

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

Email *

1. Financial statements are important in order to:

1 point

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- A. Identify, measure, record and communicate, in dollar terms, the economic events and status of an organization
- 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:

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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:

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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:

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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:

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Mark only one oval.

- 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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Mark only one oval.

- 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:

1 point

Mark only one oval.

- 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 the organization's capital schedule

14. Temporary working capital needs should be financed through:

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Mark only one oval.

- 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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Mark only one oval.

- A. Allow managers to control expenditures in the current year and to justify increases in future budgets
- B. Provide feedback concerning operational expenditures to the governing authority and to allow management to satisfy the governing authority's requirements of accountability
- C. Serve as the numerical specification of plans and to function as a standard of control against which results can be compared
- D. Allow management to monitor operational expenditures and to justify future requests for decreased or increased expenditures to rate-setting agencies

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

1 point

Mark only one oval.

- A. Delegating accountability for patient care to the committee appointed by the governing body, which provides a formal administrative liaison between the governing body, the administration, and the medical/professional staff.
- B. Delegating to the chief executive officer the responsibility for developing criteria for making certain that an effective medical/professional audit is carried out.
- C. Establishing, maintaining, and supporting through medical/professional staff and management staff an ongoing program of review and evaluation of patient/client care and action on findings
- D. Establishing an effective system for utilization review, medical/professional audit activities, and credentialing of the medical/professional staff.

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

1 point

Mark only one oval.

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

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

1 point

Mark only one oval.

- 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 used
- 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:

1 point

Mark only one oval.

- A. Entire medical/professional staff
- B. Credentialing committee
- C. Governing authority
- D. Medical/professional executive committee

20. CEO compensation should be based on:

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Mark only one oval.

- A. The compensation arrangements with the prior CEO.
- B. Present salary plus cost-of-living adjustment.
- C. Executive compensation in local corporations with similar gross revenues.
- D. What the institution would have to pay for a similarly prepared person if that person were employed elsewhere.

21. In a healthcare organization, who has ultimate fiduciary responsibility?

1 point

Mark only one oval.

- A. Chief Financial officer.
- B. Board of Trustees
- C. Chief Executive Officer
- D. Finance Committee of the Board

22. Mission statements:

1 point

Mark only one oval.

- A. Are frequently changed in response to environmental issues and marketing trends.
- B. Never Change.
- C. Do not require formal board action when revised.
- D. Identify in broad terms the purposes for which an organization exists.

23. The chief executive officer:

1 point

Mark only one oval.

- A. Is a member of the board.
- B. Is not a member of the board.
- C. Represents the board internally and externally.
- D. Has a contract with the board.

24. Regarding the budget, the board:

1 point

Mark only one oval.

- 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: 1 point

Mark only one oval.

- 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: 1 point

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- A. Be indicted for alleged theft of facility funds and the improper expenditure of facility funds for personal reasons.
- B. Be released from responsibility by giving the audit committee final authority in high-risk areas of financial matters, without any action by the whole board.
- C. Be held personally liable for wrongful acts or omissions by corporate officers or co-trustees by virtue of their position as trustees.
- D. Waive their fiduciary responsibility as a community organization.

27. A key reason for choosing board members is because: 1 point

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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: 1 point

Mark only one oval.

- 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 decision making.
- D. Identifies those topics with which the board should involve itself.

29. Which of the following bodies has the final accountability for the formulation of policies and procedures concerning professional responsibilities within the healthcare organization? 1 point

Mark only one oval.

- A. Chief executive and senior management.
- B. Medical executive committee.
- C. Governing authority.
- D. Quality assurance committee.

30. Which of the following is a key responsibility of a governing board?

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Mark only one oval.

- A. Recruit and select the CEO.
- B. Operationalize the organization's strategic plan.
- C. Assist the CEO with evaluation of the rest of the management team.
- D. Develop a physician recruitment plan.

31. The main role of the board is:

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Mark only one oval.

- A. Selecting the CEO
- B. Overseeing operations
- C. Setting institutional policy
- D. Running the institution in the absence of the CEO

32. Governing boards are typically more effective at what size?

1 point

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- A. 10 to 15 members.
- B. 15 to 25 members.
- C. 5 to 10 members.
- D. More than 25 members.

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