

2025 BOG Prep Week 2 Quiz - Accounting/Finance and Governance

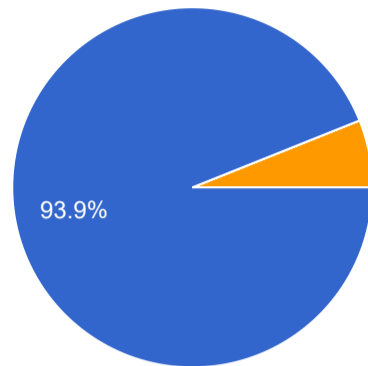
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1. Financial statements are important in order to:

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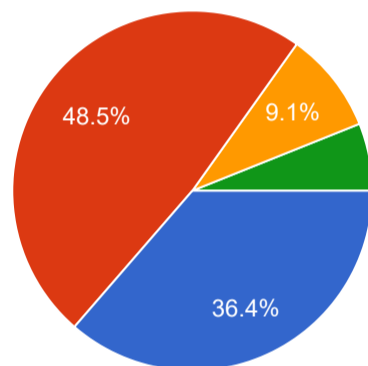


- A. Identify, measure, record and communicate, in dollar terms, the economic events and status...
- B. Serve as a control mechanism for budgeting
- C. Provide detailed financial information for control at the department level
- D. Provide staffing guidelines to human resource managers.

2. Which one of the following classifications or groups of financial ratios would be most useful as a guide to long-range financial viability of an organization in undertaking facility replacement?

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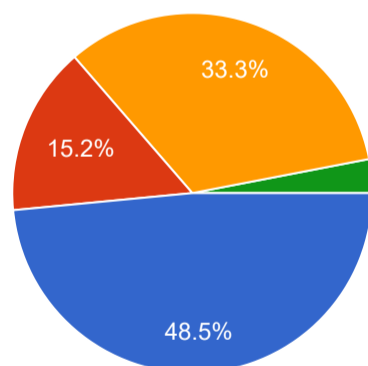


- A. Leverage ratios
- B. Profitability ratios
- C. Liquidity ratios
- D. Composition ratios

3. For information on net cash flows from providing health services for a specific time frame, the decision maker should use the:

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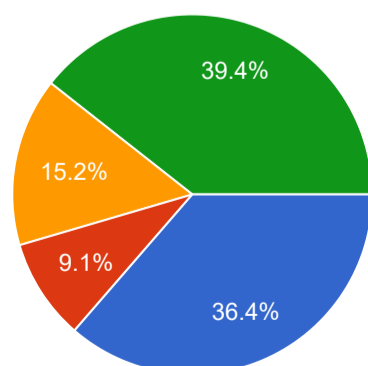


- A. Statement of cash flows
- B. Income statement
- C. Balance sheet
- D. Statement of retained earnings

4. The asset turnover ratio is useful in measuring managerial performance because it indicates the:

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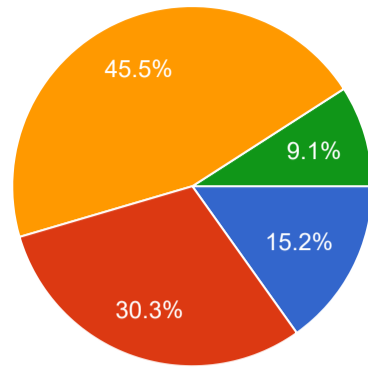


- A. Amount of resources required to generate a dollar of revenue
- B. Profitability per dollar of revenue
- C. Effectiveness of capital structure decisions
- D. Effective use of current assets



5. Which of the following ratios would be used to estimate cash flow for a specific time period: [Copy](#)

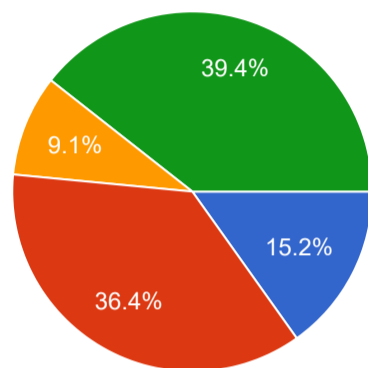
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- A. Receivable balance/Average daily revenues for period
- B. Net accounts receivable/Gross accounts receivable
- C. Cash collected during period/Revenues for period
- D. Deduction from revenue/Gross revenue for period

6. Under generally accepted accounting standards, bad debts are reported as a/an: [Copy](#)

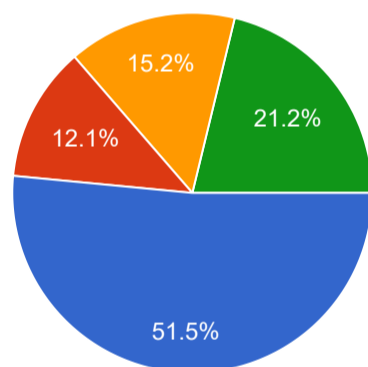
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- A. Deduction from net revenue
- B. Operating expense
- C. Contractual allowance
- D. Deduction from gross revenue

7. A technique used to shorten the in-house processing time of the accounts receivable cycle is a: [Copy](#)

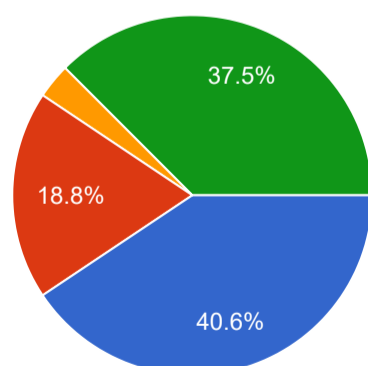
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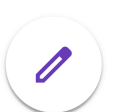
- A. "lock-box" agreement
- B. Line of credit arrangement
- C. Minimum balance arrangement
- D. Shortened write-off date

8. One of the techniques most frequently used in industry to aid management in interpreting a firm's balance sheet is computation of the "acid-test ratio," which is the ratio of: [Copy](#)

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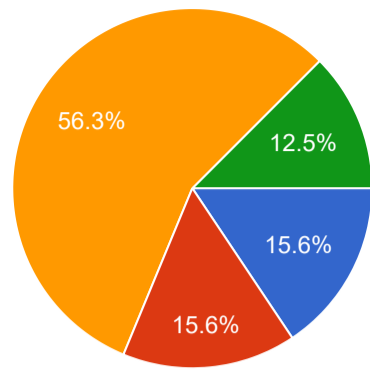
- A. Current assets to current liabilities
- B. Total assets to total liabilities
- C. Cash to short-term debt
- D. Cash, marketable securities and accounts receivable to current liabilities



9. The purpose of debt-service coverage is to:

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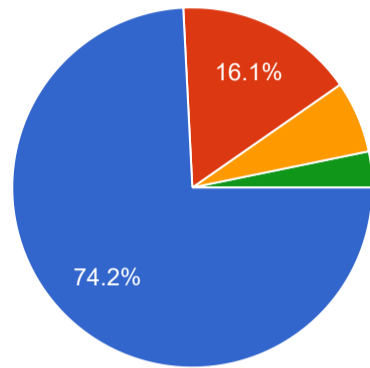


- A. Determine the payout period
- B. Determine the ratings of the bonds
- C. Protect the investor
- D. Establish the rate structure for patient services

10. Controlling the costs of accounts receivable is heavily affected by:

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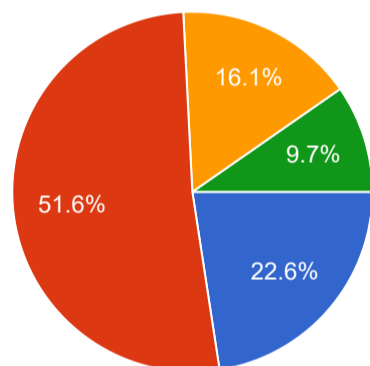


- A. The time or length of the payment cycle
- B. The dollar amount of credit granted to individuals
- C. The total dollar amount of receivables carried on the books
- D. Working capital management

11. To evaluate changes in levels of revenue and expenses as a result of changes occurring during the year, management can:

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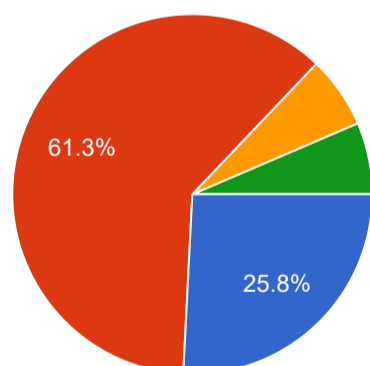


- A. Use a "step-down" method
- B. Use the contributing margin approach to budgeting
- C. Use the capital approach to budgeting
- D. Project existing trends forward for one year

12. When third-party policies and programs impede the healthcare facility's fiscal capacity to renovate and model its plant as routinely scheduled, the healthcare facility –to protect itself –should first:

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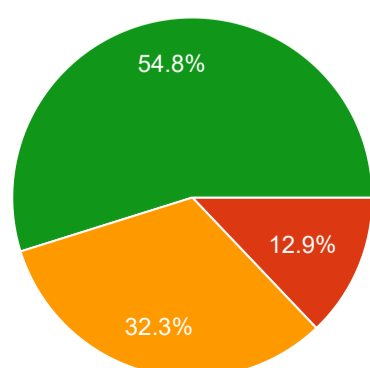


- A. Issue long term capital bonds instead of short term debt
- B. Delay capital improvements until funds are available
- C. Reduce the level of operating services
- D. Limit the number of admissions from selected third-party payment sources

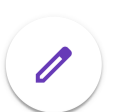
13. Which of the following rules applies to the purchase of major diagnostic or treatment equipment?

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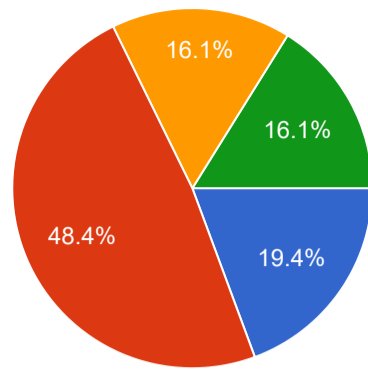
- A. Physician input is required by the accrediting body
- B. Competitive bidding is required by government programs
- C. The decision should be based on equipment depreciation schedules
- D. Funds should be allocated annually in accordance with t...



14. Temporary working capital needs should be financed through:

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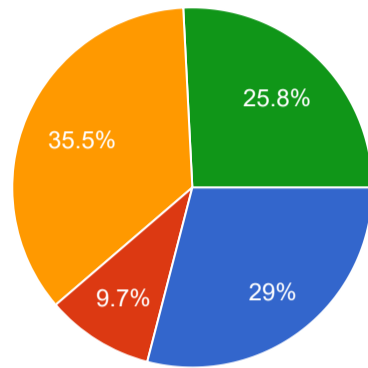


- A. Leasing of equipment
- B. Short-term debt
- C. Equity financing
- D. Accounts receivable

15. As an internal control method, a budget is most commonly used to:

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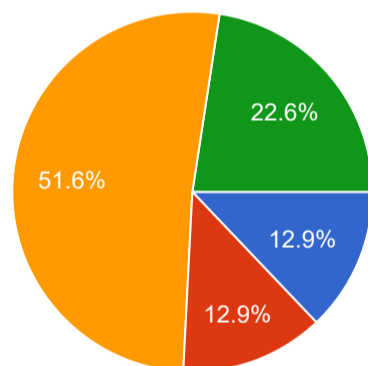


- A. Allow managers to control expenditures in the current year and to justify increases in future years
- B. Provide feedback concerning operational expenditures to the governing authority and to all departments
- C. Serve as the numerical specification of plans and to facilitate comparison of actual results with planned results
- D. Allow management to monitor operational expenditures

16. The governing body of a healthcare institution meets its responsibility for the quality of patient care by:

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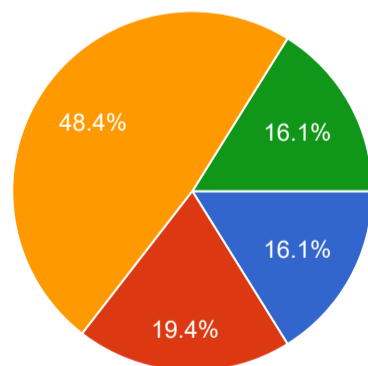


- A. Delegating accountability for patient care to the committee appointed by the governing body
- B. Delegating to the chief executive officer the responsibility for developing and implementing policies and procedures
- C. Establishing, maintaining, and supporting through medical and nursing staff
- D. Establishing an effective system for utilization review, accreditation, and certification

17. Before submission of the annual business plan to the governing authority, the plan should be developed by:

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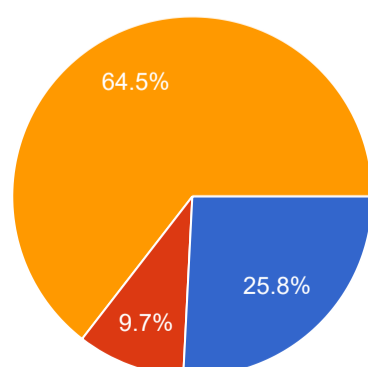


- A. Recommendations from the finance committee, on the basis of its estimate of income for the year
- B. The heads of the profit centers, considering each center's anticipated revenues and expenses
- C. Key executives, after receiving recommendations from the heads of the profit centers
- D. The heads of the operating divisions, with the CEO collating the information

18. The governing authority assures itself about the quality of care by:

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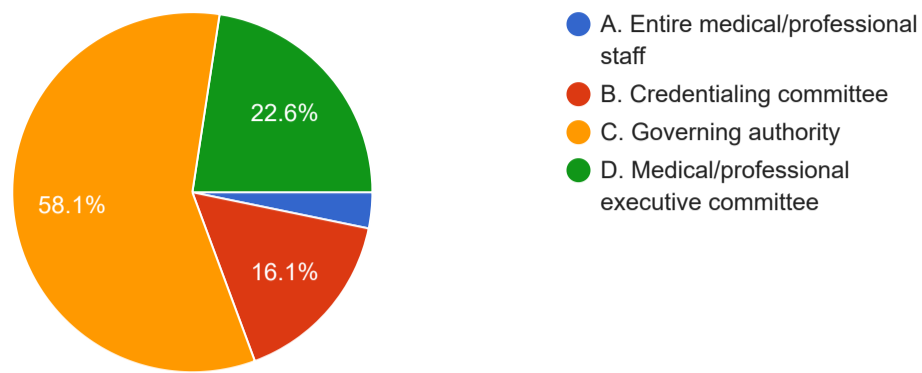


- A. Holding the CEO of the health facility accountable
- B. Making the president of the medical/professional staff an ex officio member of the governing authority
- C. Approving the process and then following up regularly and continuously to see that it is being followed
- D. Reviewing tabulated results of incidence reports



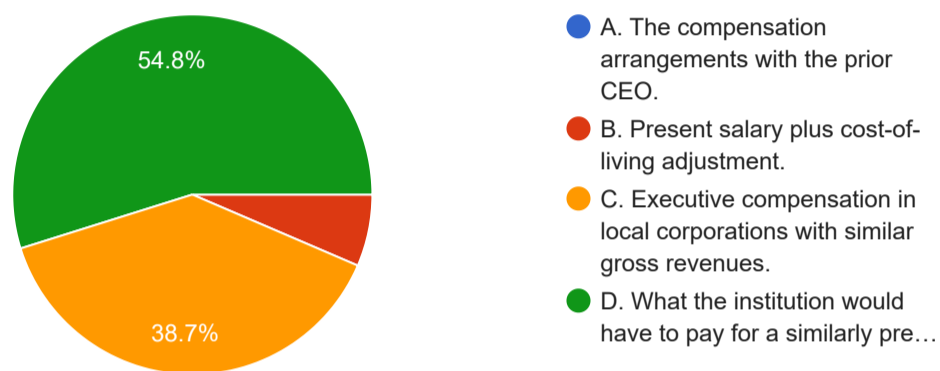
19. The establishment of an appropriate credentialing procedure for members of the medical/professional staff should ultimately be a decision of the: [Copy](#)

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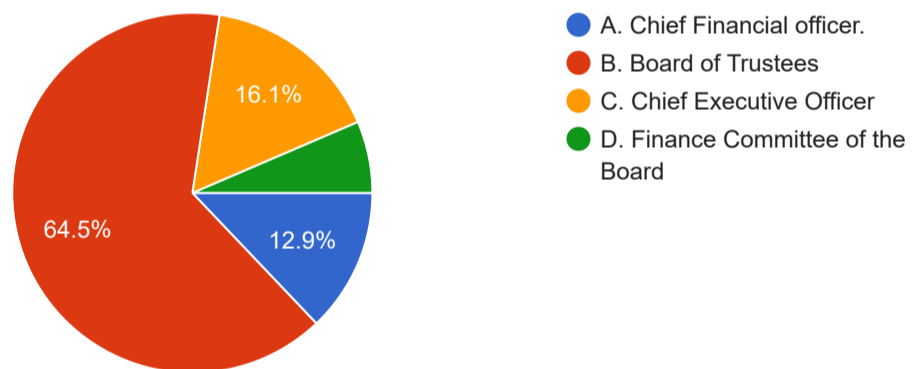
20. CEO compensation should be based on: [Copy](#)

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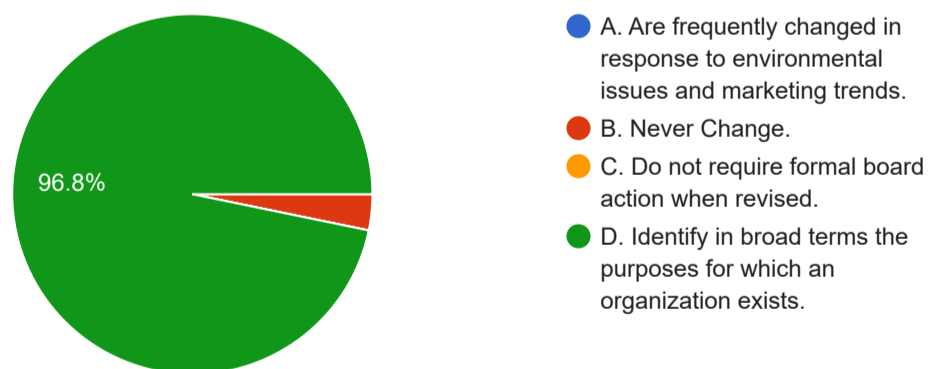
21. In a healthcare organization, who has ultimate fiduciary responsibility? [Copy](#)

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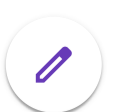
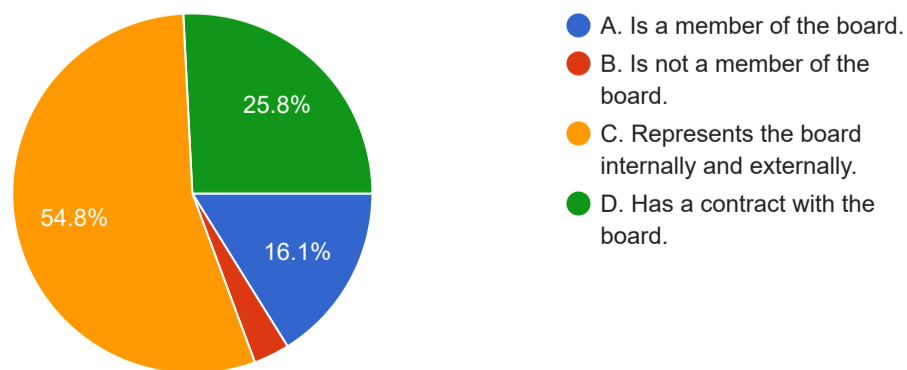
22. Mission statements: [Copy](#)

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23. The chief executive officer: [Copy](#)

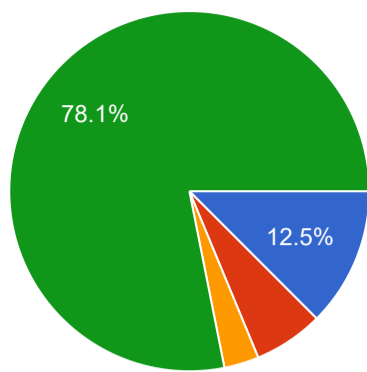
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24. Regarding the budget, the board:

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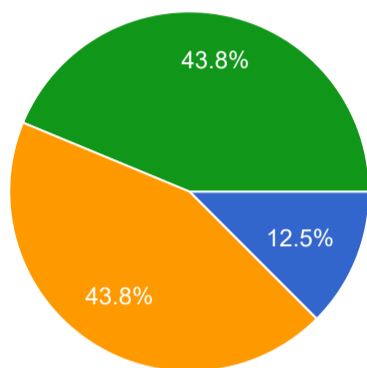


- A. Does not use the budget exercise as a way to improve quality and productivity.
- B. Gets involved in preparing budgets for all operational units.
- C. Decides which personnel are needed in top management.
- D. Establishes guidelines and makes final choices among competing opportunities.

25. The individual or group responsible for establishing policy, maintaining quality of care, and providing for institutional management planning is the:

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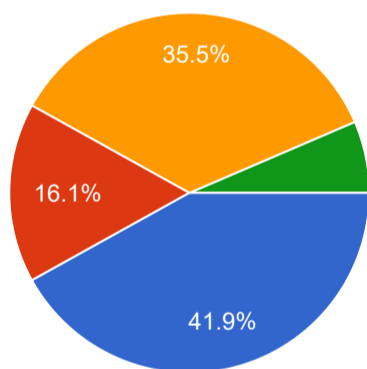


- A. Chief Medical Officer
- B. Chief Nursing Officer
- C. Hospital Authority
- D. Chief executive officer

26. A correct statement regarding trustees serving as fiduciaries is that they can:

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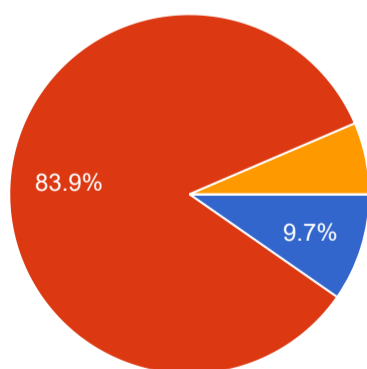


- A. Be indicted for alleged theft of facility funds and the improper expenditure of facilit...
- B. Be released from responsibility by giving the audit committee final authority in hi...
- C. Be held personally liable for wrongful acts or omissions by...
- D. Waive their fiduciary responsibility as a community...

27. A key reason for choosing board members is because:

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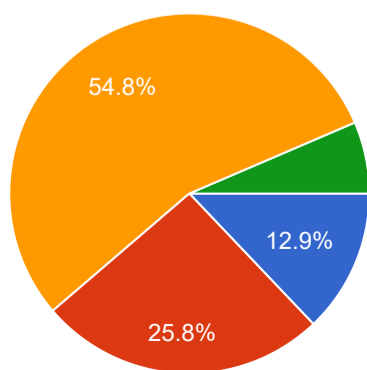


- A. They have high status in the community.
- B. Of what they can do for the organization.
- C. Other board members want to listen to their opinions.
- D. Physicians will listen to them.

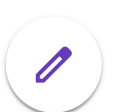
28. The administrator's relationship with the board of directors should be one in which the administrator:

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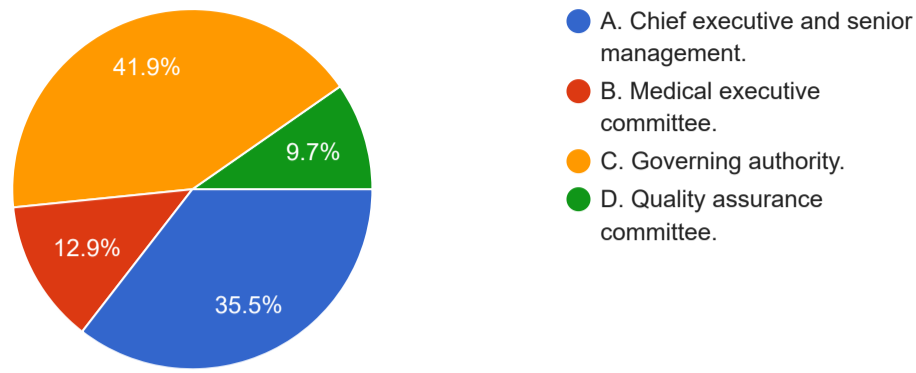


- A. Minimizes board involvement in any operational issues.
- B. Serves as the functionary for implementing all board of directors' decisions.
- C. Draws upon skills of board members in facilitating appropriate discussion and d...
- D. Identifies those topics with which the board should involv...



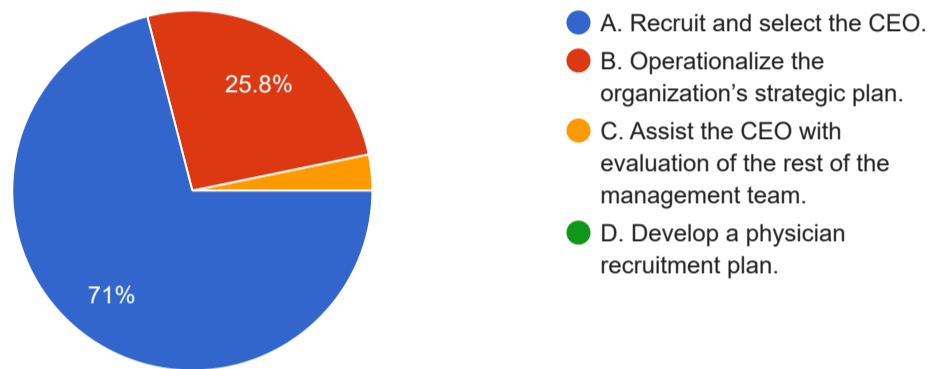
29. Which of the following bodies has the final accountability for the formulation of policies and procedures concerning professional responsibilities within the healthcare organization? [Copy](#)

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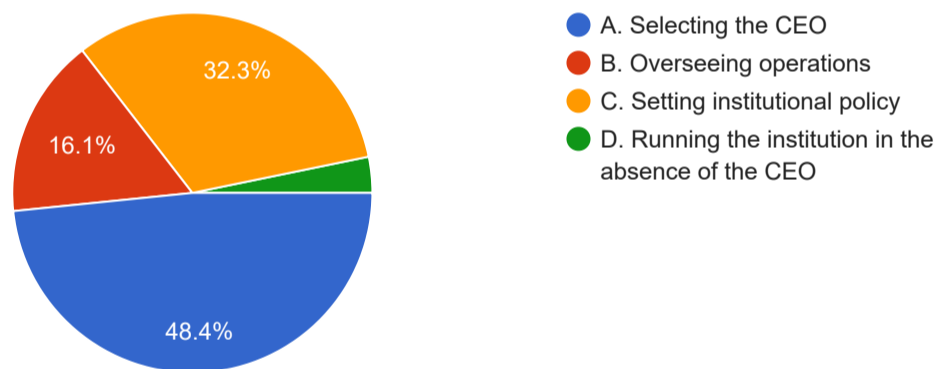
30. Which of the following is a key responsibility of a governing board? [Copy](#)

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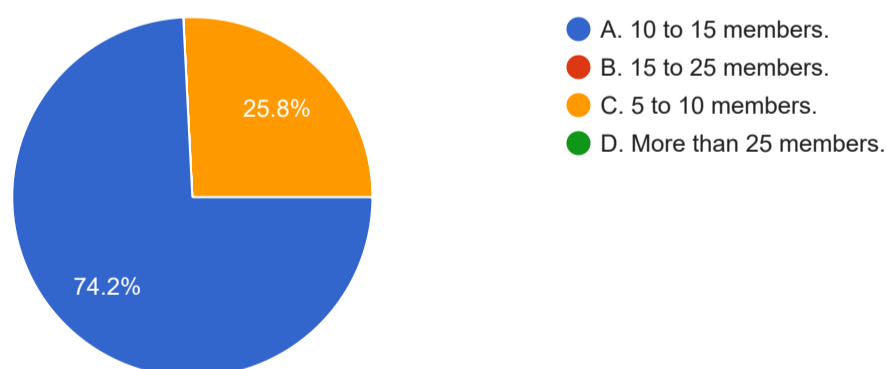
31. The main role of the board is: [Copy](#)

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32. Governing boards are typically more effective at what size? [Copy](#)

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