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**Vendor:** NCMA

**Exam Code:** CPCM

**Exam Name:** Certified Professional Contracts  
Manager(CPCM)

**Version:** Demo

**QUESTION: 1**

The solicitation specifications and statement of work contain:

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

**Answer: B**

**QUESTION: 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**

**QUESTION: 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**

**QUESTION: 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**

**QUESTION: 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**

**QUESTION: 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**

**QUESTION: 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**

**QUESTION: 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

**QUESTION:** 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

**QUESTION:** 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

**QUESTION:** 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

**QUESTION: 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**

**QUESTION: 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**

**QUESTION: 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**

**QUESTION: 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

**QUESTION:** 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

**QUESTION:** 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

**QUESTION:** 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**

**QUESTION: 19**

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

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

**Answer: A**

**QUESTION: 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**

**QUESTION: 21**

A fixed fee that the seller will earn no matter how its performance is evaluated is known as:

- A. incurred fee
- B. award fee
- C. period fee
- D. base fee

**Answer: D**

**QUESTION: 22**

Which contracts allow overrun or under-run sharing of cost through a predetermined formula for fee adjustments that apply to incentives for cost category contracts?

- A. fixed price incentive
- B. cost-plus-incentive fee
- C. special incentive fee
- D. pros and cons of award fee

**Answer:** B

**QUESTION:** 23

Which of the following is Correct?

- A. cost-plus-award fee contracts include subjective incentives, in which the profit the seller earns depends on how well the seller satisfies a buyer's subjective desires.
- B. cost-plus-incentive fee contracts include subjective incentives, in which the profit the seller earns depends on how well the seller satisfies a buyer's objective desires.
- C. cost-plus-award fee contracts include objective incentives, in which the profit the buyer earns depends on how well the seller satisfies a buyer's objective desires.
- D. cost-plus-incentive fee contracts include objective incentives, in which the profit the buyer earns depends on how well the buyer satisfies a seller's subjective desires.

**Answer:** A

**QUESTION:** 24

Time and Material contracts typically involve higher levels of risks for sellers.

- A. True
- B. False

**Answer:** B

**QUESTION:** 25

When two parties expect to deal with one another repeatedly for the purchase and sale of goods and services, they may decide to enter into a long-term purchase agreement.

- A. True
- B. False

**Answer:** A

**QUESTION:** 26



Commercial products and commercial services from which reasonable prices can be established, is the suitability for which contract type?

- A. Firm-fixed price
- B. Firm-variable price
- C. Fixed-price incentive
- D. Price adjustment

**Answer:** A

**QUESTION:** 27

Price can be adjusted on action of an industry-wide contingency that is beyond seller's control is a disadvantage of which contract type?

- A. Firm-fixed price
- B. Firm-variable price
- C. Cost-plus-Fixed-fee incentive
- D. Fixed-price with economic price adjustment

**Answer:** D

**QUESTION:** 28

Allowable costs of contract performance are reimbursed, but not fee is paid is the advantage of cost reimbursement contract type.

- A. True
- B. False

**Answer:** A

**QUESTION:** 29

Fee is expressed as percentage of estimated cost at time contract is awarded, is the advantage of:

- A. Cost-plus-award-fee
- B. Cost-plus-a-percentage-of-cost
- C. Cost-plus-fixed-fee incentive
- D. Cost-plus-fixed-incentive incentive

**Answer: C**

**QUESTION: 30**

The uniform commercial code is a clear, precise document that uniformly and specifically governs all commercial transactions throughout the United States, it is a:

- A. Misconception
- B. Reality
- C. Hypothesis
- D. Practice

**Answer: A**

**QUESTION: 31**

Lucent's program management organization rapidly went through which four distinct phases:

- A. Awakening, implementing, production, enterprising
- B. Awakening, implementing, professionalizing, integration
- C. Awakening, implementing, professionalizing, enterprising
- D. Awakening, dealing, professionalizing, enterprising

**Answer: C**

**QUESTION: 32**

During which stage of development, the leadership's involvement and support is critical because it is during this stage that program management's effect on the business is evaluated?

- A. Awakening
- B. implementing
- C. professionalizing
- D. enterprising

**Answer: A**

**QUESTION: 33**

The most expensive and labor-intensive phase in creating a disciplined program management organization is the:

- A. Awakening
- B. implementing
- C. professionalizing
- D. enterprising

**Answer:** B

**QUESTION:** 34

The program management discipline is strengthened and program management tools are improved during which phase?

- A. Awakening
- B. implementing
- C. professionalizing
- D. enterprising

**Answer:** C

**QUESTION:** 35

What provide project offices with an effective way to create and distribute reports will increase their willingness to communicate real-time project status both internally and with customers?

- A. Wall Chart
- B. Logistics C.
- Standards D.
- Flow Chart

**Answer:** A

**QUESTION:** 36

Which process includes an analysis of current information systems and outlines the target system architecture for the business?

- A. Incentive process
- B. Integrated process
- C. Internal process
- D. Implementation process

**Answer: B**

**QUESTION: 37**

What provides its users with a framework or a guide for improving their respective level of performance?

- A. Performance Evaluation Model
- B. Capability Maturity Model
- C. Contract Management Maturity Model
- D. Enterprising Maturity Model

**Answer: C**

**QUESTION: 38**

An evolutionary roadmap for implementing the vital practices for one or more domains of organizational processes is called:

- A. Organizational Contract Management
- B. Capability Maturity Model
- C. Project Management Model
- D. People Capability Maturity Model

**Answer: B**

**QUESTION: 39**

An underlying characteristic that is casually related to effective or superior performance is called:

- A. Competency
- B. Maturity
- C. Contractual Agreement
- D. Opportunity assessment

**Answer: A**

**QUESTION: 40**

A level of organizational capability created by the transformation of one or more domains of an organization's processes is known as:

- A. Basic level

- B. Maturity level
- C. Operational level
- D. Advance level

**Answer:** B

**QUESTION:** 41

A contract Management Maturity Model has how many levels in total?

- A. 2
- B. 4
- C. 5
- D. 6

**Answer:** C

**QUESTION:** 42

Documentation of any contract management processes is \_\_\_\_\_ and \_\_\_\_\_ throughout the organization.

- A. Ad hoc and efficient
- B. Hostile and managed
- C. Ad hoc and hostile
- D. Ad hoc and inconsistent

**Answer:** D

**QUESTION:** 43

Which contract management processes are used only on selected procurements, typically large, highly visible projects?

- A. basic
- B. advance
- C. mature
- D. optimized

**Answer:** A

**QUESTION:** 44

Senior management is involved in providing input and approval of key procurement decisions and documents in which level of CMM model:

- A. basic
- B. advanced
- C. mature
- D. structured

**Answer:** D

**QUESTION:** 45

At which level of CMM model, basic contract management processes are integrated with other organizational core processes such as cost control, schedule and performance management and system engineering?

- A. Ad hoc
- B. managed
- C. mature
- D. structured

**Answer:** B

**QUESTION:** 46

Continuous process improvement efforts are implemented to improve contract management process in which level of CMM model?

- A. Ad hoc
- B. managed
- C. structured
- D. optimized

**Answer:** D

**QUESTION:** 47

Which of the following is NOT the phase of Commission on Government Procurement Model?

- A. Sourcing
- B. Needs and Funding
- C. Planning

D. Selection

**Answer:** A

**QUESTION:** 48

Which of the following is the step of purchasing process?

- A. Planning
- B. Requisition process
- C. Contract Administration
- D. All of the above

**Answer:** B

**QUESTION:** 49

Which of the following is the step involved in the Supply Management Process?

- A. Sourcing
- B. Contract close-out
- C. Post-Award Activities
- D. All of the above

**Answer:** D

**QUESTION:** 50

Procurement planning, solicitation planning, and source selection are all phases of Garrett's contract management model for:

- A. Sellers
- B. Buyers
- C. Vendors
- D. Project Resource

**Answer:** B

**QUESTION:** 51

Garrett's contract management model reflecting the seller's activities consist of which of the following phases:

- A. bid/ no-bid decision making
- B. proposal preparation
- C. Contract close-out
- D. All of the above

**Answer:** D

**QUESTION:** 52

The Project Management Body of Knowledge (PMBOK) is considered by some to be the world's which standard for project management knowledge and practices in today's global marketplace?

- A. De facto
- B. De jure
- C. Enforcement
- D. None of the above

**Answer:** A

**QUESTION:** 53

Which of the following is NOT the step in the process for performing the risk and assessment?

- A. select version and complete survey
- B. evaluate performances
- C. evaluate opportunity
- D. Mapping risk to matrix

**Answer:** B

**QUESTION:** 54

Which of the following is Correct?

- A. In evaluating the risk, the score is calculated by multiplying the raw score by the pre-established weight value.
- B. In evaluating the opportunity, the score is calculated by multiplying the raw score by the post-established weight value.
- C. In evaluating the risk, the score is calculated by dividing the raw score by the post-established weight value.



D. In evaluating the risk, the score is calculated by adding the raw score and the pre-established weight value.

**Answer:** A

**QUESTION:** 55

In evaluating the opportunity, the score is calculated by multiplying the raw score, opportunity factor by:

- A. pre-established weight value
- B. post-established weight value
- C. pre-established matrix value
- D. post-established margin value

**Answer:** A

**QUESTION:** 56

Which of the following is NOT the risk analysis factor from the seller's perspective?

- A. Buyer commitment
- B. Contract timetable
- C. Contract duration
- D. promote seller's strategic direction

**Answer:** D

**QUESTION:** 57

Who is less likely to change or cancel the contract and therefore represents a lower risk?

- A. Committed Buyer
- B. Committed Seller
- C. Assigned personnel
- D. None of the above

**Answer:** A

**QUESTION:** 58

A contract's \_\_\_\_\_ is flexible and can be established by the supplier, with no penalty clauses, represents the least risk.

- A. requirement assessment plan
- B. Timetable
- C. resource utilization
- D. Milestones

**Answer:** B

**QUESTION:** 59

The less the seller is involved in the development of the requirements, the higher the risk presented by the contract.

- A. True
- B. False

**Answer:** A

**QUESTION:** 60

A simple contract that not allow more than 30 days for a response, could be considered conservative.

- A. True
- B. False

**Answer:** B

**QUESTION:** 61

The shorter the time allowed developing a \_\_\_\_\_, the higher the risk.

- A. contract
- B. weight factor
- C. response
- D. solution

**Answer:** C

**QUESTION:** 62

Which of the following is NOT the opportunity analysis factor from the seller's perspective?

- A. Future business potential
- B. Provide added experience and/or new skills
- C. Technology and product maturity
- D. Resource utilization

**Answer:** C

**QUESTION:** 63

Which of the following is NOT the risk analysis factor from the buyer's perspective?

- A. Contract delivery schedule
- B. Seller offers the lowest price technically acceptable
- C. Contract performance period
- D. Changing contract requirement

**Answer:** B

**QUESTION:** 64

\_\_\_\_\_ is the time it takes from when a requirement is determined, a solicitation is issued, bids/proposals are received and evaluated, a contract is awarded and quality products, services and/or solutions are provided to the buyer

- A. Procurement Acquisition Lead Time
- B. Procurement Advancement Time
- C. Coordinated Acquisition Time
- D. Customized Solution Time

**Answer:** A

**QUESTION:** 65

Which of the following is NOT the opportunity analysis factor from the buyer's perspective?

- A. Geographic distribution
- B. Seller offer rapid delivery
- C. Use of break-through technology
- D. Ease of procurement

**Answer:** A

**QUESTION:** 66

Obtaining quality products, services, and/or solutions at the lowest possible price is usually a key \_\_\_\_\_ factor for most buyers.

- A. rapid delivery
- B. procurement plan
- C. opportunity
- D. source selection

**Answer:** D

**QUESTION:** 67

Which of the following is NOT the step of managing expectations process?

- A. Ask
- B. Agree
- C. Align
- D. Fulfill

**Answer:** B

**QUESTION:** 68

Negotiating a challenging but achievable set of objectives for all parties, based upon the realities of the situation is called:

- A. Control expectations
- B. Exceed expectations
- C. Aligning expectations
- D. Negotiate expectations

**Answer:** C

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