



Topic 2	<ul style="list-style-type: none"> <li>• <b>Internal Control:</b> 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>
Topic 3	<ul style="list-style-type: none"> <li>• <b>Performance Measurement</b></li> <li>• <b>Metrics</b></li> <li>• <b>Service Efforts and Accomplishments:</b> 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 4	<ul style="list-style-type: none"> <li>• <b>Financial and Managerial Analysis Techniques:</b> 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>• <b>Financial Management Functions:</b> 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>

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### AGA Examination 3: Governmental Financial Management and Control (GFMC) Sample Questions (Q67-Q72):

#### NEW QUESTION # 67

Which of the following is an example of an outcome measure?

- A. amount of disability inquiries received during a pandemic
- **B. percentage of disaster claims paid on time**
- C. total environmental impact statements reviewed
- D. number of federal capital territory students that graduated

**Answer: B**

Explanation:

What Is an Outcome Measure?

\* An outcome measure evaluates the results or impacts of a program or service, focusing on whether objectives were achieved (e.g., efficiency, effectiveness, or quality).

\* Percentage of disaster claims paid on time directly reflects the program's ability to meet its goal of providing timely financial assistance to disaster victims, making it an outcome measure.

Why Other Options Are Incorrect:

- \* A. Amount of disability inquiries received during a pandemic: This is an input measure, as it reflects the demand or workload, not the results.
- \* B. Total environmental impact statements reviewed: This is an output measure, showing the quantity of work done, not the effectiveness or result.
- \* C. Number of federal capital territory students that graduated: While this measures results, it reflects an output rather than an outcome (it doesn't assess the quality or long-term impact of education).

References and Documents:

- \* Government Performance and Results Act (GPRA): Emphasizes the use of outcome measures to evaluate program performance.
- \* GAO Performance Measurement Guide: Defines and provides examples of outcome, output, and input measures.

### NEW QUESTION # 68

In addition to the Yellow Book, which group's external audit standards can the GAO reference?

- **A. International Organization of Supreme Audit Institutions**
- B. Public Company Accounting Oversight Board
- C. AICPA
- D. International Auditing and Assurance Standards Board.

**Answer: A**

Explanation:

\* GAO and External Audit Standards: The Government Accountability Office (GAO) uses the Yellow Book as its primary standard. However, it may also reference external standards from recognized international and professional auditing organizations. INTOSAI is specifically mentioned in the Yellow Book as a source of additional standards for governmental audits.

\* Explanation of Answer Choices:

- \* A. Public Company Accounting Oversight Board (PCAOB): This regulates audits of publicly traded companies, not government entities.
- \* B. International Auditing and Assurance Standards Board (IAASB): This focuses on global private-sector audits, not specifically government-related.
- \* C. International Organization of Supreme Audit Institutions (INTOSAI): Correct. INTOSAI sets audit standards for public-sector auditors worldwide and is relevant for the GAO.
- \* D. AICPA: While the AICPA sets standards for U.S. auditors, INTOSAI is more relevant for international public-sector audits.

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GAO, Government Auditing Standards (Yellow Book).  
INTOSAI, Framework of Professional Standards for Supreme Audit Institutions.

### NEW QUESTION # 69

A local government is reviewing the performance of a contractor that is collecting trash for the county.

Performance can be measured based upon the cost

- A. per employee.
- B. comparison with closest comparable jurisdiction.
- C. per mile travelled.
- **D. per ton of trash collected.**

**Answer: D**

Explanation:

Why Measure Performance Based on Cost per Ton of Trash Collected?

\* Cost per ton of trash collected is a direct, objective, and quantifiable measure of the contractor's performance. It reflects how efficiently the contractor is operating relative to the amount of trash being managed.

\* This measure aligns with the principle of output-based performance evaluation, which focuses on results (e.g., tons of trash collected) rather than inputs or unrelated factors.

Why Other Options Are Incorrect:

- \* A. Per mile traveled: Mileage is not directly tied to performance; it depends on the route structure and geography, not the quantity of trash collected.
- \* C. Comparison with closest comparable jurisdiction: While this may provide context, it is not a specific performance measure.
- \* D. Per employee: Employee count does not directly measure performance or efficiency in trash collection operations.

References and Documents:

- \* GAO Guide on Contract Performance Evaluation: Recommends using measurable and outcome-based metrics like cost per ton collected for performance reviews.
- \* Best Practices in Local Government Contracting (AGA): Highlights output-based measures for evaluating contractor performance.

**NEW QUESTION # 70**

For financial audits, generally accepted auditing standards require that auditors accomplish all of the following tasks EXCEPT

- A. supervise any assistants.
- **B. make the audit report available to the public.**
- C. adequately plan the work.
- D. obtain sufficient appropriate audit evidence.

**Answer: B**

Explanation:

What Do Generally Accepted Auditing Standards (GAAS) Require for Financial Audits?

GAAS outlines specific requirements for auditors conducting financial audits, including:

- \* Adequately Planning the Work (Option A): Proper planning ensures that audits are efficient and thorough.
- \* Obtaining Sufficient, Appropriate Audit Evidence (Option C): This is critical to support the auditor's opinion on the financial statements.
- \* Supervising Assistants (Option D): Supervising any audit staff ensures that work is performed in accordance with standards.

What Does GAAS Not Require?

- \* GAAS does not specifically require auditors to make the audit report available to the public (Option B).

While making reports available to the public may be required by other laws, regulations, or organizational policies, it is not a standard requirement under GAAS. The decision to make the report public often lies with the audited entity or governing bodies.

References and Documents:

- \* AICPA Statements on Auditing Standards (SAS): The foundational standards that define GAAS requirements.
- \* GAGAS (Yellow Book): While GAGAS may have additional reporting requirements, it does not mandate public access to the audit report unless stipulated by law.

**NEW QUESTION # 71**

According to the GAO, internal control is a process used by management to

- A. develop a strategic plan.
- **B. help an entity achieve its objectives.**
- C. design an ERM system.
- D. set the tone at the top.

**Answer: B**

Explanation:

\* Definition of Internal Control (According to GAO):

\* Internal control is a process implemented by management to provide reasonable assurance that the organization will achieve its objectives in:

- \* Operations (effectiveness and efficiency).
- \* Reporting (reliable and accurate financial and non-financial reporting).
- \* Compliance (adherence to laws and regulations).

\* Explanation of Answer Choices:

- \* A. Help an entity achieve its objectives: Correct. This is the primary purpose of internal controls.
- \* B. Design an ERM system: Incorrect. Enterprise Risk Management (ERM) is broader than internal control and includes risk strategy and appetite.
- \* C. Set the tone at the top: Incorrect. While the tone at the top is part of the control environment, it is not the full scope of internal control.
- \* D. Develop a strategic plan: Incorrect. Internal control supports strategic plans but is not directly involved in developing them.

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GAO, Standards for Internal Control in the Federal Government (Green Book).  
COSO, Internal Control - Integrated Framework.

