

# IIA-CIA-PART3<sup>Q&As</sup>

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### QUESTION 1

Which of the following is a cybersecurity monitoring activity intended to deter disruptive codes from being installed on an organization's systems?

- A. Boundary defense.
- B. Malware defense.
- C. Penetration tests.
- D. Wireless access controls.

Correct Answer: B

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### QUESTION 2

Which one of the following will not help overcome communication problems between the Accounting Department and other departments?

- A. Interdepartmental task forces.
- B. Cross training and job rotation.
- C. Organization-wide social events.
- D. A performance appraisal prepared by your immediate supervisor.

Correct Answer: D

Horizontal communication between departments is often subject to more problems than either upward or downward communication within a single department. Examples of these problems include the use of technical terms understood by only one side in the communication process, faulty channel selection, and interpersonal problems. To overcome these difficulties, the sender must encode the message in the context of the receiver's perceptions; that is, the sender must understand the receiver. The sender must establish an interpersonal climate that encourages the elimination of interpersonal barriers to communication. A performance appraisal prepared by the accountant's supervisor will not help the accountant understand the perceptions of people in other departments.

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### QUESTION 3

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.

Correct Answer: D

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#### QUESTION 4

Which of the following statements is true with respect to a change in values?

- A. Values are neither stable nor enduring.
- B. The process of questioning values will result in a change.
- C. Values are not fixed, and when they change, they change quickly.
- D. Values are established in early years and are unlikely to change.

Correct Answer: D

Values are specific to each individual and involve moral and personal issues. They tend to be learned in childhood from parents, friends, and others. Values can be modified throughout life but ordinarily tend to stay the same.

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#### QUESTION 5

The economic order quantity for inventory is higher for an organization that has:

- A. Lower annual unit sales.
- B. Higher fixed inventory ordering costs.
- C. Higher annual carrying costs as a percentage of inventory value.
- D. A higher purchase price per unit of inventory.

Correct Answer: B

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#### QUESTION 6

Which approach to understanding leadership focuses on the social skills, judgment, and maturity of the leader?

- A. Behavioral styles theory.
- B. Emotional intelligence theory.
- C. The Ohio State model.
- D. Path-goal theory.

Correct Answer: B

A recent traitist approach is based on the emotional intelligence of leaders, that is, their social skills and judgment, maturity, and emotional control. These abilities can be learned, especially when a manager or employee understands that immaturity, erratic behavior, and uncontrolled negative emotions have a bad effect on the workplace. According to Daniel Goleman, a leader can acquire social capital through exhibiting the following leadership traits: 1 Self-awareness is

knowing oneself. 2Self-management is the ability to prevent one's mood swings from interfering with positive relationships. 3Social awareness is understanding the actions and emotions of others. This ability helps a person to adapt in a productive way. 4Relationship management is an ability possessed by a person who communicates and resolves conflict effectively. Humor and a benign approach are characteristics of people who develop good relationships.

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#### QUESTION 7

Which of the following is not an advantage of group decision making as compared to individual decision making?

- A. Groups obtain an increased degree of acceptance of a solution so that it may be more easily implemented.
- B. Group decision making is consistent with democratic methods.
- C. Group members bring more complete information and knowledge into the decision process.
- D. Group members avoid expressing opinions that deviate from what appears to be the group consensus.

Correct Answer: D

The groupthink phenomenon is undesirable. Groupthink occurs when group members accept what appears to be the group consensus rather than giving their honest input. The result maybe decisions with which some members of the group are not happy.

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#### QUESTION 8

A firm wishing to become global must consider how many national markets to enter. A firm should enter fewer national markets when

- A. Communication adaptation costs are low.
- B. The product need not be adapted.
- C. Entry costs are low.
- D. The first countries chosen are heavily populated and have high incomes.

Correct Answer: D

According to Ayal and Zif, the following are factors indicating that few national markets should be entered:

(1)

entry costs are high;

(2)

market control costs are high;

(3)

product adaptation costs are high;

(4)

communication adaptation costs are high;

(5)

the first countries selected have large populations, high incomes, and high income growth;

(6)

a dominant firm can erect high entry barriers.

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#### QUESTION 9

According to Michael E. Porter's generic strategies model, a firm that successfully adopts a cost focus strategy is most likely to:

- A. Have weak customer loyalty.
- B. Have a strong RandD function.
- C. Know its market well.
- D. Enjoy economies of scale.

Correct Answer: C

Cost focus is the generic strategy favored by firms that seek competitive advantage through lower costs and that have a narrow competitive scope (e.g., a regional market or a specialized product line). The rationale for a cost focus strategy is that the narrower market can be better served because the firm knows it well.

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#### QUESTION 10

During a review of a web-based application used by customers to check the status of their bank accounts, it would be most important for the internal auditor to ensure that:

- A. Access to read application logs is restricted to authorized users.
- B. Account balance information is encrypted in the database.
- C. The web server used to host the application is located in a physically secure area.
- D. Sensitive data, such as account numbers, are submitted using encrypted communications.

Correct Answer: D

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#### QUESTION 11

According to Maslow's hierarchy of needs theory, which of the following best describes a strategy where a manager offers an assignment to a subordinate specifically to support his professional growth and future advancement?

- A. Esteem by colleagues.
- B. Self-fulfillment.
- C. Sense of belonging in the organization.
- D. Job security.

Correct Answer: D

Reference: <https://opentextbc.ca/businessopenstax/chapter/maslows-hierarchy-of-needs/>

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### QUESTION 12

Departmentation is the grouping of organizational subsystems. The greatest advantage of functional Departmentation is that it:

- A. Provides the benefits of specialization.
- B. Facilitates communication between primary functions.
- C. Helps to focus on achievement of organizational goals.
- D. Is appropriate for geographically dispersed companies.

Correct Answer: A

Departmentation by function is the most widely used method and is found in almost every enterprise at some level. The most common departments are selling, production, and finance (though other terms maybe used). These often extend upward in the organizational chart to the level below the chief executive. If persons within a department have similar knowledge, skills, and interests, they can specialize in the solution of particular problems. Thus, problem solving becomes more efficient.

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### QUESTION 13

Capacity overbuilding is most likely to occur when management is focused on which of the following?

- A. Marketing.
- B. Finance.
- C. Production.
- D. Diversification.

Correct Answer: C

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### QUESTION 14

Which of the following is an example of a two-party negotiation?

- A. A person sells a car to a used car dealer.
- B. A person requests a financial institution to pay another person.
- C. A person sells stock through a broker.
- D. A person sells a house through a real estate agent.

Correct Answer: A

A person's sale of a car to a used car dealer is an example of a two-party negotiation. Only the seller and dealer are involved in the negotiations.

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#### **QUESTION 15**

Which of the following characteristics applies to an organization that adopts a flat structure?

- A. The structure is dispersed geographically.
- B. The hierarchy levels are more numerous.
- C. The span of control is wide.
- D. The lower-level managers are encouraged to exercise creativity when solving problems.

Correct Answer: C

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