



## CIPS L4M4 Practice Questions

Shared by Stanley on 18-08-2026

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## Question 1

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Question Type: MultipleChoice

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Which award criteria can be applied when sourcing requirements from external suppliers?

Options:

- A- Understanding of supplier operations
- B- Price and total life-cycle costs
- C- Plans and manpower numbers
- D- Delivery promises of goods

Answer:

B

Explanation:

Responsible award decisions should consider price and total life-cycle cost (TCO) to capture acquisition, operation, maintenance, and end-of-life costs, aligning with sustainability. Other items may inform due diligence but are not, by themselves, robust award criteria without being translated into measurable value and risk outcomes.

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## Question 2

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Question Type: MultipleChoice

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When might a company send a Request for Information (RFI) to a supplier instead of a Request for Quotation (RFQ)? Select TWO that apply:

Options:

- A- To determine whether the supplier is able to fulfill a purchase order that has already been placed
- B- To obtain indicative prices that could be offered for a range of required products
- C- To ask for the details of the product or the range of services that the supplier has to offer

- D- To establish the details of environmental and quality certificates that the supplier may have
- E- To negotiate the payment terms detailed in the terms and conditions of sale

Answer:

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A, B, C, D

Explanation:

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A Request for Information (RFI) is utilized during the early stages of the procurement process to gather general information about potential suppliers' capabilities, products, or services. It helps in understanding the market and narrowing down supplier options before moving to more detailed requests like RFQs or RFPs.

Option B: Obtaining indicative prices helps in budgeting and understanding market rates.

Option C: Gathering details about products or services allows the buyer to assess the supplier's offerings and suitability.

Options A, D, and E are more appropriate for later stages in the procurement process, such as during RFQs or contract negotiations.

CIPS Level 4 Diploma in Procurement and Supply, L4M4 Study Guide, Section 2.1: Sourcing and Contracting Process

### Question 3

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Question Type: MultipleChoice

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What might a buyer encounter if the supplier's government has introduced a protectionist measure?

Options:

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- A- Inward processing relief
- B- Arbitration
- C- Import duties
- D- Carnets

Answer:

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C

### Explanation:

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Protectionist measures are policies implemented by governments to protect domestic industries from foreign competition. One common protectionist measure is the imposition of import duties, which are taxes levied on imported goods. These duties make imported products more expensive, encouraging consumers to buy domestic products instead. Buyers sourcing internationally must be aware of such duties as they directly impact the total cost of procurement.

Exact Extract from Study Guide:

'Furthermore, there are many potential cost considerations when importing goods which can include taxes & duties or storage costs. By understanding all key legal, regulatory and organizational requirements prior to sourcing from international suppliers, businesses can ensure compliance while also maximizing cost savings.'

### Question 4

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Question Type: MultipleChoice

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What is a major benefit to using Incoterms when sourcing goods internationally?

### Options:

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- A- it ensures value for money
- B- it ensures ethical business practices
- C- it replaces lengthy contractual clauses
- D- it replaces the need for insurance

### Answer:

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C

### Explanation:

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Incoterms can replace lengthy contract clauses as they replace the need for contracts to detail which party is responsible for organising transport, paying duties, having the insurance etc.

Incoterms is an odd one for exam topics- some students say it was a huge part of their exam and there were many questions on this. Others said there were just one or two. Questions get randomly assigned from the bank so it's completely random how many you'll get on this topic.

## Question 5

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Question Type: MultipleChoice

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Which of the following should form part of the initial evaluation process for non-domestic vendor supply proposals?

Options:

- A- Contract management
- B- Incoterm classifications
- C- Internal benchmarking
- D- Supplier development

Answer:

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B

Explanation:

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In the initial evaluation of non-domestic vendor supply proposals, understanding and applying the correct Incoterm classifications is crucial. Incoterms (International Commercial Terms) define the responsibilities of buyers and sellers in international transactions, including the point at which risk transfers from seller to buyer. Evaluating these terms early ensures clarity in logistics, costs, and risk management.

Exact Extract from Study Guide:

'When sourcing from international suppliers, it is important to be aware of the key legislative and regulatory requirements in both the home country as well as the country of origin. Depending on product and service type, for example, you may need to consider product safety measures, industry regulations, and environmental regulations. In terms of organizational requirements, it is important to pay attention to details such as applicable payment terms and local labor practices.'

## Question 6

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Question Type: MultipleChoice

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What are the risks of outsourcing?

Loss of control of a project

Loss of assets

Loss of future business opportunities

Loss of private information

Options:

A- 1 and 4 only

B- 2 and 3 only

C- 3 and 4 only

D- 1 and 2 only

Answer:

A

Explanation:

Outsourcing can create risks such as loss of control over a project (1) since operations are managed externally, and loss of private information (4) if data security and confidentiality are not managed effectively. Loss of assets (2) typically refers to internal asset disposal, not outsourcing. Loss of future business opportunities (3) is more linked to strategic misalignment, not a core outsourcing risk. Responsible sourcing emphasises that outsourcing should include robust governance, contractual protections, and supplier monitoring to manage risks of data leakage, reduced oversight, and potential ethical breaches.

## Question 7

Question Type: MultipleChoice

Chantelle is a procurement apprentice working in the public sector for an education organisation. As a result of studying towards the CIPS qualification, Chantelle has become aware of the importance of incorporating sustainability and environmental award criteria into tender exercises and has informed her manager of this. For the purchase of IT supplies, which requirement could be evaluated within the sustainability and environmental award criterion?

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**Options:**

- A- After-sales support
- B- Competitive pricing
- C- Delivery lead time
- D- Consolidated delivery

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**Answer:**

D

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**Explanation:**

Incorporating sustainability and environmental criteria into procurement decisions is essential for promoting responsible sourcing practices. Consolidated delivery refers to combining multiple shipments into a single delivery, which can significantly reduce the carbon footprint associated with transportation. By minimizing the number of deliveries, organizations can decrease fuel consumption and emissions, aligning with environmental sustainability goals.

This practice is particularly relevant in the procurement of IT supplies, where frequent, small deliveries can be consolidated to improve efficiency and environmental performance. Evaluating suppliers based on their ability to provide consolidated deliveries demonstrates a commitment to sustainable procurement practices.

CIPS Study Guide: Ethical and Responsible Sourcing - Study Guides - CIPS

Quizlet: CIPS L4M4 Ethical and Responsible Sourcing Flashcards

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**Question 8**

Question Type: MultipleChoice

Many organisations prefer a multi-sourcing approach because of the advantages it provides. Which of the following might be an advantage of multi-sourcing?

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**Options:**

- A- It is the only approach that supports the open tendering process
- B- It is the only approach that enables the buyer to isolate the best supplier from among many
- C- It helps the buyer to increase stock varieties to avoid stock-outs
- D- It increases process flexibility and switching using a range of approved suppliers

Answer:

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D

Explanation:

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Multi-sourcing allows organisations to diversify their supply base, providing flexibility, and reducing risk by having multiple suppliers. It is an effective strategy to prevent over-dependence on a single source and allows for competition among suppliers, promoting quality and ethical standards in the supply chain.

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### Question 9

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Question Type: MultipleChoice

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Which instance would multiple sourcing be the most applicable approach?

Options:

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- A- Sourcing for the provision of a service, where close relationship management is required
- B- Sourcing a specialised, unique component where the supplier's knowledge is key
- C- Sourcing for high-cost, strategically important components
- D- Sourcing for components required at short notice

Answer:

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D

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Explanation:

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Multiple sourcing is particularly beneficial when requirements are time-sensitive and availability is critical. By engaging more than one supplier, the buyer ensures supply continuity, reduces dependency on a single provider, and improves responsiveness to urgent needs. While sole or single sourcing may suit high-cost strategic components or unique expertise, these arrangements increase dependency risks. For short-notice requirements such as consumables or basic components, multiple sourcing provides resilience and flexibility. CIPS L4M4 stresses that sourcing strategy should reflect risk, demand variability, and supply criticality, and multiple sourcing directly addresses supply risk mitigation.

## Question 10

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Question Type: MultipleChoice

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Which of the following would you expect to find in an Invitation to Tender? Choose THREE

Options:

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- A- awarding body
- B- deadline(Correct)
- C- pricing schedule
- D- qualifications required
- E- risk assessments

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Answer:

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A, D

Explanation:

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An ITT would include details on the awarding body (usually a brief overview of the buyer), the deadline (bids must be received by a certain date) and qualifications required (such as ISO requirements or competency certificates of staff members if it's a service contract). You wouldn't find pricing schedules in an ITT (this would be provided by the supplier in response to the ITT), nor would you find risk assessments (a supplier might be asked to provide one as part of the quality assessment of the tender though).

Invitation To Tender Simply Explained I Thornton & Lowe (thorntonandlowe.com)

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## Question 11

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Question Type: MultipleChoice

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A buyer is only interested in working with suppliers who have strong Environmental and Social Governance practices. It is therefore using ethical criteria as supplier selection stage to determine which suppliers to work with. Which of the following statements is true?

Options:

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- A- compliance with Codes of Conduct from professional bodies is mandatory

B- ethical behaviour is impossible to determine as issues such as Modern Slavery often go undetected

C- the buyer should ask suppliers to be accredited to ISO9001a supplier who follows the CIPS Code of Conduct is more likely to meet the buyer's needs

Answer:

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C

Explanation:

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A supplier who follows the CIPS Code of Conduct is more likely to meet the buyer's needs is the correct answer.

The other options are wrong:

- 1) Compliance with Codes of Conduct from professional bodies is optional. E.g. CIPS - no organisation is forced to comply with CIPS.
- 2) Unethical behaviour is not impossible to detect, it may be difficult but with correct due diligence and things like audits it's completely possible
- 3) ISO 14001 is quality management so is irrelevant.

## Question 12

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Question Type: MultipleChoice

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Tulip Rose Industries is using a restricted approach to tendering for a new contract for the facilities management of their seven factories which produce furniture made of organic materials. What is likely to be the reason they are using a restricted approach?

Options:

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- A- the requirement is complex
- B- the suppliers are likely to be unqualified
- C- interest in the tender opportunity is likely to be low
- D- interest in the tender opportunity is likely to be high

Answer:

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D

### Explanation:

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you would use a restricted approach when interest is likely to be high. The buyer needs a method of de-selecting unsuitable bidders and creating a shortlist of acceptable organisations.

For complex requirements you could use both an open or restrictive tender- the difference between the approaches is about how many bids you're likely to get rather than the complexity of it.



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