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QUESTION & ANSWER

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Exam : **CPCM**

Title : Certified Professional
Contracts Manager(CPCM)

Version : Demo

1.The solicitation specifications and statement of work contain:

- A. Administrative requirements
- B. Technical requirements
- C. Company policy
- D. Pricing contracts

Answer: B

2.The range between the extremes of an optimistic and pessimistic prediction about future costs is called range of:

- A. Possible costs
- B. Final costs
- C. Scope costs
- D. Limit costs

Answer: A

3.The risk avoiding buyer wants to minimize the risk of agreeing to a higher price than necessary to cover the buyer's costs plus a reasonable profit.

- A. True
- B. False

Answer: B

4.Who avoid the risk of agreeing to the price that may not cover its actual performance costs or allow a reasonable profit?

- A. Risk avoiding buyer
- B. Business professional
- C. Risk avoiding seller
- D. Technical personnel

Answer: C

5._____ occur when the work has not changed, but it costs more than anticipated.

- A. Cost Growth
- B. Unpredictable cost
- C. Extra cost
- D. Cost overruns

Answer: D

6.The pricing arrangements fall into which of the following categories:

- A. Fixed-price
- B. cost-reimbursement
- C. Time-and-material contracts
- D. All of the above

Answer: D

7.A pre-contract agreement that merely communicates any agreed-to terms and conditions that will apply

when an order is placed by the buyer is known as:

- A. Macro agreement
- B. Universal agreement
- C. Fixed agreement
- D. Approved agreement

Answer: B

8.What clause can provide for price increases based on the seller's costs but not on the seller's decision to increase the prices of its products and services?

- A. Economic price adjustment
- B. Variable-price adjustment
- C. Prices & Taxes adjustment
- D. Appropriate price adjustment

Answer: A

9.Governments commonly use what type of contracts when contracting with universities and non-profit organizations for research projects?

- A. Written contracts
- B. Variable contracts
- C. Cost reimbursement contracts
- D. Cost sharing contracts

Answer: C

10.The cost-plus-a-percentage-of-cost contract provides for the seller to receive reimbursement for its actual cost and a profit component, called _____, equal to some predetermined percentage of its actual costs.

- A. fee
- B. statement
- C. penalty
- D. None of the above

Answer: A

11.Which of the following has the fundamental purpose to motivate desired performance in one or more specific areas?

- A. Contract incentive
- B. Contract pricing
- C. Objective incentive
- D. Contract penalties

Answer: A

12.Those incentives that use predetermined formula-based methods to calculate the amount of incentive, either positive or negative, in one or more designated areas are called:

- A. Objectively-based and evaluated
- B. Subjectively-based and evaluated

C. Early-based and evaluated

D. Final-based and evaluated

Answer: A

13.Which of the following shows the designated performance area in the objectively-based and evaluated incentives?

A. Cost performance

B. Schedule or delivery performance

C. Quality performance

D. All of the above

Answer: D

14.Those incentives that use individual judgment, opinions, and informed impressions as the basis for determining the amount of incentive, either positive or negative, in one or more designated areas are called:

A. Objectively-based and evaluated

B. Subjectively-based and evaluated

C. Early-based and evaluated

D. Final-based and evaluated

Answer: B

15.Which of the following shows the designated performance area in the subjectively-based and evaluated incentives?

A. Award fees

B. Other special incentives

C. Both A & B

D. Neither A nor B

Answer: C

16.The point at which sharing changes to 0/100 is called the _____, which represents a cost figure.

A. Point of configuration

B. Point of total assumption

C. Pattern point

D. Prototype point

Answer: B

17.The formula to calculate the Point of Total Assumption (PTA) is:

A. $PTA = (\text{Floor price} - \text{Target price} / \text{seller share ratio}) + \text{Target cost}$

B. $PTA = (\text{Target price} - \text{Ceiling price} / \text{Buyer share ratio}) + \text{Target cost}$

C. $PTA = (\text{Target price} - \text{Ceiling price} / \text{seller share ratio}) + \text{Target cost}$

D. $PTA = (\text{Ceiling price} - \text{Target price} / \text{Buyer share ratio}) + \text{Target cost}$

Answer: D

18.Liquidated damages are a negative incentive (penalty) for:

- A. Over budget
- B. Late delivery
- C. Do not achieve requirements
- D. Requirements gap

Answer: B

19.A critical aspect in the success of performance-based incentive contracting is called:

- A. Creativity
- B. Timeliness
- C. Achievement
- D. Standardization

Answer: A

20.An agreement on a set of criteria and procedures to be applied by the buyer in determining how well the seller has performed and how much fee the seller has earned is called:

- A. Inducement plans
- B. Awarded-plans
- C. Award-free plans
- D. Contract incentive plans

Answer: C