

Module 10 - Procurement Management

PMP Exam Questions



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Question 1

A company needs some work done by an outside supplier due to the nature of the work. A routine audit of a cost-reimbursable (CR) contract determines that overcharges are being made. If the contract does not specify corrective action, the buyer should:

- A. Halt payments until the problem is corrected.
- B. Void the contract and start legal action to recover overpayments.
- C. Continue to make project payments.
- D. Change the contract to require more frequent audits.

Question 2

At a company that provides solutions to gas and electric utilities, a new project manager is about to begin creating the procurement statement of work. One stakeholder wants to add many items to the procurement statement of work. Another stakeholder only wants to describe the functional requirements. The project is important for the project manager's company, but a seller will do the work. How would you advise the project manager?

- A. The procurement statement of work should be general to allow the seller to make their own decisions.
- B. The procurement statement of work should be general to allow for clarification later.
- C. The procurement statement of work should be detailed to allow for clarification later.
- D. The procurement statement of work should be as detailed as necessary for the type of project.

Question 3

In a project that involves 4 vendors and one integrator. A seller is working on a cost-reimbursable (CR) contract when the buyer decides he would like to expand the scope of services and change to a fixed-price (FP) contract. All of the following are the seller's options except:

- A. Completing the original work on a cost-reimbursable basis and then negotiating a fixed price for the additional work.
- B. Starting over with a new contract.
- C. Completing the original work and rejecting the additional work.
- D. Negotiating a fixed-price contract that includes the work.

Question 4

Your company is engaged in a project that requires the selection of a software development company to program a key component of your product. Which of the following is the best thing for a project manager to do in the Conduct Procurements process?

- A. Answer sellers' questions about the procurement documents.
- B. Evaluate risks.
- C. Select a contract type.
- D. Perform market research.

Question 5

A company has assigned a project manager to manage an integration project due to his experience managing suppliers. The sponsor is worried about the seller deriving extra profit on the cost plus fixed fee (CPFF) contract. Each month he requires the project manager to submit CPI calculations and an analysis of the cost to complete. The project manager explains to the sponsor that extra profits should not be a worry on this project because:

- A. The team is making sure the seller does not cut scope.
- B. There can only be a maximum 10 percent increase if there is an unexpected cost overrun.
- C. The fee is only received by the seller when the project is completed.
- D. All costs invoiced are being audited.

Question 6

At a shipping company that needs its software tracking system upgraded, the sponsor and the project manager are discussing what type of contract the project manager plans to use on the project. The sponsor points out that the performing organization spent a lot of money hiring a design team to come up with the design. The project manager is concerned that the risk for the buyer be as small as possible. An advantage of a fixed-price contract for the buyer is:

- A. Cost risk is higher.
- B. Cost risk is lower.
- C. There is little risk.
- D. Risk is shared by all parties.

Question 7

You have just completed a project that involved a supplier that met all of your project requirements. As part of the records management system, you are trying to make sure all records from the procurement are documented and indexed. Which of the following do you not have to worry about?

- A. Proposal
- B. Procurement statement of work
- C. Negotiations process
- D. Terms and conditions

Question 8

Your company just won a major contract that did not expect to get until next year. Your company has an emergency and needs contracted work done as soon as possible. Under these circumstances, which of the following would be the most helpful to add to the contract?

- A. A clear procurement statement of work
- B. Requirements as to which subcontractors can be used
- C. A force majeure clause
- D. Incentives

Question 9

Your purchasing department wants to make sure all the project managers in the company understand the best procurement practices. The head of the procurement department calls you and asks you the following question. During which procurement processes does procurement negotiation occur?

- A. Plan Procurement Management and Close Procurements
- B. Control Procurements and Close Procurements
- C. Conduct Procurements and Close Procurements
- D. Conduct Procurements and Control Procurements

Question 10

Business is good and your company is busy responding to many inquires from your customers. You are the project manager, and you are in the middle of creating a request for proposal (RFP). What part of the procurement process are you in?

- A. Plan Procurement Management
- B. Control Procurements
- C. Negotiate Contracts
- D. Conduct Procurements

Question 11

You work for a company that has many programs underway, your program manager has come to you, the project manager, for help with a bid for her newest project. You want to protect your company from financial risk, and you have limited scope definition. What is the best type of contract to choose?

- A. Fixed Price (FP)
- B. Cost plus fixed fee (CPFF)
- C. Cost plus percentage of cost (CPPC)
- D. Time and material (T&M)

Question 12

At a large government program with many contractors and subcontractors, negotiations between two parties are becoming complex, so Party Alpha makes some notes that both parties sign. However, when the work is being done, Party Beta claims they are not required to provide an item they both agreed to during negotiations, because it was not included in the subsequent contract. In this case, party Beta is:

- A. Incorrect, because both parties must comply with what they agreed on.
- B. Correct, because there was an offer.
- C. Generally incorrect, because all agreements must be upheld.
- D. Generally correct, because both parties are only required to perform what is in the contract.

Question 13

Your project has just been fast tracked and you are looking to quickly bring in a subcontractor to complete the fiber optics wiring for the network. There is no time to issue a request for proposal (RFP), so you choose to use a company you have used many times before for software development. A PRIMARY concern in this situation is:

- A. Collusion between subcontractors.
- B. The subcontractor's evaluation criteria.
- C. Holding a bidder conference.
- D. The subcontractor's qualifications

Question 14

You work for a high technology company, the project manager and project sponsor are discussing the project costs and whether it is better to have their own company do part of the project or hire another company to do the work. If they asked for your opinion, you might say it would be better to do the work yourself if:

- A. There is a lot of proprietary data.
- B. You have the expertise but you do not have the available manpower.
- C. You do not need control over the work.
- D. Your company resources are limited.

Question 15

You work for a company that requires the selection of a key supplier. After much excitement and hard work, the procurement statement of work for the project is completed. Even after gaining agreement that the procurement statement of work is complete, the project manager is still unsure of whether it actually addresses all the buyer's needs. The project manager is about to attend the bidder conference. He asks you for advice on what to do during the session. Which of the following is the best advice you can give him?

- A. Make sure you give all the sellers the opportunity to ask questions.
- B. You do not need to attend this session. The procurement manager will hold it.
- C. Make sure you negotiate project scope.
- D. Let the project sponsor handle the meeting so you can be the good guy in the negotiation session.

Question 16

An important infrastructure project is very much needed to improve the economy of the region. A seller is awarded a contract to build a pipeline. The contract terms and conditions require a work plan to be issued for the buyer's approval prior to commencing work, but the seller fails to provide one. Which of the following is the best thing for the buyer's project manager to do?

- A. File a letter of intent.
- B. Develop the work plan and issue it to the seller to move things along.
- C. Issue a stop work order to the seller until a work plan is prepared.
- D. Issue a default letter.

Question 17

You have just started work on a procurement when management decides to terminate the contract. What should you do first?

- A. Go back to the Plan Procurement Management process.
- B. Go back to the Conduct Procurements process.
- C. Finish the Control Procurements process.
- D. Go to the Close Procurements process.

Question 18

At a company where the design of a new amplifier for a telecommunications project needs to be outsourced. The project team is arguing about the prospective sellers who have submitted proposals. One team member argues for a certain seller while another team member wants the project to be awarded to a different seller. The best thing the project manager should remind the team to focus on in order to make a selection is the:

- A. Procurement documents.
- B. Procurements audits.
- C. Procurement management plan.
- D. Source selection criteria.

Question 19

You are in the middle of a project in a company that designs and manufactures precision testing equipment. Your project team member delivers a project deliverable to the buyer. However, the buyer refuses the deliverable, stating it does not meet the requirement on page 259 of the technical specifications. You review the document and find that you agree. What is the Best thing to do?

- A. Review the requirements and meet with the responsible team member to review the WBS dictionary.
- B. Explain that the contract is wrong and should be changed.
- C. Issue a change order.
- D. Call a meeting of the team to review the requirement on page 259.

Question 20

Your company uses many suppliers that specialize in different components used by your organization. Your manager is concerned about the available resources to manage the many suppliers in your project. What type of contract do you not want to use if you do not have enough labor to audit invoices?

- A. Time & material (T&M)
- B. Fixed Price (FP)
- C. Cost plus fixed fee (CPFF)
- D. Fixed price incentive fee (FPIF)