

Free Questions for IIA-CHAL-QISA

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Question 1

Question Type: MultipleChoice

Which of the following would most likely be found in an organization that uses a decentralized organizational structure?

Options:

- A- There is a higher reliance on organizational culture
- B- There are clear expectations set for employees.
- C- There are electronic monitoring techniques employed
- D- There is a defined code for employee behavior

Answer:

A

Explanation:

Decentralized Structure: In a decentralized organizational structure, decision-making authority is distributed throughout various levels of the organization. This often leads to a greater reliance on organizational culture to guide employees' actions and ensure alignment with

the organization's goals and values.

Other Options:

Clear Expectations and Codes: These are important in any organizational structure but do not specifically characterize decentralization.

Electronic Monitoring: This can be used in both centralized and decentralized structures but is not a defining feature of decentralization.

Question 2

Question Type: MultipleChoice

Which of the following is the primary engagement responsibility of an entry-level internal auditor?

Options:

A- Leadership

B- Documentation.

C- Analysis.

D- Reporting

Answer:

B

Explanation:

Primary Responsibilities: For entry-level internal auditors, the primary responsibilities focus on learning and supporting tasks.

Documentation is a key responsibility as it involves recording the findings and work performed during an audit engagement. This helps in building a foundation for understanding audit processes and methodologies.

Other Responsibilities:

Leadership: Typically a responsibility for more experienced auditors.

Analysis and Reporting: While entry-level auditors may assist with analysis and reporting, these tasks are generally more advanced and require a deeper understanding of audit processes.

Question 3

Question Type: MultipleChoice

When taken by a chief audit executive, which of the following actions would be most likely to prevent division management from exaggerating sales reports

1. Announcing a series of internal audit engagements focusing on compliance with corporate sales-reporting policies.
2. Asking the president and the board to issue a statement of corporate policy stressing the importance of accurate management reporting and the negative consequences of intentional misreporting
3. Setting up a hotline for employees to report fraudulent behavior anonymously.
4. Assisting the controller in developing and monitoring a series of business process indicators, which are historically correlated with, but independent of. sales.

Options:

- A-** 1 and 2 only.
- B-** 2 and 3 only.
- C-** 2 and 4 only.
- D-** 3 and 4 only.

Answer:

C

Explanation:

Corporate Policy Statement: Having the president and the board issue a statement stressing the importance of accurate management reporting and the negative consequences of intentional misreporting can help set a tone at the top. This reinforces the significance of ethical behavior and compliance with reporting policies across the organization.

Business Process Indicators: Assisting the controller in developing and monitoring business process indicators that are historically correlated with, but independent of, sales can provide an objective means to validate sales reports. This reduces the opportunity for management to exaggerate sales figures as these indicators can act as a control mechanism.

Other Options:

Internal Audit Engagements: While announcing a series of internal audit engagements (option 1) might deter some misreporting, it might not be as effective as a strong policy statement combined with objective monitoring indicators.

Hotline for Reporting Fraud: Setting up a hotline (option 3) is useful for detecting fraud but might not directly prevent exaggeration in sales reports as effectively as business process indicators.

Question 4

Question Type: MultipleChoice

During which phase of the contracting process are contracts drafted for a proposed business activity?

Options:

- A- Initiation phase.
- B- Bidding phase.
- C- Development phase.
- D- Management phase

Answer:

C

Explanation:

Contracts are typically drafted during the development phase of the contracting process. This phase follows the initiation and bidding phases and involves detailed negotiations and the preparation of formal agreements that outline the terms and conditions of the proposed business activity. This ensures that both parties have a clear understanding of their obligations and expectations before the contract is finalized and executed

Question 5

Question Type: MultipleChoice

Which of the following should be included in a company's year-end inventory valuation?

Options:

- A-** Company goods that were sold during the year, free on board shipping point, that have been shipped but not yet received by the customer
- B-** Goods purchased by the company, free on board destination, that have not yet been received.
- C-** Goods on consignment, which the company is trying to sell for its customers.
- D-** Company goods for sale on consignment at a consignment shop

Answer:

D

Explanation:

Year-end inventory valuation should include all goods owned by the company, regardless of their location. This includes goods for sale on consignment at a consignment shop, as these items remain the property of the company until sold. Goods sold FOB shipping point and goods purchased FOB destination that have not yet been received are not included, as ownership has transferred or not yet been acquired respectively. Goods on consignment that the company is trying to sell for others are also excluded because the company does not own them

Question 6

Question Type: MultipleChoice

Which of the following is the next step in understanding a business process once an internal auditor has identified the process?

Options:

- A- Determine process outputs
- B- Determine process inputs.
- C- Determine process activities.
- D- Determine process goals

Answer:

C

Explanation:

Once an internal auditor has identified a business process, the next step is to understand the specific activities involved in that process. This includes mapping out each step or action taken within the process to gain a detailed understanding of how it operates. Identifying process activities helps in evaluating the efficiency, effectiveness, and potential risks associated with the process

Question 7

Question Type: MultipleChoice

Which of the following offers the best explanation of why the auditor in charge would assign a junior auditor to complete a complex part of the audit engagement?

Options:

- A- The senior auditors are unavailable, as they are currently working on other portions of the engagement
- B- The auditor in charge believes that the junior auditor should obtain a specific type of experience.
- C- The audit engagement has a tight deadline and the work must be completed timely.
- D- The auditor in charge is unable to identify audit staff with all of the required skills needed to complete the engagement

Answer:

B

Explanation:

Assigning a junior auditor to complete a complex part of an audit engagement can be a strategic decision aimed at providing the junior auditor with valuable experience. This exposure to complex tasks helps in their professional development, building their skills and knowledge for future responsibilities. Although tight deadlines or the unavailability of senior auditors might be factors, the primary reason is often to enhance the junior auditor's competence and career growth.

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