

IIA-CIA-Part1 Dumps

Certified Internal Auditor - Part 1, The Internal Audit Activitys Role in Governance, Risk, and Control

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NEW QUESTION 1

According to IIA guidance, which of the following best describes internal auditors' responsibility regarding fraud?

- A. Internal auditors should take a leading role in investigating all fraud-related cases.
- B. Internal auditors must have sufficient knowledge to evaluate the risk of fraud.
- C. Internal auditors should report all fraud cases to law enforcement agents, in accordance with the Code of Ethics.
- D. Internal auditors are responsible for ensuring that fraud does not occur.

Answer: B

NEW QUESTION 2

Which of the following statements accurately describes the responsibility of the internal audit activity regarding IT governance?

- * 1. The internal audit activity does not have any responsibility because IT governance is the responsibility of the board and senior management of the organization.
- * 2. The internal audit activity must assess whether the IT governance of the organization supports the organization's strategies and objectives.
- * 3. The internal audit activity may assess whether the IT governance of the organization supports the organization's strategies and objectives.
- * 4. The internal audit activity may accept requests from management to perform advisory services regarding how the IT governance of the organization supports the organization's strategies and objectives.

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

Answer: A

NEW QUESTION 3

Which of the following documents is most appropriate in promoting the objectivity of the internal audit activity?

- A. Usage of IT system policy.
- B. Risk management framework.
- C. Acceptance of gifts policy.
- D. Personal responsibility policy.

Answer: C

NEW QUESTION 4

According to IIA guidance, which of the following external groups is most likely to represent a liability risk, based on activities associated with the organization's corporate social responsibility program?

- A. Consumers.
- B. Activists.
- C. Suppliers.
- D. Investors.

Answer: B

NEW QUESTION 5

A chief audit executive (CAE) is reviewing the internal audit activity's performance and is concerned that the average number of revisions to findings is steadily rising, making it increasingly difficult to trace the finding to the supporting evidence and workpapers. According to MA guidance, which of the following elements of the internal audit activity's quality assurance and improvement program would provide the CAE with the most helpful insight into the cause of this problem?

- A. The overall effectiveness of the internal audit activity's periodic self assessments.
- B. The type of audit productivity and performance statistics reported.
- C. The adequacy of the day-to-day supervision and review process.
- D. The scope and frequency of external assessments.

Answer: C

NEW QUESTION 6

According to IIA guidance, which of the following statements about working papers is false?

- A. They assist in the implementation of recommendations.
- B. They provide support for communication to third parties.
- C. They demonstrate compliance with auditing standards.
- D. They contribute to development of the internal audit staff.

Answer: A

NEW QUESTION 7

Which of the following behaviors could represent a significant ethical risk if exhibited by an organization's board?

- A. Requesting a private meeting with senior management, without the presence of the chief audit executive.
- B. Intervening during an audit involving ethical wrongdoing.

- C. Discussing periodic reports of ethical breaches.
- D. Authorizing an investigation of an unsafe product.

Answer: B

NEW QUESTION 8

An internal audit team is performing an audit of workplace accident claims.
Which of the following actions by the audit team best demonstrates due professional care?

- A. Having an occupational health officer on the engagement team.
- B. Determining that the claims have been classified properly.
- C. Placing reliance on medical reports from the injured worker's doctor.
- D. Reviewing claims to ensure all accidents actually occurred in the workplace.

Answer: A

NEW QUESTION 9

According to IIA guidance, the results of a formal quality assessment should be reported to which of the following groups?

- A. The audit committee and senior management.
- B. The audit committee and the external auditors.
- C. Senior management and management of the audited area.
- D. Senior management and the external auditors.

Answer: A

NEW QUESTION 10

A multinational organization has asked the internal audit activity to assist in setting up the organization's risk management system. The chief audit executive (CAE) agrees to take on the engagement as a consultant. Which of the following tasks is appropriate for the CAE to undertake?

- A. Coordinate and facilitate risk workshops for management to attend.
- B. Establish the degree of risk appetite for management to accept.
- C. Set risk indicators and mitigation plans for management to implement.
- D. Determine the number of significant risks for management to report to the board.

Answer: D

NEW QUESTION 10

According to IIA guidance, which of the following is ultimately responsible for seeing that the internal control system of an organization's social responsibility program is effective?

- A. Senior management.
- B. Internal audit activity.
- C. All employees.
- D. Board of directors.

Answer: D

NEW QUESTION 14

An internal auditor is using a spreadsheet application to review a cash flow forecast prepared by management. Which of the following correctly identifies the type of evidence this information represents?

- A. Competent, corroborative evidence of future working capital requirements.
- B. Sufficient, analytical evidence of the cash flow position at a given point of time in the future.
- C. Competent, documentary evidence of future cash flow changes within the organization.
- D. Sufficient, circumstantial evidence of the future solvency of the organization.

Answer: C

NEW QUESTION 16

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

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

Answer: B

NEW QUESTION 20

Which of the following situations is most likely to impair internal audit objectivity?

- A. An internal auditor reports both functionally and administratively to the chief financial officer (CFO).
- B. An internal auditor, who was an accounts receivable intern for the organization three years prior, performs an audit of the accounts receivable cycle.
- C. According to policy, the internal auditor must obtain approval from the CFO prior to requesting information for internal audit purposes.

D. An internal auditor performs an audit in a department that is led by the auditor's close friend.

Answer: D

NEW QUESTION 22

An internal auditor uses a predefined macro provided in a popular spreadsheet application to verify the present value of the organization's investments. Which of the following is the most appropriate course of action regarding the auditor's use of this functionality?

- A. The auditor should accept the calculations generated by the function, as any further work or documentation would be inefficient.
- B. The auditor should perform a manual recalculation of several results to validate and document the results.
- C. The auditor should review the programming of the macro before its use to ensure that it is appropriate for the required calculations.
- D. The auditor should tabulate the results in the spreadsheet to ensure the macro has generated the correct results for all calculations.

Answer: B

NEW QUESTION 23

According to IIA guidance, which of the following statements describes one of the similarities between assurance and consulting services?

- A. When planning assurance and consulting engagements, internal auditors must consider the strategies and objectives of the activity being reviewed.
- B. Internal auditors determine the engagement objectives, scope, and work program for both assurance and consulting services.
- C. Internal auditors must not provide assurance or consulting services for an activity for which they had responsibility within the previous year.
- D. Both assurance and consulting services generally involve the internal auditor, the area under review, senior management, and the board.

Answer: A

NEW QUESTION 27

Which of the following is the most common way that occupational fraud is detected?

- A. Internal audits.
- B. Whistleblower hotline.
- C. Key controls.
- D. External audits.

Answer: B

NEW QUESTION 30

An internal auditor is performing analytical reviews as part of an audit of a supermarket's merchandising department. Because the economy has declined since midyear, the auditor can expect to encounter which of the following?

- A. Higher inventory turnover.
- B. Higher operating margin.
- C. Lower obsolete stock disposal.
- D. Lower sales volume.

Answer: D

NEW QUESTION 33

Which of the following is not an objective of internal control?

- A. Compliance.
- B. Accuracy.
- C. Efficiency.
- D. Validation.

Answer: D

NEW QUESTION 38

Which of the following types of fraud includes embezzlement?

- A. Fraudulent statements.
- B. Bribery.
- C. Misappropriation of assets.
- D. Corruption.

Answer: C

NEW QUESTION 40

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

- A. Leadership.
- B. Documentation.
- C. Analysis.
- D. Reporting.

Answer: C

NEW QUESTION 41

Which of the following offers the best evidence that the internal audit activity has achieved organizational independence?

- A. An independent third party has assessed the organization's system of internal controls to be adequate and effective.
- B. The chief audit executive reports both functionally and administratively to the CEO.
- C. The internal audit charter is drafted properly and approved by the appropriate parties.
- D. The mission statement and strategy of the internal audit activity demonstrates alignment to organizational objectives.

Answer: B

NEW QUESTION 43

Which of the following scenarios best illustrates the principle of due professional care?

- A. An internal auditor evaluates the significant risks arising from a consulting engagement.
- B. An internal auditor declares that he would have a conflict of interest in providing planned audit support.
- C. An internal auditor has been given sufficient authority to access documents needed to make an appraisal of an issue.
- D. An internal auditor uses technology-based audit techniques to ensure that all significant risks are identified.

Answer: A

NEW QUESTION 44

Which of the following would be the most important consideration by the internal audit activity when selecting employees to perform an internal quality assessment?

- A. Their understanding of auditing standards.
- B. Previous experience working with the internal audit activity.
- C. Their reporting line within the organization.
- D. The nature of their regular duties and responsibilities.

Answer: A

NEW QUESTION 46

According to IIA guidance, which of the following scenarios demonstrates an internal auditor exercising due professional care?

When auditing investments, the auditor identified instruments with which he was unfamiliar. He decided not to select that type of investment in his sample, as he did not have the knowledge needed to

- A. perform a proper assessment.
- B. An auditor was reviewing inventory counts conducted by the warehouse staf
- C. One truck containing an immaterial amount of inventory was off-site and wasn't verified by the auditor.
- D. An auditor visited a plant that produces a significant portion of the organization's inventor
- E. The day he arrived, the plant manager was out sick, so the auditor issued the report without interviewing the manager.
- F. An auditor in charge needed to have testing completed by the end of the month, but was behind schedul
- G. He identified a junior auditor to conduct the work for him on a complex area of the organization.

Answer: A

NEW QUESTION 47

According to COSO, which of the following is not considered one of the components of an organization's internal environment?

- A. Authority and responsibility to resolve issues.
- B. Framework to plan, execute and monitor activities.
- C. Integrated responses to multiple risks.
- D. Knowledge and skills needed to perform activities.

Answer: C

NEW QUESTION 52

According to the International Professional Practices Framework, which of the following are allowable activities for an internal auditor?

- * 1. Advocating the establishment of a risk management function.
- * 2. Identifying and evaluating significant risk exposures during audit engagements.
- * 3. Developing a risk response for the organization if there is no chief risk officer.
- * 4. Benchmarking risk management activities with other organizations.
- * 5. Documenting risk mitigation strategies and techniques.

- A. 4 and 5 only.
- B. 1,2, and 3 only.
- C. 1,2. 4. and 5 only.
- D. 2. 3. 4. and 5 only.

Answer: C

NEW QUESTION 55

When developing the organization's first risk universe, which of the following would the chief audit executive be least likely to consider?

- A. The amount of risk that an organization is willing to seek or accept.
- B. The extent and degree of interdependency for identified key risks.

- C. The boundaries established to manage the amount of risk taken.
- D. The exposure to risks following management's risk responses.

Answer: D

NEW QUESTION 56

According to IIA guidance, which of the following describes the primary reason to implement environmental and social safeguards within an organization?

- A. To enable Triple Bottom Line reporting capability.
- B. To facilitate the conduct of risk assessment.
- C. To achieve and maintain sustainable development.
- D. To fulfill regulatory and compliance requirements.

Answer: C

NEW QUESTION 59

In which of the following functions would fraud be most likely to occur?

- A. Maintaining custody of inventory records.
- B. Collecting payments on accounts.
- C. Approving changes to employee records.
- D. Preparing customer statements.

Answer: B

NEW QUESTION 61

An internal audit activity is using the auditing-by-element approach to audit the organization's controls around corporate social responsibility. Which of the following would be an element for the internal audit activity to consider?

- A. Working conditions.
- B. Employees' families.
- C. Marketplace competition.
- D. Shareholders and investors.

Answer: B

NEW QUESTION 65

Which of the following best describes the details that must be included in the quality assurance and improvement program (QAIP) report to senior management and the board?

- A. The scope and frequency of internal and external assessments as well as the qualifications and independence of the assessor.
- B. The scope and cost of the QAI
- C. frequency of internal and external assessments, and conclusions of the assessor.
- D. The scope, findings, risks, recommendations, and agreed-upon improvement actions.
- E. The number and types of people involved in the assessment, costs, and duration of the QAIP

Answer: C

NEW QUESTION 69

A large sales organization maintains a system of internal control according to the COSO model and has updated its code of conduct. This change relates to which component of the COSO framework?

- A. Control activities.
- B. Information and communication.
- C. Commitment.
- D. Control environment.

Answer: D

NEW QUESTION 72

According to IIA guidance, which of the following is least compliant with the requirements regarding an internal auditor's need for objectivity?

- A. An internal auditor assessed the effectiveness of controls over payroll software, which he had helped implement with a previous employer.
- B. An internal auditor participated in an audit of controls around absenteeism, despite providing some consultation on controls in this area earlier in the year.
- C. An internal auditor performed an assurance engagement for the effectiveness of accounts payable access controls, one of which he previously helped to design.
- D. An internal auditor, previously employed in the quality assurance operations area, performed a consulting engagement for the operations manager.

Answer: C

NEW QUESTION 73

Which of the following is true regarding the use of a formal risk management framework?

- * 1. It facilitates a methodical approach to risk mitigation.
- * 2. It defines and standardizes the terminology used in risk communication.
- * 3. It establishes the risk tolerance levels to be accommodated in the strategy.

* 4. It facilitates the alignment of risk mitigation strategies with management priorities.

- A. 1.2, and 3.
- B. 1,2, and 4.
- C. 1.3, and 4.
- D. 2. 3, and 4.

Answer: B

NEW QUESTION 77

Which of the following enhances the independence of the internal audit activity?

- A. The chief audit executive (CAE) approves the annual internal audit plan.
- B. The CAE administratively reports to the board.
- C. The audit committee approves the CAE's annual salary increase.
- D. The chief executive officer approves the internal audit charter.

Answer: C

NEW QUESTION 79

An internal auditor is evaluating techniques management uses to mitigate risks within a particular product division. Which of the following is an example of risk reduction?

- A. Management sells the product division to a competitor.
- B. Management outsources the product division to a third party.
- C. Management allows the product division to remain unchanged.
- D. Management modifies the product division to minimize errors.

Answer: D

NEW QUESTION 84

An organization decides to take no action on one of its financial risks because the cost of implementing the control outweighs the value of the asset being protected. Which of the following best describes this risk strategy?

- A. Risk avoidance.
- B. Risk-benefit analysis.
- C. Risk sharing.
- D. Risk acceptance.

Answer: D

NEW QUESTION 88

According to IIA guidance, which of the following practices by the chief audit executive (CAE) best enhances the organizational independence of the internal audit activity?

- A. CAE reviews and approves the annual audit plan.
- B. CAE meets privately with The CEO at least annually.
- C. CAE meets privately with The board at least annually.
- D. CAE reports to the board regarding audit staff performance evaluation and compensation.

Answer: D

NEW QUESTION 93

An internal auditor in a small broadcasting organization was assigned to review the revenue collection process. The auditor discovered that some checks from three customers were never recorded in the organization's financial records. Which of the following documents would be the least useful for the auditor to verify the finding?

- A. Bank statements.
- B. Customer confirmation letters.
- C. Copies of sales invoices.
- D. Copies of deposit slips.

Answer: D

NEW QUESTION 98

If appropriate safeguards exist, which of the following is considered a legitimate internal audit role within risk management at an organization?

- A. Imposing risk management processes.
- B. Providing consolidated reporting on risks.
- C. Taking accountability for risk management.
- D. Making decisions on risk responses.

Answer: B

NEW QUESTION 101

Which of the following are components of the ISO 31000 risk management process?

- * 1. Setting the context.
- * 2. Risk treatment.
- * 3. Risk avoidance.
- * 4. Communication.

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

Answer: A

NEW QUESTION 106

The manager for an organization's accounts payable department resigned her post in that capacity. Three months later, she was recruited to the internal audit activity and has been working with the audit team for the last eight months. Which of the following assignments would the newly hired internal auditor be able to execute without any impairments to independence or objectivity?

- A. An operations audit of the accounts payable department.
- B. A consulting engagement related to a new accounts payable optimization initiative.
- C. A review of the employees' sports club finances, which are overseen by the chief audit executive.
- D. An assurance review for a sales program on which she previously provided consultation.

Answer: C

NEW QUESTION 108

A former line supervisor from the Financial Services Department has completed six months of a two-year development opportunity with the internal audit activity (IAA). She is assigned to a team that will audit the organization's payroll function, which is managed by the Human Resources Department. Which of the following statements is most relevant regarding her independence and objectivity with respect to the payroll audit?

- A. She may participate, but only after she has completed one year with the IAA.
- B. She may participate, because she did not previously work in the Human Resources Department.
- C. She may participate, but she must be supervised by the auditor in charge.
- D. She may participate for training purposes, to build her knowledge of the IAA.

Answer: B

NEW QUESTION 109

According to IIA guidance, which of the following is an area in which the internal auditor should be proficient?

- A. Management principles.
- B. Computerized information systems.
- C. Internal audit standards, procedures, and techniques.
- D. Fundamentals of accounting, economics, and finance.

Answer: C

NEW QUESTION 113

Non-statistical sampling does not require which of the following?

- A. The sample to be representative of the population.
- B. The sample to be selected haphazardly.
- C. A smaller sample size than if selected using statistical sampling.
- D. Projecting the results to the population.

Answer: C

NEW QUESTION 117

In the area of business acumen, which of the following competencies would be the sole responsibility of an internal audit staff member?

- A. Maintaining industry-specific knowledge appropriate to the organization.
- B. Assessing how IT contributes to organization objectives, risks, and relevance to audit.
- C. Maintaining technical aspects of accounting standards and reporting processes.
- D. Understanding regulatory and legal framework and assessing its relevance.

Answer: D

NEW QUESTION 119

Which of the following is considered a violation of The IIA's Code of Ethics?

- A. An auditor conveys public information about an organization's financial condition.
- B. An auditor reports a manager's illegal activity to senior management, rather than reporting the incident to the appropriate external authority.
- C. An auditor receives allegations of fraud from a whistleblower and immediately reports the allegations to senior management.
- D. An auditor reports material deficiencies, despite the fact that management is already aware of the defects.

Answer: C

NEW QUESTION 121

The internal audit activity is planning a procurement audit and needs to obtain a thorough understanding of the subcontracting process, which can involve multiple individuals in multiple countries.

Which of the following internal audit tools would be most effective to document the process and the key controls?

- A. Internal control checklist.
- B. Procurement employee survey.
- C. Cross-functional flow chart.
- D. Segregation of duties matrix.

Answer: C

NEW QUESTION 126

An internal auditor who is carrying out an engagement to review controls related to corporate tax reporting must possess which of the following competencies?

- * 1. Proficiency in analyzing key IT risks and controls.
- * 2. The ability to recognize significant deviations from good business practices.
- * 3. Knowledge of key indicators of fraud in tax reporting.
- * 4. The ability to recognize the existence of problems related to tax accounting.

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

Answer: B

NEW QUESTION 130

Which of the following best demonstrates the authority of the internal audit activity?

- A. Suggesting alternatives to decision makers.
- B. Improving the integrity of information.
- C. Determining the scope of internal audit services.
- D. Achieving engagement objectives.

Answer: C

NEW QUESTION 133

An internal audit activity includes in its audit reports the assertion that its work is performed in conformance with the International Standards for the Professional Practice of Internal Auditing (Standards). A recent external quality assessment concluded that the internal audit activity had substantial deficiencies that impact its overall operations. According to IIA guidance, which of the following is the most appropriate action for issuing future audit reports?

- A. Refrain from indicating that the internal audit activity operates in conformance with the Standards until the chief audit executive confirms that the internal audit activity has addressed all areas of nonconformance and the audit committee has been notified.
- B. Refrain from indicating that the internal audit activity operates in conformance with the Standards until another external assessment confirms that the significant areas of nonconformance have been addressed.
- C. Indicate that the internal audit activity operates in partial conformance with the Standards, as the internal audit activity has a quality assurance and improvement program in place to address deficiencies and has met the requirement for conducting an external assessment.
- D. Update and reissue previous audit reports, removing the assertion that the internal audit activity operates in conformance with the Standards, and distribute them to all parties who received the original reports.

Answer: B

NEW QUESTION 138

What is the purpose of a secondary control?

- A. It replaces primary controls that are either ineffective or cannot fully mitigate a risk.
- B. It partially reduces the residual risk level when a key control does not operate effectively.
- C. It combines with other controls to help reduce significant risk exposures to an acceptable level.
- D. It helps to ensure the completeness and accuracy of automated controls in a system environment.

Answer: C

NEW QUESTION 143

According to IIA guidance, which of the following should be formally documented in the internal audit charter?

- A. The internal audit activity's responsibility for imposing risk management processes.
- B. The internal audit activity's responsibility for the organization's governance framework.
- C. The nature of consulting services provided by the internal audit activity.
- D. The budgeting process for the internal audit activity.

Answer: C

NEW QUESTION 145

A government agency maintains a system of internal control, according to the COSO model, and has made a change to its employee performance reviews and rewards program. This change relates to which of the following components of COSO's internal control framework?

- A. Control environment.

- B. Control activities.
- C. Information and communication.
- D. Monitoring activities.

Answer: A

NEW QUESTION 147

Which of the following best ensures the independence of the internal audit activity?

- * 1. The CEO and audit committee review and endorse any changes to the approved audit plan on an annual basis.
- * 2. The audit committee reviews the performance of the chief audit executive (CAE) periodically.
- * 3. The internal audit charter requires the CAE to report functionally to the audit committee.

- A. 3 only
- B. 1 and 2 only
- C. 2 and 3 only
- D. 1, 2, and 3

Answer: C

NEW QUESTION 150

The chief audit executive (CAE) has assigned an internal auditor to an upcoming engagement. Which of the following requirements would most likely indicate that the internal auditor was assigned to an assurance engagement?

- A. The assigned internal auditor must determine the objectives, scope, and techniques of the engagement.
- B. The CAE must personally obtain the needed skills, knowledge, or other competencies if the internal auditor does not have them.
- C. The assigned internal auditor must not assume management responsibilities while performing the engagement.
- D. The assigned internal auditor must maintain objectivity while performing the engagement.

Answer: A

NEW QUESTION 151

A credit card company detects potential errors in credit card numbers by checking whether all entered numbers contain the correct amount of digits. This is an example of which of the following IT controls?

- A. Logic test.
- B. Check digits.
- C. Data integrity tests.
- D. Balancing control activities.

Answer: A

NEW QUESTION 153

Which of the following is a requirement for an assurance engagement that may not be for a consulting engagement?

- A. The internal audit activity has to ensure team members' objectivity is not impaired.
- B. Auditors cannot participate in an assurance engagement of a function for which they previously performed a consulting engagement.
- C. The scope and objective of the engagement is agreed upon based on the engagement client's needs.
- D. The internal audit activity must ensure management actions have been implemented effectively or risk accepted.

Answer: B

NEW QUESTION 157

Forty-five percent of an organization's customer payments are submitted online. Eight percent of online payments are rejected. Executive management decides to outsource its online payment services to a contractor that will assume 75 percent of the total value of rejected payments. The organization estimates \$1.25 million customer payments due during the contract period.

Which of the following represents the organization's residual risk for online customer payments due?

- A. \$11, 250
- B. \$25, 000
- C. \$33, 750
- D. \$45, 000

Answer: A

NEW QUESTION 161

Which of the following options is the most cost-effective and efficient way for internal auditors to keep current with the latest developments in the internal audit profession?

- A. Attending annual professional conferences and seminars.
- B. Participating in on-the-job training in various departments of the organization.
- C. Pursuing as many professional certifications as possible.
- D. Maintaining membership in The IIA and similar professional organizations and subscribing to relevant email updates or news feeds.

Answer: D

NEW QUESTION 164

Which of the following statements is true about The IIA Global Internal Audit Competency Framework?

- A. The core competencies outlined in the framework are not expected of a person undertaking an entry-level position as an internal auditor.
- B. The framework is designed to be used primarily by chief audit executives that are developing indicators to measure the performance of the internal audit activity for which they are responsible.
- C. The framework lists the core competencies internal auditors should possess before attempting to attain The IIA's Certified Internal Auditor certification.
- D. The framework describes competencies needed for individual internal auditors, but not those necessary at the chief audit executive level.

Answer: B

NEW QUESTION 169

The management at a national consumer goods organization implements a fair work and pay practice as well as a policy to treat employees equitably and consistently. Which common characteristics of fraud will the practice and policy most likely reduce?

- A. Pressure or incentive.
- B. Opportunity.
- C. Rationalization.
- D. Commitment.

Answer: A

NEW QUESTION 173

Management is developing and implementing a risk and control framework for use throughout the organization. Which of the following elements should be included in the organization's control framework?

- * 1. Appropriate levels of authority and responsibility.
- * 2. Supervision of staff and appropriate review of work.
- * 3. The seniority of management in the organization.
- * 4. The ability to trace each transaction to an accountable and responsible individual.

- A. 1,2, and 3.
- B. 1,2, and 4.
- C. 1,3, and 4.
- D. 2, 3, and 4.

Answer: D

NEW QUESTION 176

Which of the following responsibilities would fall under the role of the chief audit executive, rather than internal audit staff or the audit manager?

- A. Manage and support a quality assurance and improvement program.
- B. Maintain industry-specific knowledge appropriate to the audit engagements
- C. Set clear performance standards for internal auditors and the internal audit activity.
- D. Apply problem-solving techniques for routine situations.

Answer: C

NEW QUESTION 178

According to the COSO enterprise risk management framework, which of the following best describes the activity that helps ensure risk responses are carried out effectively?

- A. Objective setting.
- B. Control activities.
- C. Information and communication.
- D. Event identification.

Answer: B

NEW QUESTION 179

Which of the following is the most common method of fraud detection?

- A. Analytical reviews of high-risk areas.
- B. Detective controls built into the daily processes.
- C. Unannounced audits or reviews of programs or departments.
- D. Tips received from employees or citizens.

Answer: D

NEW QUESTION 180

An organization has implemented a software system that requires a supervisor to approve transactions that would cause treasury dealers to exceed their authorized limit. This is an example of which of the following types of controls?

- A. Preventive controls.
- B. Detective controls.
- C. Soft controls.
- D. Directive controls.

Answer: A

NEW QUESTION 185

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