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Shared by Morrow on 22-07-2024

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Question 1

Question Type: MultipleChoice

Internal controls can be split between detect controls and prevent controls.

Which THREE of the following are prevent controls?

Options:

- A- Bank reconciliations
- B- Checking invoices to goods received notes
- C- Checking delivery notes to invoices
- D- Signing goods received notes
- E- Physical inventories
- F- Recording all transactions

Answer:

B, C, D

Question 2

Question Type: MultipleChoice

An audit trail is an essential part of an efficient, complete accounting system

Why is an audit trail important?

Options:

- A- To ensure all transactions are recorded
- B- To ensure all transactions are approved
- C- To ensure all transactions can be traced through the system
- D- To ensure all transactions can reported

Answer:

C

Question 3

Question Type: MultipleChoice

An accounting system should provide an audit trail for all its transactions

Which of the following describes an audit trail?

Options:

- A- Provision of a complete history of any given financial transaction
- B- A timetable of deadlines of the audit
- C- A review of the audit process completed
- D- The planned audit process

Answer:

A

Question 4

Question Type: MultipleChoice

Who is responsible for ensuring that internal control systems operate efficiently?

Options:

- A- External auditors
- B- Directors
- C- Shareholders of the company
- D- Creditors

Answer:

B

Question 5

Question Type: MultipleChoice

Internal controls are used to prevent errors occurring, as well as to detect errors which may have already occurred.

Which one of the following is an example of a 'prevent' control?

Options:

- A- Reconciling control accounts with the ledger accounts
- B- Preparing the trial balance
- C- Matching purchase invoices with Goods Received Notes
- D- Preparing a bank reconciliation

Answer:

C

Question 6

Question Type: MultipleChoice

One of the main responsibilities of internal auditors is to check the operational systems within their organization to establish whether the system's internal controls are sufficient and in full operation.

Which THREE of the following are examples of internal controls?

Options:

- A- Segregation of duties

- B-** Physical
- C-** Accounting codes
- D-** Authorization and approval
- E-** Filing
- F-** Documentation

Answer:

A, B, D

Question 7

Question Type: MultipleChoice

Financial controls are needed in order to:

Options:

- A-** Reduce the cost of the external audit
- B-** Ensure that the book-keeping system includes no errors

- C- Ensure that the management accounts are produced regularly
- D- Ensure that procedures are in place to minimize the risk of error and fraud

Answer:

D

Question 8

Question Type: MultipleChoice

The role of the internal auditors is primarily to:

Options:

- A- Prepare the financial accounts
- B- Support the work of the external auditors by carrying out specific checks on the accuracy of the accounting system
- C- Reduce the fees charged by the external auditors by carrying out some of their duties at a lower cost, thereby improving profits
- D- Report to shareholders on the accuracy of the accounting system

Answer:

B

Question 9

Question Type: MultipleChoice

An internal audit is an independent appraisal function established within an organization to examine and evaluate its activities as a service to the organization

Which of the following appoints the internal auditor?

Options:

A- The Board

B- Finance director

C- Shareholders

D- Internal audit manger

Answer:

D

Question 10

Question Type: MultipleChoice

As well as independence other essential elements of internal audit can be identified.

Which THREE of the following would be classed as essential elements of internal audit?

Options:

A- Due care

B- Relationships

C- Cost efficient

D- Timely

E- Evidence

F- Efficient

Answer:

A, B, E

Question 11

Question Type: MultipleChoice

The purpose of the external audit is the examination of, and expression of opinion on the financial statements of an entity.

What is the purpose of internal audits?

Options:

A- To prepare for external audits

B- To assist employees of the organization in effective discharge of their responsibilities

C- To create fear

D- To confirm balances presented in the financial statements

Answer:

B

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