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Exam : IIA-CIA-Part1

Title : CIA Exam Part One: Essentials of Internal Auditing

Version : DEMO

1.Senior management asks the chief audit executive to review the organization's compliance with recently introduced legislation on international transfer pricing. The review requires an internal auditor who thoroughly understands the legislation and pricing methods. The internal audit activity does not have an auditor with those skills.
Which of the following is the most appropriate course of action?
A. Outsource the engagement to an external audit firm that has appropriate skills.
B. Recruit a lawyer with knowledge of the legislation to the audit team and ask the new auditor to perform the engagement.
C. Decline to perform the engagement, as the internal audit activity does not have the appropriate skill set.
D. Carry out the engagement using existing internal audit staff to help them gain the appropriate experience.
Answer: A

2.Which of the following is an example of risk monitoring to ensure a system is performing as intended?
A. Checking the progress of risk treatment plans
B. Considering the consequence and likelihood of risks
C. Documenting the risks and their areas of impact
D. Communicating to management about risks
Answer: A

3.Senior management and the board have expressed concerns about the length of engagements and whether their outcome aligns with the organization's strategies and objectives.
Which of the following actions, if taken by the chief audit executive, could address these concerns?
A. Communicating to internal audit staff instructions for completing engagements within shorter time periods.
B. Requesting additional funding from the board to train internal audit staff on time and resource management.
C. Implementing the use of agile auditing during engagements to meet expectations.
D. Encouraging internal audit staff to participate in workshops to further develop their understanding of the organization's strategies.
Answer: C

4.Which of the following statements best represents the duo professional care that is required of internal auditor’s?
A. Internal auditors should perform assurance procedures to ensure that all significant risks are identified.
B. Internal auditor should not perform consulting engagements for operations for which they had previous responsibilities.
C. Internal auditors should consider the cost of assurance in relation to the potential benefits.
D. Internal auditors should device internal audit programs to confirm that the results are accurate.
Answer: C

5.Due to unfavorable economic conditions management decided to postpone new investments for the

next year.

Which of the following best describes the risk management strategy used to address this situation?

A. Risk mitigation

B. Risk avoidance

C. Risk reduction

D. Risk transfer

Answer: B