



Free Questions for IIA-CHAL-QISA by dumpssheet

Shared by Lindsay on 22-07-2024

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Question 1

Question Type: MultipleChoice

During an assurance engagement an internal auditor uses benchmarking research to support preparation of a report to stakeholders that contains significant findings about control deficiencies. Which of the following skills did the auditor demonstrate?

Options:

- A- Internal audit management
- B- Conflict negotiation.
- C- Critical thinking
- D- Persuasion and collaboration

Answer:

C

Explanation:

Benchmarking Research: Utilizing benchmarking research to support the preparation of a report demonstrates the auditor's ability to analyze data, compare performance, and identify control deficiencies.

Critical Thinking: This skill involves evaluating and interpreting data to make informed judgments and recommendations, which is essential for identifying significant findings and control deficiencies.

Application in Auditing: Critical thinking helps auditors assess the effectiveness of controls and develop recommendations based on evidence and comparative analysis.

The role of critical thinking in internal auditing as emphasized by the IIA .

Question 2

Question Type: MultipleChoice

Which of the following would be considered a violation of The IIA's mandatory guidance on independence?

Options:

A- The chief audit executive (CAE) reports functionally to the board and administratively to the chief financial officer

- B-** The board seeks senior managements recommendation before approving the annual salary adjustment of the CAE.
- C-** The CAE confirms to the board, at least once every five years, the organizational independence of the internal audit act/vity.
- D-** The CAE updates the internal audit charter and presents it to the board for approval periodically, not on a specific timeline

Answer:

B

Explanation:

Independence Requirement: The IIA's mandatory guidance emphasizes the importance of the CAE's independence to ensure unbiased internal audit activities.

Conflict of Interest: Seeking senior management's recommendation for the CAE's salary adjustment can create a conflict of interest and potentially compromise the CAE's independence.

Best Practices: To maintain independence, the CAE's compensation should be determined by the board without influence from senior management.

Standard Compliance: According to the IIA's Attribute Standard 1110 -- Organizational Independence, the CAE must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities.

IIA Standard 1110 -- Organizational Independence .

Question 3

Question Type: MultipleChoice

The internal audit activity is asked to review the effectiveness of controls around the disposal of chemical waste. However, the internal auditors on staff lack the necessary skills to conduct this review. Which of the following would be the most appropriate approach?

Options:

- A-** An internal auditor who recently attended a three-day workshop on chemical waste disposal, and therefore has the most knowledge on the topic, should lead the engagement.
- B-** A team of available internal auditors should be assembled and should consult with an external nonaudit expert on chemical waste disposal to plan and conduct the engagement.
- C-** A team of the most knowledgeable auditors could be assembled and use the engagement work program from the previous year to gather additional insight regarding recommended audit procedures.
- D-** A nonaudit employee from the chemical disposal area may share his expertise with the audit team, provided the internal audit manager conducts a detailed review of all engagement work performed.

Answer:

B

Explanation:

Skill Gap Identification: Internal auditors lack the necessary expertise in chemical waste disposal.

Consulting Experts: Engaging an external nonaudit expert ensures that the internal audit team receives the necessary technical knowledge to conduct an effective review.

Team Assembly: By assembling a team of internal auditors and consulting an external expert, the organization leverages both internal audit capabilities and external technical expertise.

Ensuring Competence: This approach ensures that the internal audit activity complies with the IIA Standards, specifically Standard 1210 -- Proficiency, which requires internal auditors to possess the knowledge, skills, and other competencies needed to perform their responsibilities.

IIA Standard 1210 -- Proficiency .

Question 4

Question Type: MultipleChoice

Which of the following resources would be most effective for an organization that would like to improve how it informs stakeholders of its social responsibility performance?

Options:

- A- ISO 26000
- B- Global Reporting Initiative.
- C- Open Compliance and Ethics Group.
- D- COSO's enterprise risk management framework.

Answer:

B

Explanation:

Understanding the GRI: The Global Reporting Initiative (GRI) provides a comprehensive framework for reporting on sustainability performance, including social responsibility aspects.

Framework and Standards: GRI standards are widely used and recognized globally, which helps organizations benchmark their performance against other entities using the same framework.

Stakeholder Communication: The GRI framework emphasizes transparency and accountability in reporting, making it an effective tool for informing stakeholders about an organization's social responsibility performance.

Comprehensive Coverage: GRI covers various aspects of social responsibility, including economic, environmental, and social impacts, providing a holistic view of an organization's performance.

The Global Reporting Initiative (GRI) .

Question 5

Question Type: MultipleChoice

An organization invests excess short-term cash in trading securities Which of the following actions should an internal auditor take to test the valuation of those securities'*

Options:

- A- Use the equity method to recalculate the investment carrying value
- B- Confirm the securities held by the broker.
- C- Perform a calculation of premium or discount amortization.
- D- Compare the carrying value with current market quotations

Answer:

D

Explanation:

Testing Valuation: The valuation of trading securities requires comparing their carrying value with current market prices to ensure accuracy.

Market Quotations: Current market quotations provide the most reliable and up-to-date information on the fair value of securities.

Accounting Standards: This approach is consistent with accounting standards that require securities to be reported at fair value, reflecting any unrealized gains or losses.

Verification Process: Comparing the carrying value with market quotations helps verify that the securities are appropriately valued on the financial statements.

International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP) regarding fair value measurement.

Question 6

Question Type: MultipleChoice

Applying ISO 31000; which of the following is part of the external context for risk management?

Options:

- A- Risk treatment method based on risk evaluation.
- B- Organizational culture, objectives, and processes.
- C- The regulatory and competitive environment.
- D- The method of determining the risk level

Answer:

C

Explanation:

ISO 31000 Context: ISO 31000 provides guidelines on risk management, emphasizing the importance of understanding the external context.

External Context: This includes external factors such as regulatory and competitive environments that can impact the organization's risk profile.

Regulatory Environment: Understanding regulations helps the organization ensure compliance and avoid legal risks.

Competitive Environment: Analyzing the competitive environment allows the organization to anticipate market changes and manage competitive risks.

Question 7

Question Type: MultipleChoice

Which of the following is essential for ensuring that the internal audit activity's findings and recommendations receive adequate consideration?

Options:

- A-** Reporting results of audits with recommendations to management.
- B-** Providing formal follow-up procedures to ensure that management complies with an action plan or accepted risk of not taking action.
- C-** Reporting quarterly to management that the audit plan is focused on higher exposures of risk.
- D-** Discussing audit findings with independent auditors.

Answer:

B

Explanation:

Ensuring Compliance: To ensure that audit findings and recommendations are addressed, formal follow-up procedures are necessary.

Follow-up Procedures: These procedures involve tracking the implementation of recommendations and verifying that management has taken appropriate action or has accepted the risks of not acting.

Reporting to Management: Regular reporting on the status of follow-up actions helps maintain accountability and transparency.

Standard Requirement: This aligns with the IIA's Standard 2500 -- Monitoring Progress, which requires internal audit activities to establish and maintain a system to monitor the disposition of results communicated to management.

The IIA's International Standards for the Professional Practice of Internal Auditing, specifically Standard 2500 on Monitoring Progress.

Question 8

Question Type: MultipleChoice

Which of the following documents are internal auditors most likely to be asked to sign as a demonstration of due professional care?

Options:

- A- A description of their job responsibilities.
- B- A non-disclosure agreement
- C- An annual declaration of commitment to The IIA's Code of Ethics.
- D- The internal audit charter

Answer:

C

Explanation:

Professional Responsibility: Internal auditors are expected to demonstrate their commitment to professional standards and ethics.

Code of Ethics: The IIA's Code of Ethics outlines principles that internal auditors must follow, including integrity, objectivity, confidentiality, and competency.

Annual Declaration: Signing an annual declaration reinforces the auditor's commitment to these principles and ensures ongoing adherence to the professional standards.

Demonstration of Due Care: By signing this declaration, auditors formally acknowledge their responsibility to uphold ethical standards, which is a demonstration of due professional care.

The IIA's Code of Ethics.

The IIA's International Standards for the Professional Practice of Internal Auditing.

Question 9

Question Type: MultipleChoice

While auditing an organization's credit approval process, an internal auditor learns that the organization has made a large loan to another auditors relative. Which course of action should the auditor take?

Options:

- A- Proceed with the audit engagement, but do not include the relative's information.
- B- Have the chief audit executive and management determine whether the auditor should continue with the audit engagement.
- C- Disclose in the engagement final communication that the relative is a customer
- D- Immediately withdraw from the audit engagement

Answer:

B

Explanation:

Identify the Conflict of Interest: The internal auditor learns about a large loan made to another auditor's relative, which represents a conflict of interest.

Refer to Professional Standards: According to the Institute of Internal Auditors' (IIA) standards, an internal auditor must maintain objectivity and avoid conflicts of interest (IIA Standard 1100 -- Independence and Objectivity).

Escalate the Issue: The appropriate course of action is to escalate this matter to the chief audit executive (CAE) and management, as they are responsible for determining the impact of the conflict and the appropriate response.

Decision Making: The CAE and management will assess whether the conflict of interest could impair the auditor's objectivity and decide whether the auditor should be removed from the engagement or if additional oversight is needed.

Documentation: It is important to document the conflict and the decision-making process in the audit documentation for transparency and accountability.

The IIA's International Standards for the Professional Practice of Internal Auditing, specifically Standard 1100 on Independence and Objectivity.

Question 10

Question Type: MultipleChoice

Which of the following must be in existence as a precondition to developing an effective system of internal controls?

Options:

- A- A monitoring process
- B- A risk assessment process.
- C- A strategic objective-setting process.
- D- An information and communication process

Answer:

B

Explanation:

Risk Assessment Process: A risk assessment process is essential for identifying, analyzing, and managing risks that could prevent the achievement of objectives. It is a critical component in developing an effective system of internal controls.

Importance: Without a risk assessment, organizations cannot effectively design controls that address relevant risks.

COSO Framework: The Committee of Sponsoring Organizations (COSO) Internal Control Framework outlines risk assessment as a fundamental part of internal control systems.

Components: The framework includes risk assessment, control activities, information and communication, monitoring activities, and the control environment.

Other Preconditions:

Monitoring Process: Important for evaluating the effectiveness of internal controls but not the initial step.

Strategic Objective-Setting Process: Critical for overall organizational success but does not directly develop internal controls.

Information and Communication Process: Supports internal controls by ensuring relevant information is communicated but follows the identification of risks.

[COSO Internal Control Framework.](#)

Question 11

Question Type: MultipleChoice

According to IIA guidance, which of the following statements about analytical procedures is true?

Options:

- A- Analytical procedures compare information against expectations
- B- Analytical procedures begin after the engagements planning phase.
- C- Analytical procedures provide internal auditors with explainable results.

D- Analytical procedures are computer-assisted audit techniques

Answer:

A

Explanation:

Analytical Procedures: These procedures involve evaluating financial information by studying plausible relationships among both financial and non-financial data. They help auditors form expectations about account balances or other financial data and then compare actual results to these expectations.

Purpose: To identify any unusual or unexpected results that might indicate potential misstatements.

IIA Guidance on Analytical Procedures:

Comparison Against Expectations: This is the core aspect of analytical procedures. Auditors develop expectations based on their knowledge of the business, industry trends, historical data, and other relevant factors.

Engagement Phases: Analytical procedures can be applied in various phases of an audit, not just after the planning phase.

Other Statements:

Begin After Planning: Analytical procedures are often used during planning to understand the business and during substantive testing and review phases.

Explainable Results: While they can provide insights, the primary purpose is not just to explain results but to identify discrepancies.

Computer-Assisted Techniques: Analytical procedures can be performed manually or with the help of software, but they are not solely defined as computer-assisted techniques.

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