

IIA-CIA-Part1 Dumps

Certified Internal Auditor - Part 1, The Internal Audit Activitys Role in Governance, Risk, and Control

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NEW QUESTION 1

Which of the following statements accurately describes the responsibility of the internal audit activity regarding IT governance?

- * 1. The internal audit activity does not have any responsibility because IT governance is the responsibility of the board and senior management of the organization.
- * 2. The internal audit activity must assess whether the IT governance of the organization supports the organization's strategies and objectives.
- * 3. The internal audit activity may assess whether the IT governance of the organization supports the organization's strategies and objectives.
- * 4. The internal audit activity may accept requests from management to perform advisory services regarding how the IT governance of the organization supports the organization's strategies and objectives.

- A. 1 only.
- B. 4 only.
- C. 2 and 4.
- D. 3 and 4.

Answer: A

NEW QUESTION 2

An organization invests its savings in a volatile stock with the potential for high gains rather than a mutual fund with a lower expected return and lower volatility. This best describes which of the following risk concepts?

- A. Risk identification.
- B. Risk appetite.
- C. Risk capacity.
- D. Risk tolerance.

Answer: D

NEW QUESTION 3

According to the COSO enterprise risk management (ERM) framework, which of the following is not part of the new paradigm in ERM?

- A. Assessing the risk factors.
- B. Aligning risk appetite and strategy.
- C. Enhancing risk response decisions.
- D. Reducing operational surprises and losses.

Answer: A

NEW QUESTION 4

A chief audit executive (CAE) is reviewing the internal audit activity's performance and is concerned that the average number of revisions to findings is steadily rising, making it increasingly difficult to trace the finding to the supporting evidence and workpapers. According to MA guidance, which of the following elements of the internal audit activity's quality assurance and improvement program would provide the CAE with the most helpful insight into the cause of this problem?

- A. The overall effectiveness of the internal audit activity's periodic self assessments.
- B. The type of audit productivity and performance statistics reported.
- C. The adequacy of the day-to-day supervision and review process.
- D. The scope and frequency of external assessments.

Answer: C

NEW QUESTION 5

According to IIA guidance, which of the following statements about working papers is false?

- A. They assist in the implementation of recommendations.
- B. They provide support for communication to third parties.
- C. They demonstrate compliance with auditing standards.
- D. They contribute to development of the internal audit staff.

Answer: A

NEW QUESTION 6

Which of the following is most likely to enhance an internal auditor's objectivity?

- A. An auditor is appropriately able to communicate results.
- B. An auditor performs his work free from interference.
- C. An auditor is unrestricted in determination of scope.
- D. An auditor avoids conflicts of interest.

Answer: D

NEW QUESTION 7

According to the HA Code of Ethics, which of the following statements best describes the principle of competency?

- A. Internal auditors shall perform their work with honesty, diligence, and responsibility.
- B. Internal auditors shall perform their work in accordance with the Standards.
- C. Internal auditors shall perform their work in accordance with the law and make disclosures expected by the law.

D. Internal auditors shall be prudent in the use of information acquired while performing their work.

Answer: B

NEW QUESTION 8

What is the additional advantage of facilitated workshops, in comparison with structured interviews, used when testing the effectiveness of entity-level controls?

- A. During facilitated workshops, people more openly say things to internal auditors than during private interviews.
- B. Internal auditors do not need other sources of information, as the data gathered during facilitated workshops is sufficient.
- C. Facilitated workshops create a synergy of discussion that can bring multiple perspectives to the same issue.
- D. The testimonial evidence obtained during facilitated workshops is generally considered more reliable.

Answer: C

NEW QUESTION 9

Which of the following factors should be considered when determining the appropriate combination of manual techniques and computer-assisted audit techniques (CAATs) to be used during an audit?

- * 1. Acceptance of CAATs findings by entity management.
- * 2. Computer knowledge and expertise of the auditor.
- * 3. Time constraints.
- * 4. Level of audit risk.

- A. 1 and 4
- B. 2 and 3 only
- C. 1, 2, and 3
- D. 2, 3, and 4

Answer: D

NEW QUESTION 10

Which of the following is an example of a risk management avoidance response?

- A. Exiting a marketplace.
- B. Recalling a product.
- C. Obtaining product insurance.
- D. Outsourcing production.

Answer: A

NEW QUESTION 10

Which of the following statements is true with regard to conducting an effective quality assurance and improvement program?

- A. The IIA's Quality Assessment Manual for the Internal Audit Activity must be used as the basis for periodic assessments.
- B. Members of the internal audit activity are not permitted to perform quality assessments, as they would not be independent.
- C. Periodic internal assessments provide the most current and independent recommendations for improvement.
- D. The conclusions of periodic internal assessments are intended to assist in achieving conformity to the Standards.

Answer: D

NEW QUESTION 12

Which of the following combinations of conditions is most likely a red flag for fraud?

- A. The practice of surprise audits and the implementation of an employee support program.
- B. Hiring an employee with a prior fraud conviction and yearly management review.
- C. Occasional accounting department overrides and discontinuation of the anonymous fraud hotline due to infrequent use.
- D. A veteran employee in upper management experiencing financial difficulties and recently implemented enhanced controls.

Answer: C

NEW QUESTION 16

An internal auditor is performing analytical reviews as part of an audit of a supermarket's merchandising department. Because the economy has declined since midyear, the auditor can expect to encounter which of the following?

- A. Higher inventory turnover.
- B. Higher operating margin.
- C. Lower obsolete stock disposal.
- D. Lower sales volume.

Answer: D

NEW QUESTION 19

Which of the following is not an objective of internal control?

- A. Compliance.
- B. Accuracy.

- C. Efficiency.
- D. Validation.

Answer: D

NEW QUESTION 20

Which of the following offers the best evidence that the internal audit activity has achieved organizational independence?

- A. An independent third party has assessed the organization's system of internal controls to be adequate and effective.
- B. The chief audit executive reports both functionally and administratively to the CEO.
- C. The internal audit charter is drafted properly and approved by the appropriate parties.
- D. The mission statement and strategy of the internal audit activity demonstrates alignment to organizational objectives.

Answer: B

NEW QUESTION 25

Which of the following activities is most likely to require a fraud specialist to supplement the knowledge and skills of the internal audit activity?

- A. Planning an engagement of the area in which fraud is suspected.
- B. Employing audit tests to detect fraud.
- C. Interrogating a suspected fraudster.
- D. Completing a process review to improve controls to prevent fraud.

Answer: B

NEW QUESTION 28

Which of the following is an example of a directive control?

- A. Segregation of duties.
- B. Exception reports.
- C. Incentive compensation plans.
- D. Automated reconciliations.

Answer: C

NEW QUESTION 29

According to COSO, which of the following is not considered one of the components of an organization's internal environment?

- A. Authority and responsibility to resolve issues.
- B. Framework to plan, execute and monitor activities.
- C. Integrated responses to multiple risks.
- D. Knowledge and skills needed to perform activities.

Answer: C

NEW QUESTION 33

Which of the following would be considered a violation of The IIA's mandatory guidance on independence?

- A. The chief audit executive (CAE) reports functionally to the board and administratively to the chief financial officer.
- B. The board seeks senior management's recommendation before approving the annual salary adjustment of the CAE.
- C. The CAE confirms to the board, at least once every five years, the organizational independence of the internal audit activity.
- D. The CAE updates the internal audit charter and presents it to the board for approval periodically, not on a specific timeline.

Answer: B

NEW QUESTION 38

Sometimes, internal audit staff may partner with operating managers to rank risks. Which of the following outcomes may be the most beneficial aspects of this strategy?

- * 1. Reappraising risks levels.
- * 2. Providing accurate information to management.
- * 3. Marketing the internal audit activity.
- * 4. Planning safeguards for assets in high-risk areas.

- A. 1 and 2.
- B. 1 and 3.
- C. 2 and 3.
- D. 3 and 4.

Answer: B

NEW QUESTION 40

An internal auditor is reviewing the accounts receivable when she discovers account balances more than three years old. The auditor was previously supervising the area during this time, and she subsequently advises the chief audit executive (CAE) of a potential conflict.

Which of the following is the most appropriate course of action for the CAE to take?

- A. Replace the auditor with another audit staff member.
- B. Continue with the present auditor, as more than one year has passed.
- C. Withdraw the audit team and outsource the financial audit of the division.
- D. Work with the division's management to resolve the situation.

Answer: A

NEW QUESTION 41

Which of the following is an example of a detective control?

- A. Automatic shut-off valve.
- B. Auto-correct software functionality.
- C. Confirmation with suppliers and vendors.
- D. Safety instructions.

Answer: C

NEW QUESTION 45

Which of the following items should the chief audit executive disclose to senior management regarding the results of the internal audit activity's quality assessments?

- A. The internal audit activity's plan for resource allocation.
- B. The amount of the organization's potential loss prevented by the risk-based auditing of the internal audit activity.
- C. The number of audits from the annual internal audit plan that were completed last year.
- D. The qualifications and independence of the assessment Team.

Answer: B

NEW QUESTION 48

According to IIA guidance, which of the following statements is true when an internal auditor performs consulting services that improve an organization's operations?

- A. The services must be aligned with those defined in the internal audit charter.
- B. The services must not be performed by the same internal auditor who performed assurance services, in order to maintain objectivity.
- C. The services may preclude assurance services from the consulting engagement.
- D. The services impose no responsibility to communicate information other than to the engagement client.

Answer: B

NEW QUESTION 52

Which of the following are core responsibilities to be included in the internal audit charter?

- * 1. Review reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- * 2. Determine the adequacy and effectiveness of the organization's systems of internal accounting and operating controls.
- * 3. Participate in the planning and performance of audits of potential acquisitions with the organization's outside accountants and other members of the corporate staff.
- * 4. Report to those members of management who should be informed of results of audit examinations, the audit opinions formed, and the recommendations made.

- A. 1 and 2.
- B. 1 and 4.
- C. 2 and 3.
- D. 2 and 4.

Answer: A

NEW QUESTION 53

A new director was hired to lead the internal audit activity at a small start-up company. Which of the following assignments would impair the director's independence?

- A. Preparing the financial statements for the company's defined contribution plan.
- B. Performing a pre-implementation review of the company's payroll application.
- C. Providing the COBIT framework as a possible IT management tool.
- D. Reviewing the company's policy for foreign currency translation adjustments for compliance with accounting standards.

Answer: A

NEW QUESTION 57

According to IIA guidance, when preparing the charter for the internal audit activity, the chief audit executive (CAE), board, and senior management should agree on which of the following?

- * 1. The standards to be used by the internal audit activity.
- * 2. The internal audit activity's code of ethics.
- * 3. The CAE's reporting line.
- * 4. The internal audit activity's responsibilities.

- A. 4 only.
- B. 1 and 2 only.
- C. 3 and 4.

D. 1,2, and 3.

Answer: C

NEW QUESTION 62

An IT contractor applied for an internal audit position at a bank. The contractor worked for the bank's IT security manager two years ago. If the audit manager interviewed the contractor and wants to extend a job offer, which of the following actions should the chief audit executive pursue?

- A. Allow the audit manager to hire the contractor and state that the individual is free to perform IT audits, including security.
- B. Not allow the audit manager to hire the contractor, as it would be a conflict of interest.
- C. Allow the audit manager to hire the contractor, but state that the individual is not allowed to work on IT security audits for one year.
- D. Not allow the audit manager to hire the contractor and ask the individual to apply again in one year.

Answer: A

NEW QUESTION 67

In which of the following functions would fraud be most likely to occur?

- A. Maintaining custody of inventory records.
- B. Collecting payments on accounts.
- C. Approving changes to employee records.
- D. Preparing customer statements.

Answer: B

NEW QUESTION 69

According to The MA Code of Ethics, which of the following is one of the rules of conduct for objectivity?

- A. Internal auditors shall continually improve their proficiency and effectiveness and quality of their services.
- B. Internal auditors shall respect and contribute to legitimate and ethical objectives of the organization.
- C. Internal auditors shall not accept anything that may impair or be presumed to impair their professional judgment.
- D. Internal auditors shall be prudent in the use and protection of information acquired in the course of their duties.

Answer: C

NEW QUESTION 73

An internal audit activity is using the auditing-by-element approach to audit the organization's controls around corporate social responsibility. Which of the following would be an element for the internal audit activity to consider?

- A. Working conditions.
- B. Employees' families.
- C. Marketplace competition.
- D. Shareholders and investors.

Answer: B

NEW QUESTION 74

While performing an accounts payable engagement, a senior auditor wants to conduct several tests of controls for travel expenses. Which of the following actions are most appropriate for the senior auditor to undertake?

- * 1. Ensure all tests use a random sampling technique.
- * 2. Consider a judgmental approach for the sample size.
- * 3. Assess testing errors through root cause analysis.
- * 4. Ensure that the entire data set is tested.

- A. 1 and 2.
- B. 1 and 3.
- C. 2 and 3.
- D. 2 and 4.

Answer: C

NEW QUESTION 75

Which of the following professional development approaches would offer internal auditors the most opportunities to broaden their engagement experiences?

- A. Assign more experienced internal auditors to mentor the less experienced auditors.
- B. Send internal auditors to external trainings in advanced internal audit topics.
- C. Appraise internal auditors' performance and competencies at least annually and issue constructive feedback.
- D. Rotate internal auditors among different engagement assignments.

Answer: D

NEW QUESTION 79

A large sales organization maintains a system of internal control according to the COSO model and has updated its code of conduct. This change relates to which component of the COSO framework?

- A. Control activities.
- B. Information and communication.
- C. Commitment.
- D. Control environment.

Answer: D

NEW QUESTION 82

According to IIA guidance, which of the following statements is true regarding the reporting of results from an external quality assessment of the internal audit activity?

- A. The external assessment results are reported upon completion in confidence directly to the board, and senior management is advised only of the recommendations and improvement action plans.
- B. The results of self-assessments with independent external validation are shared with the board upon completion, and monitoring of recommended improvements must be reported monthly.
- C. The external assessment results are communicated upon completion to senior management and the board, but action plans for recommended improvements do not have to be reported.
- D. The requirements for reporting quality assessment results are the same for external assessments and self-assessments with independent external validation.

Answer: B

NEW QUESTION 87

Which of the following enhances the independence of the internal audit activity?

- A. The chief audit executive (CAE) approves the annual internal audit plan.
- B. The CAE administratively reports to the board.
- C. The audit committee approves the CAE's annual salary increase.
- D. The chief executive officer approves the internal audit charter.

Answer: C

NEW QUESTION 92

Which of the following scenarios best illustrates a rationalization as the root cause of potential fraud?

- A. Managers who have been with the organization for several decades become aware that newly hired, younger managers are being moved more quickly into senior positions.
- B. The controller at a nationwide manufacturing company recently opted to no longer require two-week mandatory vacations for accounting staff.
- C. Security cameras that monitor cash handling at the register are not functioning.
- D. The organization is slowly phasing out three mature products that produce the highest commissions for the sales staff.

Answer: B

NEW QUESTION 97

According to IIA guidance, which of the following must internal auditors consider to conform with the requirements for due professional care during a consulting engagement?

- * 1. The cost of the engagement, as it pertains to audit time and expenses in relation to the potential benefits.
- * 2. The needs and expectation of clients, including the nature, timing, and communication of engagement results.
- * 3. The application of technology-based audit and other data analysis techniques, where appropriate.
- * 4. The relative complexity and extent of work needed to achieve the engagement's objectives.

- A. 1, 2, and 3
- B. 1, 2, and 4
- C. 1, 3, and 4
- D. 2, 3, and 4

Answer: B

NEW QUESTION 98

Which of the following statements is true regarding assurance services provided to clients outside of the organization?

- A. Assurance services for outside clients are not covered under the internal audit charter.
- B. Assurance services for outside clients must be approved on a case-by-case basis by the board of directors.
- C. The nature of assurance services for outside clients should be defined in the internal audit charter.
- D. The nature of assurance services for outside clients is the same as for internal clients.

Answer: C

NEW QUESTION 100

A large trucking organization wants to reduce traffic accidents by improving its system of internal controls. Which of the following controls is correctly classified?

- * 1. Review of speeding violations to identify repetitive locations and drivers is an example of a preventive control.
- * 2. Defensive driver training is an example of a directive control.
- * 3. The installation of tracking devices in delivery vehicles is an example of a corrective control.
- * 4. Providing a vehicle driver handbook is an example of a detective control.

- A. 1 and 2.
- B. 1 and 4.
- C. 2 and 3.

D. 3 and 4.

Answer: A

NEW QUESTION 102

An internal auditor in a small broadcasting organization was assigned to review the revenue collection process. The auditor discovered that some checks from three customers were never recorded in the organization's financial records. Which of the following documents would be the least useful for the auditor to verify the finding?

- A. Bank statements.
- B. Customer confirmation letters.
- C. Copies of sales invoices.
- D. Copies of deposit slips.

Answer: D

NEW QUESTION 107

An internal audit charter should do which of the following?

- A. Outline the schedule of future audits.
- B. Define the scope of internal audit activities.
- C. Establish the size of the internal audit activity.
- D. Communicate the internal audit activity's goals.

Answer: B

NEW QUESTION 111

A former line supervisor from the Financial Services Department has completed six months of a two-year development opportunity with the internal audit activity (IAA). She is assigned to a team that will audit the organization's payroll function, which is managed by the Human Resources Department. Which of the following statements is most relevant regarding her independence and objectivity with respect to the payroll audit?

- A. She may participate, but only after she has completed one year with the IAA.
- B. She may participate, because she did not previously work in the Human Resources Department.
- C. She may participate, but she must be supervised by the auditor in charge.
- D. She may participate for training purposes, to build her knowledge of the IAA.

Answer: B

NEW QUESTION 115

Management would like to self-assess the overall effectiveness of the controls in place for its 200-person manufacturing department. Which of the following client-facilitated approaches is likely to be the most efficient way to accomplish this objective?

- A. Workshops.
- B. Surveys.
- C. Interviews.
- D. Observation.

Answer: B

NEW QUESTION 119

According to IIA guidance, which of the following is an area in which the internal auditor should be proficient?

- A. Management principles.
- B. Computerized information systems.
- C. Internal audit standards, procedures, and techniques.
- D. Fundamentals of accounting, economics, and finance.

Answer: C

NEW QUESTION 122

Non-statistical sampling does not require which of the following?

- A. The sample to be representative of the population.
- B. The sample to be selected haphazardly.
- C. A smaller sample size than if selected using statistical sampling.
- D. Projecting the results to the population.

Answer: C

NEW QUESTION 123

Which of the following are generally recognized as essential elements of a corporate social responsibility program?

- A. Human rights and the environment.
- B. Organizational governance and financial reporting.
- C. Fair operating practices and government regulation.

D. Consumer issues and return on investment.

Answer: A

NEW QUESTION 126

An assurance mapping exercise helps an organization do which of the following?

- * 1. Provide assurance to stakeholders that risks are managed and reported, and regulatory and legal obligations are met.
- * 2. Fulfill best practices in the industry.
- * 3. Identify and address any gaps in the risk management process.
- * 4. Identify fraud.

- A. 1 and 4.
- B. 1 and 3.
- C. 2 and 3.
- D. 3 and 4.

Answer: B

NEW QUESTION 127

An auditor in charge was reviewing the workpapers submitted by a newly hired internal auditor. She noted that the new auditor's analytical work did not include any rating or quantification of the risk assessment results, and she returned the workpapers for correction. Which section of the workpapers will the new auditor need to modify?

- A. Condition section.
- B. Criteria section.
- C. Effect section.
- D. Cause section.

Answer: C

NEW QUESTION 132

When auditing the award of a major contract, which of the following should an internal auditor suspect as a red flag for a bidding fraud scheme?

- * 1. Subsequent change orders increase requirements for low-bid items.
- * 2. Material contract requirements are different on the actual contract than on the request for bids.
- * 3. A high percentage of employees are charged to indirect accounts.
- * 4. Losing bidders are hired as subcontractors.

- A. 1 only
- B. 2 only
- C. 1 and 3.
- D. 2 and 4.

Answer: D

NEW QUESTION 136

According to IIA guidance, which of the following should be formally documented in the internal audit charter?

- A. The internal audit activity's responsibility for imposing risk management processes.
- B. The internal audit activity's responsibility for the organization's governance framework.
- C. The nature of consulting services provided by the internal audit activity.
- D. The budgeting process for the internal audit activity.

Answer: C

NEW QUESTION 140

Which of the following best ensures the independence of the internal audit activity?

- * 1. The CEO and audit committee review and endorse any changes to the approved audit plan on an annual basis.
- * 2. The audit committee reviews the performance of the chief audit executive (CAE) periodically.
- * 3. The internal audit charter requires the CAE to report functionally to the audit committee.

- A. 3 only
- B. 1 and 2 only
- C. 2 and 3 only
- D. 1, 2, and 3

Answer: C

NEW QUESTION 143

Which of the following best explains why integrity is a necessary personal quality for internal auditors at all levels?

- A. Internal auditor integrity enables stakeholders to constantly question the work of the internal audit activity.
- B. Internal auditor integrity enables the internal auditor to avoid being challenged by any party in the organization.
- C. Internal auditor integrity enables the internal audit activity to be able to demonstrate independence.
- D. Internal auditor integrity enables users of internal auditors' work to make important business decisions.

Answer: D

NEW QUESTION 147

The chief audit executive (CAE) is planning to conduct an internal assessment of the internal audit activity (IAA). Part of this assessment will include benchmarking. According to IIA guidance, which of the following qualitative metrics would be appropriate for the CAE to use?

- * 1. Average client customer satisfaction score for a given year.
- * 2. Client survey comments on how to improve the IAA.
- * 3. Auditor interviews once an audit has been completed.
- * 4. Percentage of audits completed within 90 days.

- A. 1 and 2.
- B. 1 and 3.
- C. 2 and 3.
- D. 3 and 4.

Answer: C

NEW QUESTION 148

Which of the following best describes the misdirection of payments on accounts receivable to an employee's bank account?

- A. Fraud open on the books.
- B. Fraud hidden on the books.
- C. Fraud off the books.
- D. Fraud on the balance sheet.

Answer: C

NEW QUESTION 152

Which of the following control methods is effective in reducing the risk of purchasing-scheme fraud?

- * 1. Periodically reviewing the vendor list for unusual vendors and addresses.
- * 2. Segregating duties for amount purchasing, receiving, shipping, and accounting.
- * 3. Validating sequential integrity of purchase orders.
- * 4. Verifying the validity of invoices with post office box addresses.

- A. 1 and 2 only
- B. 3 and 4 only
- C. 1, 2, and 4 only
- D. 1, 2, 3, and 4

Answer: B

NEW QUESTION 153

The security department uncovered what appears to be a complex fraud in the accounting department. The CEO has requested the internal audit activity to investigate the fraud. If the internal audit staff lacks the expertise to conduct the investigation, how should the chief audit executive proceed?

- A. Disclose the deficiency, and request that the investigation be reassigned to the first line of defense.
- B. Proceed with the investigation, as internal auditors are not required to have fraud expertise.
- C. Outsource the sensitive investigation to a third-party consultant with fraud expertise.
- D. Select a member of the accounting department who is not involved in the fraud to join the investigation team in a consulting capacity.

Answer: C

NEW QUESTION 154

According to The IIA's Code of Ethics, which of the following is true?

- A. Confidentiality requires that auditors disclose all material facts known to them.
- B. Integrity requires that auditors perform internal audit services in accordance with the Standards.
- C. Objectivity requires that auditors perform their work with honesty, diligence, and responsibility.
- D. Confidentiality requires that auditors be prudent in the use and protection of client information.

Answer: D

NEW QUESTION 158

A new internal audit activity is creating its first charter. According to IIA guidance, which of the following objectives would be appropriate for inclusion in the charter?

- A. Continuously monitor the organization's overall risk activities in relation to its risk appetite.
- B. Evaluate the adequacy and effectiveness of the organization's governance activities.
- C. Oversee the establishment and administration of an effective risk management program.
- D. Assist management in implementing recommended control improvements.

Answer: C

NEW QUESTION 161

Which of the following is most likely to function as a directive control?

- A. Security dogs.
- B. Alert employees.
- C. Insurance claims.

D. Cycle counts.

Answer: B

NEW QUESTION 162

A chief audit executive (CAE) reports functionally to the CEO and administratively to the chief financial officer, both of whom serve on the company's board of directors. According to IIA guidance, which of the following would offer the greatest protection for the independence of the internal audit activity?

- A. Appoint the CAE as a member of the board.
- B. Move the CAE's functional reporting to an executive who is not on the board.
- C. Obtain full board approval of the internal audit activity's annual audit plan.
- D. Move the CAE's functional reporting to the audit committee.

Answer: D

NEW QUESTION 163

Which of the following options is the most cost-effective and efficient way for internal auditors to keep current with the latest developments in the internal audit profession?

- A. Attending annual professional conferences and seminars.
- B. Participating in on-the-job training in various departments of the organization.
- C. Pursuing as many professional certifications as possible.
- D. Maintaining membership in The IIA and similar professional organizations and subscribing to relevant email updates or news feeds.

Answer: D

NEW QUESTION 167

According to IIA guidance, which of the following should be included in the internal audit charter?

- A. The minimum resources and competencies needed for the internal audit activity.
- B. Identification of the organizational units where engagements are to be performed.
- C. Organizational relationships and reporting lines.
- D. Assigned responsibilities for designing and implementing controls.

Answer: C

NEW QUESTION 169

Which of the following statements is true about The IIA Global Internal Audit Competency Framework?

- A. The core competencies outlined in the framework are not expected of a person undertaking an entry-level position as an internal auditor.
- B. The framework is designed to be used primarily by chief audit executives that are developing indicators to measure the performance of the internal audit activity for which they are responsible.
- C. The framework lists the core competencies internal auditors should possess before attempting to attain The IIA's Certified Internal Auditor certification.
- D. The framework describes competencies needed for individual internal auditors, but not those necessary at the chief audit executive level.

Answer: B

NEW QUESTION 174

The management at a national consumer goods organization implements a fair work and pay practice as well as a policy to treat employees equitably and consistently. Which common characteristics of fraud will the practice and policy most likely reduce?

- A. Pressure or incentive.
- B. Opportunity.
- C. Rationalization.
- D. Commitment.

Answer: A

NEW QUESTION 175

According to IIA guidance, which of the following statements is true regarding periodic internal assessments of the internal audit activity?

- A. Internal assessments are conducted to benchmark the internal audit activity's performance against industry best practices.
- B. Internal assessments must be performed at least once every five years by a qualified assessor.
- C. An internal auditor may perform a peer review of a colleague's workpapers, as long as the auditor wasn't involved in the audit under review.
- D. Follow-up to ensure appropriate improvements are implemented is a recommended, but not mandatory, element of internal assessments.

Answer: C

NEW QUESTION 180

Which of the following is the most common method of fraud detection?

- A. Analytical reviews of high-risk areas.
- B. Detective controls built into the daily processes.
- C. Unannounced audits or reviews of programs or departments.
- D. Tips received from employees or citizens.

Answer: D

NEW QUESTION 185

Which of the following factors have the greatest influence on the independence of the internal audit activity?

- A. Quality assessments and cultural biases of the internal audit activity.
- B. Rotational assignments and familiarity of the internal audit activity.
- C. Employee incentives and self review of the internal audit activity.
- D. Organizational positioning and scope control of the internal audit activity.

Answer: D

NEW QUESTION 189

According to The IIA's Code of Ethics, which of the following statements is true?

- A. When an internal auditor releases required information to a regulator, resulting in a significant loss through fines and penalties for the organization, he fails to add value.
- B. When an internal auditor limits the scope of the audit engagement after learning that management is hiding relevant information, he demonstrates integrity.
- C. When an internal auditor disagrees with the treatment received by workers in the organization's foreign subsidiary and alters the audit program to highlight the issue, he fails to demonstrate objectivity.
- D. When an internal auditor continues with an audit engagement, despite the audit client's claims that the work performed is unnecessary and redundant he fails to demonstrate competency.

Answer: C

NEW QUESTION 190

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