

NATIONAL PROPERTY MANAGEMENT ASSOCIATION



CERTIFIED PROFESSIONAL PROPERTY MANAGER EXAMINATION

PRACTICE SITUATIONAL JUDGMENTS

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**INSTRUCTIONS FOR THE
CERTIFIED PROFESSIONAL PROPERTY MANAGER (CPPM)
PRACTICE SITUATIONAL JUDGMENTS**

Time-90 minutes

This practice examination tests your skills in reacting to business situations that might occur in a property management environment. It consists of Background Information and specific business situations that you will need to address as a Certified Professional Property Manager. You will need to prepare a brief and concise short-response to answer each question. Each set has Background Information and one specific question that you are to answer. Each set stands on its own and should not be linked with any other question or set. When you are ready to respond to the questions, **write your answers in the spaces provided on the front of the page. Read each question carefully. Credit will not be given for providing more information than what is asked. If you are asked to list three responses for a particular question, list only three. The scorers will only review the first three responses. Also, be sure your response addresses what is asked. For example, if a question asks for causes, do not provide solutions.** No credit will be given to answers that appear on the back of the page. If you choose to organize your thoughts on paper before responding to the questions, use the blank pages that appear at the back of this test. The blank pages are for scratch paper only. The test scorers will **not** review the scratch paper when determining your score.

The Test Administrator will tell you when to begin. You will have a total of 90 minutes to answer the questions based on the business situations. Remember to budget your time, answer each question thoroughly by reviewing the information available, and only provide the number of requested responses based on the set/question.

PLEASE NOTE: THE ACTUAL EXAMINATION HAS MULTIPLE QUESTIONS RELATING TO A SPECIFIC SET. THIS PRACTICE TEST IS A SAMPLE; THEREFORE ONLY ONE QUESTION RELATES TO A SPECIFIC SET.

Set 1 - Background Information

Company A is a small high-tech firm that provides communication system development services. The company has a policy requiring that all property items with an acquisition cost of \$100 or more be tagged and tracked in their personal property asset management system. The Chief Property Manager calls for semi-annual commodity specific inventories for those items considered to be sensitive from a security and loss standpoint.

When the first annual inventory was completed and the property manager reviewed the loss reports prior to approving the reconciliation of the property records, he observed that only 25 items (with an acquisition cost of \$4,500) of 3,500 items had not been physically verified. By the beginning of the following year, the loss, (unverified assets) had increased to 150 (with a total acquisition cost of \$19,500) of 4,200 items physically verified.

The property manager responded to what appeared to be a large increase in unaccounted-for assets with a third inventory just three months later. The results of that inventory were once again higher with a total of 178 items (total acquisition cost of \$22,600) out of 4,316 unaccounted for and reported as lost.

Question

In the last eight months, Company A had grown from 75 to 250 employees. They had published property management policies and procedures and the company's growth had not required these policies and procedures to change. As its niche in the marketplace grew, Company A acquired more accounts and the company's consultants were in high demand throughout the western United States.

What are 5 different analyses that the property manager should perform before reaching a conclusion and what information would be gathered from that analysis?

Analysis 1: Information 1:
Analysis 2: Information 2:
Analysis 3: Information 3:
Analysis 4: Information 4:
Analysis 5: Information 5:

Set 1 – Question – SCORING:

Sample Response:

Response may include:

Analysis of	Information gathered from analysis to:
Reconciliation processes	get understanding of how the losses were calculated
Inventory process	determine that steps are being followed correctly
Threshold dollar value	determine validity of threshold
Issuance process	confirm that during process freezes are appropriately applied; did the transactions need to be updated
Record systems	check accuracy of records
Training of personnel	confirm they know what they are supposed to be doing and are they doing it consistently
Review of procedures	confirm that they are clear, understandable and being followed
Review of inventory plan	confirm that plan included all of the elements
Communication plan	determine the policies and procedures reach the target audience
Trend analysis	get losses by function
Trend analysis	get losses by type of equipment
Trend analysis	get losses by location

****Note to scorers:** Response must indicate an analysis and the information sought, they should not proceed directly to a solution.

Set 2 - Background Information

A mid-sized company has recently been awarded several new contracts that have, or will have, customer-accountable property. The Property Management department is a newly created department with no employees. In order to comply with the terms of these contracts, the newly hired property manager has been given an almost “unlimited” budget to hire employees, put a property system into place, and prepare a property plan for approval.

Question

List 5 elements that the property manager should consider in the contracts and Scope of Work in order to determine the number of employees required to sufficiently cover the task of property management and the reason these areas should be considered.

Element 1: Reason:
Element 2: Reason:
Element 3: Reason:
Element 4: Reason:
Element 5: Reason:

Set 2 – Question – SCORING:

Sample Response

Element	Reason for Consideration
Scope of Work and specific contract language	The determination to review the scope of work and specific contract language is required to try to estimate the amount of customer-owned property that the property department will be controlling and managing.
Type of Contracts	The determination of the contract type is important in the case of Cost Plus contracts, where property will probably be acquired throughout the life of the contract, and the property that is acquired, is automatically customer-owned
Contractual Requirements including any special provisions	The requirements of the contract could state practically anything concerning the acquisition of property. Special provisions in the contract could possibly impact the amount of property that is acquired
Listings of Government-furnished property	By reviewing listings of Government-furnished property, the property manager will be better able to get to a “line item” estimate as to how much property he will be responsible for.
Planned procurements (equipment and material)	Planned procurements need to be considered in order for the property manager to better estimate the amount of line items (property) he will be responsible for
Subcontract plans	In reviewing subcontract plans, this will give the property manager a better idea of the amount of property that will be at a subcontractor’s facility, which will help in the determination for oversight practices. (i.e., to delegate the subcontract for property oversight or conduct this activity within his own organization, etc.)
Schedules	Schedules can impact the amount of resources that may be required to accomplish the property management task
Data Management Systems	Data management systems may impact the amount of resources required.

Set 3 - Background Information

A reorganizational program has been acquiring property for 12 months. There is no record of these acquisitions in the property system. The Property Manager has been advised that no personnel from this program are trained to use the property system. The Property Manager does not know how many, or the types, of property acquired. The entire organization is undergoing a detailed balance sheet, fixed asset, and property system review as part of a financial audit. Some of the new property acquisitions will have an effect on reported balance sheet values.

The acquisition and use of the property program and project office's budgets have increased despite the limited awareness of requirements for more responsible and coordinated property management practices.

The program was reorganized within the past 12 months and program offices previously having limited responsibilities for property are now more involved with acquisition and use of property. The property management plan has not been updated since the reorganization; however, the program determined that policies and procedures for acquisition and use of property within the programs would require updating. The updates would include a new requirement for notifying the Property Manager of all proposed property acquisitions.

Set 3 - Question

Describe, in detail, 5 short-term corrective actions the property manager can take to reach resolution of this situation.

Action 1:

Action 2:

Action 3:

Action 4:

Action 5:

Set 3 – Question – SCORING:

Sample Response:

- Review the property management plan and procedures
- Perform property system user training and requirements
- Contact the organizational program who initiated the purchase requirements and establish communication channels
- Establish timeline/schedule to develop corrective actions
- Gather all PRs/POs and receipt documents
- Tag the Assets
- Add assets to the property system
- Conduct an inventory
- Obtain a list of potential system users and formulate and/or coordinate schedules for system user training