

CIPS L6M5

Strategic Programme Leadership

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Question: 1

Which of the following is true about Engineering, Procurement, and Construction (EPC) Contracts? (Select all that apply.)

EPC contracts, commonly referred to as Turnkey Projects, are widely used in construction and infrastructure projects. These contracts require the contractor to design, procure materials, and construct the project to deliver a complete and operational facility to the client.

Answer Options:

- A. The contractor is responsible for the design aspect of the construction
- B. The contractor may operate the building for a certain period after completion
- C. These contracts are commonly known as Turnkey Projects
- D. These contracts are sometimes referred to as Design and Build Contracts
- E. These contracts are used when forming a partnership between a private and public organization

Answer: A, C, D

Explanation:

The correct answers are 1, 3, and 4 (p.8). Option 2 is incorrect as it describes a DBO (Design-Build-Operate) contract rather than an EPC contract. Option 5 is incorrect because it describes a PPP (Public-Private Partnership) contract, not an EPC contract. [P.8]

Question: 2

Salvador Ltd is a manufacturer of batteries for domestic appliances and hand tools. The company recently expanded due to excellent sales and introduced new machinery for producing solar-powered batteries.

They contracted Sunshine Ltd to build and install the machinery.

The contract specified that the machine must produce 5 batteries per hour, but currently, it is producing only 4 batteries per hour.

Salvador Ltd has agreed to work with Sunshine Ltd to resolve the issue within one month before liquidated damages apply.

Q: What stage is the project at?

Answer Options:

- A. Mechanical completion
- B. Performance testing
- C. Provisional acceptance
- D. Commercial operation

Answer: C

Explanation:

This is provisional acceptance (p.11). Salvador Ltd has accepted the machinery provisionally while Sunshine Ltd works on increasing capacity within the agreed timeframe. It is not at mechanical completion because further adjustments are needed. It is also not at performance testing since the machinery is not being tested at full capacity. Commercial operation would indicate that the project is fully completed, which it is not. [P.10-11]

Question: 3

Which of the following is an advantage to the contractor in an EPC contract arrangement?
EPC contracts provide several benefits to contractors, such as clear project scope, reduced risks, and better project management.

Answer Options:

- A. The scope is clearly defined by the client
- B. There is an early completion bonus
- C. There are no subcontractors to manage
- D. The client assumes all risks for the construction

Answer: A

Explanation:

The correct answer is 1 (p.13). The scope is clearly defined by the client, making it easier for the contractor to plan and execute the project efficiently. Option 2 is incorrect because not all EPC contracts offer an early completion bonus. Option 3 is incorrect because EPC contracts can include subcontractors. Option 4 is incorrect because risks are shared between the client and contractor. [P.13]

Question: 4

Jerry is responsible for starting a new construction project.
His company wants to build a new Water Park on the outskirts of town.
He has prepared a Statement of Need, outlining requirements and benefits.
Senior Management has approved the project to move forward.

Q: What should be Jerry's next task?

Answer Options:

- A. Concept design – outlining how the water park would look and operate
- B. Feasibility study – looking in-depth at options available
- C. Project brief – creating a list of technical requirements
- D. Appointment of a construction manager to manage the project

Answer: B

Explanation:

The next stage after a business justification is a Feasibility Study (p.18-19). This assesses financial viability and risks before moving forward. Concept design and project brief come after feasibility, and the construction manager is appointed much later in the process. [P.18-19]

Question: 5

Which of the following is NOT a benefit or function of a professional body?

Professional bodies are established organizations that promote industry standards, ethical conduct, and professional development.

Answer Options:

- A. Governance and ethical standards
- B. Ensuring prices remain low
- C. Raising productivity
- D. Creating international networks

Answer: B

Explanation:

Professional bodies do NOT control pricing in the industry, as this would be market interference.

Governance, productivity improvements, and networking are valid functions. [P.31]

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