

PRACTICE EXAM 10: MANAGEMENT AUDITOR TRAINEE SIMULATION (100 QUESTIONS)

This practice exam contains 100 multiple-choice questions. Select the single best answer for each question. A score of 70% is the customary minimum passing score for NYC civil-service multiple-choice examinations. DCAS has not published a fixed time limit for this practice blueprint.

1. During an audit of taxi-license fee collections, the management auditor addresses this question: Which responsibility remains with agency management during an audit?

- A. Determining the auditor's final opinion
- B. Selecting evidence for the audit file
- C. Designing and maintaining the agency's internal controls
- D. Approving the auditor's findings

2. While assessing controls over remote-work equipment, the management auditor addresses this question: Professional skepticism is best demonstrated when an auditor does what?

- A. Assumes employees are dishonest until disproved
- B. Critically assesses evidence and follows up on inconsistencies
- C. Accepts documents that appear official without testing
- D. Rejects all oral explanations as unreliable

3. In a review of engineering-consultant invoices, the management auditor addresses this question: A supervisor pressures an auditor to omit a supported adverse finding. What should the auditor do?

- A. Document the issue and use established escalation channels
- B. Remove the finding to preserve the relationship
- C. Discuss the matter only with the audited employee

D. Delay the report indefinitely without explanation

4. During analysis of public-clinic appointment capacity, the management auditor addresses this question: Which situation most clearly creates a self-review threat?

- A. Reviewing a program located in another borough
- B. Using sampling software during fieldwork
- C. Interviewing managers before examining records
- D. Auditing a control system the auditor recently designed

5. While evaluating a senior-services referral program, the management auditor addresses this question: Due professional care primarily requires an auditor to do what?

- A. Guarantee that every fraud will be detected
- B. Apply competent judgment appropriate to the assignment's risk
- C. Test every transaction in the population
- D. Accept management's preferred audit approach

6. In a follow-up of cash-handling recommendations, the management auditor addresses this question: Why should auditors document significant professional judgments?

- A. To replace supervisory review of the work
- B. To avoid discussing limitations in the report
- C. To transfer responsibility for conclusions to management
- D. To show how evidence and reasoning support conclusions

7. During an audit of archived contract records, the management auditor addresses this question: An auditor owns stock in a vendor included in the audit scope. What is the strongest safeguard?

- A. Remove the auditor from work involving that vendor
- B. Allow the auditor to test only small invoices

- C. Keep the interest confidential unless an error appears
- D. Rely on the auditor's promise to remain neutral

8. While examining an employment-placement initiative, the management auditor addresses this question: Which statement best describes reasonable assurance in auditing?

- A. The auditor certifies that records contain no errors
- B. Every transaction must receive identical testing
- C. Risk is reduced to an acceptably low level, not eliminated
- D. Management guarantees all information supplied is complete

9. In a review of software-subscription charges, the management auditor addresses this question: Confidential audit information should be disclosed externally only when what condition exists?

- A. The information would attract public attention
- B. A coworker informally requests an update
- C. Disclosure is authorized or legally required
- D. The audited unit disputes a preliminary finding

10. During planning for a payroll-disbursement audit, the management auditor addresses this question: Competence for an audit team is best evaluated at what level?

- A. Only by the lead auditor's years of service
- B. Separately, without considering assigned responsibilities
- C. By the audited unit after fieldwork ends
- D. Collectively, against the knowledge needed for the engagement

11. During an audit of taxi-license fee collections, the management auditor addresses this question: Which action best preserves organizational independence for an internal audit function?

- A. Allowing program managers to cancel findings

- B. Reporting functionally to an oversight body with authority
- C. Basing auditor pay on program performance
- D. Requiring audited staff to approve audit scope

12. While assessing controls over remote-work equipment, the management auditor addresses this question: When evidence contradicts management's explanation, the auditor should first do what?

- A. Perform additional procedures to resolve the inconsistency
- B. Discard the evidence because management is accountable
- C. Select the explanation that makes the report shorter
- D. Average the two positions and report a compromise

13. In a review of engineering-consultant invoices, the management auditor addresses this question: Which behavior most directly supports an ethical audit culture?

- A. Leaders consistently model integrity and protect candid reporting
- B. Managers discourage questions after scope approval
- C. Teams reward only audits with large recoveries
- D. Auditors avoid documenting disagreements

14. During analysis of public-clinic appointment capacity, the management auditor addresses this question: An auditor lacks expertise needed to evaluate cybersecurity controls. What is the best response?

- A. Exclude technology risks without documenting the limitation
- B. Rely solely on the system administrator's opinion
- C. Apply financial audit procedures to all technical controls
- D. Obtain qualified assistance and evaluate the specialist's work

15. While evaluating a senior-services referral program, the management auditor addresses this question: An auditor is assigned to review a program managed by the auditor's sibling. What is the best initial action?

- A. Proceed because family relationships never affect objectivity
- B. Limit testing to transactions the sibling did not approve
- C. Disclose the relationship and seek an independence determination
- D. Ask the sibling to certify that no conflict exists

16. In a follow-up of cash-handling recommendations, the management auditor addresses this question: What does continuous monitoring add to a control system?

- A. A guarantee that fraud cannot occur
- B. Timely identification of control failures and changing risks
- C. A substitute for all management supervision
- D. Automatic correction of every exception

17. During an audit of archived contract records, the management auditor addresses this question: Which arrangement best segregates cash-receipt duties?

- A. One employee receives, records, deposits, and reconciles cash
- B. One employee opens mail, another records receipts, and a third reconciles
- C. Two employees share one login and alternate all duties
- D. The cashier reconciles the bank account after each deposit

18. While examining an employment-placement initiative, the management auditor addresses this question: A system rejects duplicate invoice numbers before payment. What type of control is this?

- A. A detective manual control
- B. A corrective governance control
- C. A preventive application control
- D. A compensating physical control

19. In a review of software-subscription charges, the management auditor addresses this question: Which control most directly addresses payments to fictitious vendors?

- A. Independent approval of new vendors with validated ownership data
- B. Monthly comparison of budget to actual spending
- C. Annual rotation of warehouse inventory counters
- D. Sequential numbering of employee time sheets

20. During planning for a payroll-disbursement audit, the management auditor addresses this question: Management overrides a required approval control. What should the auditor assess first?

- A. Whether the transaction ultimately produced a profit
- B. Whether the approving manager has long tenure
- C. Whether the override reduced document volume
- D. Whether override authority, justification, and monitoring are defined

21. During an audit of taxi-license fee collections, the management auditor addresses this question: Which is the best example of a detective control?

- A. The system blocks orders above an authorized limit
- B. A supervisor reviews an exception report after processing
- C. A locked cabinet restricts access to blank checks
- D. Required fields prevent incomplete records from saving

22. While assessing controls over remote-work equipment, the management auditor addresses this question: A control is well designed but employees routinely bypass it. How should the auditor characterize it?

- A. The control is effective because a policy exists
- B. The control risk is eliminated by management intent
- C. Design may be adequate, but operating effectiveness is deficient
- D. The bypass is irrelevant unless a loss occurred

23. In a review of engineering-consultant invoices, the management auditor addresses this question: What is the primary purpose of a walkthrough?

- A. Trace a transaction through the process and confirm control understanding
- B. Calculate the final audit sample size
- C. Replace all tests of operating effectiveness
- D. Obtain management's approval of findings

24. During analysis of public-clinic appointment capacity, the management auditor addresses this question: Which condition is a fraud risk indicator rather than proof of fraud?

- A. A confirmed forged invoice paid to the employee
- B. An employee never takes leave and controls key reconciliations
- C. A confession supported by transaction records
- D. Video evidence of inventory theft

25. While evaluating a senior-services referral program, the management auditor addresses this question: A small office cannot fully segregate incompatible duties. What is the best compensating control?

- A. The same clerk signs a statement of honesty
- B. The office stops retaining supporting documents
- C. Reconciliations are performed less frequently
- D. A manager independently reviews transactions and reconciliations

26. In a follow-up of cash-handling recommendations, the management auditor addresses this question: Which risk assessment statement is most useful?

- A. Payroll is an important administrative function
- B. Employees should follow all written procedures
- C. Unauthorized payroll changes could create payments to nonexistent employees
- D. The payroll system was installed several years ago

27. During an audit of archived contract records, the management auditor addresses this question: Why are privileged user accounts considered high risk?

- A. They can alter systems or data beyond ordinary user restrictions
- B. They always create duplicate transactions
- C. They eliminate the need for passwords
- D. They prevent audit logs from being generated

28. While examining an employment-placement initiative, the management auditor addresses this question: Which control best protects the integrity of a vendor master file?

- A. Print the entire file at the end of each year
- B. Permit buyers to edit banking data when needed
- C. Delete inactive vendors without retaining history
- D. Restrict changes and independently review a change log

29. In a review of software-subscription charges, the management auditor addresses this question: An agency has a policy but no evidence that required reviews occurred. What is the best conclusion?

- A. The policy alone proves consistent operation
- B. The review can be inferred from the absence of errors
- C. The auditor cannot conclude the control operated effectively
- D. The control is effective if managers remember performing it

30. During planning for a payroll-disbursement audit, the management auditor addresses this question: Which response is most appropriate for a high-likelihood, high-impact risk?

- A. Design and monitor strong controls that reduce exposure promptly
- B. Accept the risk without documenting the decision
- C. Defer action until an actual loss occurs
- D. Use only informal reminders to employees

31. During an audit of taxi-license fee collections, the management auditor addresses this question: What is the chief purpose of supervisory review during fieldwork?

- A. Transfer all responsibility from staff auditors
- B. Prevent staff from documenting contrary evidence
- C. Allow management to rewrite workpapers
- D. Ensure procedures are completed and conclusions are supported

32. While assessing controls over remote-work equipment, the management auditor addresses this question: An auditor identifies possible bid splitting outside the initial sample. What is the best response?

- A. Exclude it because it was not in the original sample
- B. Expand or modify testing based on the increased risk
- C. Report fraud immediately without corroboration
- D. Ask the buyer to decide whether testing is necessary

33. In a review of engineering-consultant invoices, the management auditor addresses this question: Which criterion is most suitable for assessing compliance with an approval requirement?

- A. The auditor's personal preference for documentation
- B. The authoritative policy that establishes the required approval
- C. An unrelated agency's informal practice
- D. The average approval time in the sample

34. During analysis of public-clinic appointment capacity, the management auditor addresses this question: Why should an auditor identify potential users of the report during planning?

- A. Users may predetermine every finding
- B. Users replace the need for evidence
- C. Users should select transactions for favorable results
- D. Users' needs help shape useful objectives and clear reporting

35. While evaluating a senior-services referral program, the management auditor addresses this question: What is the best way to coordinate work with another assurance provider?

- A. Evaluate its competence, scope, and results before relying on work
- B. Adopt all conclusions without review
- C. Duplicate every procedure regardless of risk
- D. Exclude its reports from planning

36. In a follow-up of cash-handling recommendations, the management auditor addresses this question: A fieldwork deadline becomes unrealistic after a major system outage. What should the lead auditor do?

- A. Omit essential procedures without disclosure
- B. Keep the deadline and assume untested controls worked
- C. Reassess priorities, document the impact, and communicate a revised plan
- D. Issue conclusions based solely on preliminary interviews

37. During an audit of archived contract records, the management auditor addresses this question: What should an audit objective specify?

- A. Every interview question the auditor may ask
- B. The preferred conclusion before testing begins
- C. The final wording of all recommendations
- D. The question the audit will answer about the subject matter

38. While examining an employment-placement initiative, the management auditor addresses this question: Why is preliminary research performed before detailed testing?

- A. To prove the suspected finding immediately
- B. To understand the program, identify risks, and refine scope
- C. To eliminate the need for an entrance conference

D. To select recommendations before evidence is gathered

39. In a review of software-subscription charges, the management auditor addresses this question: Which scope statement is most complete?

- A. It identifies the organizational units, activities, locations, and period reviewed
- B. It lists only the names of assigned auditors
- C. It repeats the audit title without boundaries
- D. It describes findings discovered after fieldwork

40. During planning for a payroll-disbursement audit, the management auditor addresses this question: An audit program should primarily link procedures to what?

- A. The order in which staff joined the team
- B. Management's preferred report language
- C. Audit objectives, risks, and expected evidence
- D. The size of the prior audit report

41. During an audit of taxi-license fee collections, the management auditor addresses this question: What is the best reason to hold an entrance conference?

- A. Obtain agreement that no findings will be disputed
- B. Confirm objectives, logistics, contacts, and information needs
- C. Ask management to choose the audit sample
- D. Secure approval of the final report

42. While assessing controls over remote-work equipment, the management auditor addresses this question: A planned data source is incomplete. What should the team do first?

- A. Assess the limitation's effect and identify alternative evidence
- B. Ignore missing records and retain the original conclusion

- C. Cancel the audit without notifying stakeholders
- D. Assume omitted transactions are immaterial

43. In a review of engineering-consultant invoices, the management auditor addresses this question: Which procedure best tests whether purchases received required approval?

- A. Ask the purchasing director whether approvals are required
- B. Read the approval policy without examining transactions
- C. Compare total purchases with the annual budget
- D. Inspect a sample of purchase records for documented authorization

44. During analysis of public-clinic appointment capacity, the management auditor addresses this question: When should an audit plan be revised?

- A. Only after the final report is issued
- B. Whenever an auditee dislikes a test
- C. When new information materially changes risk, scope, or procedures
- D. Never, because approval permanently fixes the plan

45. While evaluating a senior-services referral program, the management auditor addresses this question: Which sampling population is appropriate for testing fiscal-year travel reimbursements?

- A. Only reimbursements already identified as erroneous
- B. All agency expenditures since its creation
- C. Only transactions approved by one selected manager
- D. All travel reimbursements recorded for the fiscal year

46. In a follow-up of cash-handling recommendations, the management auditor addresses this question: Which element of a finding explains why the condition occurred?

- A. Criteria

- B. Scope
- C. Cause
- D. Opinion

47. During an audit of archived contract records, the management auditor addresses this question: What is the strongest way to establish the effect of duplicate payments?

- A. Trace confirmed duplicates to actual disbursement and recovery records
- B. Estimate loss from one employee's recollection
- C. Assume every matching invoice is a loss
- D. Report the gross file total without validation

48. While examining an employment-placement initiative, the management auditor addresses this question: An auditee disputes a finding with new documentation. What should the auditor do?

- A. Ignore all evidence received after fieldwork
- B. Evaluate the new evidence and revise the finding if warranted
- C. Delete the finding automatically
- D. Include the documents without assessing relevance

49. In a review of software-subscription charges, the management auditor addresses this question: Why should electronic data extraction steps be documented?

- A. To support reproducibility, integrity checks, and review
- B. To prevent any future use of the data
- C. To replace validation of source-system completeness
- D. To avoid retaining query logic

50. During planning for a payroll-disbursement audit, the management auditor addresses this question: Which evidence best supports that inventory existed on a specific date?

- A. A manager's undated assurance
- B. A purchase forecast for the next year
- C. Auditor observation reconciled to dated inventory records
- D. A policy requiring annual counts

51. During an audit of taxi-license fee collections, the management auditor addresses this question: What is the purpose of cross-referencing workpapers?

- A. Conceal unfinished procedures from reviewers
- B. Replace descriptive workpaper titles
- C. Eliminate the need for indexing
- D. Connect evidence, tests, findings, and report statements

52. While assessing controls over remote-work equipment, the management auditor addresses this question: When evidence has conflicting reliability, what should the auditor emphasize?

- A. The source that supports the preferred conclusion
- B. Corroboration from independent and more reliable sources
- C. The longest document in the file
- D. The evidence received first

53. In a review of engineering-consultant invoices, the management auditor addresses this question: What should happen to a proposed finding lacking sufficient evidence?

- A. Perform more work or remove or qualify the unsupported conclusion
- B. Publish it because it may be true
- C. Convert the allegation into a confirmed fact
- D. Ask management to supply the missing audit conclusion

54. During analysis of public-clinic appointment capacity, the management auditor addresses this question: Which evidence is generally most reliable for confirming a bank balance?

- A. An unsigned spreadsheet prepared by the cashier
- B. A verbal estimate from the account custodian
- C. A confirmation received directly from the financial institution
- D. A prior-year balance copied from an old report

55. While evaluating a senior-services referral program, the management auditor addresses this question: What should a complete workpaper ordinarily show?

- A. Only copies of every document obtained
- B. Purpose, source, procedure, results, conclusion, and reviewer evidence
- C. The auditor's conclusion without supporting tests
- D. Management's comments with no audit analysis

56. In a follow-up of cash-handling recommendations, the management auditor addresses this question: Why is inquiry alone usually insufficient evidence of control operation?

- A. Oral information is prohibited in every audit
- B. Inquiry always proves intentional deception
- C. Only electronic evidence may support findings
- D. People may describe intended procedures rather than actual performance

57. During an audit of archived contract records, the management auditor addresses this question: What does statistical sampling allow an auditor to do?

- A. Eliminate nonsampling error from the audit
- B. Guarantee detection of every population error
- C. Quantify sampling risk using probability-based selection and evaluation
- D. Choose only transactions likely to contain exceptions

58. While examining an employment-placement initiative, the management auditor addresses this question: Which selection method gives every population item a known chance of selection?

- A. Probability sampling
- B. Convenience sampling
- C. Haphazard selection without a defined design
- D. Management-directed selection

59. In a review of software-subscription charges, the management auditor addresses this question: A sample contains an unexpectedly high exception rate. What should the auditor do?

- A. Delete exceptions that appear unusual
- B. Investigate exceptions and reconsider risk, sample size, and conclusions
- C. Replace failed items with compliant items
- D. Conclude the population is error-free

60. During planning for a payroll-disbursement audit, the management auditor addresses this question: Which element of a finding describes what should have occurred?

- A. Condition
- B. Cause
- C. Effect
- D. Criteria

61. During an audit of taxi-license fee collections, the management auditor addresses this question: Which ratio best measures ability to cover short-term obligations with short-term assets?

- A. Debt-to-equity ratio
- B. Gross margin percentage
- C. Asset turnover ratio
- D. Current ratio

62. While assessing controls over remote-work equipment, the management auditor addresses this question: Why is depreciation recorded?

- A. To allocate a capital asset's cost over periods benefiting from its use
- B. To accumulate cash for automatic replacement
- C. To restate every asset at market value annually
- D. To record the full purchase as revenue

63. In a review of engineering-consultant invoices, the management auditor addresses this question: A department has current assets of \$240,000 and current liabilities of \$120,000. What is its current ratio?

- A. 0.5 to 1
- B. 1.0 to 1
- C. 2.0 to 1
- D. 3.0 to 1

64. During analysis of public-clinic appointment capacity, the management auditor addresses this question: Beginning supplies were \$18,000, purchases were \$42,000, and ending supplies were \$15,000. What amount was used?

- A. \$39,000
- B. \$45,000
- C. \$57,000
- D. \$75,000

65. While evaluating a senior-services referral program, the management auditor addresses this question: Budgeted spending was \$800,000 and actual spending was \$760,000. What is the favorable spending variance?

- A. \$20,000
- B. \$60,000
- C. \$40,000
- D. \$80,000

66. In a follow-up of cash-handling recommendations, the management auditor addresses this question: What is the primary purpose of a trial balance?

- A. Prove every transaction is correctly classified
- B. Confirm all assets physically exist
- C. Calculate cash flows without adjustments
- D. Test whether total debits equal total credits

67. During an audit of archived contract records, the management auditor addresses this question: Which cost is most likely variable for a printing operation?

- A. Annual building rent
- B. Paper used for each printed report
- C. Straight-line equipment depreciation
- D. Monthly insurance premium

68. While examining an employment-placement initiative, the management auditor addresses this question: An invoice is recorded twice in accounts payable. Which assertion is most directly affected?

- A. Occurrence
- B. Rights and obligations
- C. Presentation
- D. Cutoff only

69. In a review of software-subscription charges, the management auditor addresses this question: A city buys equipment for cash. What is the immediate accounting effect?

- A. Liabilities increase and revenue decreases
- B. Cash increases and expense decreases
- C. Equipment increases and cash decreases by the same amount
- D. Equity increases with no asset change

70. During planning for a payroll-disbursement audit, the management auditor addresses this question: Which account normally carries a credit balance?

- A. Cash
- B. Prepaid expense
- C. Equipment
- D. Accounts payable

71. During an audit of taxi-license fee collections, the management auditor addresses this question: What is the purpose of a bank reconciliation?

- A. Authorize all future cash disbursements
- B. Explain differences between book cash and bank-reported cash
- C. Calculate depreciation on capital assets
- D. Replace the general ledger with the bank statement

72. While assessing controls over remote-work equipment, the management auditor addresses this question: An expense is incurred in June but paid in July. Under accrual accounting, when is it recognized?

- A. July, when cash is disbursed
- B. Both months for the full amount
- C. Only at the end of the next fiscal year
- D. June, when the obligation is incurred

73. In a review of engineering-consultant invoices, the management auditor addresses this question: An error rate changes from 6% to 4%. What is the decrease in percentage points?

- A. 2 percentage points
- B. 1 percentage point
- C. 10 percentage points
- D. 33 percentage points

74. During analysis of public-clinic appointment capacity, the management auditor addresses this question: A random sample selects every 25th record after a random start. What method is used?

- A. Cluster sampling
- B. Convenience sampling
- C. Systematic sampling
- D. Judgmental sampling

75. While evaluating a senior-services referral program, the management auditor addresses this question: A sample contains 18 exceptions among 120 transactions. What is the sample exception rate?

- A. 15%
- B. 12%
- C. 18%
- D. 20%

76. In a follow-up of cash-handling recommendations, the management auditor addresses this question: Program costs rose from \$500,000 to \$575,000. What was the percentage increase?

- A. 10%
- B. 15%
- C. 13%
- D. 75%

77. During an audit of archived contract records, the management auditor addresses this question: What is the mean of 8, 10, 12, 14, and 16?

- A. 12
- B. 10
- C. 11

D. 14

78. While examining an employment-placement initiative, the management auditor addresses this question: What is the median of 3, 5, 7, 11, and 20?

A. 5

B. 9.2

C. 11

D. 7

79. In a review of software-subscription charges, the management auditor addresses this question: A unit processed 4,800 claims using 1,200 labor hours. What was productivity?

A. 2 claims per labor hour

B. 3 claims per labor hour

C. 4 claims per labor hour

D. 6 claims per labor hour

80. During planning for a payroll-disbursement audit, the management auditor addresses this question: A population contains 2,400 invoices, and 8% lack required approval. How many invoices is that?

A. 120

B. 192

C. 180

D. 240

81. During an audit of taxi-license fee collections, the management auditor addresses this question: Quarterly recoveries were \$20,000, \$35,000, \$25,000, and \$40,000. What was the annual total?

A. \$100,000

B. \$110,000

- C. \$130,000
- D. \$120,000

82. While assessing controls over remote-work equipment, the management auditor addresses this question: A backlog fell from 900 cases to 630 cases. By what percentage did it decrease?

- A. 30%
- B. 20%
- C. 27%
- D. 43%

83. In a review of engineering-consultant invoices, the management auditor addresses this question: Five invoice amounts are \$90, \$95, \$100, \$105, and \$610. Which statistic best describes the typical invoice?

- A. The range
- B. The median
- C. The maximum
- D. The arithmetic mean

84. During analysis of public-clinic appointment capacity, the management auditor addresses this question: A team completes 75% of 320 planned tests. How many tests are completed?

- A. 180
- B. 225
- C. 240
- D. 260

85. While evaluating a senior-services referral program, the management auditor addresses this question: A program met its output target but outcomes did not improve. What should the auditor examine?

- A. Whether the target can be reported as an outcome

- B. Whether activities plausibly contribute to the intended outcome
- C. Whether more outputs automatically prove effectiveness
- D. Whether outcome data should be omitted

86. In a follow-up of cash-handling recommendations, the management auditor addresses this question: What is benchmarking most useful for?

- A. Comparing performance with relevant peers or established standards
- B. Proving that every difference is mismanagement
- C. Replacing analysis of local operating conditions
- D. Selecting only the most favorable comparator

87. During an audit of archived contract records, the management auditor addresses this question: A process has repeated handoffs and long idle periods. Which tool best helps identify delay?

- A. A list of annual account balances
- B. An organization-wide employee directory
- C. A process map showing steps, decisions, queues, and responsibility
- D. A summary of unrelated legal requirements

88. While examining an employment-placement initiative, the management auditor addresses this question: Which evidence is needed before attributing an outcome change to a program?

- A. A single favorable testimonial
- B. An increase occurring after program launch
- C. A manager's belief that the program worked
- D. A credible design that addresses alternative explanations

89. In a review of software-subscription charges, the management auditor addresses this question: What does an economy objective primarily examine?

- A. Whether outputs achieve long-term outcomes
- B. Whether every transaction uses the same vendor
- C. Whether staffing levels always increase
- D. Whether resources are acquired at appropriate cost and quality

90. During planning for a payroll-disbursement audit, the management auditor addresses this question: A recommendation is most actionable when it does what?

- A. Prescribes an untested technical solution in every detail
- B. Identifies the needed result while allowing responsible management to implement
- C. Repeats the finding without specifying improvement
- D. Assigns responsibility to an entity lacking authority

91. During an audit of taxi-license fee collections, the management auditor addresses this question: Which measure best evaluates the effectiveness of a job-training program?

- A. The percentage of participants obtaining sustained employment
- B. The number of training sessions scheduled
- C. The total pages in training manuals
- D. The square footage of training rooms

92. While assessing controls over remote-work equipment, the management auditor addresses this question: Which measure is an efficiency indicator?

- A. Percentage of eligible residents served
- B. Number of policy objectives achieved
- C. Applications processed per staff hour
- D. Participant satisfaction with outcomes

93. In a review of engineering-consultant invoices, the management auditor addresses this question: Why should recommendations be linked to finding causes?

- A. Causes allow evidence to be omitted
- B. Every cause has only one possible solution
- C. Correcting causes is more likely to prevent recurrence
- D. Linkage guarantees management agreement

94. During analysis of public-clinic appointment capacity, the management auditor addresses this question: Which sentence is most objective for an audit report?

- A. The careless unit routinely ignored every important rule
- B. Records showed that 18 of 60 sampled invoices lacked approval
- C. Management obviously intended to bypass all controls
- D. The terrible process proves employees cannot be trusted

95. While evaluating a senior-services referral program, the management auditor addresses this question: Which order presents a finding most logically?

- A. Recommendation, title, rumor, and appendix
- B. Effect, unrelated history, and auditor biography
- C. Conclusion, assumption, and undocumented allegation
- D. Criteria, condition, cause, effect, and recommendation

96. In a follow-up of cash-handling recommendations, the management auditor addresses this question: What is the clearest revision of “Controls were not always done correctly”?

- A. Required supervisory reviews were missing from 12 of 40 sampled files
- B. There were various control issues from time to time
- C. It seems that some reviews might not have happened
- D. Controls were bad and should be fixed immediately

97. During an audit of archived contract records, the management auditor addresses this question: A report uses the term “material” without defining its context. What should the writer do?

- A. Explain the meaning or use a more precise term
- B. Assume every reader uses the term identically
- C. Add more technical terms without definitions
- D. Delete all quantitative support

98. While examining an employment-placement initiative, the management auditor addresses this question: Which executive-summary statement is strongest?

- A. This report contains many pages and several attachments
- B. Auditors worked diligently throughout the engagement
- C. The audit found delayed reconciliations increased the risk of undetected errors
- D. The unit provided a large amount of information

99. In a review of software-subscription charges, the management auditor addresses this question: If all approved requests contain a supervisor signature and Request 44 lacks a signature, what follows?

- A. Request 44 was necessarily fraudulent
- B. Request 44 does not satisfy the stated approval rule
- C. No other request was properly approved
- D. The supervisor never reviews requests

100. During planning for a payroll-disbursement audit, the management auditor addresses this question: Which response best addresses an auditee's factual correction?

- A. Reject it because the draft is already written
- B. Accept every requested change without testing
- C. Move the disputed fact to an unrelated appendix
- D. Verify the correction and update affected report language

Practice Exam 10: Answer Key and Explanations

- 1. C** — Management owns operations and controls; auditors assess them without assuming management's decision-making role. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance. This reasoning distinguishes sound audit support from assumption or unsupported inference.
- 2. B** — Skepticism is a questioning, evidence-focused mindset, not automatic distrust or automatic acceptance. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance. This reasoning distinguishes sound audit support from assumption or unsupported inference.
- 3. A** — Documented escalation protects integrity and allows authorized officials to resolve improper interference. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance. This reasoning distinguishes sound audit support from assumption or unsupported inference.
- 4. D** — Evaluating one's own prior design can make it difficult to identify or acknowledge deficiencies objectively. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance.
- 5. B** — Due care requires diligent, risk-sensitive work by qualified auditors, not absolute assurance or exhaustive testing. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance.
- 6. D** — Judgment documentation makes the decision process transparent and reviewable while responsibility remains with the audit team. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance.
- 7. A** — A direct financial interest presents a strong independence threat; reassignment removes the affected auditor from the matter. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken

objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance.

8. C — Reasonable assurance recognizes inherent limitations in evidence, sampling, judgment, and internal control. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance. This reasoning distinguishes sound audit support from assumption or unsupported inference.

9. C — Auditors protect restricted information and disclose it only through lawful, authorized channels. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance. This reasoning distinguishes sound audit support from assumption or unsupported inference.

10. D — Teams may combine complementary expertise; the engagement as a whole must possess the competence needed for its objectives. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance.

11. B — Functional access to an empowered oversight body reduces management interference with scope, reporting, and resources. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance.

12. A — Conflicting evidence requires investigation and corroboration before the auditor can form a supported conclusion. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance.

13. A — Leadership behavior and safe escalation channels make ethical expectations operational rather than merely aspirational. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance.

14. D — Specialist assistance can fill a competence gap, but the audit team must understand and evaluate the specialist's contribution. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance.

15. C — A close family relationship creates a potential independence threat that must be evaluated and addressed before work proceeds. Government audit quality depends on independence, competence, professional judgment, and evidence sufficient to support conclusions. The other choices weaken objectivity, confuse management's responsibilities with the auditor's role, or omit a requirement needed for credible public-sector assurance.

16. B — Ongoing monitoring provides earlier feedback about deterioration or new exposure, enabling corrective action. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. The distractors either fail to address the stated risk, concentrate incompatible duties, or substitute detection after loss for timely prevention.

17. B — Separating custody, recording, and reconciliation makes concealment of an error or theft more difficult. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. The distractors either fail to address the stated risk, concentrate incompatible duties, or substitute detection after loss for timely prevention.

18. C — The automated edit blocks a duplicate before disbursement, so it is preventive and embedded in the application. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. This reasoning distinguishes sound audit support from assumption or unsupported inference.

19. A — Validating and independently approving vendor master changes addresses the risk before invoices can be paid. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. The distractors either fail to address the stated risk, concentrate incompatible duties, or substitute detection after loss for timely prevention.

20. D — Legitimate overrides require controlled authority, documented reasons, and review because unrestricted override defeats control design. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. The distractors either fail to address the stated risk, concentrate incompatible duties, or substitute detection after loss for timely prevention.

21. B — Exception review identifies unusual or noncompliant activity after processing, unlike controls that prevent the event. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. The distractors either fail to address the stated risk, concentrate incompatible duties, or substitute detection after loss for timely prevention.

22. C — A control cannot operate effectively when personnel do not perform it consistently, even if its written design is sound. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. This reasoning distinguishes sound audit support from assumption or unsupported inference.

23. A — A walkthrough connects narratives, records, systems, and responsible personnel to validate how a process actually works. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. This reasoning distinguishes sound audit support from assumption or unsupported inference.

24. B — Unusual control concentration and reluctance to take leave are red flags requiring follow-up, not conclusive evidence. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. This reasoning distinguishes sound audit support from assumption or unsupported inference.

25. D — Independent, documented management review can reduce risk when staffing prevents ideal segregation. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. The distractors either fail to address the stated risk, concentrate incompatible duties, or substitute detection after loss for timely prevention.

26. C — A useful risk statement identifies a possible event and its consequence, enabling selection of responsive controls and tests. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. This reasoning distinguishes sound audit support from assumption or unsupported inference.

27. A — Expanded access increases the potential impact of misuse, so authorization and activity require stronger monitoring. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. The distractors either fail to address the stated risk, concentrate incompatible duties, or substitute detection after loss for timely prevention.

28. D — Restricted access plus independent change-log review both prevents unauthorized edits and helps detect them. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. The distractors either fail to address the stated risk, concentrate incompatible duties, or substitute detection after loss for timely prevention.

29. C — Operating effectiveness requires evidence that responsible personnel performed the control as designed during the period. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. The distractors either fail to address the stated risk, concentrate incompatible duties, or substitute detection after loss for timely prevention.

30. A — The combination of likelihood and impact warrants timely mitigation and monitoring, subject to management's risk tolerance. Internal control provides reasonable, not absolute, assurance. Effective analysis links an identified risk to a control objective, evaluates control design, and tests operation. This reasoning distinguishes sound audit support from assumption or unsupported inference.

31. D — Timely review detects gaps, inconsistent reasoning, and unsupported conclusions while additional work can still be performed. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

32. B — New risk information should drive a documented, proportionate change in procedures rather than be ignored or overstated. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

33. B — Criteria should be relevant, authoritative, and capable of supporting a fair comparison with observed conditions. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

34. D — Understanding intended use improves relevance while the auditor retains responsibility for objective scope and evidence. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

35. A — Coordination can reduce duplication, but reliance requires understanding the provider's qualifications, methods, and evidence. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. The alternatives start testing without direction, rely on unsupported assumptions, or broaden scope without relating additional work to audit risk.

36. C — Transparent replanning protects audit quality when circumstances change and prevents schedule pressure from creating unsupported conclusions. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

37. D — A clear objective defines the intended result of the engagement and guides criteria, scope, and procedures. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

38. B — Preliminary research builds enough context to focus limited audit resources on significant, answerable risks. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before

extensive fieldwork. The alternatives start testing without direction, rely on unsupported assumptions, or broaden scope without relating additional work to audit risk.

39. A — Scope tells readers and staff what the audit covers and establishes boundaries for evidence and conclusions. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

40. C — A traceable audit program shows why each procedure is performed and what evidence it is expected to produce. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

41. B — Early communication reduces avoidable delay and misunderstanding without surrendering auditor control over scope or conclusions. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

42. A — The team should evaluate whether objectives remain answerable and obtain other evidence before changing scope or conclusions. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

43. D — Inspection of selected transactions tests actual compliance, while policy reading and inquiry alone do not show performance. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

44. C — Planning is iterative; significant new evidence may require documented changes while preserving objective and supervisory control. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

45. D — The population must correspond to the audit objective and period so sample results address the intended universe. Audit planning converts objectives and risks into practical procedures. A sound approach identifies criteria, evidence sources, responsibilities, timing, and likely limitations before extensive fieldwork. This reasoning distinguishes sound audit support from assumption or unsupported inference.

46. C — Cause analysis identifies the underlying reason for the gap and supports a recommendation that addresses it. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

47. A — Tracing establishes whether duplicates were paid, recovered, voided, or otherwise resolved, preventing an overstated impact. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

48. B — Objectivity requires fair evaluation of timely contrary evidence and correction when it changes the supported conclusion. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

49. A — Extraction documentation records parameters, transformations, and controls so reviewers can reproduce and assess the analysis. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

50. C — Observation combined with record reconciliation provides direct, date-specific evidence; policy and inquiry are indirect. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

51. D — Cross-references create a navigable audit trail and help reviewers verify that report statements rest on documented work. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

52. B — Source, independence, directness, and control over preparation affect reliability; stronger corroboration should resolve conflict. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

53. A — Reporting must not exceed the evidence; additional testing, narrower wording, or removal protects accuracy and fairness. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

54. C — Independent external confirmation comes directly from the source and is less susceptible to internal alteration. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors

should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

55. B — A complete workpaper allows an experienced reviewer to understand and reperform the work and trace the conclusion. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

56. D — Inquiry provides context, but observation, inspection, or reperformance is usually needed to corroborate actual operation. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

57. C — Probability methods permit measurable sampling risk but do not eliminate judgment, execution error, or undetected exceptions. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

58. A — Known selection probabilities support statistical evaluation and reduce deliberate or unconscious selection bias. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

59. B — Unexpected exceptions may signal broader control failure and require evaluation rather than substitution or dismissal. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference.

60. D — Criteria provide the benchmark against which the observed condition is evaluated. Evidence must be relevant, reliable, and sufficient for the audit objective. Auditors should preserve a clear trail from source records through testing to findings and conclusions. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

61. D — The current ratio compares current assets with current liabilities and focuses on short-term liquidity. Accounting analysis follows the economic substance of the transaction and the applicable recognition rule. The correct treatment preserves the relationships among assets, liabilities, revenues, expenses, and fund or equity balances. The distractors misclassify accounts, reverse debit-credit effects, or recognize activity in the wrong period.

62. A — Depreciation is systematic cost allocation, not a valuation or a cash reserve. Accounting analysis follows the economic substance of the transaction and the applicable recognition rule. The correct treatment preserves the relationships among assets, liabilities, revenues, expenses, and fund or

equity balances. The distractors misclassify accounts, reverse debit-credit effects, or recognize activity in the wrong period.

63. C — Dividing current assets by current liabilities gives the liquidity ratio. Accounting analysis follows the economic substance of the transaction and the applicable recognition rule. The correct treatment preserves the relationships among assets, liabilities, revenues, expenses, and fund or equity balances. The distractors misclassify accounts, reverse debit-credit effects, or recognize activity in the wrong period.

64. B — Supplies used equals beginning inventory plus purchases minus ending inventory. Accounting analysis follows the economic substance of the transaction and the applicable recognition rule. The correct treatment preserves the relationships among assets, liabilities, revenues, expenses, and fund or equity balances. The distractors misclassify accounts, reverse debit-credit effects, or recognize activity in the wrong period.

65. C — For spending, actual below budget creates a favorable variance equal to the difference. Accounting analysis follows the economic substance of the transaction and the applicable recognition rule. The correct treatment preserves the relationships among assets, liabilities, revenues, expenses, and fund or equity balances. The distractors misclassify accounts, reverse debit-credit effects, or recognize activity in the wrong period.

66. D — A trial balance checks arithmetic equality but cannot reveal every posting or classification error. Accounting analysis follows the economic substance of the transaction and the applicable recognition rule. The correct treatment preserves the relationships among assets, liabilities, revenues, expenses, and fund or equity balances. The distractors misclassify accounts, reverse debit-credit effects, or recognize activity in the wrong period.

67. B — Paper consumption generally changes with output, while the listed period costs remain relatively fixed. Accounting analysis follows the economic substance of the transaction and the applicable recognition rule. The correct treatment preserves the relationships among assets, liabilities, revenues, expenses, and fund or equity balances. The distractors misclassify accounts, reverse debit-credit effects, or recognize activity in the wrong period.

68. A — A duplicate recorded liability represents a transaction that did not occur twice, overstating expenses and payables. Accounting analysis follows the economic substance of the transaction and the applicable recognition rule. The correct treatment preserves the relationships among assets, liabilities, revenues, expenses, and fund or equity balances. This reasoning distinguishes sound audit support from assumption or unsupported inference.

69. C — The exchange changes the composition of assets while leaving total assets unchanged at acquisition. Accounting analysis follows the economic substance of the transaction and the applicable recognition rule. The correct treatment preserves the relationships among assets, liabilities, revenues, expenses, and fund or equity balances. The distractors misclassify accounts, reverse debit-credit effects, or recognize activity in the wrong period.

70. D — Accounts payable is a liability, and liabilities normally increase with credits. Accounting analysis follows the economic substance of the transaction and the applicable recognition rule. The correct treatment preserves the relationships among assets, liabilities, revenues, expenses, and fund or equity balances. The distractors misclassify accounts, reverse debit-credit effects, or recognize activity in the wrong period.

71. B — Reconciliation identifies timing differences, errors, and unrecorded bank items so cash records can be corrected. Accounting analysis follows the economic substance of the transaction and the applicable recognition rule. The correct treatment preserves the relationships among assets, liabilities, revenues, expenses, and fund or equity balances. This reasoning distinguishes sound audit support from assumption or unsupported inference.

72. D — Accrual accounting recognizes expenses when resources are consumed and obligations arise, not merely when cash moves. Accounting analysis follows the economic substance of the transaction and the applicable recognition rule. The correct treatment preserves the relationships among assets, liabilities, revenues, expenses, and fund or equity balances. This reasoning distinguishes sound audit support from assumption or unsupported inference.

73. A — Percentage-point change is found by subtracting the two rates directly. The result follows directly from the quantities and relationship stated in the stem. Recomputing from the raw values confirms the keyed option. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

74. C — Selecting at a fixed interval after a random start is the defining procedure for systematic sampling. The result follows directly from the quantities and relationship stated in the stem. Recomputing from the raw values confirms the keyed option. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

75. A — The exception rate is exceptions divided by sample items, expressed as a percentage. The result follows directly from the quantities and relationship stated in the stem. Recomputing from the raw values confirms the keyed option. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

76. B — Percentage increase uses the original cost as the denominator. The result follows directly from the quantities and relationship stated in the stem. Recomputing from the raw values confirms the keyed option. The distractors reflect common errors such as using the wrong denominator, reversing the operation, omitting part of the population, or confusing a percentage with a percentage-point change.

77. A — The mean equals the sum of observations divided by their count. The result follows directly from the quantities and relationship stated in the stem. Recomputing from the raw values confirms the keyed option. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

78. D — The median is the middle ordered value when there is an odd number of observations. The result follows directly from the quantities and relationship stated in the stem. Recomputing from the raw values confirms the keyed option. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

79. C — Productivity divides completed output by labor input. The result follows directly from the quantities and relationship stated in the stem. Recomputing from the raw values confirms the keyed option. The distractors reflect common errors such as using the wrong denominator, reversing the operation, omitting part of the population, or confusing a percentage with a percentage-point change.

80. B — Multiplying the population by the exception percentage gives the estimated count. The result follows directly from the quantities and relationship stated in the stem. Recomputing from the raw values confirms the keyed option. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

81. D — The annual amount is the sum of the four quarterly values. The result follows directly from the quantities and relationship stated in the stem. Recomputing from the raw values confirms the keyed option. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

82. A — The decrease is measured against the original backlog. The result follows directly from the quantities and relationship stated in the stem. Recomputing from the raw values confirms the keyed option. The distractors reflect common errors such as using the wrong denominator, reversing the operation, omitting part of the population, or confusing a percentage with a percentage-point change.

83. B — The extreme \$610 value pulls the mean upward, while the median remains representative of the central cluster. The result follows directly from the quantities and relationship stated in the stem. Recomputing from the raw values confirms the keyed option. This reasoning distinguishes sound audit support from assumption or unsupported inference.

84. C — Completed tests equal the planned total multiplied by the completion rate. The result follows directly from the quantities and relationship stated in the stem. Recomputing from the raw values confirms the keyed option. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

85. B — Meeting an activity target does not establish results; the program logic and outcome evidence need examination. Performance auditing examines economy, efficiency, effectiveness, and program results against suitable criteria. The best measure connects resources and activities to intended outcomes. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

86. A — Appropriate benchmarks provide context, but differences still require analysis of comparability and causes. Performance auditing examines economy, efficiency, effectiveness, and program results against suitable criteria. The best measure connects resources and activities to intended outcomes. The alternatives emphasize workload without results, treat compliance as the only objective, or draw causal conclusions that the available evidence cannot support.

87. C — A process map reveals where work waits, loops, changes hands, or encounters unnecessary approval layers. Performance auditing examines economy, efficiency, effectiveness, and program results against suitable criteria. The best measure connects resources and activities to intended outcomes. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

88. D — Timing alone does not prove causation; comparison and control of competing factors strengthen attribution. Performance auditing examines economy, efficiency, effectiveness, and program results against suitable criteria. The best measure connects resources and activities to intended outcomes. The alternatives emphasize workload without results, treat compliance as the only objective, or draw causal conclusions that the available evidence cannot support.

89. D — Economy focuses on obtaining inputs prudently without sacrificing required quality, distinct from efficiency and effectiveness. Performance auditing examines economy, efficiency, effectiveness, and program results against suitable criteria. The best measure connects resources and activities to intended outcomes. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

90. B — A results-oriented recommendation addresses the cause, identifies responsibility, and permits management to choose a sound implementation method. Performance auditing examines economy, efficiency, effectiveness, and program results against suitable criteria. The best measure connects resources and activities to intended outcomes. This reasoning distinguishes sound audit support from assumption or unsupported inference.

91. A — Sustained employment reflects the intended outcome, whereas the other measures describe inputs or activities. Performance auditing examines economy, efficiency, effectiveness, and program results against suitable criteria. The best measure connects resources and activities to intended outcomes. The alternatives emphasize workload without results, treat compliance as the only objective, or draw causal conclusions that the available evidence cannot support.

92. C — Efficiency relates outputs to resources consumed; the other choices primarily address reach, effectiveness, or quality. Performance auditing examines economy, efficiency, effectiveness, and program results against suitable criteria. The best measure connects resources and activities to intended outcomes. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

93. C — A recommendation aimed only at symptoms may produce temporary improvement, while cause-oriented action addresses the mechanism creating the condition. Audit writing should be accurate, objective, concise, and logically organized. Readers must be able to distinguish criteria, condition,

cause, effect, conclusion, and recommendation. This reasoning distinguishes sound audit support from assumption or unsupported inference.

94. B — The correct sentence reports verifiable evidence and scope without assigning unsupported motives or using inflammatory language. Audit writing should be accurate, objective, concise, and logically organized. Readers must be able to distinguish criteria, condition, cause, effect, conclusion, and recommendation. This reasoning distinguishes sound audit support from assumption or unsupported inference.

95. D — A structured finding moves from the benchmark and observed gap to explanation, significance, and corrective action. Audit writing should be accurate, objective, concise, and logically organized. Readers must be able to distinguish criteria, condition, cause, effect, conclusion, and recommendation. This reasoning distinguishes sound audit support from assumption or unsupported inference.

96. A — Specific language identifies the control, observed condition, sample denominator, and exception count. Audit writing should be accurate, objective, concise, and logically organized. Readers must be able to distinguish criteria, condition, cause, effect, conclusion, and recommendation. The incorrect versions use vague language, overstate evidence, hide the responsible action, or recommend a solution before explaining the documented problem.

97. A — Potentially ambiguous technical language should be defined or replaced so readers understand the conclusion's significance. Audit writing should be accurate, objective, concise, and logically organized. Readers must be able to distinguish criteria, condition, cause, effect, conclusion, and recommendation. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

98. C — The statement communicates the central condition and consequence, helping decision-makers understand why action matters. Audit writing should be accurate, objective, concise, and logically organized. Readers must be able to distinguish criteria, condition, cause, effect, conclusion, and recommendation. The incorrect versions use vague language, overstate evidence, hide the responsible action, or recommend a solution before explaining the documented problem.

99. B — Deductive reasoning applies the stated universal rule to the specific record without adding unsupported conclusions. Audit writing should be accurate, objective, concise, and logically organized. Readers must be able to distinguish criteria, condition, cause, effect, conclusion, and recommendation. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.

100. D — Accurate reporting requires verification and revision when supported, while unsupported objections need not alter conclusions. Audit writing should be accurate, objective, concise, and logically organized. Readers must be able to distinguish criteria, condition, cause, effect, conclusion, and recommendation. This reasoning distinguishes sound audit support from assumption or unsupported inference. That distinction supports a proportionate procedure and a clearly documented conclusion.