, Sec. 12.1

8 Which contract type places the most risk on the seller?

1. Cost plus percentage fee
2. Cost plus incentive fee
3. Cost plus fixed fee
4. Fixed price plus incentive fee
5. Firm fixed price

Answer: E

Hint: Read about types of contracts under Sec 12.1.1.9, Page 362 PMBOK 5

9 Decisions made in developing the procurement management plan can also influence the project schedule and are integrated with Develop Schedule, Estimate Activity Resources, and make-or-buy analysis. The statement is

1. True
2. False
3. Not sure
4. Incomplete Information

Answer: A

Hint: PMBOK 5, Page 360, 2nd Para.

10 What is the last item a project manager must do to finalize the project closing?

1. Reassign the team
2. Contract completion
3. Archive the project records
4. Complete lessons learned

Answer: B

Hint: Contract completion is most important

11 The process that includes the contract management and change control processes required to develop and administer contracts or purchase orders issued by authorized project team members is known as:

1. Project Procurement Management
2. Project Time management
3. Project Cost Management
4. Project Risk Management

Answer: A

Hint: PMBOK 5, Page 355

12 For the processes in the Project Procurement Management,

1. Plan Procurement Management
2. Control Procurements
3. Conduct Procurements
4. Close Procurements

The correct sequence is:

1. A. 1-2-3-4
2. B. 1-3-2-4
3. C. 1-4-3-2
4. D. 3-1-2-4

Answer: B

Hint: PMBOK 5, Page 355, Fig. 12-1

13 The inputs used in the process of Conduct Procurements includes all except

1. Seller Proposals
2. Procurement statement of work
3. Source Selection Criteria
4. Agreements

Answer: D

Hint: Agreements are the output on conduct procurements process

14 The contractual agreement under Fixed Price Contracts ,which influences the Plan Procurement project and is the favored by buyers because the price for goods is set at the outset and doesn't change until scope of work changes, is known as

1. Firm Fixed Price Contracts *FFP*
2. Fixed Price Incentive Fee Contracts *FPIF*
3. Fixed Price with Economic Price Adjustment Contracts *FP – EPA*
4. None of the above

Answer: A

Hint: PMBOK 5, Page 363

15 The contractual agreement under Fixed Price Contracts, which influences the Plan Procurement project and gives the buyer and seller some flexibility in that it allows for deviation from performance, with financial incentives tied to achieving agreed upon metrics is called

1. Fixed Price Incentive Fee Contracts *FPIF*
2. Fixed Price with Economic Price Adjustment Contracts *FP – EPA*
3. Firm Fixed Price Contracts *FFP*
4. Fixed Assets Price *FAP*

Answer: A

Hint: PMBOK 5, Page 363

16 The contractual agreement under Cost-reimbursable Contracts, which influences the Plan Procurement project and where if the final costs are less or greater than the original estimated costs, then both the buyer and seller share costs from the departures based upon a pre-negotiated cost sharing formula, is called

1. Cost Plus Fixed Fee Contracts *CPFF*
2. Cost Plus Award Fee Contracts *CPAF*
3. Cost Plus Incentive Fee Contracts *CPIF*
4. Cost Plus Percentage Completion *CPPC*

Answer: C

Hint: PMBOK 5, Page 364

17 The contractual agreement under Cost-reimbursable Contracts, which influences the Plan Procurement project and where the seller is reimbursed for all the legitimate costs, but the majority of the fee is earned only based in the satisfaction of certain broad subjective performance criteria defined and incorporated into the contract is called

1. Cost Plus Fixed Fee Contracts *CPFF*
2. Cost Plus Award Fee Contracts *CPAF*
3. Cost Plus Incentive Fee Contracts *CPIF*
4. Cost Plus Firm Fixed Fee Contracts *CPFFF*

Answer: B

Hint: PMBOK 5, Page 364

18 The component of the project management plan that describes how a project team will acquire goods and services from outside the performing organization is called

1. Procurement Management Plan
2. Procurement Statement of Work
3. Procurement Documents
4. None of the above

Answer: A

Hint: PMBOK 5, Page 366, Sec. 12.1.3.1

19 A general management technique used to determine whether particular work can best be accomplished by the project team or should be purchased from outside sources is called

1. Market Research
2. Make-or-buy Analysis
3. Expert Judgment
4. None of the above

Answer: B

Hint: PMBOK 5, Page 365, Sec. 12.1.2.1

20 The type of hybrid contracts which influences the Plan Procurement project is called

1. Time and Material Contracts **T&M**
2. Cost-reimbursable Contracts
3. Fixed Price Contracts
4. Both B & C

Answer: A

Hint: PMBOK 5, Page 364

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