

Qualified Internal Auditor

1. Which of the following best demonstrates internal auditors performing their work with proficiency?

A. Internal auditors meet with operational management at each phase of the audit process.

B. Internal auditors adhere to The IIA's Code of Ethics.

C. Internal auditors work collaboratively with their engagement team.

D. Internal auditors complete a program of continuing professional development.

Answer(s): D

2. The internal audit activity is responsible for which of the following actions related to an organization's internal controls?

A. Mitigating risks affecting achievement of organizational objectives.

B. Enabling opportunities affecting achievement of organizational objectives.

C. Analyzing and advising regarding costs versus benefits of control activities.

D. Attesting to fairness of financial statements

Answer(s): C

3. A newly appointed chief audit executive (CAE) of a small organization is developing a resource management plan.

Which of the following approaches would be most beneficial to help the CAE obtain details of the internal audit activity's collective knowledge, skills, and other competencies?

A. Review or establish a documented skills assessment of the internal audit staff and gather information from post-audit surveys.

B. Obtain from the human resources department the job descriptions and position requirements for all internal audit staff.

C. Conduct an objective written test of the internal audit staff to assess their knowledge and skills related to core internal audit competencies.

D. Request the internal audit staff to submit a document that summarizes their most recent performance appraisals and post audit reviews.

Answer(s): A

4. Which of the following could increase risks to the organization's control environment?

A. Strong board of directors oversight.

B. Incentive-based compensation structures

C. Lower than average employee turnover.

D. Implementation of a fraud hotline

Answer(s): B

5. 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(s): C

6. The board of directors of a global organization has found an increased number of reported cases of unethical practices since last year. To assist the board in gaining a better understanding of the degree of ethics awareness within the organization, which of the following actions should be undertaken?

A. Request the internal audit activity to perform an ethics-related assurance engagement.

B. Offer in-house ethics-related training seminars for employees to attend

C. Reaffirm the importance of the organization's code of ethics to all employees

D. Conduct an organization wide employee survey on ethical practices.

Answer(s): D

7. According to IIA guidance, which of the following best describes the purpose of a planning memorandum for an audit engagement?

A. It documents the audit steps and procedures to be performed.

B. it documents preliminary information useful to the audit team.

C. It documents events that could hinder the achievement of process objectives.

D. It documents existing measures that manage risks in the area under review

Answer(s): A

8. Management would like to self-assess the overall effectiveness of the controls in place for its 200- person manufacturing department Which of the following client-facilitated approaches is likely to be the most efficient way to accomplish this objective?

A. Workshops.

B. Surveys.

C. Interviews.

D. Observation.

Answer(s): B

9. According to IIA guidance, which of the following statements is true regarding due professional care?

A. Internal auditors must exercise due professional care to ensure that all significant risks will be identified.

B. Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor.

C. Due professional care requires the internal auditor to conduct extensive examinations and verifications to ensure fraud does not exist.

D. Due professional care is displayed during a consulting engagement when the internal auditor focuses on potential benefits of the engagement rather than the cost

Answer(s): B

10. According to the IIA Code of Ethics, which of the following is required with regard to communicating results?

A. The internal auditor should present material information to appropriate personnel within the organization without revealing confidential matters that could be detrimental to the organization

B. The internal auditor should disclose all material information obtained by the date of the final engagement communication.

C. The internal auditor should obtain all material information within the established time and budget parameters.

D. The internal auditor should reveal material facts that could potentially distort the reporting of activities under review

Answer(s): D

11. Which of the following is the most appropriate way to ensure that a newly formed internal audit activity remains free from undue influence by management?

A. Appoint the chief audit executive as a member of the board.

B. Adopt written policies and procedures for the internal audit activity, approved by the board.

C. Ensure the chief audit executive reports administratively to the audit committee.

D. Establish the internal audit activity's position within the organization in an audit charter

Answer(s): D

12. The internal audit activity plans to assess the effectiveness of management's self-assessment activities regarding the risk management process.

Which of the following procedures would be most appropriate to accomplish this objective?

A. Review corporate policies and board minutes for examples of risk discussions.

B. Conduct interviews with line and senior management on current practices.

C. Research and review relevant industry information concerning key risks.

D. Observe and test control and monitoring procedures and related reporting.

Answer(s): D

13. Which of the following statements is true regarding engagement planning?

A. The scope of the engagement should be planned according to the internal audit activity's budget and then aligned to the risk universe.

B. The audit engagement objectives should be based on operational managements view of risk objectives

C. The planning phase of the engagement should be completed and approved before the fieldwork of the engagement begins.

D. The main purpose of the engagement work program is to determine the nature and timing of procedures required to gather audit evidence

Answer(s): C

14. According to IIA guidance, which of the following statements regarding the internal audit charter is true?

A. The nature of consulting services typically is not included in the charter.

B. The chief audit executive must formally review the charter at least once a year

C. The nature of assurances provided to parties outside of the organization typically is not included in the charter.

D. The charter typically defines the internal audit activity's position within the organization.

Answer(s): D

15. Which of the following would be the most effective fraud prevention control?

A. Email alert sent to management for checks issued over \$100,000.

B. Installation of a video surveillance system in a warehouse prone to inventory loss

C. New hire training to explain fraud and employee misconduct.

D. Daily report that identifies unsuccessful system log-in attempts

Answer(s): C

16. While conducting an engagement in the procurement department, the internal auditor noticed that the department head's travel reports showed minor travel expenses, and there were no charges for hotels, meals, or transportation. However, the auditor knew that the department head

frequently traveled worldwide to meet with suppliers and visit their production sites.
Which of the following would be the most appropriate next step for the auditor?

A. The auditor should make a note of the issue for follow-up when employee travel expenses are audited.

B. The auditor should analyze trends and changes among the organization's suppliers over the past few years.

C. The auditor should investigate whether there are any special arrangements regarding senior management travel.

D. The auditor should analyze the list of destinations the department head visited to estimate typical costs

Answer(s): C

17. Which of the following statements best describes the difference between risk appetite and risk tolerance?

A. Risk appetite applies to specific objectives, while risk tolerance refers to an organization's general attitude toward risk.

B. Risk appetite refers to the degree of risk acceptance for a particular objective, while risk tolerance is one approach to risk management

C. Risk appetite refers to an organization's general level of acceptance, while risk tolerance is a more specific and subordinate concept

D. There is no significant difference between the two terms

Answer(s): C

18. Which of the following is a true statement regarding whistleblowing?

A. Whistleblowing is one of several possible ethical structures an organization can undertake to encourage ethical behavior.

B. Whistleblowing programs help employees deal with ethical questions and instill ethical values into everyday behavior

C. Whistleblowers are current or former employees who are disgruntled and looking to retaliate.

D. Whistleblowers should inform the organization about actual criminal circumstances, not assumed allegations.

Answer(s): A

19. An internal auditor discovered fraud while performing an audit of an organization's procurement process.

Which of the following describes the greatest benefit of using forensic auditing techniques in this scenario?

A. Enhanced capability to prevent frauds from occurring.

B. Greater assurance that procurement frauds will be detected in a timely manner

C. Improved capability of evaluating fraud risks within the organization.

D. Greater understanding of fraud through better evidence collection

Answer(s): D

20. An internal auditor observed that sales staff are able to modify or cancel an order in the system prior to shipping. She wonders whether they can also modify orders after shipping.

Which of the following types of controls should she examine?

A. Batch controls.

B. Application controls

C. General IT controls.

D. Logical access controls

Answer(s): B
