

Latest Version: 15.0

Question: 1

Which of the following is the most effective way for internal auditors to determine whether ethical values are followed throughout the organization?

- A. Review the organization's ethical value structure and reporting procedures.
- B. Review what the organization considers to be ethical behavior, such as the employee code of conduct.
- C. Review employee survey responses and follow up on those that suggest weaknesses in the ethical climate.
- D. Review the organization's records to ensure all employees have signed statements that they will follow ethical practices.

Answer: B

Question: 2

Which of the following best describes the Standards requirement for collective proficiency of the internal audit activity?

- A. The internal audit activity must have auditors on staff who collectively possess all of the competencies required to fulfill the internal audit plan,
- B. All internal auditors on staff should possess the knowledge, skills, and competencies needed to perform any assurance engagement on the audit plan.
- C. The internal audit activity must possess or obtain the competencies needed to carry out their professional responsibilities, including providing relevant advice and recommendations.
- D. Internal auditors collectively are responsible for ensuring that the internal audit activity has the competencies required to fulfill the internal audit plan.

Answer: C

Question: 3

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

Question: 4

An internal auditor is performing testing to gather evidence regarding an organization's inventory account balance and is mindful of the possibility that the sample used might support the conclusion that the recorded account balance is not materially misstated when, in fact, it is. The auditor's concern best describes which of the following risks?

- A. incorrect rejection risk
- B. Incorrect acceptance risk.
- C. Tolerable misstatement risk.
- D. Anticipated misstatement risk

Answer: B

Question: 5

Which of the following is the most appropriate way to ensure that a newly formed internal audit activity remains free from undue influence by management?

- A. Appoint the chief audit executive as a member of the board.
- B. Adopt written policies and procedures for the internal audit activity, approved by the board.
- C. Ensure the chief audit executive reports administratively to the audit committee.
- D. Establish the internal audit activity's position within the organization in an audit charter.

Answer: D