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Certified Internal Auditor - Part 3, Business Analysis and Information Technology

IIA IIA-CIA-Part3

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QUESTION NO: 1

If legal or regulatory standards prohibit conformance with certain parts of The IIA's Standards, the auditor should do which of the following?

A. Conform with all other parts of The IIA's Standards and provide appropriate disclosures.

B. Conform with all other parts of The IIA's Standards; there is no need to provide appropriate disclosures.

C. Continue the engagement without conforming with the other parts of The IIA's Standards.

D. Withdraw from the engagement.

ANSWER: A

QUESTION NO: 2

Which of the following is a result of implementing an e-commerce system, which relies heavily on electronic data interchange and electronic funds transfer, for purchasing and billing?

A. Higher cash flow and treasury balances.

B. Higher inventory balances.

C. Higher accounts receivable

D. Higher accounts payable.

ANSWER: D

QUESTION NO: 3

An organization allows employees to use their personal mobile devices to access its database. Which of the following best maintains the confidentiality of different records within the database?

A. Regular remote wiping of the mobile devices accessing the database.

B. Encrypted data transmissions between mobile devices and the database.

C. Restrictions on the access permissions when mobile devices are used.

D. The use of two-factor authentication algorithms for those who use remote access.

ANSWER: B

QUESTION NO: 4

The audit committee of a global corporation has mandated a change in the organization's business ethics policy. Which of the following approaches describes the best way to accomplish the policy's diffusion worldwide?

A. Deploy the policy in the corporate headquarters' language, so everyone gets an unfiltered version simultaneously.

B. Introduce the policy region by region, using any lessons learned to change the subsequent version of the policy for the next area.

C. Consult with legal and operational management in each affected country to ensure the final version can be implemented globally, following audit committee approval.

D. Send the board-approved version of the policy to each country's senior leadership, and empower them to tailor the policy to the local language and culture.

ANSWER: C

QUESTION NO: 5

According to IIA guidance on IT, which of the following best describes a logical access control?

A. Require complex passwords to be established and changed quarterly.

B. Require swipe cards to control entry into secure data centers.

C. Monitor access to the data center with closed circuit camera surveillance.

D. Maintain current role definitions to ensure appropriate segregation of duties.

ANSWER: D

Explanation:

Reference: https://www.sciencedirect.com/topics/computer-science/logical-access-control

Logical access controls

Logical access controls are the features of your system that enable authorized personnel access to resources. To many folks, distinguishing between logical access control and I&A is confusing. Logical access controls are those controls that either prevent or allow access to resources once a user's identity already has been established. Once a user is logged in, they should have access only to those resources required to perform their duties. Different user groups usually have access to different resources, which ensures a separation of duties. Describe how the separation of duties occurs. A good portion of this discussion should be about account management. User accounts are usually part of a role-based group. Describe the names of each role and what resources each role has access to. The resources that you will want to take into consideration include systems, directories, network shares, and files. You can summarize this information in a table similar to Table 16.8.

QUESTION NO: 6

An organization accomplishes its goal to obtain a 40 percent share of the domestic market, but is unable to get the desired return on investment and output per hour of labor. Based on this information, the organization is most likely focused on which of the following?

A. Capital investment and not marketing.

B. Marketing and not capital investment.

C. Efficiency and not input economy.

D. Effectiveness and not efficiency.

ANSWER: A

QUESTION NO: 7

Which of the following is a disadvantage of selecting a commercial software package rather than developing an application internally?

A. Lack of flexibility.

B. Incompatibility with client/server technology.

C. Employee resistance to change.

D. Inadequate technical support.

ANSWER: A

QUESTION NO: 8

A bond that matures after one year has a face value of $250,000 and a coupon of $30,000. If the market price of the bond is $265,000, which of the following would be the market interest rate?

A. Less than 12 percent.

B. 12 percent.

C. Between 12.01 percent and 12.50 percent.

D. More than 12.50 percent.

ANSWER: A

QUESTION NO: 9

Which of the following COSO internal control framework components encompasses establishing structures, reporting lines, authorities, and responsibilities?

A. Control environment.

B. Control activities.

C. Information and communication.

D. Monitoring.

ANSWER: A

QUESTION NO: 10

For an engineering department with a total quality management program, important elements of quality management include all of the following except:

A. Basing performance evaluations on the number of projects completed.

B. Comparing results with those of other engineering departments.

C. Creating a quality council within the engineering department.

D. Conducting post-project surveys on performance.

ANSWER: A

QUESTION NO: 11

One change control function that is required in client/server environments, but is not required in mainframe environments, is to ensure that:

A. Program versions are synchronized across the network.

B. Emergency move procedures are documented and followed.

C. Appropriate users are involved in program change testing.

D. Movement from the test library to the production library is controlled.

ANSWER: A

QUESTION NO: 12

Which of the following statements is true regarding an investee that received a dividend distribution from an entity and is presumed to have little influence over the entity?

A. The cash dividends received increase the investee investment account accordingly.

B. The investee must adjust the investment account by the ownership interest.

C. The investment account is adjusted downward by the percentage of ownership.

D. The investee must record the cash dividends as dividend revenue.

ANSWER: D

QUESTION NO: 13

Which of the following is classified as a product cost using the variable costing method?

1. Direct labor costs.

2. Insurance on a factory.

3. Manufacturing supplies.

4. Packaging and shipping costs.

A. 1 and 2.

B. 1 and 3.

C. 2 and 4.

D. 3 and 4.

ANSWER: D

QUESTION NO: 14

Which of the following is a project planning methodology that involves a complex series of required simulations to provide information about schedule risk?

A. Monte Carlo Analysis.

B. Project Management Information System (PMIS)

C. Earned Value Management (EVM).

D. Integrated Project Plan.

ANSWER: A

Explanation:

Reference: https://opentextbc.ca/projectmanagement/chapter/chapter-16-risk-management-planning-project-management/

QUESTION NO: 15

An internal auditor has been asked to conduct an investigation involving allegations of independent contractor fraud. Which of the following controls would be least effective in detecting any potential fraudulent activity?

A. Exception report identifying payment anomalies.

B. Documented policy and procedures.

C. Periodic account reconciliation of contractor charges.

D. Monthly management review of all contractor activity.

ANSWER: B

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