Exam Questions IIA-CIA-Part3

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

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NEW QUESTION 1
- (Exam Topic 1)
Which of the following application-based controls is an example of a programmed edit check?

A. Reasonableness check.
B. Transaction log.
C. Input error correction.
D. Authorization for access.

Answer: A

NEW QUESTION 2
- (Exam Topic 1)
Which of the following does not provide operational assurance that a computer system is operating properly?

A. Performing a system audit.
B. Making system changes.
C. Testing policy compliance.
D. Conducting system monitoring.

Answer: B

NEW QUESTION 3
- (Exam Topic 1)
Which of the following factors is considered a disadvantage of vertical integration?

A. It may reduce the flexibility to change partners.
B. It may not reduce the bargaining power of suppliers.
C. It may limit the organization's ability to differentiate the product.
D. It may lead to limited control of proprietary knowledge.

Answer: A

NEW QUESTION 4
- (Exam Topic 1)
Which of the following statements about slack time and milestones are true?
* 1. Slack time represents the amount of time a task may be delayed without delaying the entire project.
* 2. A milestone is a moment in time that marks the completion of the project's major deliverables.
* 3. Slack time allows the project manager to move resources from one task to another to ensure that the project is finished on time.
* 4. A milestone requires resource allocation and needs time to be completed.

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

Answer: C

NEW QUESTION 5
- (Exam Topic 1)
What are the objectives of governance as defined by the Standards?

A. Inform, direct, manage, and monitor.
B. Identify, assess, manage, and control.
C. Organize, assign, authorize, and implement.
D. Add value, improve, assure, and conform.

Answer: A

NEW QUESTION 6
- (Exam Topic 1)
Which stage in the industry life cycle is characterized by many different product variations?

A. Introduction.
B. Growth.
C. Maturity.
D. Decline.

Answer: A

NEW QUESTION 7
- (Exam Topic 1)
Which of the following describes a typical desktop workstation used by most employees in their daily work?

A. Workstation contains software that prevents unauthorized transmission of information into and out of the organization's network.

B. Workstation contains software that controls information flow between the organization's network and the Internet.
C. Workstation contains software that enables the processing of transactions and is not shared among users of the organization's network.
D. Workstation contains software that manages user's access and processing of stored data on the organization's network.

Answer: C

NEW QUESTION 8
- (Exam Topic 1)
Which of the following should an organization consider when developing strategic objectives for its business processes?
* 1. Contribution to the success of the organization.
* 2. Reliability of operational information.
* 3. Behaviors and actions expected of employees.
* 4. How inputs combine with outputs to generate activities.

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

Answer: B

NEW QUESTION 9
- (Exam Topic 1)
A retail organization is considering acquiring a composite textile company. The retailer's due diligence team determined the value of the textile company to be $50 million. The financial experts forecasted net present value of future cash flows to be $60 million. Experts at the textile company determined their company's market value to be $55 million if purchased by another entity. However, the textile company could earn more than $70 million from the retail organization due to synergies. Therefore, the textile company is motivated to make the negotiation successful. Which of the following approaches is most likely to result in a successful negotiation?

A. Develop a bargaining zone that lies between $50 million and $70 million and create sets of outcomes between $50 million and $70 million.
B. Adopt an added-value negotiating strategy, develop a bargaining zone between $50 million and $70 million, and create sets of outcomes between $50 million and $70 million.
C. Involve a mediator as a neutral party who can work with the textile company's management to determine a bargaining zone.
D. Develop a bargaining zone that lies between $55 million and $60 million and create sets of outcomes between $55 million and $60 million.

Answer: D

NEW QUESTION 10
- (Exam Topic 1)
Which of the following is not a barrier to effective communication?

A. Filtering.
B. Communication overload.
C. Similar frames of reference.
D. Lack of source credibility.

Answer: C

NEW QUESTION 10
- (Exam Topic 1)
Which of the following actions is most likely to gain support for process change?

A. Set clear objectives.
B. Engage the various communities of practice within the organization.
C. Demonstrate support from senior management.
D. Establish key competencies.

Answer: B

NEW QUESTION 11
- (Exam Topic 1)
Preferred stock is less risky for investors than is common stock because:

A. Common stock pays dividends as a stated percentage of face value.
B. Common stock has priority over preferred stock with regard to earnings and assets.
C. Preferred dividends are usually cumulative.
D. Preferred stock with no conversion feature has a higher dividend yield than does convertible preferred stock.

Answer: C

NEW QUESTION 14
- (Exam Topic 1)
Which of the following is not a method for implementing a new application system?

A. Direct cutover.
B. Parallel.
C. Pilot.

D. Test.

Answer: D

NEW QUESTION 16
- (Exam Topic 1)
Which of the following statements regarding database management systems is not correct?

A. Database management systems handle data manipulation inside the tables, rather than it being done by the operating system itself in files.
B. The database management system acts as a layer between the application software and the operating system.
C. Applications pass on the instructions for data manipulation which are then executed by the database management system.
D. The data within the database management system can only be manipulated directly by the database management system administrator.

Answer: D

NEW QUESTION 20
- (Exam Topic 1)
Which of the following are appropriate reasons for internal auditors to document processes as part of an audit engagement?
* 1. To determine areas of primary concern.
* 2. To establish a standard format for process mapping.
* 3. To define areas of responsibility within the organization.
* 4. To assess the performance of employees.

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

Answer: B

NEW QUESTION 25
- (Exam Topic 1)
During the last year, an organization had an opening inventory of $300,000, purchases of $980,000, sales of $1,850,000, and a gross margin of 40 percent. What is the closing inventory if the periodic inventory system is used?

A. $170,000
B. $280,000
C. $300,000
D. $540,000

Answer: A

NEW QUESTION 26
- (Exam Topic 1)
All of the following are possible
Explanations for a significant unfavorable material efficiency variance except:

A. Cutbacks in preventive maintenance.
B. An inadequately trained and supervised labor force.
C. A large number of rush orders.
D. Production of more units than planned for in the master budget.

Answer: D

NEW QUESTION 31
- (Exam Topic 1)
Which of the following are included in ISO 31000 risk principles and guidelines?

A. Standards, framework, and process.
B. Standards, assessments, and process.
C. Principles, framework, and process.
D. Principles, practices, and process.

Answer: C

NEW QUESTION 36
- (Exam Topic 1)
Multinational organizations generally spend more time and effort to identify and evaluate:

A. Internal strengths and weaknesses.
B. Break-even points.
C. External trends and events.
D. Internal risk factors.

Answer: C

NEW QUESTION 37
- (Exam Topic 1)
Which of the following descriptions of the internal control system are indicators that risks are managed effectively?
* 1. Existing controls promote compliance with applicable laws and regulations.
* 2. The control environment is designed to address all identified risks to the organization.
* 3. Key controls for significant risks to the organization remain consistent over time.
* 4. Monitoring systems are in place to alert management to unexpected events.

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

Answer: B

NEW QUESTION 40
- (Exam Topic 1)
Which of the following is the primary benefit of including end users in the system development process?

A. Improved integrity of programs and processing.
B. Enhanced ongoing maintenance of the system.
C. Greater accuracy of the testing phase.
D. Reduced need for unexpected software changes.

Answer: C

NEW QUESTION 42
- (Exam 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. 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. The organization is losing $1,000,000 annually because it incorrectly outsourced an operation based on information from its current system.
C. The cost of rework, hidden by the current system, is 50 percent of the total cost of all services.
D. 50 percent of total organizational cost has been allocated on a volume basis.

Answer: D

NEW QUESTION 46
- (Exam Topic 1)
An organization facing rapid growth decides to employ a third party service provider to manage its customer relationship management function. Which of the following is true regarding the supporting application software used by that provider compared to an in-house developed system?
* 1. Updating documentation is always a priority.
* 2. System availability is usually more reliable.
* 3. Data security risks are lower.
* 4. Overall system costs are lower.

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

Answer: C

NEW QUESTION 51
- (Exam Topic 1)
Which of the following stages of group development is associated with accepting team responsibilities?

A. Forming stage.
B. Performing stage.
C. Norming stage.
D. Storming stage.

Answer: C

NEW QUESTION 55
- (Exam Topic 1)
An organization had three large centralized divisions: one that received customer orders for service work; one that scheduled the service work at customer locations; and one that answered customer calls about service problems. These three divisions were restructured into seven regional groups, each of which performed all three functions. One advantage of this restructuring would be:

A. Better internal controls.
B. Greater economies of scale.
C. Improved work flow.
D. Increased specialization.

Answer: C

NEW QUESTION 60
- (Exam Topic 1)
A brand manager in a consumer food products organization suspected that several days of the point-of-sale data on the spreadsheet from one grocery chain were missing. The best approach for detecting missing rows in spreadsheet data would be to:

A. Sort on product identification code and identify missing product identification codes.
B. Review store identification code and identify missing product identification codes.
C. Compare product identification codes for consecutive periods.
D. Compare product identification codes by store for consecutive periods.

Answer: D

NEW QUESTION 61
- (Exam Topic 1)
According to the International Professional Practices Framework, which of the following statements is true regarding a corporate social responsibility (CSR) program?
* 1. Every employee generally has a responsibility for ensuring the success of CSR objectives.
* 2. The board has overall responsibility for the effectiveness of internal control processes associated with CSR.
* 3. Public reporting on the CSR governance process is expected.
* 4. Organizations generally have flexibility regarding what is included in a CSR program.

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

Answer: B

NEW QUESTION 65
- (Exam Topic 1)
Which of the following statements about market signaling is correct?
* 1. The organization releases information about a new product generation.
* 2. The organization limits a challenger's access to the best source of raw materials or labor.
* 3. The organization announces that it is fighting a new process technology.
* 4. The organization makes exclusive arrangements with the channels.

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

Answer: A

NEW QUESTION 67
- (Exam Topic 1)
Which of the following costs would be incurred in an inventory stockout?

A. Lost sales, lost customers, and backorder.
B. Lost sales, safety stock, and backorder.
C. Lost customers, safety stock, and backorder.
D. Lost sales, lost customers, and safety stock.

Answer: A

NEW QUESTION 70
- (Exam Topic 1)
The decision to implement enhanced failure detection and back-up systems to improve data integrity is an example of which risk response?

A. Risk acceptance.
B. Risk sharing.
C. Risk avoidance.
D. Risk reduction.

Answer: D

NEW QUESTION 71
- (Exam Topic 1)
A supervisor receives a complaint from an employee who is frustrated about having to learn a new software program. The supervisor responds that the new software will enable the employee to work more efficiently and with greater accuracy. This response is an example of:

A. Empathetic listening.
B. Reframing.
C. Reflective listening.
D. Dialogue.

Answer: B

NEW QUESTION 73
- (Exam Topic 1)
The economic order quantity for inventory is higher for an organization that has:

A. Lower annual unit sales.
B. Higher fixed inventory ordering costs.
C. Higher annual carrying costs as a percentage of inventory value.
D. A higher purchase price per unit of inventory.

Answer: B

NEW QUESTION 74
- (Exam Topic 1)
The most important reason to use risk assessment in audit planning is to:

A. Identify redundant controls.
B. Improve budgeting accuracy.
C. Enhance assurance provided to management.
D. Assist in developing audit programs.

Answer: C

NEW QUESTION 76
- (Exam Topic 1)
Which of the following statements is false regarding the internal audit approach when a set of standards other than The IIA's Standards is applicable to a specific engagement?

A. The internal auditor may cite the use of other standards during audit communications.
B. If the other standards are government-issued, the internal auditor should apply them in conjunction with The IIA's Standards.
C. If there are inconsistencies between the other standards and The IIA's Standards, the internal auditor must use the more restrictive standards.
D. If there are inconsistencies between the other standards and The IIA's Standards, the internal auditor must use the less restrictive standards.

Answer: D

NEW QUESTION 80
- (Exam Topic 1)
Which of the following are the most appropriate measures for evaluating the change in an organization's liquidity position?

A. Times interest earned, return on assets, and inventory turnover.
B. Accounts receivable turnover, inventory turnover in days, and the current ratio.
C. Accounts receivable turnover, return on assets, and the current ratio.
D. Inventory turnover in days, the current ratio, and return on equity.

Answer: B

NEW QUESTION 83
- (Exam Topic 1)
According to IIA guidance on IT auditing, which of the following would not be an area examined by the internal audit activity?

A. Access system security.
B. Policy development.
C. Change management.
D. Operations processes.

Answer: B

NEW QUESTION 84
- (Exam Topic 1)
Which of the following budgets must be prepared first?

A. Cash budget.
B. Production budget.
C. Sales budget.
D. Selling and administrative expenses budget.

Answer: C

NEW QUESTION 86
- (Exam Topic 1)
The internal audit activity completed an initial risk analysis of the organization's data storage center and found several areas of concern. Which of the following is the most appropriate next step?

A. Risk response.
B. Risk identification.
C. Identification of context.
D. Risk assessment.

Answer: D

NEW QUESTION 89
- (Exam Topic 1)
Organizational activities that complement each other and create a competitive advantage are called a:

A. Merger.
B. Strategic fit.
C. Joint venture.
D. Strategic goal.

Answer: B

NEW QUESTION 93
- (Exam Topic 1)
Which of the following statements are true regarding the use of heat maps as risk assessment tools?
* 1. They focus primarily on known risks, limiting the ability to identify new risks.
* 2. They rely heavily on objective assessments and related risk tolerances.
* 3. They are too complex to provide an easily understandable view of key risks.
* 4. They are helpful but limited in value in a rapidly changing environment.

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

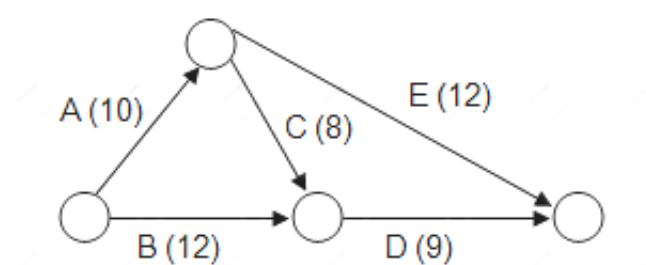**Answer:** B

NEW QUESTION 97
- (Exam Topic 1)
Refer to the exhibit.

Project Network (Activity Times in Days)

A (10) C (8) E (12)
B (12) D (9)

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?

A. 21 days.
B. 22 days.
C. 27 days.
D. 51 days.

Answer: C

NEW QUESTION 98
- (Exam Topic 1)
The main reason to establish internal controls in an organization is to:

A. Encourage compliance with policies and procedures.
B. Safeguard the resources of the organization.
C. Ensure the accuracy, reliability, and timeliness of information.
D. Provide reasonable assurance on the achievement of objectives.

Answer: D

NEW QUESTION 101
- (Exam Topic 1)
An organization has recorded the following profit and expenses: Profit before interest and tax
$200,000
Sales
$2,300,000
Purchases of materials
$700,000
Interest expenses
$30,000
If the value-added tax (VAT) rate is 20 percent and the corporate tax rate is 30 percent, which of the following is the amount of VAT that the organization has to pay?

A. $34,000
B. $51,000
C. $60,000

D. $320,000

Answer: D

NEW QUESTION 106
- (Exam Topic 1)
Which of the following is a limiting factor for capacity expansion?

A. Government pressure on organizations to increase or maintain employment.
B. Production orientation of management.
C. Lack of credible market leader in the industry.
D. Company diversification.

Answer: D

NEW QUESTION 109
- (Exam Topic 1)
An organization accumulated the following data for the prior fiscal year: Value of
Percentage of Quarter
Output Produced Cost X
1
$4,750,000 2.9
2
$4,700,000 3.0
3
$4,350,000 3.2
4
$4,000,000 3.5
Based on this data, which of the following describes the value of Cost X in relation to the value of Output Produced?

A. Cost X is a variable cost.
B. Cost X is a fixed cost.
C. Cost X is a semi-fixed cost.
D. Cost X and the value of Output Produced are unrelated.

Answer: B

NEW QUESTION 112
- (Exam Topic 1)
An organization's balance sheet indicates that the total asset amount and the total capital stock amount remained unchanged from one year to the next, and no dividends were declared or paid. However, the organization reported a loss of $200,000. Which of the following describes the most likely year-over-year change to the organization's total liabilities and total stockholder equity?

A. The total liabilities and total stockholder equity both increased.
B. The total liabilities and total stockholder equity both decreased.
C. The total liabilities decreased, and the total stockholder equity increased.
D. The total liabilities increased, and the total stockholder equity decreased.

Answer: D

NEW QUESTION 113
- (Exam Topic 1)
An internal auditor has been asked to conduct an investigation involving allegations of independent contractor fraud. Which of the following controls would be least effective in detecting any potential fraudulent activity?

A. Exception report identifying payment anomalies.
B. Documented policy and procedures.
C. Periodic account reconciliation of contractor charges.
D. Monthly management review of all contractor activity.

Answer: B

NEW QUESTION 115
- (Exam Topic 1)
Which of the following statements about COBIT is not true?

A. COBIT helps management understand and manage the risks associated with information technology (IT) processes.
B. Management needs to determine the cost-benefit ratio of adopting COBIT control objectives.
C. COBIT control objectives are specific to various IT platforms and help determine minimum controls.
D. COBIT provides management with the capability to conduct self-assessments against industry best practices.

Answer: C

NEW QUESTION 117
- (Exam Topic 1)
Which of the following is true regarding the COSO enterprise risk management framework?

A. The framework categorizes an organization's objectives to distinct, non overlapping objectives.
B. Control environment is one of the framework's eight components.
C. The framework facilitates effective risk management, even if objectives have not been established.
D. The framework integrates with, but is not dependent upon, the corresponding internal control framework.

Answer: D

NEW QUESTION 122
- (Exam Topic 1)
The cost to enter a foreign market would be highest in which of the following methods of global expansion?

A. Joint ventures.
B. Licensing.
C. Exporting.
D. Overseas production.

Answer: D

NEW QUESTION 127
- (Exam Topic 1)
Which of the following local area network physical layouts is subject to the greatest risk of failure if one device fails?

A. Star network.
B. Bus network.
C. Token ring network.
D. Mesh network.

Answer: C

NEW QUESTION 130
- (Exam Topic 1)
A global business organization is selecting managers to post to various international (expatriate) assignments. In the screening process, which of the following traits would be required to make a manager a successful expatriate?
* 1. Superior technical competence.
* 2. Willingness to attempt to communicate in a foreign language.
* 3. Ability to empathize with other people.

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

Answer: C

NEW QUESTION 131
- (Exam Topic 1)
An internal auditor is trying to assess control risk and the effectiveness of an organization's internal controls. Which of the following audit procedures would not provide assurance to the auditor on this matter?

A. Interviewing the organization's employees.
B. Observing the organization's operations.
C. Reading the board's minutes.
D. Inspecting manuals and documents.

Answer: C

NEW QUESTION 135
- (Exam Topic 1)
An organization is considering the outsourcing of its business processes related to payroll and information technology functions. Which of the following is the most significant area of concern for management regarding this proposed agreement?

A. Ensuring that payments to the vendor are appropriate and timely for the services delivered.
B. Ensuring that the vendor has complete management control of the outsourced process.
C. Ensuring that there are means of monitoring the efficiency of the outsourced process.
D. Ensuring that there are means of monitoring the effectiveness of the outsourced process.

Answer: D

NEW QUESTION 136
- (Exam Topic 2)
An organization is developing a new online collaboration tool for employees. The tool includes a homepage that is customized to each employee according to his department and job function Which of the following engagements should be conducted to ensure that the organization has included all departments and job functions in the system before it is implemented?

A. An application control review
B. A source code review
C. A design review

D. An access control review

Answer: C

NEW QUESTION 140
- (Exam Topic 2)
The greatest advantage of functional departmentalization is that it:

A. Facilitates communication between primary functions.
B. Helps to focus on the achievement of organizational goals.
C. Provides for efficient use of specialized knowledge .
D. Accommodates geographically dispersed companies

Answer: C

NEW QUESTION 142
- (Exam Topic 2)
Which of the following statements is true regarding the capital budgeting procedure known as discounted payback period?

A. It calculates the overall value of a project
B. It ignores the time value of money
C. It calculates the time a project takes to break even.
D. It begins at time zero for the project.

Answer: C

NEW QUESTION 146
- (Exam Topic 2)
Which type of bond sells at a discount from face value, then increases in value annually until it reaches maturity and provides the owner with the total payoff?

A. High-yield bonds.
B. Commodity-backed bonds.
C. Zero coupon bonds.
D. Junk bonds.

Answer: C

NEW QUESTION 150
- (Exam Topic 2)
Which of the following is a key responsibility of a database administrator?

A. Troubleshoot end user problems
B. Provide production support.
C. Provide physical security of databases
D. Maintain database integrity

Answer: D

NEW QUESTION 153
- (Exam Topic 2)
Which of the following controls would be the most effective in preventing the disclosure of an organization s confidential electronic information?

A. Non-disclosure agreements between the firm and its employees
B. Logs of user activity within the information system
C. Two-factor authentication for access into the information system
D. Limited access to information based on employee duties

Answer: D

NEW QUESTION 154
- (Exam Topic 2)
An organization requires an average of 58 days to convert raw materials into finished products to sell. An average of 42 additional days is required to collect receivables. If the organization takes an average of 10 days to pay for the raw materials, how long is its total cash conversion cycle?

A. 26 days.
B. 90 days.
C. 100 days.
D. 110 days.

Answer: B

NEW QUESTION 157
- (Exam Topic 2)
A multinational organization involved in online business has planned to set up a help desk service. Which of the following best describes the role performed by the help desk?

A. Monitoring access to the online database.
B. Backing up and maintaining archived data.
C. Responding to customer inquiries.
D. Maintaining and assuring network security.

Answer: C

NEW QUESTION 160
- (Exam 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. Logical access controls monitor application usage and generate audit trails.
B. The development process is designed to prevent, detect and correct errors that may occur
C. A record is maintained to track the process of data from input, to output, to storage
D. Business users' requirements are documented, and their achievement is monitored

Answer: D

NEW QUESTION 161
- (Exam Topic 2)
An internal auditor is evaluating an organization's business continuity management program According to IIA guidance on IT. which of the following tests would best demonstrate the ability to perform Key processes without significant problems?

A. End-to-end testing
B. IT systems and application walkthrough
C. Tabletop or boardroom-style testing
D. Desk check testing

Answer: A

NEW QUESTION 166
- (Exam Topic 2)
New data privacy laws require an organization to use collected customer information for me sole purpose of meeting the organization's business requirements. Which of the following best addresses the risk of the organization not complying with this objective?

A. Provide training on social engineering attacks
B. Encrypt the customer information retained by the organization
C. Establish policies that discipline those who misuse customer information
D. Allocate access profiles for each end user of the information

Answer: B

NEW QUESTION 167
- (Exam Topic 2)
According to IIA guidance, which of the following would be the best first step to manage risk when a third party is overseeing the organization's network and data?

A. Creating a comprehensive reporting system for vendors to demonstrate their ongoing due diligence in network operations
B. Drafting a strong contract that requires regular vendor control reports and a right-to-audit clause.
C. Applying administrative privileges to ensure right-to-access controls are appropriate
D. Creating a standing cybersecurity committee to identify and manage risks related to data security

Answer: B

NEW QUESTION 170
- (Exam Topic 2)
Organizations mat adopt just-in-time purchasing systems often experience which of the following?

A. A slight increase in carrying costs.
B. A greater need for inspection of goods as the goods arrive.
C. A greater need for linkage with a vendor s computerized order entry system.
D. An increase in the number of suitable suppliers

Answer: C

NEW QUESTION 175
- (Exam Topic 2)
Which of the following is a systems software control?

A. Restricting server room access to specific individuals
B. Housing servers with sensitive software away from environmental hazards.
C. Ensuring that ail user requirements are documented.
D. Performing of intrusion testing on a regular basis

Answer: A

NEW QUESTION 179

- (Exam Topic 2)
An internal auditor is reviewing the organization's performance appraisal process. Which of the following methods would be most effective to identify stereotyping?

A. Use a behaviorally anchored rating scale to Break down jobs into their components.
B. Analyze and compare the ratings for different classes or groupings of employees.
C. Compare the ratings of selective employees with their previous appraisals.
D. Analyze the number and percentages of employee appraisals that fall into each rating category

Answer: C

NEW QUESTION 183
- (Exam Topic 2)
Which of the following is the most effective control to prevent unauthorized entrance of a former employee of the organization?

A. Revoking the former employee's biometrics from the entrance systems
B. Installing security guards who have undergone a background check at all entrances.
C. Installing multiple high-powered surveillance cameras throughout the organization
D. Keeping doors locked and accessible with a key that is provided only to employees

Answer: A

NEW QUESTION 184
- (Exam Topic 2)
An internal auditor was asked to review an equal equity partnership In one sampled transaction Partner A transferred equipment into the partnership with a self-declared value of $10,000 and Partner B contributed equipment with a self-declared value of $15 000 The capital accounts of each partner were subsequently credited with S12,500. Which of the following statements is true regarding this transaction?

A. The capital accounts of the partners should be increased by the original cost of the contnbuted equipment.
B. The capital accounts should be increased using a weighted average based on the current percentage of ownership
C. No action is needed as the capital account of each partner was increased by the correct amount
D. The capital accounts of the partners should be increased by the fair market value of their contribution

Answer: C

NEW QUESTION 186
- (Exam Topic 2)
When is an organic organizational structure likely to be more successful than a mechanistic organizational
structure?

A. When a manufacturing organization has stable demand for its products.
B. When an organization is subjected to strong political and social pressures
C. When a manufacturer has reliable resources and suppliers
D. When an organization is infrequently affected by technological advances

Answer: D

NEW QUESTION 189
- (Exam Topic 2)
in which of the following technical infrastructure audits should attention be turned to physical security and environmental controls?

A. Database review
B. Data center review
C. Network configuration review
D. Operating systems review

Answer: B

NEW QUESTION 192
- (Exam Topic 2)
According to MA guidance on IT which of the following best describes a but recovery and restore processes have not been defined?

A. Hot recovery plan
B. Warm recovery plan
C. Cold recovery plan.
D. Absence of recovery plan

Answer: D

NEW QUESTION 194
- (Exam Topic 2)
Data encryption is an example of which of the following controls?

A. Application control.
B. IT general control
C. Data input control
D. Data output control

Answer: B

NEW QUESTION 198
- (Exam Topic 2)
Which of the following factors is most responsible for the increasing risk that unauthorized parties may obtain or tamper with personal data?

A. The lack of legal and industry frameworks on privacy.
B. The absence of generally accepted privacy principles.
C. The rapid growth and evolution of technology.
D. The legislated need to retain sensitive personal information.

Answer: C

NEW QUESTION 199
- (Exam Topic 2)
Which of the following cybersecurity-related activities is most likely to be performed by the second line of defense?

A. Deploy intrusion detection systems and conduct penetration testing
B. Administer security procedures, training, and testing.
C. Monitor incidents, key risk indicators, and remediation
D. implement vulnerability management with internal and external scans.

Answer: D

NEW QUESTION 203
- (Exam Topic 2)
With regard to disaster recovery planning, which of the following would most likely involve stakeholders from several departments?

A. Determining the frequency with which backups will be performed.
B. Prioritizing the order in which business systems would be restored.
C. Assigning who in the IT department would be involved in the recovery procedures.
D. Assessing the resources needed to meet the data recovery objectives

Answer: B

NEW QUESTION 204
- (Exam Topic 2)
Which of the following is an example of a physical security control that should be in place at an organization's data center?

A. Backup servers in the data center are stored in an environmentally controlled location
B. All users have a unique ID and password to access data
C. Swipe cards are used to access the data center
D. Firewalls and antivirus protection are in place to prevent unauthorized access to data.

Answer: C

NEW QUESTION 206
- (Exam Topic 2)
Which of me following responsibilities would ordinary fall under the help desk function of an organization?

A. Maintenance service items such as production support
B. Management of infrastructure services including network management
C. Physical hosting of mainframes and distributed servers
D. End-lo-end security architecture design

Answer: B

NEW QUESTION 208
- (Exam Topic 2)
In an organization's established accounts payable department employees perform highly structured activities follow clearly defined procedures and have strict deadlines for performing their tasks The head of the department recently retired, and a new department head was hired To achieve the greatest benefit for this department and avoid redundancy the new leader should adopt which of the following leadership styles?

A. Achievement-oriented style
B. People-oriented style
C. Goal-oriented style
D. Task-oriented style

Answer: C

NEW QUESTION 209
- (Exam Topic 2)
Which of the following is a logical access control designed to enhance the security ot a computer-based application system?

A. User accounts will be locked alter three unsuccessful attempts to access the system

B. Users will not be allowed to use any of their last five passwords to access the system
C. Users will be assigned rights to access the system based on their job responsibilities
D. Users will automatically lose access to the system after 15 minutes of inactivity

Answer: B

NEW QUESTION 213
- (Exam Topic 2)
Which of the following concepts of managerial accounting is focused on allocating overheads to products?

A. Theory of constraints
B. Just-in-time method
C. Activity-based costing
D. Break-even analysis

Answer: C

NEW QUESTION 215
- (Exam Topic 2)
What is the most significant potential problem introduced by just-in-time inventory systems?

A. They require significant computer resources.
B. They are susceptible to supply-chain disruptions.
C. They require complicated materials-supply contracts.
D. They prevent manufacturers from scaling up or down to meet changing demands.

Answer: B

NEW QUESTION 218
- (Exam Topic 2)
Which of the following application controls checks the integrity of data entered into a business application?

A. Input controls.
B. Output controls
C. Processing controls
D. Integrity controls

Answer: A

NEW QUESTION 223
- (Exam Topic 2)
Which of the following is improved by the use of smart devices?

A. Version control
B. Privacy
C. Portability
D. Secure authentication

Answer: C

NEW QUESTION 226
- (Exam Topic 2)
Which of the following types of data analytics would be used by a hospital to determine which patients are likely to require readmittance for additional treatment?

A. Predictive analytics
B. Prescriptive analytics
C. Descriptive analytics
D. Diagnostic analytics

Answer: A

NEW QUESTION 231
- (Exam Topic 2)
An organization has started allowing employees to use their personal smart devices to accept vendor payments. What should the organization's bring-your-own-device (BYOD) policy include to specifically address security and privacy required by the Payment Card Data Security Standard (PCI DSS)?

A. Approved devices
B. Mobile applications
C. Data storage.
D. Backups and transfers

Answer: C

NEW QUESTION 233
- (Exam Topic 2)

Which of the following options correctly defines a transmission control protocol/Internet protocol (TCP/IP)?

A. System software that acts as an interface between a user and a computer.
B. A standardized set of guidelines that facilitates communication between computers on different networks.
C. System software that translates hypertext markup language to allow users to view a remote webpage.
D. A network of servers used to control a variety of mission-critical operations.

Answer: B

NEW QUESTION 238
- (Exam Topic 2)
When using cost-volume-profit analysts which of the following will increase operating income once !he break-even point has been reached?

A. Fixed costs per unit for each additional unit sold
B. Variable costs per unit for each additional unit sold
C. Contribution margin per unit for each additional unit sold
D. Gross margin per unit for each additional unit sold

Answer: C

NEW QUESTION 243
- (Exam Topic 2)
An internal auditor is assessing the risks related to an organization's mobile device pokey She notes that the organization allows third parties (vendors and visitors) to use outside smart devices to access its proprietary networks and systems Which of the following types of smart device risks should the internal auditor be most concerned about'

A. Compliance
B. Privacy
C. Strategic
D. Physical security.

Answer: A

NEW QUESTION 246
- (Exam Topic 2)
The leadership of an organization encourages employees to form voluntary problem-solving groups whereby several employees from the same work area meet regularity during work hours to discuss improvements and creative ways to reduce costs. Which of the following best describes this approach?

A. Open-book management
B. Quality control circles
C. Self-managed teams
D. Cross-functional teams

Answer: C

NEW QUESTION 247
- (Exam Topic 2)
When management uses the absorption costing approach, fixed manufacturing overhead costs are classified as which of the following types of costs?

A. Direct product costs
B. Indirect product costs
C. Direct period costs
D. Indirect period costs.

Answer: A

NEW QUESTION 252
- (Exam Topic 2)
Which of the following data security policies is most likely to be the result of a data privacy law?

A. Access to personally identifiable information is limited to those who need it to perform their job.
B. Confidential data must be backed up and recoverable within a 24-hour period.
C. Updates to systems containing sensitive data must be approved before being moved to production.
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: A

NEW QUESTION 256
- (Exam Topic 2)
An internal auditor observed that the organization's disaster recovery solution will make use of a code site in a town several miles away Which of the following is likely to be a characteristic of this disaster recovery solution?

A. Data is synchronized in real lime
B. Recovery time is expected to be less than one week
C. Servers are not available and need to be procured
D. Recovery resources and data restore processes have not been defined

Answer: C

NEW QUESTION 261
- (Exam Topic 2)
Which of the following is an example of a phishing attack?

A. An employee receives an email that appears to be from the organization's bank, though it is no
B. The employee replies to the email and sends the requested confidential information.
C. An organization's website has been hacke
D. The hacker added political content that is not consistent with the organization's views.
E. An organization's systems have been compromised by malicious softwar
F. The software locks the organization's operating system until d ransom is paid.
G. An organization's communication systems have been intercepte
H. A communication session is controlled by an unauthorized third party.

Answer: A

NEW QUESTION 263
- (Exam Topic 2)
In which of the following scenarios would transfer pricing be used?

A. Company A owns Company B; Company B sells goods to Company A.
B. Company A does not own Company
C. Company A charges Company B a fee to sell Company B's goods without taking ownership of the goods.
D. Company A owns both Company B and Company C; all three companies sell goods to the public.
E. Company A moves goods internally from one location to another.

Answer: A

NEW QUESTION 266
- (Exam Topic 2)
The mobility of personal smart devices significantly increases which of the following risks?

A. Data integrity risks
B. Compliance risks.
C. Physical security risks
D. Privacy risks

Answer: C

NEW QUESTION 270
- (Exam Topic 2)
Which of the following statements is true regarding a bring-your-own-device (BYOD) environment?

A. There is a greater need Kr organizations to rely on users to comply with policies and procedures.
B. With fewer devices owned by the organization, there is reduced need to maintain documented policies and procedures.
C. Incident response times are less critical in the BYOD environmen
D. compared to a traditional environment
E. There is greater sharing of operational risk in a BYOD environment.

Answer: A

NEW QUESTION 273
- (Exam Topic 2)
According to IIA guidance, which of the following statements is true with regard to workstation computers that access company information stored on the network?

A. individual workstation computer controls are not as important as companywide server controls.
B. Particular attention should be paid to housing workstations away from environmental hazards.
C. Cybersecurity issues can be controlled at an enterprise level making workstation level controls redundant
D. With security risks near an all-time high workstations should not be connected to the company network

Answer: B

NEW QUESTION 275
- (Exam Topic 2)
A rapidly expanding retail organization continues to be tightly controlled by its original small management team. Which of the following is a potential risk in this vertically centralized organization?

A. Lack of coordination among different business units.
B. Operational decisions are inconsistent with organizational goals.
C. Suboptimal decision-making.
D. Duplication of business activities.

Answer: C

NEW QUESTION 279

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