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Accredited Payables Specialist (APS) Certification Exam



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Question: 1

What does the acronym 'ASP' stand for?

- A. Automated secure processing
- B. Application service provider
- C. Accounting standards protocol
- D. Accrual statement period

Answer: B

Explanation:

In the context of technology and accounts payable, the acronym ASP stands for Application Service Provider, which refers to a third-party provider that delivers software applications over the internet, typically on a subscription basis. This is distinct from automated secure processing (Option A), accounting standards protocol (Option C), or accrual statement period (Option D), which are not standard terms in this context.

The web source from NetSuite states: "An Application Service Provider (ASP) delivers software applications over the internet, allowing businesses to access tools like AP automation without on-premises infrastructure." This directly supports Option B.

The IOFM APS Certification Program covers "Technology and Automation," including cloud-based and hosted software solutions like those provided by ASPs. The curriculum's focus on "peer-tested best practices" aligns with understanding ASPs as a delivery model for AP tools.

Question: 2

Which of the following accounting entries are necessary to record an expense from an incoming invoice?

- A. A debit to the asset account and a corresponding debit to the expense account
- B. A credit to the AP liability account and a corresponding credit to the expense account
- C. A debit to expense and a credit to the AP liability account
- D. A credit to expense and a debit to the AP liability account

Answer: C

Explanation:

The Invoices topic in the APS Certification Program covers double-entry accounting for recording invoices. When an incoming invoice is received, it represents an obligation to pay a vendor (a liability) and an expense (or asset, depending on the purchase). The correct journal entry is to debit the expense account (to recognize the cost incurred) and credit the accounts payable (AP) liability account (to record the amount owed).

Option A (A debit to the asset account and a corresponding debit to the expense account) : Incorrect, as recording an invoice does not typically involve debiting both an asset and an expense account. An asset might be debited for capital purchases, but the second debit to an expense account is invalid, and no credit is provided to balance the entry.

Option B (A credit to the AP liability account and a corresponding credit to the expense account) : Incorrect, as crediting the expense account would reduce expenses, which is not the purpose of recording an invoice. Additionally, two credits do not form a valid journal entry without a debit.

Option C (A debit to expense and a credit to the AP liability account) : Correct. Debiting the expense account (e.g., utilities, supplies) recognizes the cost incurred, and crediting the AP liability account records the obligation to pay the vendor. This is the standard entry for expense-related invoices.

Option D (A credit to expense and a debit to the AP liability account) : Incorrect, as crediting the expense account would decrease expenses, which is not appropriate when recording an invoice. Debiting the AP liability would also incorrectly increase the liability.

Reference to IOFM APS Documents : The APS e-textbook under Invoices explains, “When an invoice is received, the journal entry debits an expense account (or asset for capital purchases) and credits the accounts payable liability account to reflect the obligation.” The training video illustrates this with examples, such as debiting “Office Supplies Expense” and crediting “Accounts Payable” for a supply invoice, emphasizing accurate recording to ensure financial statement integrity.

Question: 3

All of the following items are typically addressed in an organization’s vendor setup guidelines except:

- A. Validating that the person who requested the new vendor is authorized to do so
- B. Whether or not the vendor outsources its order fulfillment process
- C. The conventions for the way letters and abbreviations must be entered
- D. Verification that the vendor is not already in the system

Answer: B

Explanation:

The Vendor Master File topic in the APS Certification Program covers vendor setup guidelines, which ensure consistency, accuracy, and compliance when adding new vendors. Guidelines typically include validating requester authority, standardizing data entry, and checking for duplicates. Whether the vendor outsources its order fulfillment process is a procurement or operational concern, not typically part of VMF setup guidelines.

Option A (Validating that the person who requested the new vendor is authorized to do so) : Included, to ensure only authorized personnel initiate vendor setups, reducing fraud risk.

Option B (Whether or not the vendor outsources its order fulfillment process) : Not typically included, as this relates to vendor operations, not VMF data or setup compliance. Correct answer.

Option C (The conventions for the way letters and abbreviations must be entered) : Included, to ensure consistent data formatting (e.g., “Inc.” vs. “Incorporated”) for accurate reporting.

Option D (Verification that the vendor is not already in the system) : Included, to prevent duplicate vendor records, which can lead to errors like double payments.

Reference to IOFM APS Documents : The APS e-textbook under Vendor Master File states, “Vendor setup guidelines include verifying requester authority, standardizing data entry, and checking for duplicates, but operational details like outsourcing fulfillment are handled by Procurement.” The

training video notes, "Setup guidelines focus on data integrity and compliance, not vendor business processes like fulfillment."

Question: 4

When applied to T & E, compliance requires which of the following processes?

- A. II and III only (Secure record retention; Traveler location tracking)
- B. III only (Traveler location tracking)
- C. I and II only (Accurate recordkeeping; Secure record retention)
- D. I only (Accurate recordkeeping)

Answer: C

Explanation:

Compliance in T & E processes requires robust systems to ensure financial accuracy and regulatory adherence. Accurate recordkeeping (Option I) is essential to document expenses, support financial reporting, and meet IRS and SOX requirements. Secure record retention (Option II) ensures that records are stored safely to protect sensitive data and comply with retention policies (e.g., IRS rules requiring records for at least three years). Traveler location tracking (Option III) is not a standard compliance requirement for T & E, as it relates more to employee safety or logistics, not financial or regulatory compliance.

The web source from Tipalti states: "T & E compliance requires accurate recordkeeping to support expense reporting and audits, as well as secure record retention to protect data and meet regulatory retention periods." This supports Options I and II. Traveler location tracking is not mentioned as a compliance requirement in T & E processes, per the SAP Concur source: "Compliance in T & E focuses on documentation, approvals, and data security, not employee tracking."

The IOFM APS Certification Program covers "Travel and Entertainment (T & E)," emphasizing compliance with financial and tax regulations. The curriculum's focus on "peer-tested best practices" aligns with accurate recordkeeping and secure retention as key compliance processes.

Question: 5

The general rule for determining independent contractor status looks at evidence in each of the following categories, EXCEPT:

- A. The degree of control the employer exercises over the worker's work results
- B. The amount of control the employer has over the worker's finances
- C. The job title assigned to the worker
- D. The type of relationship established between the parties

Answer: C

Explanation:

The Tax and Regulatory Compliance topic in the APS Certification Program covers IRS guidelines for determining independent contractor status, critical for 1099 reporting and avoiding worker

misclassification. The IRS uses three categories: Behavioral Control (degree of control over work results), Financial Control (control over finances, e.g., payment terms, investment in tools), and Type of Relationship (contract terms, permanency). The job title assigned is not a factor, as status depends on actual work arrangements, not labels.

Option A (The degree of control the employer exercises over the worker's work results) : Part of Behavioral Control, assessing how much the employer directs the worker's tasks. This is a valid category.

Option B (The amount of control the employer has over the worker's finances) : Part of Financial Control, evaluating payment methods, expense reimbursement, and worker investment. This is a valid category.

Option C (The job title assigned to the worker) : Not a factor. The IRS focuses on the nature of the work relationship, not the title (e.g., "contractor" vs. "employee"). Correct answer.

Option D (The type of relationship established between the parties) : Part of Type of Relationship, considering contracts, benefits, and permanency. This is a valid category.

Reference to IOFM APS Documents : The APS e-textbook under Tax and Regulatory Compliance states, "IRS independent contractor status is determined by Behavioral Control, Financial Control, and Type of Relationship, not by job titles, which are irrelevant to actual work arrangements." The training video explains, "Job titles don't determine contractor status; the IRS looks at control and relationship factors."

Question: 6

What is an efficient way to handle vendor contact information in the VMF that is likely to change frequently?

- A. Conduct a thorough audit of vendor names and addresses semiannually and make all changes discovered
- B. Include only the vendor web address in the VMF and check online to find the right contact as needed
- C. Assign an individual to review the contact information for these vendors on a weekly basis
- D. Include in the vendor contract that you must be notified of any personnel changes in writing

Answer: D

Explanation:

The Vendor Master File topic in the APS Certification Program addresses managing dynamic vendor data, such as contact information, which can change frequently. An efficient approach is to include a contractual requirement for vendors to notify the organization in writing of personnel or contact changes, ensuring the VMF remains accurate without excessive manual effort.

Option A (Conduct a thorough audit semiannually) : Inefficient, as semiannual audits are too infrequent for frequently changing data and resource-intensive.

Option B (Include only the vendor web address) : Inefficient and risky, as websites may not provide current contact details, and manual checks are time-consuming.

Option C (Assign an individual to review weekly) : Inefficient, as weekly reviews are labor-intensive and impractical for large vendor bases.

Option D (Include in the vendor contract notification of personnel changes) : Correct. Contractual notification shifts responsibility to vendors, ensuring timely updates with minimal organizational effort.

Reference to IOFM APS Documents : The APS e-textbook under Vendor Master File states, "To manage frequently changing contact information, include contractual terms requiring vendors to notify the organization of changes in writing, reducing manual updates." The training video notes, "Efficient VMF

management leverages vendor contracts to ensure timely contact updates, avoiding labor-intensive audits.”

Question: 7

Which of the following are among the elements that the IRS considers in defining a T & E accountable plan?

- A. I only (Expense substantiation)
- B. I, II, and III (Expense substantiation; Business connection requirement; Return of unused cash advances on a timely basis)
- C. II only (Business connection requirement)
- D. I and III only (Expense substantiation; Return of unused cash advances on a timely basis)

Answer: B

Explanation:

An accountable plan, as defined by the Internal Revenue Service (IRS), is a reimbursement or allowance arrangement for business expenses, including Travel and Entertainment (T & E), that meets three specific requirements to avoid being treated as taxable income: (1) Expense substantiation, where employees must provide documented evidence (e.g., receipts) for expenses; (2) Business connection requirement, meaning expenses must be incurred in connection with performing services for the employer; and (3) Return of unused cash advances on a timely basis, ensuring any excess advances are returned within a reasonable period (typically 120 days). All three elements (Options I, II, and III) are required for a T & E accountable plan.

The web source from the IRS states: “An accountable plan must meet three requirements: 1) Employees must have paid or incurred expenses while performing services as an employee (business connection); 2) Employees must adequately account for these expenses within a reasonable period (substantiation); and 3) Employees must return any excess allowance or advance within a reasonable period.” This directly supports Option B, as all three elements are included in the IRS definition.

The IOFM APS Certification Program covers “Tax and Regulatory Compliance,” including IRS regulations for T & E accountable plans. The curriculum’s focus on “peer-tested best practices” and compliance with federal tax laws emphasizes the three IRS requirements, confirming that all three elements are essential.

Question: 8

In order to get a sales tax exemption on goods purchased for resale, what must the buyer do?

- A. File a letter of intent with the local taxing jurisdiction
- B. Provide an exemption certificate to the seller
- C. Inform the state in writing that the tax will be paid by the buyer
- D. Supply a copy of a sales tax license to the seller

Answer: B

Explanation:

The Tax and Regulatory Compliance topic in the APS Certification Program covers sales tax exemptions, particularly for goods purchased for resale (e.g., by wholesalers or retailers). To claim a sales tax exemption, the buyer must provide an exemption certificate to the seller, documenting that the goods are for resale and not subject to sales tax at the point of purchase. The seller retains this certificate for audit purposes.

Option A (File a letter of intent with the local taxing jurisdiction) : Incorrect. A letter of intent is not a standard requirement; the exemption is documented via a certificate provided to the seller.

Option B (Provide an exemption certificate to the seller) : Correct. An exemption certificate (e.g., a resale certificate) verifies the buyer's intent to resell the goods, exempting the transaction from sales tax.

Option C (Inform the state in writing that the tax will be paid by the buyer) : Incorrect. The buyer does not directly notify the state; the exemption is handled between buyer and seller via the certificate.

Option D (Supply a copy of a sales tax license to the seller) : Incorrect. While a sales tax license may be relevant for the buyer's operations, the exemption certificate is the specific document required for resale exemptions.

Question: 9

What is blockchain?

- A. A distributed ledger system
- B. A random password generator
- C. An internal audit methodology
- D. An accounts payable collaborative

Answer: A

Explanation:

Blockchain is a decentralized, distributed ledger system that records transactions across multiple computers in a secure, transparent, and tamper-resistant manner. In accounts payable, blockchain can enhance processes like invoice verification and payment tracking by providing a trusted, immutable record. The other options are incorrect: a random password generator (Option B) is unrelated to blockchain, an internal audit methodology (Option C) refers to audit processes, and an accounts payable collaborative (Option D) is not a defined term.

The web source from NetSuite explains: "Blockchain is a distributed ledger technology that records transactions in a secure, decentralized manner, offering potential applications in accounts payable for secure payment processing and invoice tracking." This directly supports Option A.

The IOFM APS Certification Program covers "Technology and Automation," including emerging technologies like blockchain. The curriculum's focus on "peer-tested best practices" includes understanding technologies that enhance AP efficiency and security, confirming blockchain as a distributed ledger system.

Question: 10

In the U.S., what type of information is HIPAA designed to protect?

- A. Corporate whistleblower identities
- B. External auditor findings
- C. Private medical records
- D. Electronic banking information

Answer: C

Explanation:

The Tax and Regulatory Compliance topic in the IOFM APS Certification Program covers key U.S. regulations, including the Health Insurance Portability and Accountability Act (HIPAA). Enacted in 1996, HIPAA is designed to protect the privacy and security of private medical records, ensuring that protected health information (PHI) is safeguarded by healthcare providers, insurers, and related entities, including AP departments handling medical-related payments.

Option A (Corporate whistleblower identities) : Incorrect. Whistleblower protections are covered under laws like the Sarbanes-Oxley Act, not HIPAA.

Option B (External auditor findings) : Incorrect. Auditor findings are related to financial or operational audits, not protected by HIPAA.

Option C (Private medical records) : Correct. HIPAA establishes standards to protect PHI, such as patient health records, from unauthorized disclosure.

Option D (Electronic banking information) : Incorrect. Banking information is protected under laws like the Gramm-Leach-Bliley Act, not HIPAA.

Reference to IOFM APS Documents : The APS e-textbook under Tax and Regulatory Compliance states, "HIPAA protects private medical records, ensuring the confidentiality of protected health information (PHI) in transactions involving healthcare providers." The training video mentions HIPAA in the context of AP compliance, noting that AP staff handling medical vendor payments must ensure PHI is secure.

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