

Question: 1

Which two of the following are preventive controls in a check disbursement process?

1. Daily reconciliation of the bank account used for check disbursements and prompt follow-up of unreconciled items.
 2. Segregation of the following duties: establishing new vendors, approving checks, and reconciling the bank account.
 3. An activity report detailing who accesses the check disbursement system and the nature of any action taken in the system.
 4. Evidence of strong access controls ensuring that authorized individuals have access only to the functions related to their responsibilities.
- A. 1 and 3.
B. 1 and 4.
C. 2 and 3.
D. 2 and 4.

Answer: D

Question: 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

Question: 3

The chief audit executive (CAE) has assigned an internal auditor to an upcoming engagement. Which of the following requirements would most likely indicate that the internal auditor was assigned to an assurance engagement?

- A. The assigned internal auditor must determine the objectives, scope, and techniques of the engagement.

- B. The CAE must personally obtain the needed skills, knowledge, or other competencies if the internal auditor does not have them.
- C. The assigned internal auditor must not assume management responsibilities while performing the engagement.
- D. The assigned internal auditor must maintain objectivity while performing the engagement

Answer: A

Question: 4

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

Question: 5

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

Question: 6

Which of the following would be considered a preventive control?

- A. A library control log.
- B. A review of exception reports.

- C. A password lock on a server.
- D. A software scan of financial records for irregularities.

Answer: C

Question: 7

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

Question: 8

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

Question: 9

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

- A. Management may be concerned about its reputation in the financial markets.
- B. Management is following best-practice protocol, as stipulated by the Standards, which states that internal auditors must review quarterly financial statements.
- C. Management may be concerned about potential penalties that could occur if quarterly financial statements are misstated.
- D. Management may perceive that having quarterly financial information examined by the internal auditors enhances the information's value to internal decision making.

Answer: B

Question: 10

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