

Practice Exam Questions



The Institute of
Internal Auditors



Certified Government Auditing Professional



EXAMKILLER

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IIA

Exam IIA-CGAP

Certified Government Auditing Professional

Version: 6.0

[Total Questions: 327]

Question No : 1

Following are the field standards that are applicable to all types of audits EXCEPT:

- A.** The controller, in determining the extent and scope of the audit, should study and evaluate the reliability of internal control.
- B.** Competent, relevant, and reasonable evidence should be obtained to support the auditor's judgment and conclusions regarding the organization, program, activity, or function under audit.
- C.** The auditor should plan the audit in a manner which ensures that an audit of high quality is carried out in an economic, efficient, and effective way and in a timely manner.
- D.** The work of the audit staff at each level and audit phase should be properly supervised during the audit; and documented work should be reviewed by a senior member of the audit staff.

Answer: A

Question No : 2

All of the following groups benefit from the existence of audit standards in a variety of ways EXCEPT:

- A.** Elected officials and the public receive increased assurance that public funds are being effectively used and monitored
- B.** Government organization
- C.** Management receives increased assurance that fraud or other organizational deficiencies will be detected and corrected.
- D.** External parties and reviewers are provided with usable measurement guidelines.

Answer: B

Question No : 3

Many _____ are conducted in accordance with established Standards, INTOSAI, or IFAC standards. The International Organization of Supreme Audit Institutions _____ promulgates standards for government organizations where as the International Federation of Accountants _____ provides additional guidance and standards:

- A. Government audits, (IFAC), (INTOSAI)
- B. Government audits, (INTOSAI), (IFAC)
- C. (IFAC), (INTOSAI), Government audits
- D. (IFAC), Government audits, (INTOSAI)

Answer: B

Question No : 4

_____ is an analytic method that investigates the meaning of data. And It is primarily a _____ where any form of communication is coded or classified in line with some conceptual framework. Important considerations are dealing with interpretation of meanings, the unit of analysis, coding categories, and the actual coding techniques.

- A. Content analysis, coding operation
- B. Cost/benefit analysis, coding operation
- C. Cost-effectiveness analysis, coding operation
- D. Regression analysis, coding operation

Answer: A

Question No : 5

Comprehensive annual financial report (CAFR) is the report that encompasses all funds and account groups of the primary government (including its blended component units). The CAFR should also encompass all discretely presented component units of the reporting entity. Every CAFR must contain three basic sections are given below please choose the correct option:

- A. Introductory — Provides general information on the government's structure, personnel, and finances.
- B. Comparability — Reports should be generally consistent to provide a comparison between entities.
- C. Financial — Provides information on fund types, individual funds, and account groups.
- D. Statistical — Provides trend and demographic data to present financial indicators and other useful information to assess a government's financial condition.

Answer: B

Question No : 6

The ultimate penalty is generally _____, and _____ guidelines are developed to ensure that the termination is warranted and that the employee has been adequately apprised of his or her behavioral problem:

- A. termination, formal
- B. evaluation, informal
- C. discipline, formal
- D. discipline, informal

Answer: A

Question No : 7

The major areas to consider the audit planning process include all of the following given below please choose the correct option:

- A. Collect and analyze background information on area to be audited.
- B. Determine resources available and needed to conduct audit.
- C. Develop audit criteria (criteria should be reasonable, attainable, and relevant).
- D. A & C only

Answer: D

Question No : 8

The last fund type is a fiduciary fund, where government holds or manages financial resources in a fiduciary capacity. Although considered a single fund type, there are four sub-fund types given below please choose the correct option:

- A. Proprietary Funds
- B. Non-expendable Trust Fund
- C. Expendable Trust Fund
- D. Governmental Funds

Answer: B,C

Question No : 9

Authorization — A statute or legislation that establishes or continues a national program or agency. Where as Advance appropriation — Budget authority provided in an appropriation act that is first available in a fiscal year beyond the fiscal year for which the appropriation is enacted.

- A. Advance appropriation, Authorization
- B. Authorization, Advance appropriation
- C. Budget authority, Appropriation act
- D. Appropriation act, Budget authority

Answer: B

Question No : 10

To evaluate the reliability of performance data in cases where a performance measurement system exists. All of the following are the steps that are included in the process EXCEPT:

- A. Document (map) component's existing performance measurement system.
- B. Assess reliability, accuracy, and validity of data supporting the existing systems.
- C. Determine if the reports produced by the existing system are adequate.
- D. Test availability, reliability, and validity of existing data to support measures.

Answer: D

Question No : 11

_____ make decisions themselves and issue orders to subordinates without seeking their input and without regard to their feelings where as _____ use a more democratic approach to leadership. Practitioners of participative management seek out and incorporate input from subordinates when making decisions.

- A. consultative managers, directing managers
- B. Autocratic managers, Participative managers
- C. Participative managers, Autocratic managers

D. directing managers, consultative managers

Answer: B

Question No : 12

An _____ serves as the audit department's statement of purpose, authority, and responsibility. Audit charters should be _____. These are usually brief documents written in general terms. Applicable governing statutes often dictate the specific elements to include in the charter for governmental entities:

- A. Audit report, not in writing
- B. Audit charter, in writing
- C. Financial report, in writing
- D. Financial report, not in writing

Answer: B

Question No : 13

All of the following are the examples management's red flags EXCEPT:

- A. Excessive number of year-end transactions (particularly if backed out in the next period).
- B. Unexpected overdrafts or declines in cash balance.
- C. Reluctance to provide information to auditors.
- D. High employee turnover, especially in areas that are more vulnerable to fraud.

Answer: D

Question No : 14

Grants are used by governments to operate programs and provide services. Common types of grant classifications include the following given below please choose the correct option:

- A. Formula grants — legally mandated funding levels and restrictions on eligible grantees, with little or no discretion being exercised by the grantor.

- B.** Project grants — Similar to contracts because grantors agree to pay the grantee for services, performance, or a specific project.
- C.** Construction grants — Awarded only for construction of permanent facilities.
- D.** All of the above.
- E.** None of the above.

Answer: D

Question No : 15

_____ covers strategy and tactics and concerns the identification of the way information technology can best contribute to the achievement of objectives. Where as _____ covers the identification, development or acquisition, and integration of IT solutions into the business process.

- A.** Acquisition and Implementation (AI), Planning and Organization (PO)
- B.** Planning and Organization (PO), Acquisition and Implementation (AI)
- C.** Delivery and Support (DS), Monitoring (MN)
- D.** Monitoring (MN), Delivery and Support (DS)

Answer: B

Question No : 16

Debt Service Fund is Money set aside to meet current and future debt service requirements are placed in debt service funds. Where as Capital Projects Fund can be defined as the funds that Governments often prefer to account for significant capital expenditures separately from their regular operations.

- A.** Special Revenue Funds, General Funds
- B.** program budgeting, Zero-based budgeting
- C.** General Funds, Special Revenue Funds
- D.** Debt Service Fund, Capital Projects Fund

Answer: D

Question No : 17

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. Benefits — Generous amount of paid days off per year as holidays, plus accrued vacation and reasonable health insurance.
- B. Training and development — Generally at par with the private sector.
- C. Incentives — Cash awards given to employees with significant cost effective suggestions.
- D. None of the above.
- E. All of the above.

Answer: E

Question No : 18

Inputs are the measurement of efforts or economic resources that are put into a program activity. This category includes both financial and nonfinancial information. Where as Processes are the measurements that relate efforts to accomplishments, generally reporting on efficiency and cost of providing a specific unit of service.

- A. processes, inputs
- B. outputs, processes
- C. processes, outputs
- D. inputs, processes

Answer: D

Question No : 19

The primary purpose of budgeting is to allocate resources among government activities. all of the includes the basic framework for budgeting EXCEPT:

- A. Control.
- B. Accountability.
- C. Evaluation
- D. planning

Answer: D

Question No : 20

The final investigative report serves all of the following major purposes please choose the correct option:

- A.** Management overview or a brief summary of the case and details of the people involved and recommended actions.
- B.** To provide a format for recording the essential details of the integrity violation.
- C.** All of the above.
- D.** To recommend improved management and security policies.

Answer: B,D

Question No : 21

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.** Legislative, Regulatory and judicial.
- B.** Judicial, regularity of laws.
- C.** Regulatory and judicial.
- D.** None of the above.

Answer: A

Question No : 22

The steps in developing an activity-based costing system are as follows EXCEPT:

- A.** Identify which areas (e.g., programs or services) will be subjected to activity based costing and determine how the results of activity-based costing will be used.
- B.** control the costs
- C.** Define the activities in the organization that produce the program or service being subjected to activity-based costing.

D. Link the cost of resources to specific activities through the use of resource drivers.

Answer: B

Question No : 23

Which committee of IFAC issues pronouncements aimed at developing and harmonizing public sector financial reporting, accounting, and auditing practices while “Public sector” refers to national governments, regional (state, provincial, territorial) governments, local (city, town) governments, and related governmental entities (agencies, boards, commissions, and enterprises)?

- A. Advisory committee
- B. Ethic’s committee
- C. Public Sector Committee (PSC)
- D. general rules and regulation committee

Answer: C

Question No : 24

_____ is one in which each specific budgetary account is allocated to a narrow purpose (such as travel, supplies, personnel).where as _____are the entity’s efforts to tie the results of the activities or programs to the cost of operating the programs.

- A. The line-item budget, Performance budgets
- B. Performance budgets, the line-item budget
- C. Zero-based Budget, Integrated Budget
- D. Program Budget, Executive Budget

Answer: A

Question No : 25

Freedom of information legislation has set the tone for public officials that all decisions and actions are subject to review. _____and _____require that all official meetings are publicized and the general public is invited so that individuals interested in public affairs might attend.

- A. Regulatory laws and open meetings acts
- B. Sunshine laws and open meetings acts
- C. Property laws and open meetings acts
- D. Sunshine laws and closed meetings acts

Answer: B

Question No : 26

Who gather and analyze information and control structures in order to evaluate whether public agencies are accomplishing their objectives or not?

- A. controllers
- B. planners
- C. Auditors
- D. leaders

Answer: C

Question No : 27

Personnel systems and central personnel offices typically provide all of the following servicesEXCEPT:

- A. Recruiting
- B. Selection
- C. Training
- D. planning

Answer: D

Question No : 28

Although some Practice Advisories may be applicable to all internal auditors, others may be developed to meet the needs of a _____, a _____, or _____, including guidance on topics such as environmental issues, control self assessment, information technology, government auditing, and guidance issued by other standard setting bodies and adopted by _____.

- A. Specific audit specialty, Specific geographic area, Specific industry, committees of The IIA
- B. Specific industry, Specific geographic area, committees of The IIA, Specific audit specialty
- C. Specific industry, Specific audit specialty, committees of The IIA, Specific geographic area,
- D. Specific industry, Specific audit specialty, Specific geographic area, committees of The IIA.

Answer: D

Question No : 29

The application of the appropriate audit standards is dependent on all of the following issues EXCEPT:

- A. Laws and policies of the audit organization.
- B. Regulations
- C. Audit requirements
- D. External control requirement

Answer: D

Question No : 30

_____ serves in a unique capacity as an important communication link among external and internal auditors and operating management, and as a means of reducing the risk of management override of key elements of a public sector entity's internal control structure:

- A. The audit committee
- B. cabinet committees
- C. official committees
- D. standing committees

Answer: A

Question No : 31

Audit reports should state the audit objectives, scope, and methodology. If appropriate, the report should describe any performance aspects examined (e.g., outputs, outcomes). The audit scope should describe as necessary all of the following EXCEPT:

- A. The kinds and sources of evidence used.
- B. Organizational structure
- C. The depth and coverage of work performed to accomplish the audit objectives, including a description of specific controls tested.
- D. Confidential information omitted from the report.

Answer: B

Question No : 32

A survey is a process for gathering information, without detailed verification, on the activity being examined. A survey may involve use of all of the following procedures EXCEPT:

- A. Interviews with individuals affected by the activity, e.g., users of the activity are output.
- B. Review of management reports and studies.
- C. Document key control activities and Discussions with the customer.
- D. Study organizational structures.

Answer: D

Question No : 33

All of the following are the Aspects of control activities that would help an auditor assess vulnerability EXCEPT:

- A. Planning about future events
- B. Inadequate performance monitoring by high-level management and prolonged understaffing.
- C. Lack of competence and integrity of management and staff.
- D. Acceptance of audit findings and corrective action taken.

Answer: A

Question No : 34

Staff must be properly guided and supervised throughout the audit process. Supervision is the process by which the objectives of quality control and individual responsibility are balanced. All of the following given below are the Goals of supervision please choose the correct option:

- A.** Keep staff motivated by giving them a level of responsibility commensurate with their experience and performance.
- B.** Provide sufficient oversight of work to provide reasonable assurance that the work meets quality standards.
- C.** All of the above.
- D.** None of the above.

Answer: C

Question No : 35

All of the Following are the major goals of COSO EXCEPT:

- A.** Establish a common definition of internal control.
- B.** Provide a standard against which organizations can assess their control systems.
- C.** Create and track Specific, Measurable, Achievable, Results-Oriented and Time Sensitive goals.
- D.** Provide a straight-forward line-of-sight view of cascaded organizational goals for both managers and employees.

Answer: A,B

Question No : 36

All of the following are the factors on which audit work schedules may be based on EXCEPT:

- A.** Audit work schedules (e.g., activities to be audited, time frames for audit, resource estimates).
- B.** The length of time since the area was last audited and the extent and type of findings in the last audit.
- C.** Audits prioritized based on assessment of the degree of risk of potential loss (such as potential loss of dollars, lives, or of public trust) associated with the audit area.
- D.** The occurrence of major recent changes in operations, programs, systems, or controls