

PRACTICE EXAM 11: 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 building-permit revenue, the audit team evaluates this issue: Due professional care primarily requires an auditor to do what?

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

2. While reviewing controls over shared computer equipment, the audit team evaluates this issue: Why should auditors document significant professional judgments?

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

3. In an examination of legal-service billing, the audit team evaluates this issue: 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

4. During analysis of ambulance-dispatch performance, the audit team evaluates this issue: 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. Management guarantees all information supplied is complete
- D. Risk is reduced to an acceptably low level, not eliminated

5. While evaluating a childcare-support initiative, the audit team evaluates this issue: Confidential audit information should be disclosed externally only when what condition exists?

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

6. In a follow-up of bank-reconciliation findings, the audit team evaluates this issue: 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. Collectively, against the knowledge needed for the engagement
- D. By the audited unit after fieldwork ends

7. During an audit of digital-record retention, the audit team evaluates this issue: 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

8. While assessing a vocational-training program, the audit team evaluates this issue: When evidence contradicts management's explanation, the auditor should first do what?

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

9. In a review of cloud-service expenditures, the audit team evaluates this issue: Which behavior most directly supports an ethical audit culture?

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

10. During planning for a treasury-operations audit, the audit team evaluates this issue: 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. Obtain qualified assistance and evaluate the specialist's work
- D. Apply financial audit procedures to all technical controls

11. During an audit of building-permit revenue, the audit team evaluates this issue: An auditor is assigned to review a program managed by the auditor's sibling. What is the best initial action?

- A. Disclose the relationship and seek an independence determination

- B. Proceed because family relationships never affect objectivity
- C. Limit testing to transactions the sibling did not approve
- D. Ask the sibling to certify that no conflict exists

12. While reviewing controls over shared computer equipment, the audit team evaluates this issue: Which responsibility remains with agency management during an audit?

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

13. In an examination of legal-service billing, the audit team evaluates this issue: Professional skepticism is best demonstrated when an auditor does what?

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

14. During analysis of ambulance-dispatch performance, the audit team evaluates this issue: A supervisor pressures an auditor to omit a supported adverse finding. What should the auditor do?

- A. Remove the finding to preserve the relationship
- B. Discuss the matter only with the audited employee
- C. Delay the report indefinitely without explanation
- D. Document the issue and use established escalation channels

15. While evaluating a childcare-support initiative, the audit team evaluates this issue: Which situation most clearly creates a self-review threat?

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

16. In a follow-up of bank-reconciliation findings, the audit team evaluates this issue: 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

17. During an audit of digital-record retention, the audit team evaluates this issue: Which control most directly addresses payments to fictitious vendors?

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

18. While assessing a vocational-training program, the audit team evaluates this issue: 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

19. In a review of cloud-service expenditures, the audit team evaluates this issue: 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

20. During planning for a treasury-operations audit, the audit team evaluates this issue: A control is well designed but employees routinely bypass it. How should the auditor characterize it?

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

21. During an audit of building-permit revenue, the audit team evaluates this issue: 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

22. While reviewing controls over shared computer equipment, the audit team evaluates this issue: Which condition is a fraud risk indicator rather than proof of fraud?

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

23. In an examination of legal-service billing, the audit team evaluates this issue: A small office cannot fully segregate incompatible duties. What is the best compensating control?

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

24. During analysis of ambulance-dispatch performance, the audit team evaluates this issue: 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

25. While evaluating a childcare-support initiative, the audit team evaluates this issue: Why are privileged user accounts considered high risk?

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

26. In a follow-up of bank-reconciliation findings, the audit team evaluates this issue: 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

27. During an audit of digital-record retention, the audit team evaluates this issue: 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

28. While assessing a vocational-training program, the audit team evaluates this issue: 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

29. In a review of cloud-service expenditures, the audit team evaluates this issue: What does continuous monitoring add to a control system?

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

30. During planning for a treasury-operations audit, the audit team evaluates this issue: Which arrangement best segregates cash-receipt duties?

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

31. During an audit of building-permit revenue, the audit team evaluates this issue: 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

32. While reviewing controls over shared computer equipment, the audit team evaluates this issue: What should an audit objective specify?

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

33. In an examination of legal-service billing, the audit team evaluates this issue: 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

34. During analysis of ambulance-dispatch performance, the audit team evaluates this issue: Which scope statement is most complete?

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

35. While evaluating a childcare-support initiative, the audit team evaluates this issue: 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

36. In a follow-up of bank-reconciliation findings, the audit team evaluates this issue: What is the best reason to hold an entrance conference?

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

37. During an audit of digital-record retention, the audit team evaluates this issue: 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

38. While assessing a vocational-training program, the audit team evaluates this issue: Which procedure best tests whether purchases received required approval?

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

39. In a review of cloud-service expenditures, the audit team evaluates this issue: 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

40. During planning for a treasury-operations audit, the audit team evaluates this issue: 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

41. During an audit of building-permit revenue, the audit team evaluates this issue: What is the chief purpose of supervisory review during fieldwork?

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

42. While reviewing controls over shared computer equipment, the audit team evaluates this issue: 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. Report fraud immediately without corroboration
- C. Ask the buyer to decide whether testing is necessary
- D. Expand or modify testing based on the increased risk

43. In an examination of legal-service billing, the audit team evaluates this issue: Which criterion is most suitable for assessing compliance with an approval requirement?

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

44. During analysis of ambulance-dispatch performance, the audit team evaluates this issue: Why should an auditor identify potential users of the report during planning?

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

45. While evaluating a childcare-support initiative, the audit team evaluates this issue: What is the best way to coordinate work with another assurance provider?

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

46. In a follow-up of bank-reconciliation findings, the audit team evaluates this issue: 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

47. During an audit of digital-record retention, the audit team evaluates this issue: 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

48. While assessing a vocational-training program, the audit team evaluates this issue: 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

49. In a review of cloud-service expenditures, the audit team evaluates this issue: What is the purpose of cross-referencing workpapers?

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

50. During planning for a treasury-operations audit, the audit team evaluates this issue: When evidence has conflicting reliability, what should the auditor emphasize?

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

51. During an audit of building-permit revenue, the audit team evaluates this issue: 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

52. While reviewing controls over shared computer equipment, the audit team evaluates this issue: 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 prior-year balance copied from an old report
- D. A confirmation received directly from the financial institution

53. In an examination of legal-service billing, the audit team evaluates this issue: 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

54. During analysis of ambulance-dispatch performance, the audit team evaluates this issue: Why is inquiry alone usually insufficient evidence of control operation?

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

55. While evaluating a childcare-support initiative, the audit team evaluates this issue: 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

56. In a follow-up of bank-reconciliation findings, the audit team evaluates this issue: Which selection method gives every population item a known chance of selection?

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

57. During an audit of digital-record retention, the audit team evaluates this issue: A sample contains an unexpectedly high exception rate. What should the auditor do?

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

58. While assessing a vocational-training program, the audit team evaluates this issue: Which element of a finding describes what should have occurred?

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

59. In a review of cloud-service expenditures, the audit team evaluates this issue: Which element of a finding explains why the condition occurred?

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

60. During planning for a treasury-operations audit, the audit team evaluates this issue: What is the strongest way to establish the effect of duplicate payments?

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

61. During an audit of building-permit revenue, the audit team evaluates this issue: 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. 2.0 to 1
- C. 1.0 to 1
- D. 3.0 to 1

62. While reviewing controls over shared computer equipment, the audit team evaluates this issue: Beginning supplies were \$18,000, purchases were \$42,000, and ending supplies were \$15,000. What amount was used?

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

63. In an examination of legal-service billing, the audit team evaluates this issue: Budgeted spending was \$800,000 and actual spending was \$760,000. What is the favorable spending variance?

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

64. During analysis of ambulance-dispatch performance, the audit team evaluates this issue: What is the primary purpose of a trial balance?

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

65. While evaluating a childcare-support initiative, the audit team evaluates this issue: Which cost is most likely variable for a printing operation?

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

66. In a follow-up of bank-reconciliation findings, the audit team evaluates this issue: An invoice is recorded twice in accounts payable. Which assertion is most directly affected?

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

67. During an audit of digital-record retention, the audit team evaluates this issue: 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

68. While assessing a vocational-training program, the audit team evaluates this issue: Which account normally carries a credit balance?

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

69. In a review of cloud-service expenditures, the audit team evaluates this issue: What is the purpose of a bank reconciliation?

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

70. During planning for a treasury-operations audit, the audit team evaluates this issue: An expense is incurred in June but paid in July. Under accrual accounting, when is it recognized?

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

71. During an audit of building-permit revenue, the audit team evaluates this issue: Which ratio best measures ability to cover short-term obligations with short-term assets?

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

72. While reviewing controls over shared computer equipment, the audit team evaluates this issue: 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

73. In an examination of legal-service billing, the audit team evaluates this issue: What is the median of 3, 5, 7, 11, and 20?

- A. 5
- B. 9.2
- C. 11
- D. 7

74. During analysis of ambulance-dispatch performance, the audit team evaluates this issue: 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

75. While evaluating a childcare-support initiative, the audit team evaluates this issue: A population contains 2,400 invoices, and 8% lack required approval. How many invoices is that?

- A. 120
- B. 192
- C. 180
- D. 240

76. In a follow-up of bank-reconciliation findings, the audit team evaluates this issue: Quarterly recoveries were \$20,000, \$35,000, \$25,000, and \$40,000. What was the annual total?

- A. \$120,000
- B. \$100,000
- C. \$110,000
- D. \$130,000

77. During an audit of digital-record retention, the audit team evaluates this issue: A backlog fell from 900 cases to 630 cases. By what percentage did it decrease?

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

78. While assessing a vocational-training program, the audit team evaluates this issue: Five invoice amounts are \$90, \$95, \$100, \$105, and \$610. Which statistic best describes the typical invoice?

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

79. In a review of cloud-service expenditures, the audit team evaluates this issue: A team completes 75% of 320 planned tests. How many tests are completed?

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

80. During planning for a treasury-operations audit, the audit team evaluates this issue: 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

81. During an audit of building-permit revenue, the audit team evaluates this issue: 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

82. While reviewing controls over shared computer equipment, the audit team evaluates this issue: A sample contains 18 exceptions among 120 transactions. What is the sample exception rate?

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

83. In an examination of legal-service billing, the audit team evaluates this issue: Program costs rose from \$500,000 to \$575,000. What was the percentage increase?

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

84. During analysis of ambulance-dispatch performance, the audit team evaluates this issue: What is the mean of 8, 10, 12, 14, and 16?

- A. 10
- B. 12
- C. 11
- D. 14

85. While evaluating a childcare-support initiative, the audit team evaluates this issue: Which evidence is needed before attributing an outcome change to a program?

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

86. In a follow-up of bank-reconciliation findings, the audit team evaluates this issue: What does an economy objective primarily examine?

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

87. During an audit of digital-record retention, the audit team evaluates this issue: A recommendation is most actionable when it does what?

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

88. While assessing a vocational-training program, the audit team evaluates this issue: Which measure best evaluates the effectiveness of a job-training program?

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

89. In a review of cloud-service expenditures, the audit team evaluates this issue: Which measure is an efficiency indicator?

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

90. During planning for a treasury-operations audit, the audit team evaluates this issue: 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 more outputs automatically prove effectiveness
- C. Whether outcome data should be omitted
- D. Whether activities plausibly contribute to the intended outcome

91. During an audit of building-permit revenue, the audit team evaluates this issue: What is benchmarking most useful for?

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

92. While reviewing controls over shared computer equipment, the audit team evaluates this issue: 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

93. In an examination of legal-service billing, the audit team evaluates this issue: A report uses the term “material” without defining its context. What should the writer do?

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

94. During analysis of ambulance-dispatch performance, the audit team evaluates this issue: Which executive-summary statement is strongest?

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

95. While evaluating a childcare-support initiative, the audit team evaluates this issue: If all approved requests contain a supervisor signature and Request 44 lacks a signature, what follows?

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

96. In a follow-up of bank-reconciliation findings, the audit team evaluates this issue: 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. Verify the correction and update affected report language
- D. Move the disputed fact to an unrelated appendix

97. During an audit of digital-record retention, the audit team evaluates this issue: Why should recommendations be linked to finding causes?

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

98. While assessing a vocational-training program, the audit team evaluates this issue: Which sentence is most objective for an audit report?

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

99. In a review of cloud-service expenditures, the audit team evaluates this issue: Which order presents a finding most logically?

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

100. During planning for a treasury-operations audit, the audit team evaluates this issue: What is the clearest revision of “Controls were not always done correctly”?

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

Practice Exam 11: Answer Key and Explanations

1. C — 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.

2. B — 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.

3. 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.

4. D — 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.

5. A — 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.

6. C — 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.

7. 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.

8. D — 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.

9. D — 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.

10. C — 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.

11. A — 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.

12. B — 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.

13. A — 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.

14. D — 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.

15. B — 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.

16. 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.

17. C — 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.

18. 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.

19. 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.

20. A — 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.

21. 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.

22. D — 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.

23. B — 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.

24. 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.

25. B — 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.

26. 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.

27. 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.

28. 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.

29. A — 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.

30. D — 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.

31. 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.

32. B — 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.

33. 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.

34. D — 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.

35. 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.

36. A — 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.

37. 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.

38. B — 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.

39. 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.

40. 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.

41. A — 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.

42. D — 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.

43. C — 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.

44. B — 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.

45. D — 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.

46. 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.

47. 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.

48. 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.

49. B — 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.

50. C — 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.

51. 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.

52. D — 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.

53. 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.

54. A — 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.

55. 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.

56. D — 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.

57. A — 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.

58. B — 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.

59. D — 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.

60. C — 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.

61. B — 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.

62. D — 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.

63. A — 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.

64. C — 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.

65. A — 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.

66. B — 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.

67. 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.

68. 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.

69. D — 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.

70. B — 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.

71. C — 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.

72. 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.

73. 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.

74. 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.

75. 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.

76. A — 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.

77. B — 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.

78. C — 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.

79. D — 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.

80. 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.

81. 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.

82. 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.

83. D — 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.

84. B — 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.

85. A — 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.

86. B — 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.

87. D — 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.

88. C — 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.

89. A — 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.

90. D — 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.

91. B — 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.

92. 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.

93. B — 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.

94. A — 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.

95. D — 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.

96. C — 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.

97. A — 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.

98. D — 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.

99. C — 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.

100. B — 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.