

CIPS L4M3 Exam Questions - 1 year of Free Updates

CIPS L4M3 LO1 UPDATED ACTUAL Exam
Questions and CORRECT Answers

what is an estimate? - CORRECT ANSWER - a supplier best guess at what the price will be. it has no legal standing

what is a tender? - CORRECT ANSWER - a bid obtained via a formal process.

what is a quotation? - CORRECT ANSWER - sometimes called a quote, this is a firm price offer obtained via a formal or informal process; normally it only relates to price on the basis of indicated quality

what is a framework agreement? - CORRECT ANSWER - a formal agreement between two organisations that is intended to become legally binding in the event that a contract is created

what situations should you use a quotation? - CORRECT ANSWER - low value, low risk purchases

- the spec and delivery times are fixed
- suppliers are pre-qualified
- a framework or dynamic purchasing system has locked down the contract terms and price is the only variable

what situations should you use a tender? - CORRECT ANSWER - complex projects

- high-value or high-risk purchases
- projects where quality and price need to be assessed
- access to unknown suppliers is required, and there is no need to either pre-qualify them or to assess their suitability as part of a single-stage open tender process

what is bribery? - CORRECT ANSWER - the promise, offer or giving of financial advantage to someone in the expectation that they will improperly perform their functions, or to reward them for having done so; also accepting such a promise, offer or advantage

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CIPS Commercial Contracting Certification Exam is a Level 4 qualification, which means that it is designed for professionals who have several years of experience in procurement or contract management. L4M3 Exam is suitable for those who have completed the CIPS Level 4 Diploma in Procurement and Supply, or who have equivalent experience and knowledge. CIPS Commercial Contracting certification is recognized by employers worldwide as a mark of excellence in commercial contracting, and can help professionals to advance their careers and achieve their goals.

CIPS L4M3 (CIPS Commercial Contracting) certification exam is an excellent way for procurement professionals to demonstrate their expertise in commercial contracting. It is a globally recognized certification that can help individuals advance their careers and demonstrate their value to their employers.

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CIPS Commercial Contracting Sample Questions (Q96-Q101):

NEW QUESTION # 96

A service contract is going to be expired, which data source is good to create specifications for ITT?

1. Incumbent supplier
2. Maintenance services
3. Alternative supplier
4. User's knowledge

- A. 2, 3 and 4
- B. 1, 2 and 4
- C. 1, 2 and 3
- **D. 1, 3 and 4**

Answer: D

Explanation:

There are a number of shortcuts that can be taken when drafting the specification. These include the following:

- The use of brand names
- The use of recognised standards
- The use of samples
- Information and knowledge from users/other buyers: Drafting a specification should naturally include those already used within the organisation itself, but also variants used by other companies in the same sector and other companies in different sectors
- Information from suppliers: suppliers will always be willing to assist in specification development, as this is one way in which they can seek to influence the design to favour their own products.

Reference: CIPS study guide page 81-85

LO 2, AC 2.1

NEW QUESTION # 97

A retailer prefers to display its best selling products and promotion programme on the building windows. According to rule of contract formation, this act will generally constitute...?

- A. A mailbox rule
- **B. An invitation to treat**
- C. An offer
- D. A legal capacity

Answer: B

Explanation:

Fisher v Bell [1960] and Pharmaceutical Society of Great Britain v Boots Cash Chemists [1953] identified that the courts will generally consider goods advertised in shop windows or those with a price tag attached to constitute an invitation to treat. An invitation to treat is a concept in contract law. It refers to an invitation for a party to make an offer enter into contractual negotiations. Invitations to treat can be anything displayed to a large number of people, as long as there is no defined way to choose who can accept. Items on display in a shop, advertisements, and catalogues are all common examples of invitations to treat. However, there are cases in the US shows that under some circumstances an advertisement can become an offer (see Leftkowitz v Great Minneapolis Surplus Stores [1957]).

Reference:

- What is an Invitation to Treat in Contract Law?
- CIPS study guide page 29

NEW QUESTION # 98

Which of the following clauses addresses fraud, bribery and corruption?

The Company has undertaken commercially reasonable efforts to eliminate Conflict Minerals from each Company Product and any products currently proposed to be manufactured by the Company or on its behalf in the future. "Conflict Minerals" means columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives, which originate in the Democratic Republic of the Congo or other country the exploitation and trade of which is determined by the United States to be financing conflict in the Democratic Republic of the Congo or other country.

- A. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this
- B. Customer will be responsible for and shall ensure that while Service Provider employees, agents or contractors are on Customer's premises, all proper and legal health and safety precautions are in place and fully operational to protect such persons.
- C. Each Party hereby undertakes that, at the date of the entering into force of the Contract, itself, its directors, officers or employees have not offered, promised, given, authorized, solicited or accepted any undue pecuniary or other advantage of any kind in any way connected with the Contract and that it has taken reasonable measures to prevent subcontractors, agents or any other third parties, subject to its control or determining influence, from doing so.
- D. Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

Answer: C

Explanation:

This question is intended to let students know about how contractual clauses regarding ethical issues is constructed. The exam paper may not ask about this.

"Each Party hereby undertakes that, at the date of the entering into force of the Contract, itself, its directors, officers or employees have not offered, promised, given, authorized, solicited or accepted any undue pecuniary or other advantage of any kind in any way connected with the Contract and that it has taken reasonable measures to prevent subcontractors, agents or any other third parties, subject to its control or determining influence, from doing so.": This is a clause addressing fraud, bribery and corruption. It is created to prevent any undue act by contracting parties. You may find other anti-corruption clause samples in this document.

"Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.": This clause is used to control the subcontracting and subcontractors.

"Customer will be responsible for and shall ensure that while Service Provider employees, agents or contractors are on Customer's premises, all proper and legal health and safety precautions are in place and fully operational to protect such persons.": This clause is used to ensure health and safety standards.

"The Company has undertaken commercially reasonable efforts to eliminate Conflict Minerals from each Company Product and any products currently proposed to be manufactured by the Company or on its behalf in the future. "Conflict Minerals" means columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives, which originate in the Democratic Republic of the Congo or other country the exploitation and trade of which is determined by the United States to be financing conflict in the Democratic Republic of the Congo or other country.": This is a clause addressing conflict minerals.

Reference:

LO 3, AC 3.2

NEW QUESTION # 99

Which of the following is most likely to reduce ITT preparation time while maintaining the clarity of tendering documents?

- A. Using request for quotation
- B. Eliminating pre-qualification stage from all tendering processes
- C. Standardising documentation whenever possible
- D. Monitoring usage

Answer: C

Explanation:

One of the major disadvantages of tendering process is that it is lengthy, bureaucratic and slow. To reduce the preparation time, buying organisation can:

- Plan forward
- Standardise tendering documents (such as notices, terms and conditions,...) whenever possible
- Train procurement staff
- Write down policies for tender-waiver

Buying organisation should not eliminate the pre-qualification stage from all tendering processes. This stage is used as a filter to select the most competent suppliers for next stage in restricted tendering. To save time in this process, you can design a model questionnaire.

Reference: CIPS study guide page 5

LO 1, AC 1.1

NEW QUESTION # 100

Which of the following KPIs is qualitative?

1. Openness and co-operation of supplier
2. Responsiveness of supplier
3. Customer satisfactory ratings
4. Cost management
5. OTIF deliveries

- A. 1 and 3 only
- B. 2 and 5 only
- C. 1 and 4 only
- D. 2 and 3 only

Answer: A

Explanation:

Qualitative KPIs are based on pure opinions about how well or otherwise the goods are performing or the service is being delivered. Most often, these will be linked to, or converted into, a numerical measure.

However, such satisfaction surveys often also include free fields for respondents to explain why they feel the way they do, and what they might have liked to have been different.

On the other hand, quantitative KPIs are based on numerical measure with either definite number (e.g., actual number of orders incomplete or otherwise inaccurate during the time period) or as a percentage (e.g. number of inaccurate orders as a percentage of the total number of orders).

Openness and co-operation means that supplier is open and co-operative in its relationship with purchaser, e.g., in terms of joint problem solving. This KPI is qualitative since it is measured by individual judgement.

Responsiveness of supplier means the supplier responds rapidly to requests for information and support without having to be chased. It is measured by the number of times requests chased as a percentage of number of requests. It is a quantitative KPI.

Customer satisfactory ratings means the level of customer's satisfaction. This KPI is measured by periodic survey and it is a qualitative KPI.

Cost management is another quantitative KPI. It can be measured by comparing between the actual costs and the contractual costs.

OTIF (one-time in-full) deliveries is a quantitative KPI. It can be measured by counting the inaccurate deliveries in the period or inaccurate deliveries as a percentage of total number of deliveries for period.

Reference: CIPS study guide page 117-122

LO 2, AC 2.2

NEW QUESTION # 101

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