

Certified Government Auditing Professional

1. If the state and local governments are not ready to meet the guidelines of GASB 34, the consequences may be serious and costly. The implications of noncompliance include all of the following EXCEPT:

A. Possible regulatory violations and Diminished public trust.

B. Decrease in bond rating and corresponding increase in cost of financing debt.

C. improves financial credibility.

D. Qualified or adverse opinion on financial statements from external auditors.

Answer(s): C

2. Activity-based costing (ABC) enables managers and auditors to directly link the costs of program resources to the objects produced, whether the objects are products or services. In addition, activity based costing can be used to obtain cost information to use in the following ways:

A. Making contracting-out decisions - many organizations are attempting to cut costs either by outsourcing various operations or by consolidating services.

B. None of the above.

C. Fee setting - Government organizations often develop fee or payment schedules for units of service.

D. All of the above.

Answer(s): D

3. All of The following are considered abuses of public debt EXCEPT:

A. Borrowing to finance no-return projects or speculative facilities.

B. Not borrowing where corruption is widespread.

C. Borrowing to finance operating expenditures.

D. Borrowing beyond ability to repay.

Answer(s): B

4. There are some compensating benefits that the public sector can offer its workforce to offset the generally higher salaries available in the private sector.⁶² These can include all of the following EXCEPT:

A. None of the above.

B. Benefits - Generous amount of paid days off per year as holidays, plus accrued vacation and reasonable health insurance.

C. Incentives - Cash awards given to employees with significant cost effective suggestions.

D. All of the above.

E. Training and development - Generally at par with the private sector.

Answer(s): D

5. The budgeting cycle incorporates all of the following components EXCEPT:

A. Audit and evaluation

B. Legislative consideration

C. Executive preparation

D. controlling

Answer(s): D

6. Both _____ and _____ stress the concept of self-assessment and responsibility of management in maintaining and monitoring the internal control environment. The primary goals of maintaining the effectiveness and efficiency of operations, ensuring the reliability of financial reporting and complying with applicable laws and regulations, are the same for both:

A. The Institute of Internal Auditors (IIA) Standards, the Committee of Sponsoring Organizations of the Treadway Commission (COSO)

B. International Organization of Supreme Audit Institutions (INTOSAI) Standards, the Canadian Institute of Chartered Accountants' Criteria of Control (CoCo)

C. the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Canadian Institute of Chartered Accountants' Criteria of Control (CoCo)

D. The Institute of Internal Auditors (IIA) Standards, the Committee of Sponsoring Organizations of the Treadway Commission (COSO),

Answer(s): C

7. Using U.S. processes as an example, the following three distinct processes of creating laws are discussed in this section. All three processes impact the audit process as auditors must understand and be aware of applicable laws and regulations to effectively test for compliance. Given below are the processes please choosing the correct option?

A. Regulatory and judicial.

B. Judicial, regularity of laws.

C. None of the above.

D. Legislative, Regulatory and judicial.

Answer(s): D

8. The purpose of _____ is to establish the criteria or overall framework for the purposeful, systematic, and balanced steps or actions that the auditor has to follow. And they are related to

the general _____, which set out the basic requirements for undertaking the tasks covered by the field standards:

A. Field standards, Control standards

B. Auditing standards, Field standards

C. Field standards, Auditing standards

D. Control standards, Field standards

Answer(s): C

9. Measurement criteria are considered relevant when they relate directly to the mission, goals, and objectives of the customer. All of the following are some possible examples of measurement criteria that could be used in performance audits EXCEPT:

A. Ad hoc criteria asserted by the auditors, such as comparisons to performance for a prior period, comparison of performance among branch offices or similar organizational divisions.

B. Legal or contractual requirements for specific performance (e.g., efficiency standards, quality standards or goals for outcomes to be achieved by a program).

C. Customers feedback will be given the first and foremost importance.

D. Benchmark performance by comparable public or private sector operations.

Answer(s): C

10. _____ is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of _____, _____, and governance processes.

A. Internal auditing, content management, control

B. Internal auditing, risk management, planning

C. Internal auditing, risk management, control

D. External auditing, risk management, control

Answer(s): C

11. The most common form of service delivery is via government employees. It is this approach that has created bureaucracies at the national, regional, and, in some cases, local level. All of the following given below are some of the advantages of direct delivery of services by government employees EXCEPT:

A. Existing government employees might be expected to have a more thorough understanding of program objectives than a private-sector contractor hired for a one-year contract.

B. Existing government employees might be expected to have increased knowledge of government regulations and requirements and the environment surrounding the program.

C. Increased lead time for deployment of new programs as internal staff resources are allocated among current and proposed programs.

D. Often viewed as a more economical approach (for example, a new program is assigned to existing staff and indirect costs are not included in the analysis).

Answer(s): C

12. Some areas where auditors can assist in fraud prevention activities include all of the following given below please choose the correct option:

A. Confirming that related policies include specific references to prohibited activities and that the policies are properly distributed and effectively communicated to all employees.

B. A & D only

C. All of the above

D. Reviewing the adequacy of the organization's integrity violations policy.

Answer(s): B

13. The _____ is the total number of units being studied and _____ is a characteristic of the population. Where as A _____ is a characteristic of the sample.

A. Statistics, Parameter, Population,

B. Parameter, Population, statistics

C. Population, parameter, statistics

D. Population, statistics, parameter

Answer(s): C

14. What type of reviews are designed to determine whether the audit unit's internal quality control system is in place and operating effectively to provide reasonable assurance that established policies and procedures and applicable auditing standards are being followed or not?

A. Formal reviews

B. Quality assurance reviews

C. Over-the-shoulder reviews

D. E-mail pass-around reviews

Answer(s): B

15. _____ can be defined as Contractual agreements can end either naturally (i.e., by reaching the termination date or delivery of the final product) or by other means. Where as _____ can be define as the contractor shall maintain adequate accounting records and supporting documents to verify the amounts, recipients, and uses of all payments and funds received in conjunction with the contract for a designated period of time:

A. Conflict of interest disclosure, Anti-kickback or non-bribery clause

B. Right to audit, Property rights of the end product

C. Anti-kickback or non-bribery clause, Right to audit

D. Contract termination, Right to audit

Answer(s): D

16. _____ is the form used for most legislation, whether permanent or temporary, general or special, public or private. Bills are presented to the president for action when approved in identical form by both the House of Representatives and the Senate. Where _____ may originate either in the House of Representatives or in the Senate. There is little practical difference between a bill and a joint resolution.

A. Concurrent resolutions, Simple resolutions

B. joint resolution, bill

C. Bill, joint resolution

D. Simple resolutions, joint resolution

Answer(s): C

17. One mechanism to help ensure the proper application of audit standards is through _____. The purpose of _____ is to provide feedback to management on the effectiveness of the quality control policies and procedures of an organization:

A. An internal quality review process

B. Audit review process

C. An external quality review process

D. Organizational review process

Answer(s): A

18. Although not a generally accepted practice by most audit organizations, some may not comply with audit standards and call the final product reviews or studies. The entire following are some specific examples where standards may not be used EXCEPT:

A. An "assignment" may have an extremely short deadline, making it virtually impossible to comply with all appropriate audit standards.

B. Assignments that are strictly tied to compliance with contract terms, regulations, or grant requirements.

C. The organization doesn't follow the audit standards.

D. The requesting body (legislature, for example) may not want standards to be applied to the assignment.

Answer(s): C

19. Strategic planning in government is the process of making decisions about how to achieve an entity's mandates and goals and determining the resources required to accomplish those goals. Where as Strategic plans should be updated on a regular basis and are long-term in nature:

A. Strategic plans, long-term Strategic, planning,

B. Strategic planning, Strategic plans, long-term

C. Strategic planning, Strategic plans, short-term

D. Strategic planning, Short-term, Strategic plans,

Answer(s): B

20. _____ are measures of inputs. These input measures include both financial items such as salaries and equipment costs, as well as nonfinancial items such as the number of staff hours allocated to a particular function. _____ are defined as outputs and outcomes.

A. Service accomplishments, Service efforts

B. Service efforts, Service accomplishments

C. service effort, management efforts

D. Service efforts, control efforts

Answer(s): B
