

## IIA-CRMA-ADV Dumps

### Certification in Risk Management Assurance

<https://www.certleader.com/IIA-CRMA-ADV-dumps.html>



**NEW QUESTION 1**

- (Topic 1)

While reviewing the workpapers of a new auditor, the auditor in charge discovered that additional audit procedures might be necessary. According to IIA guidance, which of the following would be most relevant for the auditor in charge to consider when making this decision?

- A. Resource management.
- B. Coordination.
- C. Due professional care.
- D. Engagement supervision.

**Answer: C**

**NEW QUESTION 2**

- (Topic 1)

Which of the following techniques would best assist an internal auditor in evaluating the efficiency of a wholesale grocery distributor's process to fill and package orders for shipping?

- A. A Bedford analysis of orders filled to average delivery times.
- B. Decision trees rating actual performance against requirements.
- C. Queuing theory to assess potential bottlenecks in the process.
- D. A program evaluation and review technique chart.

**Answer: C**

**NEW QUESTION 3**

- (Topic 1)

During an engagement, an internal auditor decided to use variance analysis as an auditing techniques. Which of the following steps should the auditor pursue if he discovers unexpected deviations of actual results from budget?

- A. Report the deviations immediately to the audit committee.
- B. Gather additional information to determine the cause of the deviations.
- C. Conclude that the budget was unreasonably set and accept the deviations.
- D. Perform alternative forms of analytical procedures which provide no deviations.

**Answer: B**

**NEW QUESTION 4**

- (Topic 1)

The director of purchasing, a certified internal auditor (CIA), signs a contract to procure a large order from a supplier whose products provide the best price, quality, and performance. A few days after signing the contract, the supplier presents the CIA with \$1,000 as a gift. Which statement regarding acceptance of the money is correct?

- A. Accepting the money would be prohibited only if it were non-customary.
- B. Accepting the money would violate the IIA Code of Ethics.
- C. Because the CIA is not acting as an internal auditor, accepting the money would be governed only by the organization's code of conduct.
- D. Because the contract was signed before the money was offered, accepting the money would not violate the IIA Code of Ethics.

**Answer: B**

**NEW QUESTION 5**

- (Topic 1)

According to IIA guidance, which of the following best describes processes and tools typically used in ongoing internal assessments?

- A. Benchmarking of the internal audit activity's practices and performance.
- B. Report of internal assessment results, response plans, and outcomes.
- C. Analysis of performance metrics such as cycle times.
- D. Self-assessments and surveys of stakeholder groups.

**Answer: C**

**NEW QUESTION 6**

- (Topic 1)

During an internal audit, an organization's processing department is found to have incidences of both duplicate invoices and notices from customers that purchased goods were not received. The department under review insists that some of these reports are false and that others were isolated oversights due to understaffing.

Which of the following tests would best help the internal auditor detect fraudulent activity?

- A. Check inventory levels.
- B. Search for gaps in check numbers.
- C. Compare vendor summaries.
- D. Review raw material purchase quantities.

**Answer: A**

**NEW QUESTION 7**

- (Topic 1)

A candidate has applied for an entry level internal audit position. The candidate holds a CISA (Certified Information Systems Auditor) designation, and has six months of audit experience, but limited knowledge of accounting principles and techniques. According to the IIA guidance, which of the following is the most relevant reason for the chief audit executive to consider this candidate?

- A. Other internal auditors possess sufficient knowledge of accounting principles and techniques.
- B. The candidate's information systems knowledge and real-world experience in internal auditing.
- C. Accounting skills can be learned over time with appropriate training.
- D. An entry level position does not require expertise in any particular area.

**Answer: B**

#### NEW QUESTION 8

- (Topic 1)

The audit committee is concerned that the small size of the internal audit activity (IAA) makes it impractical to achieve full conformance with the Standards. To address this concern, which of the following actions is most appropriate for the CAE to take?

- A. The CAE should agree with the audit committee and implement only those standards appropriate to the size of the IAA.
- B. The CAE should request the audit committee to review the Standards to identify specifically which are creating the greatest concern.
- C. The CAE should seek sufficient funding to increase audit resources to meet the minimum requirements of the Standards.
- D. The CAE should explain that conformance with the Standards is essential and not dependent upon the size of the IAA.

**Answer: D**

#### NEW QUESTION 9

- (Topic 1)

In which of the following scenarios would a customer service hotline receive a high volume of complaints regarding payments not being applied to customers' accounts??

- A. Invoices are not being mailed to customers.
- B. An employee is tampering with customer checks.
- C. Employees are submitting fraudulent expense reports.
- D. The customer service department is not forwarding complaints to the accounts receivable department.

**Answer: B**

#### NEW QUESTION 10

- (Topic 1)

The chief audit executive (CAE) of a mid-sized pharmaceutical organization has operational responsibility for the regulatory compliance function. The audit committee requests an assessment of regulatory compliance. According to IIA guidance, which of the following is the CAE's best course of action?

- A. Have a proficient internal audit staff member perform the assessment and disclose the impairment in the audit report and to the board.
- B. Have a regulatory compliance staff member perform a self-assessment, to be reviewed by a proficient internal auditor.
- C. Have a proficient internal audit staff member perform the audit and report the results of the assessment directly to senior management and the board.
- D. Contract with a third-party entity or external auditor to complete the assessment and report the results to senior management and the board.

**Answer: D**

#### NEW QUESTION 10

- (Topic 1)

According to IIA guidance, which of the following objectives of an assurance engagement for the organization's risk management process is valid?

- A. All risks have been identified and mitigated.
- B. Risks have been accurately analyzed and evaluated.
- C. All controls are both adequate and efficient.
- D. The board is appropriately addressing intolerable risks.

**Answer: B**

#### NEW QUESTION 15

- (Topic 1)

An internal audit manager of a furniture manufacturing organization is planning an audit of the procurement process for kiln-dried wood. The procurement department maintains six procurement officers to manage 24 different suppliers used by the organization. Which of the following controls would best mitigate the risk of employees receiving kickbacks from suppliers?

- A. The periodic rotation of procurement officers' assignments to supplier accounts.
- B. A pre-award financial capacity analysis of suppliers.
- C. An automated computer report, organized by supplier, of any invoices for the same amount.
- D. Periodic inventories of kiln-dried wood at the organization's warehouse.

**Answer: A**

#### NEW QUESTION 20

- (Topic 1)

According to IIA guidance, which of the following statements is false regarding continuing professional education for the internal audit activity (IAA)?

- A. Continuing professional education can be obtained through IAA involvement in research projects.

- B. Employers are responsible for ensuring that the continuing professional education needs of the IAA are met.
- C. Completion of self-study courses fulfills IAA continuing professional education requirements.
- D. Specialized education that meets unique organizational needs cannot qualify as IAA professional development.

**Answer: B**

**NEW QUESTION 25**

- (Topic 1)

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

- A. Senior management should approve the charter before it is submitted to the board.
- B. The charter should describe the purpose and authority of the internal audit activity, consistent with the Standards.
- C. The charter should define the consulting services that the internal audit activity is permitted to perform.
- D. The CEO periodically should assess whether the terms of the charter continue to be adequate.

**Answer: A**

**NEW QUESTION 29**

- (Topic 1)

Which of the following best describes the assessment of risks?

- A. Assess the actions necessary to reduce the likelihood and/or impact of risk to tolerable levels.
- B. Assess the likelihood and/or impact of risk on the achievement of organizational objectives.
- C. Assess the amount of risk an organization can accept while pursuing its objectives.
- D. Assess alternative strategies to reduce or eliminate major risks.

**Answer: B**

**NEW QUESTION 33**

- (Topic 1)

During an internal audit, the internal auditor compares the employee turnover rate in the area being audited with the employee turnover rate in the organization as a whole.

This is an example of which of the following analytical auditing procedures?

- A. Reasonableness test.
- B. Regression analysis.
- C. Benchmarking.
- D. Trend analysis.

**Answer: C**

**NEW QUESTION 37**

- (Topic 1)

When an internal auditor applies due professional care to perform an assurance engagement, which of the following must she consider?

- \* 1. Findings of the last audit engagement performed.
- \* 2. Probability of significant errors, irregularities, or noncompliance.
- \* 3. Extent of work needed to achieve engagement objectives.
- \* 4. Cost of the engagement versus the potential benefits.

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

**Answer: C**

**NEW QUESTION 40**

- (Topic 1)

According to the IIA guidance, who is responsible for periodically assessing the internal audit activity?

- A. The board.
- B. The chief audit executive.
- C. Senior management.
- D. The external auditors.

**Answer: B**

**NEW QUESTION 45**

- (Topic 1)

Why is a code of ethics for the internal audit profession necessary?

- A. It ensures that all members of the profession possess the same level of competence.
- B. It provides auditors with protection from lawsuits.
- C. It guides internal auditors in their service to others.
- D. It requires auditors to exhibit loyalty to their organizations.

**Answer: C**

**NEW QUESTION 50**

- (Topic 1)

What is the primary purpose of a fishbone diagram?

- A. To depict the areas of responsibility for departments in an organization.
- B. To plan and control complex projects, such as internal audits.
- C. To represent the frequencies of adverse conditions in a given process.
- D. To identify the possible causes of adverse conditions.

**Answer: D**

**NEW QUESTION 54**

- (Topic 1)

When conducting an interview, an internal auditor is most likely to ask open-ended questions in order to:

- A. Obtain specific answers and maximize efficiency.
- B. Gather factual data on several different topics.
- C. Determine agreement or disagreement with a stated viewpoint.
- D. Obtain information based on the person's own perspective.

**Answer: D**

**NEW QUESTION 56**

- (Topic 1)

A computer system automatically locks a user's account after three unsuccessful attempts to log on. Which type of control does this scenario represent?

- A. Corrective control.
- B. Preventive control.
- C. Detective control.
- D. Compensating control.

**Answer: B**

**NEW QUESTION 57**

- (Topic 1)

An internal auditor would like to identify the involvement of various organizational units in handling employee travel reimbursement claims. Which of the following methods would be most effective and efficient in completing this task?

- A. Process mapping.
- B. Interviewing.
- C. Monitoring.
- D. Distributing questionnaires.

**Answer: A**

**NEW QUESTION 62**

- (Topic 1)

Which of the following audit techniques is used to evaluate control design while also embodying auditing's analytical process?

- A. A risk and control matrix.
- B. A flowchart.
- C. A walk-through.
- D. A process narrative.

**Answer: A**

**NEW QUESTION 63**

- (Topic 1)

Which of the following is the most effective strategy to manage the risk of foreign exchange losses due to sales to foreign customers?

- A. Hire a risk consultant.
- B. Implement a hedging strategy.
- C. Maintain a large foreign currency balance.
- D. Insist that customers only pay in a stable currency.

**Answer: B**

**NEW QUESTION 66**

- (Topic 1)

Management has asked the chief audit executive (CAE) to provide assurance on the organization's automated control system related to financial data. The current audit staff does not have the expertise needed to conduct this type of engagement. Which of the following would be the best response by the CAE?

- A. Accept the assignment and use control self-assessment to complete the project.
- B. Do not accept the assignment because the internal audit activity lacks the competency to perform the engagement with due professional care.
- C. Accept the assignment and use an external provider with the necessary knowledge and skills to perform the engagement.

D. Accept the assignment if the engagement is included in the current audit plan, but inform senior management that the current audit staff does not have the knowledge and skills required.

**Answer: C**

**NEW QUESTION 70**

- (Topic 1)

An organization has implemented a new automated payroll system that contains a table of pay rates that are matched to employee job classifications. Which control should an internal auditor suggest in order to ensure that the table is updated correctly, and is used only for valid pay changes?

- A. Restrict data-table access from management and line supervisors who have the authority to determine pay rates.
- B. Require a supervisor in the department, who has the ability to change the table, to compare the changes to a signed management authorization.
- C. Ensure that adequate edit and reasonableness checks are built into the automated system.
- D. Require a manager, who is independent of the system and who cannot change the table, to authorize and sign-off on any employee pay changes.

**Answer: D**

**NEW QUESTION 74**

- (Topic 1)

Which of the following is a second line of defense in effective risk management and control?

- A. Purchasing department.
- B. Compliance department.
- C. Credit department.
- D. Internal audit department.

**Answer: B**

**NEW QUESTION 75**

- (Topic 1)

Which type of objectives can best be described as broad goals that promote the effective and efficient use of resources?

- A. Strategic objectives.
- B. Operational objectives.
- C. Reporting objectives.
- D. Compliance objectives.

**Answer: B**

**NEW QUESTION 78**

- (Topic 1)

Which of the following conditions is the most likely indicator of fraud?

- A. Commissions are paid based on verified increases to sales.
- B. Departmental reports are consistently issued in an untimely manner.
- C. A manager regularly assumes subordinates' duties.
- D. Lower earnings occur during the industry's down cycle.

**Answer: C**

**NEW QUESTION 79**

- (Topic 1)

Which of the following risk management activities is most appropriate for an internal auditor to undertake?

- A. Impose risk management processes.
- B. Coordinate risk management activities.
- C. Implement risk responses on management's behalf.
- D. Review the management of key risks.

**Answer: D**

**NEW QUESTION 80**

- (Topic 1)

A chief audit executive (CAE) learns that the brother-in-law of a senior auditor who audits the procurement process was hired as the head of the procurement department six months prior. Which of the following is the most appropriate action for the CAE to take?

- A. The CAE should not interfere because there is no evidence that a conflict of interest has occurred.
- B. The CAE should remind the senior auditor of his obligation to be objective and impartial.
- C. The CAE should change the senior auditor's assignment and take corrective action for the auditor's failure to disclose the conflict of interest.
- D. The CAE should require the senior auditor to disclose the relationship in writing before continuing his responsibility for monitoring procurement.

**Answer: C**

**NEW QUESTION 81**

- (Topic 1)

Which of the following decisions made during the testing phase of a compliance audit requires the most judgment by an internal auditor?

- A. Which sampling methodology to select for testing.
- B. Which fields to examine on each invoice.
- C. Whether an individual expenditure is allowable.
- D. What level of noncompliance is acceptable.

**Answer: D**

**NEW QUESTION 83**

- (Topic 1)

According to IIA guidance, which of the following individuals would best be considered independent for the purpose of participating in an external assessment of the quality assurance and improvement program for an internal audit activity (IAA)?

- A. A former employee knowledgeable of the IAA who resigned three years earlier from the organization.
- B. A competent employee of an independent external organization that provides co-sourcing services to the IAA.
- C. An employee in an affiliated organization who has never worked directly with the IAA.
- D. An employee in the parent organization who has not had any previous contact with the IAA.

**Answer: A**

**NEW QUESTION 86**

- (Topic 1)

Which of the following scenarios exemplifies a potential internal control weakness?

- A. The same employee who receives cash from customers prepares a prelisting of cash receipts.
- B. The same employee who records cash receipts in the accounts receivable subsidiary ledger ensures that the ledger automatically updates the information.
- C. The same employee who restrictively endorses checks received from customers prepares the bank's check deposit slips.
- D. The same employee who makes deposits at the bank prepares the monthly bank reconciliation.

**Answer: D**

**NEW QUESTION 90**

- (Topic 1)

Which of the following would provide the best guidance to a chief audit executive who is setting internal audit staff requirements?

- A. A review of audit staff education and training records.
- B. Information about the audit staff size and composition of comparable organizations.
- C. Results from discussions of audit needs with executive management and the audit committee.
- D. The results of the audit staff's most recent performance reviews.

**Answer: C**

**NEW QUESTION 95**

- (Topic 1)

Which of the following would provide the best evidence of errors in the quantities of items received from suppliers?

- A. Suppliers' reports of over shipments.
- B. Warehouse receiving logs.
- C. Purchase requisitions and purchase orders.
- D. Observation and inspection of inventory.

**Answer: B**

**NEW QUESTION 99**

- (Topic 1)

A new chief audit executive (CAE) of a large internal audit activity (IAA) is dissatisfied with the current amount and quality of training being provided to the staff and wishes to implement improvements. According to IIA guidance, which of the following actions would best help the CAE reach this objective?

- A. Require that all staff obtain a minimum of two relevant audit certifications.
- B. Perform a gap analysis of the IAA's existing knowledge, skills and competencies.
- C. Engage a consultant to benchmark the IAA's training program against its peers.
- D. Assign one experienced manager to better coordinate staff training and development activities.

**Answer: B**

**NEW QUESTION 104**

- (Topic 1)

An internal audit activity (IAA) provided assurance services for an activity it was responsible for during the preceding year. As a result, which IIA Code of Ethics principle is presumed to be impaired?

- A. Competence.
- B. Flexibility.
- C. Objectivity.
- D. Independence.

**Answer: C**

**NEW QUESTION 108**

- (Topic 1)

Which of the following actions indicates a lack of due professional care by an internal auditor performing an audit of a store's cash function?

- A. The audit report included a well-supported recommendation for a reduction in staff even though such a reduction might adversely impact morale.
- B. The auditor tested samples of transactions to test the cash function's process flows.
- C. After determining that the cash function internal controls were strong, the audit report assured senior management that fraud was not present.
- D. The auditor discovered an instance of potential fraud and reported it immediately to management, but did not alert authorities outside the organization.

**Answer: C**

**NEW QUESTION 110**

- (Topic 1)

The last quality assessment of the internal audit activity identified three areas for improvement: the achievement of audit engagement objectives, quality of work, and staff development. According to IIA guidance, which of the following should be the chief audit executive's primary focus to achieve these recommended improvements?

- A. Demonstrated compliance with procedures.
- B. Due professional care.
- C. Engagement supervision.
- D. Employment of tools and techniques.

**Answer: C**

**NEW QUESTION 115**

- (Topic 1)

Which of the following is not an appropriate activity for internal auditors to perform?

- A. Recommend management seek a consulting firm to advise on outsourcing.
- B. Highlight matters that require management's attention.
- C. Implement solutions for specific organizational problems.
- D. Accumulate data, obtain varying views, and report information to senior management.

**Answer: C**

**NEW QUESTION 119**

- (Topic 1)

Which of the following actions does not violate the IIA Code of Ethics or Standards?

- A. An internal auditor performing an audit on an operation that they managed less than a year ago.
- B. An internal auditor performing an audit on procedures that they were responsible for creating.
- C. An internal auditor disclosing details of an audit report to colleagues from a different organization.
- D. An internal auditor disclosing confidential information in response to a lawsuit.

**Answer: D**

**NEW QUESTION 122**

- (Topic 1)

Which of the following is a valid statement about the use of visual observations during an audit engagement?

- \* 1. Visual observations can be used to detect ineffective controls, idle resources, and safety hazards.
- \* 2. Visual observations can be used during both preliminary survey and fieldwork stages of the audit engagement.
- \* 3. Visual observations can provide unsubstantiated facts to management if the internal auditor believes the information is useful.
- \* 4. Visual observations can assist an auditor in determining if a material observation should be communicated through informal means to the organization's senior management.

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

**Answer: A**

**NEW QUESTION 123**

- (Topic 1)

Which of the following activities should be performed by the internal audit activity to facilitate an effective relationship with the audit committee?

- \* 1. Periodically report about the accounting standards followed by the organization.
- \* 2. Provide assurance to the audit committee that its charter, activities, and processes are appropriate.
- \* 3. Ensure that the role and activities of the internal audit activity are clearly understood and responsive to the needs of the audit committee.
- \* 4. Maintain open and effective communications with the audit committee.

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

**Answer: D**

**NEW QUESTION 128**

- (Topic 1)

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.

**Answer: C**

**NEW QUESTION 132**

- (Topic 1)

Which of the following controls is not appropriate for sales in a manufacturing organization?

- A. Customers' orders are recorded promptly.
- B. Goods shipped are matched with valid customer orders.
- C. Goods returned are inspected for damage by the receiving department for proper disposition.
- D. Sales department approval is required for credit sales transactions.

**Answer: D**

**NEW QUESTION 133**

- (Topic 2)

Which of the following is the primary engagement responsibility of an entry-level internal auditor?

- A. Leadership.
- B. Documentation.
- C. Analysis.
- D. Reporting.

**Answer: C**

**NEW QUESTION 138**

- (Topic 2)

Which of the following situations is most likely to impair internal audit objectivity?

- A. An internal auditor reports both functionally and administratively to the chief financial officer (CFO).
- B. An internal auditor, who was an accounts receivable intern for the organization three years prior, performs an audit of the accounts receivable cycle.
- C. According to policy, the internal auditor must obtain approval from the CFO prior to requesting information for internal audit purposes.
- D. An internal auditor performs an audit in a department that is led by the auditor's close friend.

**Answer: D**

**NEW QUESTION 141**

- (Topic 2)

Which of the following actions should the audit committee take to promote organizational independence for the internal audit activity?

- A. Delegate final approval of the risk-based internal audit plan to the chief audit executive (CAE).
- B. Approve the annual budget and resource plan for the internal audit activity.
- C. Assist the CAE with hiring objective and competent internal audit staff.
- D. Encourage the CAE to communicate and coordinate with the external auditor.

**Answer: A**

**NEW QUESTION 145**

- (Topic 2)

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 148**

- (Topic 2)

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 151

- (Topic 2)

With regard to IT governance, which of the following is the most effective and appropriate role for the internal audit activity?

- A. Independently evaluate the skills and experience of potential chief information officer candidates to assess the best fit based on the organization's risk appetite.
- B. Evaluate the organization's governance standards and assess IT-related activities to identify gaps and develop policies, ensuring alignment with the organization's risk appetite.
- C. Assist management in interpreting complex IT-related privacy and security risk exposures and evaluating potential mitigation strategies.
- D. Assess whether governance activities are aligned with the organization's risk appetite and take into consideration emerging risks.

**Answer: D**

#### NEW QUESTION 152

- (Topic 2)

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 154

- (Topic 2)

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 158

- (Topic 2)

Which of the following are components of the ISO 31000 risk management process?

- \* 1. Setting the context.
- \* 2. Risk treatment.
- \* 3. Risk avoidance.
- \* 4. Communication.

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

**Answer: A**

#### NEW QUESTION 163

- (Topic 2)

According to IIA guidance, which of the following statements describes one of the similarities between assurance and consulting services?

- A. When planning assurance and consulting engagements, internal auditors must consider the strategies and objectives of the activity being reviewed.
- B. Internal auditors determine the engagement objectives, scope, and work program for both assurance and consulting services.
- C. Internal auditors must not provide assurance or consulting services for an activity for which they had responsibility within the previous year.
- D. Both assurance and consulting services generally involve the internal auditor, the area under review, senior management, and the board.

**Answer: A**

#### NEW QUESTION 168

- (Topic 2)

The chief audit executive (CAE) of a small internal audit activity (IAA) performs all high-risk engagements on the annual audit plan to make use of his knowledge and experience and to maximize the efficient use of audit resources. Which of the following statements is most relevant regarding this practice?

- A. The CAE's work may be reviewed by any other experienced staff member within the IAA.

- B. The CAE's work should be reviewed by an individual with the appropriate background and knowledge.
- C. The CAE may self-review his work, provided he discloses this practice in the final report.
- D. The CAE should avoid performing engagements to ensure he is able to review all audit work objectively.

**Answer: B**

**NEW QUESTION 169**

- (Topic 2)

While preparing for an audit of senior management expenses, the chief audit executive (CAE) learns that management is unable to locate a number of original expense claims to support the related disbursements. She decides to defer the engagement until they can be located. Which of the following principles likely guided the CAE's decision?

- A. Objectivity.
- B. Proficiency.
- C. Independence.
- D. Due professional care.

**Answer: D**

**NEW QUESTION 172**

- (Topic 2)

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 174**

- (Topic 2)

Who is responsible for setting the risk appetite?

- A. External auditors.
- B. Chief risk officer.
- C. Operations management.
- D. Board of directors.

**Answer: D**

**NEW QUESTION 177**

- (Topic 2)

A snow removal company is conducting a scenario planning exercise where participating employees consider the potential impacts of a significant reduction in annual snowfall for the coming winter. Which of the following best describes this type of risk?

- A. Residual.
- B. Net.
- C. Inherent.
- D. Accepted.

**Answer: C**

**NEW QUESTION 181**

- (Topic 2)

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 182**

- (Topic 2)

Which of the following is true regarding the use of a formal risk management framework?

- \* 1. It facilitates a methodical approach to risk mitigation.
- \* 2. It defines and standardizes the terminology used in risk communication.
- \* 3. It establishes the risk tolerance levels to be accommodated in the strategy.
- \* 4. It facilitates the alignment of risk mitigation strategies with management priorities.

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

**Answer: B**

**NEW QUESTION 184**

- (Topic 2)

According to IIA guidance, which of the following describes the primary reason to implement environmental and social safeguards within an organization?

- A. To enable Triple Bottom Line reporting capability.
- B. To facilitate the conduct of risk assessment.
- C. To achieve and maintain sustainable development.
- D. To fulfill regulatory and compliance requirements.

**Answer: C**

**NEW QUESTION 189**

- (Topic 2)

An internal auditor completed an audit of a bank's loan department and found all significant risks to be managed adequately through effective internal controls. Which of the following would be an appropriate conclusion to report to management?

- A. The residual risk is lower than or equal to the risk appetite.
- B. The residual risk is higher than or equal to the risk appetite.
- C. The inherent risk is lower than or equal to the risk tolerance.
- D. The inherent risk is higher than or equal to the risk tolerance.

**Answer: A**

**NEW QUESTION 192**

- (Topic 2)

According to the IA 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 195**

- (Topic 2)

Which of the following is a detective control strategy against fraud?

- A. Requiring employees to attend ethics training.
- B. Performing background checks on employees.
- C. Implementing a control self-assessment.
- D. Performing a surprise audit.

**Answer: D**

**NEW QUESTION 196**

- (Topic 2)

An organization has implemented a software system that requires a supervisor to approve transactions that would cause treasury dealers to exceed their authorized limit. This is an example of which of the following types of controls?

- A. Preventive controls.
- B. Detective controls.
- C. Soft controls.
- D. Directive controls.

**Answer: A**

**NEW QUESTION 198**

- (Topic 2)

Upon joining the internal audit activity, each new auditor receives a copy of the audit handbook. Which of the following handbook policies has the greatest risk of compromising audit objectivity?

- A. Internal auditors should obtain 80 hours of continuing professional education every two years, 20 of which should be audit-related, and the remainder may be operations-related.
- B. Internal auditors should rotate to other areas of the organization for nonaudit assignments to gain an understanding of the organization's operations.
- C. Internal auditors should have direct and unrestricted access to personnel and information throughout the organization and the governing board.
- D. Internal auditors should undergo annual performance appraisals conducted by the chief audit executive, who reports administratively to the chief financial officer.

**Answer: B**

**NEW QUESTION 201**

- (Topic 2)

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 205**

- (Topic 2)

According to The IIA's Code of Ethics, which of the following actions violates the principle of confidentiality?

- A. Accepting a consulting request in the IT department without possessing the requisite experience.
- B. Providing personal tax preparation services for a fee for several employees during the lunch hour.
- C. Providing a friend with the marketing strategic plan, which she will use to prepare her university thesis.
- D. Agreeing to reword an observation to avoid the client complaining directly to the auditor's supervisor.

**Answer: C**

**NEW QUESTION 209**

- (Topic 2)

Which of the following would be the most appropriate first step for the board to take when developing an effective system of governance?

- A. Determine the organization's overall risk appetite.
- B. Establish a governance committee.
- C. Delegate authority to members of senior management.
- D. Identify key stakeholders and their expectations.

**Answer: D**

**NEW QUESTION 214**

- (Topic 2)

A multinational organization has asked the internal audit activity to assist in setting up the organization's risk management system. The chief audit executive (CAE) agrees to take on the engagement as a consultant. Which of the following tasks is appropriate for the CAE to undertake?

- A. Coordinate and facilitate risk workshops for management to attend.
- B. Establish the degree of risk appetite for management to accept.
- C. Set risk indicators and mitigation plans for management to implement.
- D. Determine the number of significant risks for management to report to the board.

**Answer: D**

**NEW QUESTION 219**

- (Topic 2)

Which of the following behaviors could represent a significant ethical risk if exhibited by an organization's board?

- A. Requesting a private meeting with senior management, without the presence of the chief audit executive.
- B. Intervening during an audit involving ethical wrongdoing.
- C. Discussing periodic reports of ethical breaches.
- D. Authorizing an investigation of an unsafe product.

**Answer: B**

**NEW QUESTION 222**

- (Topic 2)

Which of the following is a common type of payroll fraud?

- A. Unauthorized overtime.
- B. Fictitious employees.
- C. Unearned bonuses or commissions.
- D. Skimming.

**Answer: B**

**NEW QUESTION 225**

- (Topic 2)

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 229**

- (Topic 2)

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 233**

- (Topic 2)

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 236**

- (Topic 2)

Which of the following is an example of collusion?

- A. An employee includes a faked receipt in his expense claim, and the claim is signed by the employee's manager.
- B. A vendor inflates the price of an item and remits a portion of the excess to the purchasing manager.
- C. A vendor sends a duplicate invoice with a new invoice number, and the accounts payable system fails to detect the duplication.
- D. An employee works with the IT manager to develop a program for identifying duplicate invoice payments.

**Answer: B**

**NEW QUESTION 241**

- (Topic 2)

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 244**

- (Topic 2)

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 248**

- (Topic 2)

To fill a critical vacancy, an internal auditor is assigned temporarily to a nonaudit role in the purchasing department, where she worked previously before joining the internal audit activity. According to IIA guidance, which of the following statements is true regarding these circumstances?

- A. The chief audit executive (CAE) should review all work performed by the auditor during her temporary assignment to ensure no impairments.

- B. The CAE may conduct audits in the purchasing department during the auditor's temporary assignment.
- C. The auditor should obtain the CAE's approval as to the nature and scope of the duties she is permitted to perform during her temporary assignment.
- D. Any work performed by the auditor during her temporary assignment must conform to the internal audit charter.

**Answer: C**

**NEW QUESTION 249**

- (Topic 2)

According to IIA guidance, which of the following are considerations of due professional care when an internal auditor conducts a formal consulting engagement?

- \* 1. The complexity of the work required.
- \* 2. The needs and expectations of the client.
- \* 3. The potential value of the engagement compared to the effort.
- \* 4. Information regarding assumptions and procedures to be employed.

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

**Answer: C**

**NEW QUESTION 253**

- (Topic 2)

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 254**

- (Topic 2)

Which of the following would not be considered part of preliminary survey of an engagement area?

- A. Interviews with individuals affected by the entity.
- B. Functional walk through test.
- C. Analytical reviews.
- D. Sampling scope.

**Answer: D**

**NEW QUESTION 259**

- (Topic 2)

Which of the following is an activity that an internal auditor must not perform?

- A. Establish and provide continuing assurance on an anti-money laundering program for new hires.
- B. Survey employees for their understanding of anti-money laundering practices.
- C. Provide assurance for the effectiveness of anti-money laundering training.
- D. Assess the risk of being fined for ineffective anti-money laundering practices.

**Answer: A**

**NEW QUESTION 260**

- (Topic 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 263**

- (Topic 2)

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 265**

- (Topic 2)

During an audit, the client questions the internal audit activity's authority to perform procedures over fraud allegations. According to IA guidance, which of the following would provide the most relevant support to respond to the client's concerns?

- A. Definition of Internal Auditing.
- B. IA Standards.
- C. Internal audit charter.
- D. The IIA's Code of Ethics.

**Answer: C**

**NEW QUESTION 269**

- (Topic 2)

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 271**

- (Topic 2)

Which of the following is considered a violation of The IIA's Code of Ethics?

- A. An auditor conveys public information about an organization's financial condition.
- B. An auditor reports a manager's illegal activity to senior management, rather than reporting the incident to the appropriate external authority.
- C. An auditor receives allegations of fraud from a whistleblower and immediately reports the allegations to senior management.
- D. An auditor reports material deficiencies, despite the fact that management is already aware of the defects.

**Answer: C**

**NEW QUESTION 272**

- (Topic 2)

Which of the following is a requirement for an assurance engagement that may not be for a consulting engagement?

- A. The internal audit activity has to ensure team members' objectivity is not impaired.
- B. Auditors cannot participate in an assurance engagement of a function for which they previously performed a consulting engagement.
- C. The scope and objective of the engagement is agreed upon based on the engagement client's needs.
- D. The internal audit activity must ensure management actions have been implemented effectively or risk accepted.

**Answer: B**

**NEW QUESTION 276**

- (Topic 2)

Reviewing prior audit reports and supporting workpapers before an engagement starts enables an internal auditor to do which of the following?

- \* 1. To understand better the activity and processes that will be audited.
- \* 2. To identify the audit procedures that will be used during the engagement.
- \* 3. To ensure that matters of greatest vulnerability will be addressed.
- \* 4. To use the information obtained as evidence in the current engagement.

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

**Answer: B**

**NEW QUESTION 278**

- (Topic 2)

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 282**

- (Topic 2)

Which of the following statements accurately describes an internal auditor's responsibility with regard to due professional care?

- A. An internal auditor should express an opinion only when consensus with topmanagement has been achieved.
- B. An internal auditor's opinion should be based on experience and free of all bias.
- C. An internal auditor's opinion should be based on factual evidence.
- D. An internal auditor's opinion should be limited to the effectiveness of internal controls.

**Answer: C**

**NEW QUESTION 286**

- (Topic 2)

A medical insurance provider uses an electronic claims-submission process and suspects that a number of physicians have submitted claims for treatments that were not performed. Which of the following control procedures would be most effective to detect this type of fraud?

- A. Require the physician to submit a signed statement attesting that the treatments had been performed.
- B. Send confirmations to the physicians, requesting them to verify the exact nature of the claims submitted to the insurance provider.
- C. Develop an integrated test facility and submit false claims to verify that the system is detecting such claims on a consistent basis.
- D. Use computer software to identify abnormal claims based on the insured's age and medical history.

**Answer: D**

**NEW QUESTION 287**

- (Topic 2)

Internal auditors must exercise due professional care by considering which of the following?

- \* 1. Cost of assurance in relation to potential benefits.
- \* 2. Adequacy and effectiveness of governance, risk management, and control processes.
- \* 3. Management's competency level in the area being evaluated.
- \* 4. Probability of significant errors, fraud, or noncompliance.

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

**Answer: C**

**NEW QUESTION 289**

- (Topic 2)

A government agency maintains a system of internal control, according to the COSO model, and has made a change to its employee performance reviews and rewards program. This change relates to which of the following components of COSO's internal control framework?

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

**Answer: A**

**NEW QUESTION 291**

- (Topic 2)

Evidence discovered during the course of an engagement suggests that multiple incidents of fraud have occurred. There do not appear to be sufficient controls in place to prevent reoccurrence. Which of the following is the internal auditor's most appropriate next step?

- A. Immediately notify management of the area under review and the other internal auditors involved in the engagement.
- B. Discuss the situation with the engagement supervisor to determine whether fraud investigation experts are required to investigate the matter properly.
- C. Fully document in the workpapers the evidence that has been discovered and recommend appropriate controls to address the fraud.
- D. Provide the evidence that was discovered to local law enforcement for possible prosecution of the suspected fraud.

**Answer: A**

**NEW QUESTION 293**

- (Topic 2)

Which of the following control activities is the most effective to ensure users' levels of access are appropriate for their current roles?

- A. The human resources department generates a monthly list of terminated and transferred employees and requests IT to update the user access as required.
- B. Standardized user access profiles are developed and the appropriate access profiles are automatically assigned to new or transferred employees.
- C. System administrator rights are assigned to one user in each department who can update user access of terminated or transferred employees immediately.
- D. Department managers are required to perform periodic user access reviews of relevant systems and applications.

**Answer: D**

**NEW QUESTION 296**

- (Topic 2)

An internal auditor uses a predefined macro provided in a popular spreadsheet application

to verify the present value of the organization's investments. Which of the following is the most appropriate course of action regarding the auditor's use of this functionality?

- A. The auditor should accept the calculations generated by the function, as any further work or documentation would be inefficient.
- B. The auditor should perform a manual recalculation of several results to validate and document the results.
- C. The auditor should review the programming of the macro before its use to ensure that it is appropriate for the required calculations.
- D. The auditor should tabulate the results in the spreadsheet to ensure the macro has generated the correct results for all calculations.

**Answer: B**

#### **NEW QUESTION 301**

- (Topic 2)

An internal audit activity includes in its audit reports the assertion that its work is performed in conformance with the International Standards for the Professional Practice of Internal Auditing (Standards). A recent external quality assessment concluded that the internal audit activity had substantial deficiencies that impact its overall operations. According to IIA guidance, which of the following is the most appropriate action for issuing future audit reports?

- A. Refrain from indicating that the internal audit activity operates in conformance with the Standards until the chief audit executive confirms that the internal audit activity has addressed all areas of nonconformance and the audit committee has been notified.
- B. Refrain from indicating that the internal audit activity operates in conformance with the Standards until another external assessment confirms that the significant areas of nonconformance have been addressed.
- C. Indicate that the internal audit activity operates in partial conformance with the Standards, as the internal audit activity has a quality assurance and improvement program in place to address deficiencies and has met the requirement for conducting an external assessment.
- D. Update and reissue previous audit reports, removing the assertion that the internal audit activity operates in conformance with the Standards, and distribute them to all parties who received the original reports.

**Answer: B**

#### **NEW QUESTION 305**

- (Topic 2)

According to IIA guidance, which of the following is least compliant with the requirements regarding an internal auditor's need for objectivity?

- A. An internal auditor assessed the effectiveness of controls over payroll software, which he had helped implement with a previous employer.
- B. An internal auditor participated in an audit of controls around absenteeism, despite providing some consultation on controls in this area earlier in the year.
- C. An internal auditor performed an assurance engagement for the effectiveness of accounts payable access controls, one of which he previously helped to design.
- D. An internal auditor, previously employed in the quality assurance operations area, performed a consulting engagement for the operations manager.

**Answer: C**

#### **NEW QUESTION 307**

- (Topic 2)

According to the COSO enterprise risk management framework, which of the following best describes the activity that helps ensure risk responses are carried out effectively?

- A. Objective setting.
- B. Control activities.
- C. Information and communication.
- D. Event identification.

**Answer: B**

#### **NEW QUESTION 311**

- (Topic 2)

An internal auditor is evaluating techniques management uses to mitigate risks within a particular product division. Which of the following is an example of risk reduction?

- A. Management sells the product division to a competitor.
- B. Management outsources the product division to a third party.
- C. Management allows the product division to remain unchanged.
- D. Management modifies the product division to minimize errors.

**Answer: D**

#### **NEW QUESTION 312**

- (Topic 2)

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 315**

- (Topic 2)

A credit card company detects potential errors in credit card numbers by checking whether all entered numbers contain the correct amount of digits. This is an example of which of the following IT controls?

- A. Logic test.
- B. Check digits.
- C. Data integrity tests.
- D. Balancing control activities.

**Answer: A**

**NEW QUESTION 317**

- (Topic 2)

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 322**

- (Topic 2)

Which segregation of duties would best reduce the risk of payroll fraud?

- A. Human resources personnel add employees, and payroll personnel process hours and enter employee bank account number
- B. Paychecks are automatically deposited in the employee's bank account.
- C. Human resources personnel add employees, payroll personnel process hours, and human resources personnel deliver paychecks to employees.
- D. Human resources personnel add employees, review and submit payroll hours to the payroll department for processing, and deliver paychecks to employees.
- E. Human resources personnel add employees and enter employee bank informatio
- F. Payroll personnel process hours, and paychecks are automatically deposited in the employee's bank account.

**Answer: A**

**NEW QUESTION 325**

- (Topic 2)

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 330**

- (Topic 2)

According to The MA Global Internal Audit Competency Framework, which of the following areas of training would best assist the internal audit activity in improving its use of tools and techniques?

- A. Negotiation and conflict resolution.
- B. Project management.
- C. Financial accounting.
- D. Ethics and fraud.

**Answer: B**

**NEW QUESTION 331**

- (Topic 2)

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 336**

- (Topic 2)

If appropriate safeguards exist, which of the following is considered a legitimate internal audit role within risk management at an organization?

- A. Imposing risk management processes.
- B. Providing consolidated reporting on risks.
- C. Taking accountability for risk management.
- D. Making decisions on risk responses.

**Answer: B**

**NEW QUESTION 340**

- (Topic 2)

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 342**

- (Topic 2)

According to IIA guidance, which of the following must the internal auditor consider to meet the requirements for due professional care?

- A. The training courses necessary to enhance the internal auditor's knowledge, skills, and other competencies.
- B. The appropriateness of assurance procedures necessary to ensure all significant risks will be identified.
- C. The use of innovative technology and data analysis techniques.
- D. The extent of work needed to achieve the engagement's objectives.

**Answer: D**

**NEW QUESTION 345**

- (Topic 2)

According to IIA guidance, the results of a formal quality assessment should be reported to which of the following groups?

- A. The audit committee and senior management.
- B. The audit committee and the external auditors.
- C. Senior management and management of the audited area.
- D. Senior management and the external auditors.

**Answer: A**

**NEW QUESTION 346**

- (Topic 2)

According to IIA guidance, which of the following best describes internal auditors' responsibility regarding fraud?

- A. Internal auditors should take a leading role in investigating all fraud-related cases.
- B. Internal auditors must have sufficient knowledge to evaluate the risk of fraud.
- C. Internal auditors should report all fraud cases to law enforcement agents, in accordance with the Code of Ethics.
- D. Internal auditors are responsible for ensuring that fraud does not occur.

**Answer: B**

**NEW QUESTION 348**

- (Topic 2)

According to IIA guidance, which of the following external groups is most likely to represent a liability risk, based on activities associated with the organization's corporate social responsibility program?

- A. Consumers.
- B. Activists.
- C. Suppliers.
- D. Investors.

**Answer: B**

**NEW QUESTION 352**

- (Topic 2)

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 354**

- (Topic 2)

Which of the following must be in existence as a precondition to developing an effective system of internal controls?

- A. A monitoring process.
- B. A risk assessment process.
- C. A strategic objective-setting process.
- D. An information and communication process.

**Answer: B**

**NEW QUESTION 356**

- (Topic 2)

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 361**

- (Topic 2)

Which of the following scenarios best illustrates the principle of due professional care?

- A. An internal auditor evaluates the significant risks arising from a consulting engagement.
- B. An internal auditor declares that he would have a conflict of interest in providing planned audit support.
- C. An internal auditor has been given sufficient authority to access documents needed to make an appraisal of an issue.
- D. An internal auditor uses technology-based audit techniques to ensure that all significant risks are identified.

**Answer: A**

**NEW QUESTION 365**

- (Topic 2)

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 367**

- (Topic 2)

Which of the following types of fraud includes embezzlement?

- A. Fraudulent statements.
- B. Bribery.
- C. Misappropriation of assets.
- D. Corruption.

**Answer: C**

**NEW QUESTION 370**

- (Topic 2)

A fraud investigation was completed by management, and a proven fraud was communicated to relevant authorities. According to MA guidance, which of the following roles would be most appropriate for the internal audit activity to undertake after the investigation?

- A. Plan employee sessions and team building strategies for the organization to improve awareness of fraud among employees.
- B. Review the investigation and implement any improvements to the process.
- C. Conduct lessons learned sessions to ascertain how the fraud occurred and which controls failed.
- D. Determine why The fraud was not detected earlier and design controls to strengthen early detection.

**Answer: C**

**NEW QUESTION 371**

- (Topic 2)

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 373**

- (Topic 2)

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 376**

- (Topic 2)

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 380**

- (Topic 2)

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 384**

- (Topic 2)

As a matter of policy, the chief audit executive routinely rotates internal audit staff assignments and periodically interviews the staff to discuss the potential for conflicts of interest. These actions help fulfill which of the following internal audit mandates?

- A. Organizational independence.
- B. Professional objectivity.
- C. Due professional care.
- D. Individual proficiency.

**Answer: B**

**NEW QUESTION 387**

- (Topic 2)

While auditing an organization's credit approval process, an internal auditor learns that the organization has made a large loan to another auditor's relative. Which course of action should the auditor take?

- A. Proceed with the audit engagement, but do not include the relative's information.
- B. Have the chief audit executive and management determine whether the auditor should continue with the audit engagement.
- C. Disclose in the engagement final communication that the relative is a customer.
- D. Immediately withdraw from the audit engagement.

**Answer: B**

**NEW QUESTION 388**

- (Topic 2)

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 391**

- (Topic 2)

Which of the following is most likely to be considered a control weakness?

- A. Vendor invoice payment requests are accompanied by a purchase order and receiving report.
- B. Purchase orders are typed by the purchasing department using prenumbered forms.
- C. Buyers promptly update the official vendor listing as new supplier sources become known.

D. Department managers initiate purchase requests that must be approved by the plant superintendent.

**Answer: C**

**NEW QUESTION 395**

- (Topic 2)

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 397**

- (Topic 2)

Which of the following best demonstrates the authority of the internal audit activity?

- A. Suggesting alternatives to decision makers.
- B. Improving the integrity of information.
- C. Determining the scope of internal audit services.
- D. Achieving engagement objectives.

**Answer: C**

**NEW QUESTION 402**

- (Topic 2)

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 406**

.....

## Thank You for Trying Our Product

\* 100% Pass or Money Back

All our products come with a 90-day Money Back Guarantee.

\* One year free update

You can enjoy free update one year. 24x7 online support.

\* Trusted by Millions

We currently serve more than 30,000,000 customers.

\* Shop Securely

All transactions are protected by VeriSign!

**100% Pass Your IIA-CRMA-ADV Exam with Our Prep Materials Via below:**

<https://www.certleader.com/IIA-CRMA-ADV-dumps.html>