

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

Which of the following is not true with regard to the internal audit charter?

- A. It defines the authorities and responsibilities of the internal audit activity.
- B. It specifies the minimum resources needed for the internal audit activity.
- C. It provides a basis for evaluating the internal audit activity.
- D. It should be approved by senior management and the board.

Correct Answer: B

QUESTION 2

Which of the following scenarios would represent the greatest threat to the authority of the internal audit activity (IAA)?

- A. A change was implemented requiring the IAA to report administratively to the organization's chief legal counsel rather than the board.
- B. Responsibility for risk management processes were removed from the IAA and placed under a newly created chief risk officer.
- C. The IAA was denied access to expenditure and budget requirement reports because the reports were considered to be financial administrative matters.
- D. An internal auditor was informed by the chief financial officer that client survey results would be unfavorable unless the auditor changed a finding in the report.

Correct Answer: C

QUESTION 3

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.

Correct Answer: B

QUESTION 4

Which of the following actions would be a violation of the IIA Code of Ethics?

- A. Excluding an issue in the final audit report after management has resolved the issue.
- B. Reporting information that could be damaging to the organization, at the request of a court of law.
- C. Failing to return a free promotional pen to a vendor related to the audit activity.
- D. Declining an audit engagement for which the auditor does not have the necessary experience or training.

Correct Answer: A

QUESTION 5

Which of the following audit findings would have the least impact (either positive or negative) on a department's control environment?

- A. The department makes long-term investment risk decisions to maximize return on investment.
- B. The department manager sets and demonstrates a tone of honesty and integrity in all business dealings.
- C. Many department functions are duplicated or verified by other department employees.
- D. Deficiencies were found in the appropriate authorization of transactions.

Correct Answer: A

QUESTION 6

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.

Correct Answer: C

QUESTION 7

A chief audit executive (CAE) is obtaining information required by a regulatory oversight body and discovers a situation that requires management to take immediate corrective action. What is the best course of action for the CAE to take?

- A. Wait until all of the information has been gathered and reported to the oversight body before reporting the situation to management.
- B. Check with legal counsel to determine whether the situation can be reported to management before all information has been submitted to the oversight body.

C. Report the situation to management immediately.

D. Schedule an engagement to explore the situation in depth, before reporting to either management or the oversight body.

Correct Answer: C

QUESTION 8

A member of the IT department transfers to the internal audit department. A few months after transferring, the new auditor volunteers to assist in an assurance engagement for the IT department. According to the Standards, how should the chief audit executive respond?

A. Decline the offer because the internal auditor subordinated professional judgment, and objectivity is therefore impaired.

B. Decline the offer because the internal auditor recently transferred from the IT department.

C. Accept the offer because the internal auditor maintains an independent mental attitude and is therefore objective.

D. Accept the offer because the internal audit charter grants the internal auditor authority to maintain objectivity.

Correct Answer: B

QUESTION 9

Which of the following is accomplished by the internal audit charter?

A. It establishes the audit committee's position within the organization.

B. It authorizes access to records, personnel and physical properties relevant to the performance of engagements.

C. It defines the scope of internal and external audit activities.

D. It states the nature of the chief audit executive's administrative reporting relationship with the board.

Correct Answer: B

QUESTION 10

Which of the following is not an advantage of face-to-face interviews over electronic surveys?

A. The response rate is typically higher.

B. Interviewers can increase a respondent's comprehension of questions.

C. Survey designers can use a wider variety of question types.

D. They are less expensive to distribute and compile data.

Correct Answer: D

QUESTION 11

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.

Correct Answer: D

QUESTION 12

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

Correct Answer: C

QUESTION 13

According to the IIA Code of Ethics, the deliberate omission of relevant information from an audit report would violate which principle?

- A. Honesty.

- B. Competency.
- C. Responsibility.
- D. Integrity.

Correct Answer: D

QUESTION 14

Which of the following risk assessment tools would best facilitate the matching of controls to risks?

- A. Control matrix.
- B. Internal control questionnaire.
- C. Control flowchart.
- D. Program evaluation and review technique (PERT) analysis.

Correct Answer: A

QUESTION 15

Which of the following is the best method for testing the accuracy of a computer program's calculation of shipping charges?

- A. Use either test data or parallel simulation to test the computer program.
- B. Use generalized audit software to select a monetary-unit sample of invoices that have been billed to customers.
- C. Select transactions from invoices with shipping charges using difference estimation.
- D. Select transactions from invoices with shipping charges using discovery sampling.

Correct Answer: A

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