IIA-CIA-PART1 Q&As

Certified Internal Auditor - Part 1, The Internal Audit Activity\'s Role in Governance, Risk, and Control

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QUESTION 1

Management of a publicly-held organization requires the internal audit activity to be involved with quarterly financial statements, which are made public and used internally. Which of the following explanations of management\\'s decision is least plausible?

A. Management may be concerned about its reputation in the financial markets.

B. Management is following best-practice protocol, as stipulated by the Standards, which states that internal auditors must review quarterly financial statements.

C. Management may be concerned about potential penalties that could occur if quarterly financial statements are misstated.

D. Management may perceive that having quarterly financial information examined by the internal auditors enhances the information\\'s value to internal decision making.

Correct Answer: B

QUESTION 2

While reviewing first quarter sales transactions, an internal auditor discovered that 10 invoices for a new customer had not been posted into the accounts receivable subsidiary ledger. Those 10 invoices were listed in an error report automatically generated by the sales processing system. The system had rejected the invoices because the customer\\'s account number was not found in the customer master file. In this scenario, which of the following controls was lacking?

A. Corrective control.

B. Preventive control.

C. Detective control.

D. Directive control.

Correct Answer: A

QUESTION 3

When performing benchmarking during the planning phase of a performance audit, an internal auditor should:

A. Determine the current performance gap.

B. Project future performance levels.

C. Develop functional action plans.

D. Identify comparative organizations.

Correct Answer: D

QUESTION 4

This chief audit executive (CAE) engaged an internal auditor to consult on an organization\\'s complex information technology system. Shortly after beginning the engagement, the auditor unexpectedly resigned. Unfortunately, this auditor was the only available auditor with the necessary expertise. The CAE will not be able to hire someone with similar expertise in time to meet a regulatory deadline. Which of the following would be the best course of action for the CAE to take?

A. Continue with the engagement in order to meet the regulatory deadline, but highlight areas in the final report that might need to be revised in the future.

B. Ask that a senior member of the organization\\'s IT department with the required systems expertise join the audit team to assist in completing the engagement.

C. Delay the engagement and inform the board of the situation, asking them to provide acceptable alternatives for completing the engagement.

D. Remove the planned engagement from the audit plan and explain to senior management the problems with moving forward without an auditor with the necessary expertise.

Correct Answer: C

QUESTION 5

A retail sales company has discontinued a product that normally sold for $100. During the first month of a sale of the product, a 20 percent discount was given. Later that sale price was reduced by an additional 40 percent. What was the overall discount from the original selling price?

A. 60 percent.

B. 52 percent.

C. 48 percent.

D. 30 percent.

Correct Answer: B