

CGFO Practice Test Questions and Answers

1. What is a lockbox service?

- A) A secure file storage system.
- B) A banking service for processing receivables efficiently
- C) An internal audit mechanism.
- D) A treasury report generator.

2. What is zero-based budgeting?

- A) Budgeting based on prior year figures
- B) Eliminating all non-essential expenses
- C) Starting from a zero base and justifying every expense
- D) Only using revenue from taxes

3. What is a capital budget used for?

- A) For monthly salaries
- B) For routine office expenses
- C) For long-term investments and capital projects
- D) For travel reimbursements

4. What is a structural budget deficit?

- A) A one-time shortfall due to emergencies
- B) A temporary imbalance from timing differences
- C) An ongoing deficit even when the economy is strong
- D) Surplus from unspent budget

Answers: 1-B 2-C 3-C 4-C

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