Procurement Management Session Test

1. A contractual action that authorizes commencement of work prior to the establishment of a final definitive price but less than the “not to exceed” price is known as a(n):
   
a. Undefined contractual action  
b. Letter contract/Letter of Intent (LOI)  
c. Constructive change  
d. Request for Bid

2. Which of the following is not a viable acquisition method?
   
a. Request for Information (RFI)  
b. Invitation for sealed bids  
c. Negotiating a price through bargaining  
d. Purchase order

3. When using an Invitation for Bids (IFBs) acquisition method, you should typically do all of the following except:
   
a. Create a clear and concise description of the product or service required  
b. Establish the price that you wish to pay  
c. Open the bid to all potential qualified vendors  
d. Prepare procedures for evaluating the bids received

4. In which of the following circumstance(s) would you most likely procure the goods or services instead of producing them in-house?
   
a. Your company has excess capacity and your company can produce the goods or services  
b. Your company has no excess capacity and cannot produce the goods or services  
c. There are many reliable vendors for the goods or services that you are attempting to procure but the vendors cannot achieve your level of quality  
d. Your company has skills in a critical area that require development

5. Which of the following contract types has the highest risk to the seller?
   
a. Firm Fixed Price (FFP)  
b. Time and Materials (T&M)  
c. Cost Plus Fixed Fee (CPFF)  
d. Cost Reimbursable
6. In which type of contract arrangement is the buyer at the greatest risk of absorbing excessive cost overruns?

   a. Cost Plus Percentage of Cost
   b. Firm Fixed Price
   c. Time and Materials
   d. Fixed Price Incentive Firm Target

7. You are the Project Manager responsible for the completion of a global project. Project teams will be located in several countries around the world although contract execution will be driven by a single contract. As the buyer’s Project Manager, you should accomplish the following during procurement planning:

   a. Establish evaluation criteria to ensure all project teams can communicate
   b. Issue an RFI to determine potential sources in the other countries
   c. Choose the type of contract to use considering the various countries’ legal requirements
   d. Document in the statement of work how the country project teams will report progress

8. Which of the following conditions is not required for a contract to be regarded as a legal and binding document?

   a. Mutual agreement
   b. Fixed monetary value
   c. Contract capacity
   d. Legal purpose in a form provided by law

9. Contract close-out is similar to the project’s administrative closure in that both involve:

   a. Negotiation
   b. Planning and execution
   c. Product verification and administrative close-out activities
   d. Cost-benefit analyses

10. The Statement of Work (SOW) document is:

    a. A non-binding document used to determine the responsibilities of the seller
    b. A definition of the contracted work used only for government contracts
    c. A narrative description of the work to be accomplished and/or the resource skills required
    d. A listing of contract deliverables

11. Which of the following does not affect a seller’s ability to perform the contracted activities after the contract is signed?

    a. A poor definition of contract deliverables
    b. The extent of project subcontracting
    c. The complexity of the contracted effort
    d. The contract type
Procurement Management Session Test Answers

1. b
2. a
3. b
4. b
5. a
6. a
7. c
8. b.
9. c
10. c
11. d