

QUESTIONS & ANSWERS

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ISM

630-005

C.P.M. Module 1: Purchasing Process

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Answer: B

QUESTION: 199

Which of the following would be used to resolve buyer/seller disputes related to global shipping and packaging?

- A. World Trade Organization (WTO)
- B. General Agreement on Tariffs and Trade (GATT)
- C. North American Free Trade Agreement (NAFTA)
- D. Convention on Contracts for the Sale of Goods (CISG)

Answer: D

QUESTION: 200

Which of the following is likely to obligate to a fiduciary responsibility?

- A. Power.
- B. Negotiation.
- C. Commitment.
- D. Functional authority.

Answer: D

QUESTION: 201

For which of the following is credit card purchases the MOST appropriate?

- A. Periodic services.
- B. Commodity items.
- C. Low-dollar purchases.
- D. Low-volume purchases.

Answer: C

QUESTION: 202

Which of the following would generally NOT be accepted methods of payment for goods acquired through international procurement?

- A. C.O.D.

- B. Letters of credit.
- C. Payment after receipt and inspection.
- D. Payment upon receipt of documented evidence of shipment.

Answer: A

QUESTION: 203

has placed an order that called for delivery to be F.O.B. Shipping Point, with Freight Allowed to Destination. On delivery the purchasing manager discovers that the material was damaged in transit. What should the purchasing manager do?

- A. File a claim with the transportation company for repair and replacement costs.
- B. Notify the supplier and request that it file the claim and reship the material.
- C. Have repairs made to the material and backcharge the supplier.
- D. Refuse to accept the shipment and reorder the material.

Answer: A

QUESTION: 204

Which of the following BEST defines the concept of "sharp" buying practices?

- A. Negotiating with more than one supplier.
- B. Developing a supplier alliance for strategic materials.
- C. Misleading a supplier about the actual quantity that the buyer intends to purchase.
- D. Reporting verified information about a supplier's financial problems to management.

Answer: C

QUESTION: 205

On which of the following do most state and local governments establish a supplier base?

- A. Bidders lists.
- B. Pre-bid conferences.
- C. Interactions between purchasing and the supplier.
- D. Interactions between the using department and the supplier.

Answer: A

QUESTION: 206

Which of the following is LEAST likely to result from a supplier dealing directly with several user departments within ?

- A. Confusion and uncertainty.
- B. Lower total acquisition costs.
- C. Bureaucratic problems for purchasing.
- D. Increased supplier knowledge about the organization.

Answer: B

QUESTION: 207

Which piece of legislation is designed to prevent monopolies by outlawing discrimination in pricing due to conspiracies or combinations that act in restraint of trade?

- A. The Clayton Act.
- B. The False Claims Act.
- C. The Davis-Bacon Act.
- D. The Robinson-Patman Act.

Answer: A

QUESTION: 208

_____ has won a grant from the federal _____ government to construct and operate a standard weather observation station and equipment structure. On the basis of which of the following would the construction contract for the weather observation station and equipment structure be awarded?

- A. Letter of intent.
- B. Directors' decision.
- C. Competitive sealed bid.
- D. Competitive sealed proposal.
- E. Student design and build competition.

Answer: C

QUESTION: 209

You work as a buyer at . You have responsibility for the purchase of capital equipment. You receive an emergency call from the plant manager, requesting the purchase of a special generator that costs \$100,000. The existing generator is old and causing problems, and the repair company can no longer guarantee future repairs. Normal leadtime for delivery of the special generator is 20 weeks. However, the plant manager has requested delivery of the new generator within 30 days. Which of the following should you do FIRST?

- A. Insist that the plant manager submit a properly approved and funded requisition for the new generator.
- B. Determine the current cost of the new generator and additional costs related to short-time-interval ordering, expediting, and premium transportation.
- C. Contact the repair company to determine the extent of the existing generator's problems before taking any action.
- D. Quickly contact potential suppliers to determine availability of the new generator.

Answer: D



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