

D2/November 2016

Diploma in procurement and supply

Business needs in procurement and supply

Date Thursday 17 November 2016

Time Start 14:00 End 17:00 Duration 3 hours

QUESTION PAPER

INSTRUCTIONS FOR CANDIDATES

This examination has **FOUR** compulsory questions worth 25 marks each.

1. Do not open this question paper until instructed by the invigilator.
2. All answers must be written in the answer booklet provided.
3. All rough work and notes should be written in the answer booklet.

QUESTIONS

You are advised to spend 45 minutes on each question.

- Q1** (a) Define the term 'total lifecycle costing'. **(5 marks)**
- (b) Describe **FIVE** costs that should be considered when calculating the lifecycle cost of an item, apart from the purchase price of the item. **(20 marks)**
- Q2** (a) Explain **TWO** risks for a buying organisation of allowing a supplier to take the lead in preparing a specification. **(10 marks)**
- (b) Explain the role of Information Assurance in developing specifications in order to reduce risks to the purchaser. **(15 marks)**
- Q3** (a) Outline **FOUR** reasons for using 'model form contracts' (such as those produced by NEC, FIDIC and IMechE/IEE), rather than using bespoke contracts. **(16 marks)**
- (b) Describe **THREE** aspects that should be addressed in a contract clause dealing with subcontracting. **(9 marks)**
- Q4** Discuss the stages of the procurement process when an organisation outsources an activity. Use examples to illustrate your discussion. **(25 marks)**

END OF QUESTION PAPER



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