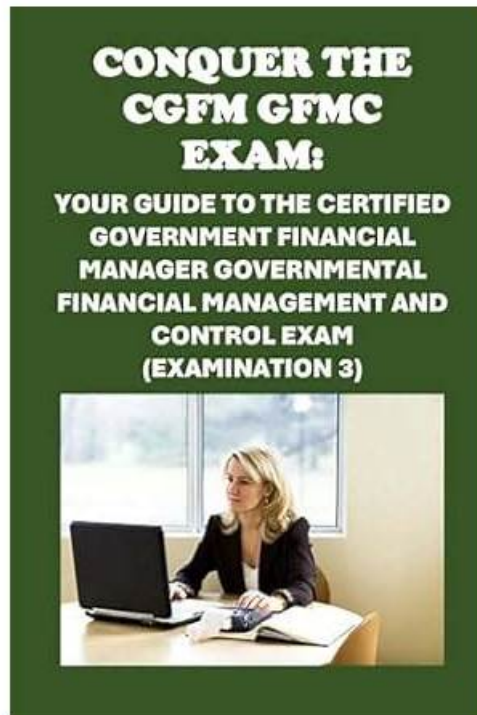


# 2026 AGA GFMC: Examination 3: Governmental Financial Management and Control (GFMC) Hottest Certification



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Beyond knowing the answer, and actually understanding the GFMC test questions puts you one step ahead of the test. Completely understanding a concept and reasoning behind how something works, makes your task second nature. Your GFMC quiz will melt in your hands if you know the logic behind the concepts. Any legitimate GFMC prep materials should enforce this style of learning - but you will be hard pressed to find more than a GFMC practice test anywhere other than ITCertMagic.

## AGA GFMC Exam Syllabus Topics:

Topic	Details

Topic 1	<ul style="list-style-type: none"> <li>• Performance Measurement</li> <li>• Metrics</li> <li>• Service Efforts and Accomplishments: This section of the exam measures the ability of program managers and strategic planners to align performance indicators with organizational outcomes. It covers the integration of financial and non-financial metrics with strategic goals, the importance of transparency and accountability, and how performance data informs budgetary decisions. Candidates must understand stakeholder engagement, baseline setting, legal compliance, and benchmark creation.</li> </ul>
Topic 2	<ul style="list-style-type: none"> <li>• Financial Management Functions: This section of the exam measures the competencies of public sector finance officers and treasury analysts in managing financial operations in government environments. It covers essential areas such as cash flow practices, investment strategy, debt recovery, and procurement processes. Candidates are expected to understand property and inventory systems, evaluate IT-based financial systems, and apply emerging technologies. Shared services and project management principles are also included as foundational knowledge areas.</li> </ul>
Topic 3	<ul style="list-style-type: none"> <li>• Auditing: This section of the exam measures the auditing knowledge of financial controllers and government auditors. It focuses on audit standards, types of audits, the audit process, and the responsibilities of both auditors and auditees. Key topics include audit preparation, follow-up, independence, materiality, and the scope of the Single Audit Act. Candidates are also expected to be familiar with fieldwork, reporting, and confidentiality concerns relevant to public sector audits.</li> </ul>
Topic 4	<ul style="list-style-type: none"> <li>• Financial and Managerial Analysis Techniques: This section of the exam measures the skills of budget analysts and financial managers in using quantitative tools and data to assess financial decisions. It includes techniques like trend and ratio analysis, forecasting, regression, and data analytics. It also tests understanding of data sources, reliability, and how forensic auditing can be used for deeper insight into financial activities.</li> </ul>
Topic 5	<ul style="list-style-type: none"> <li>• Internal Control: This section of the exam measures the capabilities of compliance officers and internal auditors in implementing and evaluating internal control systems. It includes knowledge of COSO frameworks, OMB standards, and audit procedures aimed at fraud prevention and legal compliance. Candidates must understand roles and responsibilities related to internal control, risk assessment, reporting mechanisms, and enterprise risk management frameworks.</li> </ul>

>> **GFMC Hottest Certification** <<

## **GFMC Hottest Certification | Latest GFMC: Examination 3: Governmental Financial Management and Control (GFMC)**

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### **AGA Examination 3: Governmental Financial Management and Control (GFMC) Sample Questions (Q30-Q35):**

#### **NEW QUESTION # 30**

Internal control over financial reporting means that management can reasonably make which of the following assertions?

- A. A physical inventory has been conducted of all assets meeting the jurisdiction's capitalization threshold.
- B. Sufficient spending authority and financial resources exist to support reported expenditures.
- C. Management has met its legislatively directed program goals.
- **D. All assets and liabilities have been properly valued and, where applicable, all costs have been properly allocated.**

**Answer: D**

Explanation:

What Is Internal Control Over Financial Reporting?

Internal control over financial reporting (ICFR) ensures the reliability of an entity's financial statements. It focuses on maintaining accurate, complete, and properly valued financial information that complies with accounting standards and meets the needs of users.

Why Is Option C Correct?

\* Proper valuation of assets and liabilities is a critical component of ICFR. It ensures that financial statements fairly represent the entity's financial position.

\* Cost allocation is also essential where applicable, such as assigning costs to programs or projects.

Why Other Options Are Incorrect:

\* A. Sufficient spending authority and financial resources exist: This relates to budgetary control, not financial reporting.

\* B. Physical inventory of capitalized assets: Conducting a physical inventory is part of asset management, not financial reporting assertions.

\* D. Legislatively directed program goals: Meeting program goals is related to performance reporting, not ICFR.

References and Documents:

\* GAO Standards for Internal Control (Green Book): Stresses the importance of proper valuation and cost allocation for accurate financial reporting.

\* COSO Framework: Emphasizes ICFR's role in ensuring reliable and accurate financial statements.

### NEW QUESTION # 31

How may a city parks and recreation director meaningfully assess the performance of the department's grounds maintenance division?

- A. use a single measure of citizen satisfaction with parks and recreation
- B. analyze grounds maintenance staffing levels
- C. compare cost per acre maintained to cost per acre maintained in another jurisdiction
- D. evaluate funds spent on grounds maintenance

**Answer: C**

Explanation:

Why Is This the Best Measure for Performance?

\* Comparing the cost per acre maintained to that of another jurisdiction provides a meaningful benchmark for performance evaluation. It allows the director to assess how efficiently the department is operating relative to similar organizations.

\* This comparison ensures that the department is managing resources effectively and identifies potential areas for improvement.

Why Other Options Are Incorrect:

\* A. Use a single measure of citizen satisfaction: While citizen satisfaction is important, it is subjective and does not provide insight into operational efficiency.

\* B. Evaluate funds spent on grounds maintenance: Total spending does not measure efficiency or productivity; it merely reflects the amount allocated.

\* C. Analyze staffing levels: Staffing levels do not directly measure performance; they are only one factor in determining efficiency.

References and Documents:

\* Governmental Performance Reporting (AGA): Recommends using comparative benchmarks for evaluating efficiency in service delivery.

\* Performance Management Framework by GAO: Highlights cost-effectiveness metrics such as cost per acre maintained.

### NEW QUESTION # 32

Management's need for real-time access to data is facilitated when

- A. data is represented visually and includes information that indirectly relates to the subject matter.
- B. data supporting dashboards are updated every quarter.
- C. the prior year's financial statement data underlies the management reports used to decide on future expenditures.
- D. complex data sets are available on demand, presented with minimal distractions.

**Answer: D**

Explanation:

Why Does Management Need Real-Time Data Access?

\* Real-time access to data enables managers to make timely and informed decisions.

\* Complex data sets presented clearly and concisely (with minimal distractions) allow decision-makers to focus on the critical insights

necessary for strategic and operational planning.

Why Is Option D Correct?

\* On-demand access ensures managers can retrieve updated data whenever needed. Presenting the data in a focused and distraction-free format facilitates quick comprehension and decision-making.

Why Other Options Are Incorrect:

\* A. Visual representation with indirect information: Including unrelated data can overwhelm users and detract from effective decision-making.

\* B. Dashboards updated quarterly: Quarterly updates do not meet the need for real-time access.

\* C. Prior year's financial data: Decisions based solely on historical data are not responsive to real-time needs.

References and Documents:

\* GAO Data Analytics and Visualization Framework: Stresses the importance of real-time, actionable, and distraction-free data for decision-making.

\* AICPA Dashboard Guidelines: Recommends presenting complex data sets in a clear and accessible format for management use.

### NEW QUESTION # 33

The Single Audit Act requires

- A. agencies to use an audit process to maximize the value of and manage acquisition risks.
- **B. financial statement audits of non-federal entities that receive or administer grant awards of federal funds.**
- C. agencies to establish and assess internal controls related to audits.
- D. federal departments to have single audits of financial management systems.

**Answer: B**

Explanation:

What Does the Single Audit Act Require?

\* The Single Audit Act requires non-federal entities (e.g., state and local governments, nonprofit organizations) that receive significant federal funds to undergo a single, organization-wide audit.

\* The audit focuses on both the entity's financial statements and its compliance with federal program requirements.

Why Is Option A Correct?

\* The Single Audit Act ensures accountability and transparency in the use of federal funds by requiring financial statement audits and compliance testing for grant recipients.

Why Other Options Are Incorrect:

\* B. Using audits to manage acquisition risks: This relates to procurement and contract management, not the Single Audit Act.

\* C. Single audits of federal financial management systems: The act applies to non-federal entities, not federal agencies.

\* D. Establishing internal controls related to audits: While internal controls are assessed during a single audit, the act does not mandate their establishment.

References and Documents:

\* Single Audit Act of 1984 (Amended 1996): Specifies the requirements for audits of non-federal entities receiving federal funds.

\* OMB Circular A-133 (Superseded by Uniform Guidance, 2 CFR Part 200): Provides detailed guidance on single audit requirements.

### NEW QUESTION # 34

Which action represents an internal control deficiency in an agency responsible for building and maintaining dams?

- A. The agency inspects the completed work to assure compliance with the contract specifications.
- **B. The agency responds to the maintenance needs only as complaints are received or as employees report problems.**
- C. The agency releases the contractor's bond only after assuring that all work is performed satisfactorily.
- D. The agency checks the references of bidders.

**Answer: B**

Explanation:

What Is an Internal Control Deficiency?

\* An internal control deficiency occurs when an organization fails to implement controls to prevent or detect risks effectively.

\* In this case, responding only to maintenance needs when complaints are received demonstrates a lack of proactive controls, increasing the risk of issues going unnoticed or escalating over time.

Why Is Option C Correct?

\* Proactive maintenance schedules and inspections are essential for ensuring the safety and functionality of critical infrastructure like

### Why Other Options Are Incorrect:

- ### References and Documents:

- ### NEW QUESTION # 35

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