

Certified Internal Auditor - Part 3, Business Analysis and Information Technology

1. Topic #: 2

An organization accomplishes its goal to obtain a 40 percent share of the domestic market, but is unable to get the desired return on investment and output per hour of labor. Based on this information, the organization is most likely focused on which of the following?

A. A. Capital investment and not marketing.

B. B. Marketing and not capital investment.

C. C. Efficiency and not input economy.

D. D. Effectiveness and not efficiency.

Answer(s): D

2. Question #: 2

Topic #: 2

An organization that sells products to a foreign subsidiary wants to charge a price that will decrease import tariffs. Which of the following is the best course of action for the organization?

A. A. Decrease the transfer price.

B. B. Increase the transfer price.

C. C. Charge at the arm's length price.

D. D. Charge at the optimal transfer price.

Answer(s): A

3. Question #: 4

Topic #: 2

An organization with global headquarters in the United States has subsidiaries in eight other nations. If the organization operates with an ethnocentric attitude, which of the following statements is true?

A. A. Standards used for evaluation and control are determined at local subsidiaries, not set by headquarters.

B. B. Orders, commands, and advice are sent to the subsidiaries from headquarters.

C. C. People of local nationality are developed for the best positions within their own country.

D. D. There is a significant amount of collaboration between headquarters and subsidiaries.

Answer(s): B

4. Question #: 5

Topic #: 2

Which of the following data security policies is most likely to be the result of a data privacy law?

A. A. Access to personally identifiable information is limited to those who need it to perform their job.

B. B. Confidential data must be backed up and recoverable within a 24-hour period.

C. C. Updates to systems containing sensitive data must be approved before being moved to production.

D. D. A record of employees with access to insider information must be maintained, and those employees may not trade company stock during blackout periods.

Answer(s): A

5. Question #: 6

Topic #: 1

The first stage in the development of a crisis management program is to:

A. A. Formulate contingency plans.

B. B. Conduct a risk analysis.

C. C. Create a crisis management team.

D. D. Practice the response to a crisis.

Answer(s): C

6. Question #: 6

Topic #: 2

A large retail customer made an offer to buy 10,000 units at a special price of \$7 per unit. The manufacturer usually sells each unit for \$10. Variable manufacturing costs are \$5 per unit and fixed manufacturing costs are \$3 per unit. For the manufacturer to accept the offer, which of the following assumptions needs to be true?

A. A. Fixed and variable manufacturing costs are less than the special offer selling price.

B. B. The manufacturer can fulfill the order without expanding the capacities of the production facilities.

C. C. Costs related to accepting this offer can be absorbed through the sale of other products.

D. D. The manufacturer's production facilities are currently operating at full capacity.

Answer(s): A

7. Question #: 7

Topic #: 2

Which of the following responsibilities would ordinarily fall under the help desk function of an organization?

A. A. Maintenance service items such as production support.

B. B. Management of infrastructure services, including network management.

C. C. Physical hosting of mainframes and distributed servers.

D. D. End-to-end security architecture design.

Answer(s): B

8. Question #: 8

Topic #: 2

As it relates to the data analytics process, which of the following best describes the purpose of an internal auditor who cleaned and normalized data?

A. A. The auditor eliminated duplicate information.

B. B. The auditor organized data to minimize useless information.

C. C. The auditor made data usable for a specific purpose by ensuring that anomalies were identified and corrected.

D. D. The auditor ensured data fields were consistent and that data could be used for a specific purpose.

Answer(s): D

9. Question #: 9

Topic #: 2

Which of the following authentication device credentials is the most difficult to revoke when an employee's access rights need to be removed?

A. A. A traditional key lock.

B. B. A biometric device.

C. C. A card-key system.

D. D. A proximity device.

Answer(s): B

10. Question #: 11

Topic #: 2

Which of the following IT-related activities is most commonly performed by the second line of defense?

A. A. Block unauthorized traffic.

B. B. Encrypt data.

C. C. Review disaster recovery test results.

D. D. Provide independent assessment of IT security.

Answer(s): D

11. Question #: 12

Topic #: 1

Which of the following steps should an internal auditor take during an audit of an organization's business continuity plans?

1. Evaluate the business continuity plans for adequacy and currency.
2. Prepare a business impact analysis regarding the loss of critical business.
3. Identify key personnel who will be required to implement the plans.
4. Identify and prioritize the resources required to support critical business processes.

A. A. 1 only

B. B. 2 and 4 only

C. C. 1, 3, and 4 only

D. D. 1, 2, 3, and 4

Answer(s): A

12. Question #: 12

Topic #: 2

With regard to disaster recovery planning, which of the following would most likely involve stakeholders from several departments?

A. A. Determining the frequency with which backups will be performed.

B. B. Prioritizing the order in which business systems would be restored.

C. C. Assigning who in the IT department would be involved in the recovery procedures.

D. D. Assessing the resources needed to meet the data recovery objectives.

Answer(s): B

13. Question #: 13

Topic #: 2

An internal auditor observed that the organization's disaster recovery solution will make use of a cold site in a town several miles away. Which of the following is likely to be a characteristic of this disaster recovery solution?

A. A. Data is synchronized in real time.

B. B. Recovery time is expected to be less than one week.

C. C. Servers are not available and need to be procured.

D. D. Recovery resources and data restore processes have not been defined.

Answer(s): C

14. Question #: 13

Topic #: 1

Which of the following engagement observations would provide the least motivation for management to amend or replace an existing cost accounting system?

A. A. The distorted unit cost of a service is 50 percent lower than the true cost, while the true cost is 50 percent higher than the competition's cost.

B. B. The organization is losing \$1,000,000 annually because it incorrectly outsourced an operation based on information from its current system.

C. C. The cost of rework, hidden by the current system, is 50 percent of the total cost of all services.

D. D. 50 percent of total organizational cost has been allocated on a volume basis.

Answer(s): B

15. Question #: 14

Topic #: 2

During her annual performance review, a sales manager admits that she experiences significant stress due to her job but stays with the organization because of the high bonuses she earns.

Which of the following best describes her primary motivation to remain in the job?

A. A. Intrinsic reward.

B. B. Job enrichment.

C. C. Extrinsic reward.

D. D. The hierarchy of needs.

Answer(s): D

16. Question #: 15

Topic #: 2

What kind of strategy would be most effective for an organization to adopt in order to implement a unique advertising campaign for selling identical product lines across all of its markets?

A. A. Export strategy.

B. B. Transnational strategy.

C. C. Multi-domestic strategy.

D. D. Globalization strategy.

Answer(s): D

17. Question #: 15

Topic #: 1

For an engineering department with a total quality management program, important elements of quality management include all of the following except:

A. A. Basing performance evaluations on the number of projects completed.

B. B. Comparing results with those of other engineering departments.

C. C. Creating a quality council within the engineering department.

D. D. Conducting post-project surveys on performance.

Answer(s): A

18. Question #: 16

Topic #: 2

Which of the following risks is best addressed by encryption?

A. A. Information integrity risk.

B. B. Privacy risk.

C. C. Access risk.

D. D. Software risk.

Answer(s): B

19. Question #: 16

Topic #: 1

Refer to the exhibit.

A. The figure below shows the network diagram for the activities of a large project. What is the shortest number of days in which the project can be completed?

Answer(s): C

20. Question #: 17

Topic #: 2

Which of the following is an example of a key systems development control typically found in the in-house development of an application system?

A. A. Logical access controls monitor application usage and generate audit trails.

B. B. The development process is designed to prevent, detect, and correct errors that may occur.

C. C. A record is maintained to track the process of data from input, to output, to storage.

D. D. Business users' requirements are documented, and their achievement is monitored.

Answer(s): B
