

FAR Practice Test Questions and Answers

1. What does total cost analysis include?

- A) Only labor and materials
- B) Direct and indirect costs
- C) Overhead only
- D) Fixed costs only

2. Parametric estimating is best described as:

- A) Item-by-item pricing
- B) Linear depreciation methods
- C) Statistical modeling
- D) Pre-award surveys

3. Which is NOT a valid method of cost analysis?

- A) Comparison with historical data
- B) Technical analysis of labor hours
- C) Audit of indirect costs
- D) Price negotiation

4. When is cost realism analysis typically used?

- A) In sealed bidding
- B) In fixed-price contracts
- C) In cost-reimbursement contracts
- D) In time-and-material contracts

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

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