

# **Free Questions for IIA-CIA-Part1**

**Shared by Workman on 04-10-2024**

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## Question 1

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**Question Type:** MultipleChoice

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Senior management is eager to assess the organization's risks with regard to electricity sales processes, but the senior management team does not know where to start. How can the internal audit activity assist?

### Options:

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- A- Outsource the identification of best practices for risk management to an external third party.
- B- Perform an audit engagement to identify risk management practices deployed in electricity sales processes.
- C- Recommend reporting the lack of risk management to government authorities and request guidance.
- D- Facilitate a self-assessment workshop with the employees responsible for process execution.

### Answer:

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C

## Question 2

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**Question Type:** MultipleChoice

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Which of the following is an indicator of ineffective third-party risk management?

**Options:**

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- A- Sourcing of third parties does not follow public procurement law.
- B- Violations of service conditions trigger either fines or termination.
- C- Due diligence of third parties is conducted only after contract signing.
- D- The right-to-audit clause is limited by personal data protection regulations.

**Answer:**

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B

## Question 3

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**Question Type: MultipleChoice**

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Which of the following would be most helpful to measure whether an internal audit activity successfully provides risk-based assurance?

### Options:

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- A- Percentage of highly significant risks covered by internal audit plan.
- B- Percentage of previously unknown risks identified per engagement.
- C- Percentage of internal audit staff skilled in alignment with the organization's structure and key risks.
- D- Percentage of observations made in assurance engagements compared to advisory engagements.

### Answer:

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C

## Question 4

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### Question Type: MultipleChoice

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The internal audit activity conducted an organization wide risk assessment. One of the most significant risks identified is associated with the oil price market. The chief audit executive (CAE) is considering including in the annual aud

it plan an assessment of the effectiveness of oil price risk management. The manager responsible commented that the assessment was not needed, as market risks were regularly addressed by the financial risk committee. If the CAE decides to include this activity in the annual audit plan anyway, how should it be recorded?

**Options:**

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- A- A consulting engagement independent of the financial risk committee's review.
- B- A risk assessment.
- C- An assurance engagement.
- D- A joint consulting engagement with input from the financial risk committee.

**Answer:**

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C

## Question 5

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**Question Type: MultipleChoice**

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In a retail organization, sales teams compete with each other to achieve and exceed sales targets. Each quarter, the members of the top sales team receive a bonus. In this environment, management should closely monitor for the emergence of which of the following potential risks?

**Options:**

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- A- Risks related to employee turnover.
- B- Risks related to data manipulation.
- C- Risks related to employee competency.
- D- Risks related to not achieving sales targets.

**Answer:**

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C

## Question 6

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**Question Type:** MultipleChoice

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Which of the following actions would be most effective to help an internal auditor determine how successful the organization has been in communicating the existence of its ethics hotline?

**Options:**

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- A- Reviewing the number of anonymous hotline allegations against employee complaints.
- B- Surveying employees to determine whether they are aware of the hotline.

- C- Benchmarking the average time to investigate hotline complaints.
- D- Tracking the number of hotline allegations per total number of employees.

**Answer:**

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B

## Question 7

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**Question Type: MultipleChoice**

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With regard to the internal audit activity's quality assurance and improvement program, which of the following topics would the chief audit executive include on the quarterly board meeting agenda?

**Options:**

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- A- The scope and frequency of both internal and external quality assessments.
- B- The list of audit engagements that will be assessed during the year.
- C- The number and qualifications of internal audit staff members assigned to perform internal assessments during the year.
- D- The compensation structure of the qualified assessment team.

**Answer:**

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D

## Question 8

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**Question Type:** MultipleChoice

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Which of the following describes the primary objective when implementing a risk management framework?

**Options:**

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- A-** To achieve planned profitability for business expansion.
- B-** To enhance an organization's confidence in achieving strategy.
- C-** To strengthen corporate governance standards.
- D-** To eliminate business risks and uncertainties.

**Answer:**

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B



## Question 9

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**Question Type:** MultipleChoice

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A financial services organization's board is assessing increased regulations and its effect on current industry lending practices. Which of the following committees would help the board identify and assess the effects of the increased regulations?

**Options:**

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- A- Quality committee.
- B- Audit committee.
- C- Risk committee.
- D- Governance committee.

**Answer:**

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B

## Question 10

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**Question Type:** MultipleChoice

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The chief audit executive (CAE) annually develops a budget and resource plan and submits it to the board for approval. This action best fulfills which of the following responsibilities of the CAE?

**Options:**

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- A- The responsibility to maintain organizational independence.
- B- The responsibility to perform engagements with due professional care.
- C- The responsibility to communicate corrective action plans to the board.
- D- The responsibility to define the purpose of the internal audit activity.

**Answer:**

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B

## Question 11

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**Question Type:** MultipleChoice

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What is the main difference between a consulting engagement versus an assurance engagement?

**Options:**

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- A- The nature of services provided are defined in the internal audit charter.
- B- Internal auditors must maintain objectivity while performing their work.
- C- The objectives and scope of the engagement typically are directed by management.
- D- Internal auditors may assume management responsibilities.

**Answer:**

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D

## Question 12

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**Question Type: MultipleChoice**

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While preparing the audit plan for an automobile manufacturing company, the chief audit executive (CAE) noted that the company's engineering department received a high risk ranking. However, the internal audit activity is understaffed, and current staff do not possess the necessary skills to adequately assess the effectiveness of the engineering department. What is the most appropriate course of action for the CAE to take?

**Options:**

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- A-** Include the engineering department on the audit plan, use the available internal audit resources to conduct the review, and exclude procedures that cannot be adequately assessed.
- B-** Advise management to accept the assessed risk until the internal auditors are able to review the area adequately.
- C-** Recruit internal auditors with the required competencies and wait until they are employed before including this audit on the internal audit plan.
- D-** Proceed with a review of the engineering department but supplement the internal audit team with nonauditors from an external engineering company who have the required skills to assist

**Answer:**

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D

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