MACRO EXERCISE

Systems Technology

CIPS Level 2 Module 4 (L2M4): Certificate in Procurement and Supply Operations

60 multiple-choice questions | covering the full L2M4 module

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Instructions: Read each short case and choose the one best answer. Answers, with a brief reason for each, are given at the end of the paper.

Part A – Using Data and Systems in Procurement

Questions 1–15

Q1. *A buyer enters the supplier, date, items and value into the system when she places an order.*

At which stage of procurement is this data being entered?

- **A.** Sourcing
- **B.** Analysing
- **C.** Paying
- **D.** Purchasing

Q2. *The accounts team records the invoice value, the date received and the date it was authorised and paid.*

Which stage of procurement does this data relate to?

- **A.** Paying
- **B.** Requisitioning
- **C.** Sourcing
- **D.** Contracting

Q3. *After signing a contract, a buyer records its value, start date and duration in a central list.*

What is this central list usually called?

- **A.** A bill of lading
- **B.** A delivery note
- **C.** A contract register
- **D.** A control chart

Q4. *A finance manager wants to know how much the company spent on lightbulbs over the last six months.*

Where is this information most likely to come from?

- **A.** Expenditure data captured from purchase orders and invoices in the system
- **B.** Supplier social media posts
- **C.** The staff canteen menu
- **D.** A competitor's website

Q5. *A bakery's customers order huge amounts on Fridays and very little on Mondays, so production swings wildly.*

What could the bakery use to smooth these peaks and troughs?

- **A.** An e-auction
- **B.** A certificate of origin
- **C.** A quality circle
- **D.** Demand management

Q6. *A company expected to spend 50,000 on cables this year but actually spent 62,000.*

What is the 12,000 difference called?

- **A.** A lead time
- **B.** A variance
- **C.** A KPI
- **D.** A saving

Q7. *A manager compares forecast spending with actual spending each month.*

What is the main purpose of this comparison?

- **A.** To choose the company logo
- **B.** To avoid recording spend
- **C.** To remove the need for budgets
- **D.** To spot differences early and control expenditure

Q8. *A buyer used to pay 10 per box of gloves. After negotiating, she now pays 8 per box for 1,000 boxes a year.*

What annual saving has she achieved?

- **A.** 200
- **B.** 8,000
- **C.** 10,000
- **D.** 2,000

Q9. *A supplier takes 10 days from receiving an order to delivering the goods.*

What is this period called?

- **A.** Internal lead time
- **B.** Payment terms
- **C.** External lead time
- **D.** Shelf life

Q10. *It takes a company 4 days to raise, approve and send an order after a need is identified.*

What is this period called?

- **A.** Internal lead time
- **B.** External lead time
- **C.** Transit time
- **D.** Warranty period

Q11. *A buyer wants to reduce how long it takes to get goods after a need is raised.*

Which action would reduce INTERNAL lead time?

- **A.** Speeding up the requisition and approval process
- **B.** Asking the supplier to drive faster
- **C.** Changing the shipping port
- **D.** Buying from overseas

Q12. *A company uses past sales data to estimate how much stock it will need next quarter.*

What is this process called?

- **A.** Forecasting
- **B.** Expediting
- **C.** Invoicing
- **D.** Tendering

Q13. *A procurement team has a target to cut stationery spend by 5% this year.*

How can systems technology best help achieve it?

- **A.** By providing accurate spend data to track progress against the target
- **B.** By removing the need for the target
- **C.** By choosing the stationery colours
- **D.** By replacing all suppliers automatically

Q14. *A staff member mistypes an order quantity as 1,000 instead of 100.*

Why is accurate data input important?

- **A.** Data accuracy does not matter in procurement
- **B.** Suppliers always correct mistakes for free
- **C.** Errors in data lead to wrong orders, wasted money and poor decisions
- **D.** Systems ignore wrong entries

Q15. *A manager wants one place to see orders, spend and supplier details, rather than many separate spreadsheets.*

What is the main benefit of a central procurement database?

- **A.** It makes data harder to share
- **B.** It removes the need for suppliers
- **C.** It stops all spending
- **D.** Information is consistent, easy to find and easy to report on

Part B – Internet, Intranets, Extranets and E-sourcing

Questions 16–30

Q16. *A company has a private internal website that only its own staff can access, with policies and forms.*

What is this called?

- **A.** An extranet
- **B.** The internet
- **C.** An e-marketplace
- **D.** An intranet

Q17. *A manufacturer gives selected suppliers secure log-in access to view its stock levels and forecasts.*

What is this called?

- **A.** An intranet
- **B.** A public website
- **C.** An extranet
- **D.** A social media page

Q18. *A buyer uses a search engine to find companies that sell safety helmets.*

Which network is she using?

- **A.** The internet
- **B.** An intranet
- **C.** An extranet
- **D.** A local area network only

Q19. *A buyer visits a supplier's website before contacting it.*

What information would she typically expect to find there?

- **A.** The supplier's staff salaries
- **B.** Products and services, contact details, certifications and company background
- **C.** The supplier's bank passwords
- **D.** Its competitors' prices

Q20. *Many buyers and sellers of office supplies meet on one online platform to trade.*

What is this called?

- **A.** An intranet
- **B.** A bill of lading
- **C.** A quality circle
- **D.** An e-marketplace

Q21. *A buyer reads online reviews and social media comments about a courier company before using it.*

What is the main risk of relying on this information alone?

- **A.** Social media is always 100% accurate
- **B.** Reviews are legally binding contracts
- **C.** There is no risk at all
- **D.** Comments may be biased or unverified, so they should be checked against other evidence

Q22. *A company runs its whole supplier-finding and tendering process through an online system.*

What is this called?

- **A.** E-invoicing
- **B.** E-ordering
- **C.** Expediting
- **D.** E-sourcing

Q23. *A staff member raises a request for new chairs through an online form, which goes to her manager for approval.*

What is this called?

- **A.** E-invoicing
- **B.** E-auction
- **C.** E-requisitioning
- **D.** E-notice

Q24. *Staff choose items from an online list of approved products at pre-agreed prices.*

What is this list called?

- **A.** An e-auction
- **B.** An e-invoice
- **C.** An e-catalogue
- **D.** A control chart

Q25. *After approval, the system sends the purchase order electronically to the supplier.*

What is this called?

- **A.** E-sourcing
- **B.** E-requisitioning
- **C.** E-ordering
- **D.** E-notice

Q26. *A supplier sends its bill electronically, and the system matches it to the order and the goods received.*

What is this called?

- **A.** E-ordering
- **B.** E-tendering
- **C.** E-invoicing
- **D.** E-marketplace

Q27. *A council asks suppliers to complete an online questionnaire on finances, insurance and experience before inviting them to tender.*

What is the purpose of this step?

- **A.** To pay suppliers
- **B.** To advertise the council's services
- **C.** To cancel the tender
- **D.** To pre-qualify suppliers so only suitable ones are invited

Q28. *A buyer uses an e-tendering system to receive bids from five suppliers.*

What is a key benefit of receiving tenders electronically?

- **A.** Bids are received securely and can be opened and evaluated fairly and efficiently
- **B.** Bids can be changed by the buyer after opening
- **C.** It removes the need to evaluate bids
- **D.** It guarantees the lowest price

Q29. *In an e-tendering system, suppliers upload their bids before a fixed deadline.*

What usually happens to bids submitted after the deadline?

- **A.** They are automatically accepted
- **B.** The system rejects them or locks them out
- **C.** They win automatically
- **D.** They are sent to competitors

Q30. *A buyer wants to move from paper-based quotations to an online system.*

Which is a likely benefit?

- **A.** More paperwork
- **B.** Less transparency
- **C.** Faster processing, an audit trail and fewer errors
- **D.** Higher printing costs

Part C – Systems for Supplier Selection, Ordering and Payment

Questions 31–42

Q31. *A government department posts details of a future contract opportunity online for suppliers to see.*

What is this called?

- **A.** An e-notice
- **B.** An e-invoice
- **C.** A control chart
- **D.** A bill of lading

Q32. *Several suppliers bid online against each other in real time, and the price falls as they compete.*

What is this called?

- **A.** An e-catalogue
- **B.** An intranet
- **C.** E-invoicing
- **D.** An e-auction (reverse auction)

Q33. *A buyer is only interested in getting the lowest price for a standard, clearly specified product.*

Which system would be most suitable?

- **A.** A quality circle
- **B.** An e-auction
- **C.** An intranet
- **D.** A contract scorecard

Q34. *A buyer wants to check how much the company has already spent with a particular supplier this year.*

Which system should she use?

- **A.** The spend (expenditure) data in the purchasing system
- **B.** The supplier's brochure
- **C.** Social media
- **D.** An e-notice

Q35. *A buyer needs a list of suitable suppliers to invite to a tender.*

Which system would help most?

- **A.** An e-invoice
- **B.** A control chart
- **C.** A supplier database or portal
- **D.** A delivery note

Q36. *A council's website lets suppliers register, see opportunities and download tender documents.*

What is this called?

- **A.** An e-catalogue
- **B.** A quality circle
- **C.** A bar code
- **D.** A procurement portal

Q37. *A company uses one system that covers everything from the requisition to paying the supplier.*

What is this called?

- **A.** An intranet
- **B.** A control chart
- **C.** An e-notice
- **D.** A purchase-to-pay (P2P) system

Q38. *A trainer asks the class to put the P2P process in order.*

Which order is correct?

- **A.** Payment, invoice, order, requisition
- **B.** Requisition, request quotes, receive quotes, order, delivery, invoice, payment
- **C.** Order, requisition, payment, delivery
- **D.** Invoice, delivery, requisition, payment

Q39. *Within a P2P system, goods arrive and the warehouse records what was received.*

Why is this step important?

- **A.** It replaces the purchase order
- **B.** It allows the invoice to be matched to what was actually delivered before payment
- **C.** It cancels the contract
- **D.** It sets the budget

Q40. *A large company uses an enterprise system in which procurement, finance and stock all share the same data.*

What is the main advantage for procurement?

- **A.** Information is shared and up to date across departments, which reduces duplication and errors
- **B.** Each department keeps separate records
- **C.** Procurement no longer needs data
- **D.** Suppliers can approve their own invoices

Q41. *A buyer records every purchase by category in the system.*

What does this allow her to do later?

- **A.** Avoid all future purchases
- **B.** Analyse spend to find savings and combine purchases
- **C.** Change past invoices
- **D.** Remove approval limits

Q42. *A supplier logs into a buyer's system to check whether its invoice has been approved for payment.*

What type of network access is this?

- **A.** Intranet access only
- **B.** Public internet only
- **C.** Extranet access
- **D.** No network

Part D – Quality Management

Questions 43–60

Q43. *A customer says a product is good quality because it does exactly what it is needed for.*

Which definition of quality does this reflect?

- **A.** The most expensive option
- **B.** Fitness for purpose
- **C.** The newest design
- **D.** The biggest size

Q44. *A factory checks finished products at the end of the line and removes any that are faulty.*

What is this an example of?

- **A.** Quality assurance
- **B.** Total quality management
- **C.** Kaizen
- **D.** Quality control (inspection)

Q45. *A company builds checks into its processes and trains staff so that defects do not happen in the first place.*

What is this an example of?

- **A.** Quality assurance
- **B.** Quality control
- **C.** Expediting
- **D.** An e-auction

Q46. *Everyone in a company, from the CEO to the cleaners, is responsible for quality and continuous improvement.*

What is this approach called?

- **A.** Quality inspection
- **B.** Total quality management (TQM)
- **C.** Spot buying
- **D.** E-sourcing

Q47. *A manager tells her team: "Let's do the job correctly the first time so we don't have to redo it."*

Which quality principle is this?

- **A.** Right first time
- **B.** Last in, first out
- **C.** Lowest price wins
- **D.** Just in case

Q48. *In the quality management cycle, a team checks results against standards to see whether quality was achieved.*

Which stage is this?

- **A.** Plan: quality planning
- **B.** Check: quality control
- **C.** Do: quality assurance
- **D.** Act: quality improvement

Q49. *A company trains its staff and maintains its machines to stop faults happening.*

Which cost of quality is this?

- **A.** Appraisal cost
- **B.** Internal failure cost
- **C.** External failure cost
- **D.** Prevention cost

Q50. *A company pays inspectors to test samples of goods arriving from suppliers.*

Which cost of quality is this?

- **A.** Prevention cost
- **B.** External failure cost
- **C.** Appraisal cost
- **D.** Internal failure cost

Q51. *Faulty products are found in the factory before shipping and have to be scrapped or reworked.*

Which cost of quality is this?

- **A.** Internal failure cost
- **B.** External failure cost
- **C.** Prevention cost
- **D.** Appraisal cost

Q52. *Faulty products reach customers, leading to refunds, complaints and returns.*

Which cost of quality is this?

- **A.** Internal failure cost
- **B.** Prevention cost
- **C.** External failure cost
- **D.** Appraisal cost

Q53. *A food company's faulty product is reported in the news, and sales drop for months.*

Which hidden cost of poor quality does this show?

- **A.** Lower appraisal costs
- **B.** Damage to the organisation's reputation
- **C.** Reduced prevention costs
- **D.** Faster delivery

Q54. *A manager notes that spending more on prevention has reduced the cost of failures.*

What does this show about the costs of quality?

- **A.** Prevention spending always increases failures
- **B.** Failure costs cannot be reduced
- **C.** Investing in prevention can reduce failure costs, and the aim is the best balance of total cost
- **D.** Quality costs are not linked

Q55. *A buyer uses a form to score a supplier each month on delivery, quality, price and service.*

What is this tool called?

- **A.** A bill of lading
- **B.** A contract scorecard
- **C.** An e-notice
- **D.** A certificate of origin

Q56. *A small group of workers meets regularly to identify and solve quality problems in their area.*

What is this called?

- **A.** A quality circle
- **B.** An e-auction
- **C.** A supplier portal
- **D.** A board meeting

Q57. *A production manager plots measurements on a chart with upper and lower limits to see whether a process stays within acceptable bounds.*

What is this tool called?

- **A.** A pie chart of spend
- **B.** A control chart
- **C.** An organisation chart
- **D.** A Gantt chart

Q58. *A company encourages small, continuous improvements every day from all staff.*

What is this approach called?

- **A.** Six Sigma
- **B.** Kaizen
- **C.** E-sourcing
- **D.** Spot buying

Q59. *A company focuses on removing waste, such as waiting, excess stock and unnecessary movement, from its processes.*

Which approach is this?

- **A.** Total cost pricing
- **B.** Lean
- **C.** E-auctions
- **D.** Spot purchasing

Q60. *A manufacturer uses statistical methods to reduce variation so that its processes produce almost no defects.*

Which approach is this?

- **A.** Kaizen circles only
- **B.** Expediting
- **C.** Six Sigma
- **D.** Reverse auction

Answer Key

Systems Technology (L2M4): correct answers with brief reasons

Q	Answer	Reason
Part A – Using Data and Systems in Procurement (Questions 1–15)		
1	D	Purchase order details such as date, value and supplier are captured at the purchasing stage.
2	A	Invoice and payment details are captured at the paying stage.
3	C	A contract register records key details of all contracts so they can be tracked and managed.
4	A	Spend data is captured from orders and invoices, so the system can report spending by item, supplier or period.
5	D	Demand management uses data and actions, such as offers or agreed order days, to smooth demand so production is steadier.
6	B	A variance is the difference between the forecast or budget and the actual outcome. It helps control spending.
7	D	Comparing forecasts with actuals shows where spending is off track so action can be taken.
8	D	The saving is 2 per box multiplied by 1,000 boxes, which gives 2,000 a year.
9	C	External lead time is the time the supplier takes to deliver after receiving the order.
10	A	Internal lead time is the time the buyer's own organisation takes to process a need into an order.
11	A	Internal lead time depends on the buyer's own processes, such as approvals and order processing.
12	A	Forecasting uses data, such as past sales, to predict future needs.
13	A	Accurate data lets the team measure progress and spot where savings can be made.
14	C	Systems are only as good as the data put into them, so input errors cause costly mistakes.
15	D	A central database keeps information in one place, which improves accuracy, access and reporting.
Part B – Internet, Intranets, Extranets and E-sourcing (Questions 16–30)		
16	D	An intranet is a private network for use within the organisation only.
17	C	An extranet extends part of an organisation's private network to selected external partners, such as suppliers.
18	A	The internet is the public global network, which search engines use to find information.
19	B	Supplier websites usually show their offer, contact details, accreditations and company information.
20	D	An e-marketplace is an online platform where many buyers and sellers trade.
21	D	Social media can give useful feedback on supplier performance, but it may be biased, so it needs verifying.
22	D	E-sourcing uses online tools to identify, evaluate and select suppliers, including e-tendering.
23	C	E-requisitioning is raising and approving internal purchase requests electronically.
24	C	An e-catalogue shows approved items and agreed prices so staff can order easily and correctly.
25	C	E-ordering is placing orders with suppliers electronically.
26	C	E-invoicing is sending, receiving and processing invoices electronically, often with automatic matching.
27	D	Pre-qualification screens out unsuitable suppliers before the full tender.
28	A	E-tendering improves security, transparency, speed and fairness in receiving and evaluating bids.
29	B	E-tendering systems enforce deadlines, which keeps the process fair for all bidders.
30	C	Electronic systems save time, reduce mistakes and keep a clear record of each step.

Q	Answer	Reason
Part C – Systems for Supplier Selection, Ordering and Payment (Questions 31–42)		
31	A	E-notices advertise contract opportunities electronically to attract suppliers.
32	D	In a reverse e-auction, suppliers bid prices down in real time to win the business.
33	B	E-auctions suit standard, well-specified items where price is the main deciding factor.
34	A	Spend data captured in the purchasing system shows how much has been spent with each supplier.
35	C	Supplier databases and portals hold details of registered suppliers, which helps buyers find suitable ones.
36	D	Procurement portals give suppliers one place to register and access opportunities.
37	D	P2P systems cover the whole process from requisition and ordering through to invoice and payment.
38	B	P2P runs from requisition, through sourcing and ordering, to delivery, invoicing and payment.
39	B	Recording goods received allows matching of the order, receipt and invoice so that only correct amounts are paid.
40	A	Integrated systems share real-time data across functions, which improves accuracy and decision-making.
41	B	Categorised spend data supports analysis, such as finding where combining spend could save money.
42	C	Giving suppliers secure access to selected information is a typical use of an extranet.
Part D – Quality Management (Questions 43–60)		
43	B	Quality is often defined as fitness for purpose: meeting the customer's requirements.
44	D	Quality control checks output to find and remove defects after they occur.
45	A	Quality assurance is about preventing defects through good systems and processes.
46	B	TQM is a company-wide philosophy in which everyone takes responsibility for quality.
47	A	Right first time avoids the cost and delay of rework and defects.
48	B	In the Plan-Do-Check-Act cycle, Check compares actual results with the planned standards.
49	D	Prevention costs are spent on stopping defects from happening, for example through training and maintenance.
50	C	Appraisal costs are spent on measuring, testing and inspecting quality.
51	A	Internal failure costs arise when defects are found before the product reaches the customer.
52	C	External failure costs arise after the customer receives the faulty product. They are often the most expensive.
53	B	Poor quality can seriously damage reputation, leading to lost customers and sales.
54	C	Prevention and failure costs trade off against each other, so organisations look for the lowest total cost of quality.
55	B	A scorecard tracks supplier performance against agreed measures over time.
56	A	Quality circles are small groups of staff who meet to find and solve work-related quality problems.
57	B	Control charts track a process over time and highlight when it moves outside acceptable limits.
58	B	Kaizen is a Japanese approach of continuous, incremental improvement involving everyone.
59	B	Lean thinking aims to remove waste and add value for the customer.
60	C	Six Sigma uses data and statistics to reduce variation and defects in processes.