

# DUMPS ARENA

## Managing Supply Chain Risk

CIPS L5M2

Version Demo

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**QUESTION NO: 1**

Which of the following statements is true about ISO9001? Select TWO.

- A. it is based on the principle of continuous improvement
- B. it encourages businesses to see quality from the viewpoint of the customer
- C. it aims to ensure sustainability within the supply chain
- D. It complements ISO 20400
- E. it helps businesses to identify areas of potential risk and mitigate these accordingly

**ANSWER: A B**

**QUESTION NO: 2**

Which of the following statements is true about a Disaster Recovery Plan? Select TWO

- A. it is held at the top level
- B. it contains more detail than a business continuity plan
- C. the focus is to return a company to making a profit after a disaster
- D. it can be structured using a standardised framework

**ANSWER: B D**

**QUESTION NO: 3**

Which of the following statements are true about risk management? Select TWO.

- A. the goal of risk management is to reduce risks to 0
- B. risk management is a continuous process
- C. risk management is an activity that is conducted by a business once a year
- D. risk management can help companies ensure the smooth and successful running of purchase and supply operations
- E. risk management is the process by which all risks are either treated or transferred

**ANSWER: B D**

**QUESTION NO: 4**

What is the purpose of the Sarbanes-Oxley Regulation?

- A. to protect the environment
- B. to ensure high levels of ethical practice with regards to working conditions
- C. to encourage transparency in financial reporting
- D. to ensure that products that reach the market are fit for purpose

**ANSWER: C**

**QUESTION NO: 5**

Fraud committed by an employee within a business is what type of risk?

- A. internal risk
- B. external risk
- C. procurement risk
- D. economic risk

**ANSWER: A**

**QUESTION NO: 6**

What is the job of an underwriter?

- A. to assist a buyer in selecting the correct insurance
- B. to advise required insurance levels for a contract
- C. to evaluate insurance applications
- D. to determine the validity of an insurance claim

**ANSWER: C**

**QUESTION NO: 7**

Maple Tree Limited is a Canadian company who has recently signed a new contract with a supplier who is based in China. Maple Tree Limited will be buying a raw material with a reputation for severe price fluctuations. Which of the following would help mitigate the risk that this poses? Select TWO options

- A. quote in the supplier's currency

- B. quote in the buyer's currency
- C. use a forward exchange contract
- D. fix the exchange rate at the current rate

**ANSWER: C D**

### QUESTION NO: 8

Which of the following is a quantitative method for completing a risk assessment and an alternative to using an impact scale?

- A. rating of 1-5
- B. impact analysis
- C. 4 Ts
- D. monetary value
- E. 133 of the study guide says 'it is also possible for organisation to use a quantitative method where they quantify the loss in terms of monetary value instead of an impact figure'. Rating 1-5 is incorrect because this is the same as an impact scale. Impact analysis is wrong because this isn't quantitative. 4Ts are the ways you can mitigate risks.

**ANSWER: D**

### QUESTION NO: 9

Which of the following will you put into box 5?

- A. new technology  
(Correct)
- B. forward contract
- C. outsource
- D. insurance

**ANSWER: A**

**Explanation:**

	Type of Risk	Possible Solution
Risk 1	Operational	New Technology
Risk 2	Hazard	Insurance
Risk 3	Strategic	Outsource
Risk 4	Financial	Forward Contract

New technology (ie a new web portal or payment mechanism) would help treat this risk.

**QUESTION NO: 10**

John is a mid-level manager and has created a risk / reward matrix about four potential opportunities at his company White Ducky Limited. He will present his research to a board meeting next week. He has categorised the four opportunities as the following. Which of these opportunities should John recommend the board 'consider'? Select TWO.

- A. low risk / high reward
- B. high risk/ high reward
- C. low risk/ low reward
- D. high risk/ low reward

**ANSWER: B C**