IIA

Exam Questions IIA-CIA-Part3

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

NEW QUESTION 1
- (Exam Topic 1)
Which of the following conflict resolution methods should be applied when the intention of the parties is to solve the problem by clarifying differences and attaining everyone's objectives?

A. Accommodating.
B. Compromising.
C. Collaborating.
D. Competing.

Answer: C

NEW QUESTION 2
- (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 3
- (Exam Topic 1)
Which of the following is a product-oriented definition of a business rather than a market-oriented definition of a business?

A. We are a people-and-goods mover.
B. We supply energy.
C. We make movies.
D. We provide climate control in the home.

Answer: C

NEW QUESTION 4
- (Exam Topic 1)
Which of the following activities most significantly increases the risk that a bank will make poor-quality loans to its customers?

A. Borrowers may not sign all required mortgage loan documentation.
B. Fees paid by the borrower at the time of the loan may not be deposited in a timely manner.
C. The bank's loan documentation may not meet the government's disclosure requirements.
D. Loan officers may override the lending criteria established by senior management.

Answer: D

NEW QUESTION 5
- (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 6
- (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 7
- (Exam Topic 1)
An internal auditor is reviewing physical and environmental controls for an IT organization. Which control activity should not be part of this review?

A. Develop and test the organization's disaster recovery plan.
B. Install and test fire detection and suppression equipment.
C. Restrict access to tangible IT resources.
D. Ensure that at least one developer has access to both systems and operations.

Answer: D

NEW QUESTION 8
- (Exam Topic 1)
A key advantage of developing a computer application by using the prototyping approach is that it:

A. Does not require testing for user acceptance.
B. Allows applications to be portable across multiple system platforms.
C. Is less expensive since it is self-documenting.
D. Better involves users in the design process.

Answer: D

NEW QUESTION 9
- (Exam Topic 1)
Listening effectiveness is best increased by:

A. Resisting both internal and external distractions.
B. Waiting to review key concepts until the speaker has finished talking.
C. Tuning out messages that do not seem to fit the meeting purpose.
D. Factoring in biases in order to evaluate the information being given.

Answer: A

NEW QUESTION 10
- (Exam Topic 1)
Which of the following standards would be most useful in evaluating the performance of a customer-service group?

A. The average time per customer inquiry should be kept to a minimum.
B. Customer complaints should be processed promptly.
C. Employees should maintain a positive attitude when dealing with customers.
D. All customer inquiries should be answered within seven days of receipt.

Answer: D

NEW QUESTION 10
- (Exam Topic 1)
Which of the following is an element of effective negotiating?

A. Ensuring that the other party has a personal stake in the agreement.
B. Focusing on interests rather than on obtaining a winning position.
C. Considering a few select choices during the settlement phase.
D. Basing the agreement on negotiating power and positioning leverage.

Answer: B

NEW QUESTION 12
- (Exam Topic 1)
Organizations use matrix management to accomplish which of the following?

A. To improve the chain of command.
B. To strengthen corporate headquarters.
C. To focus better on a single market.
D. To increase lateral communication.

Answer: D

NEW QUESTION 16
- (Exam Topic 1)
According to IIA guidance, which of the following corporate social responsibility (CSR) activities is appropriate for the internal audit activity to perform?

A. Determine the optimal amount of resources for the organization to invest in CSR.
B. Align CSR program objectives with the organization's strategic plan.
C. Integrate CSR activities into the organization's decision-making process.
D. Determine whether the organization has an appropriate policy governing its CSR activities.

Answer: D

NEW QUESTION 20
- (Exam Topic 1)

Which of the following would best prevent unauthorized external changes to an organization's data?

A. Antivirus software, firewall, data encryption.
B. Firewall, data encryption, backup procedures.
C. Antivirus software, firewall, backup procedures.
D. Antivirus software, data encryption, change logs.

Answer: A

NEW QUESTION 24
- (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 27
- (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 32
- (Exam Topic 1)
Which stage of group development is characterized by a decrease in conflict and hostility among group members and an increase in cohesiveness?

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

Answer: B

NEW QUESTION 33
- (Exam Topic 1)
Which of the following is not a potential area of concern when an internal auditor places reliance on spreadsheets developed by users?

A. Increasing complexity over time.
B. Interface with corporate systems.
C. Ability to meet user needs.
D. Hidden data columns or worksheets.

Answer: C

NEW QUESTION 38
- (Exam Topic 1)
Which of the following techniques is the most relevant when an internal auditor conducts a valuation of an organization's physical assets?

A. Observation.
B. Inspection.
C. Original cost.
D. Vouching.

Answer: B

NEW QUESTION 41
- (Exam Topic 1)
Which of the following application software features is the least effective control to protect passwords?

A. Suspension of user IDs after a user's repeated attempts to sign on with an invalid password.
B. Encryption of passwords prior to their transmission or storage.
C. Forced change of passwords after a designated number of days.
D. Automatic logoff of inactive users after a specified time period of inactivity.

Answer: C

NEW QUESTION 46
- (Exam Topic 1)
Which of the following statements accurately describes one of the characteristics that distinguishes a multinational company from a domestic company?

A. A multinational company has stockholders in other countries.
B. A multinational company exports its products to other countries.
C. A multinational company operates outside of its country of origin.
D. A multinational company uses raw materials and components from more than one country.

Answer: C

NEW QUESTION 47
- (Exam Topic 1)
If legal or regulatory standards prohibit conformance with certain parts of The IIA's Standards, the auditor should do which of the following?

A. Conform with all other parts of The IIA's Standards and provide appropriate disclosures.
B. Conform with all other parts of The IIA's Standards; there is no need to provide appropriate disclosures.
C. Continue the engagement without conforming with the other parts of The IIA's Standards.
D. Withdraw from the engagement.

Answer: A

NEW QUESTION 52
- (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 53
- (Exam Topic 1)
Under a value-added taxing system:

A. Businesses must pay a tax only if they make a profit.
B. The consumer ultimately bears the cost of the tax through higher prices.
C. Consumer savings are discouraged.
D. The amount of value added is the difference between an organization's sales and its cost of goods sold.

Answer: B

NEW QUESTION 54
- (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 57
- (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 62
- (Exam Topic 1)
During a review of a web-based application used by customers to check the status of their bank accounts, it would be most important for the internal auditor to ensure that:

A. Access to read application logs is restricted to authorized users.
B. Account balance information is encrypted in the database.

C. The web server used to host the application is located in a physically secure area.
D. Sensitive data, such as account numbers, are submitted using encrypted communications.

Answer: D

NEW QUESTION 67
- (Exam Topic 1)
Refer to the exhibit.

	Company A	Company B
Cash	$100	$200
Accounts receivable	unknown	$100
Accounts payable	$100	$50
Long-term debt	$200	$50
Sales	$600	$5,800
Cost of goods sold	$300	$5,000
Administrative expenses	$100	$500
Depreciation expense	$100	$100
Interest expense	$20	$10

Presented below are partial year-end financial statement data (000 omitted from dollar amounts) for companies A and B:
If company A has a quick ratio of 2:1, then it has an accounts receivable balance of:

A. $100
B. $200
C. $300
D. $500

Answer: A

NEW QUESTION 69
- (Exam Topic 1)
In which type of business environment are price cutting strategies and franchising strategies most appropriate?

A. Embryonic, focused.
B. Fragmented, decline.
C. Mature, fragmented.
D. Competitive, embryonic.

Answer: C

NEW QUESTION 70
- (Exam Topic 1)
Which of the following statements regarding program change management is not correct?

A. The goal of the change management process is to sustain and improve organizational operations.
B. The degree of risk associated with a proposed change determines if the change request requires authorization.
C. In order to protect the production environment, changes must be managed in a repeatable, defined, and predictable manner.
D. All changes should be tested in a non-production environment before migrating to the production environment.

Answer: B

NEW QUESTION 75
- (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 77
- (Exam Topic 1)
Which of the following techniques would be least effective in resolving the conflict created by an internal audit client's perception of the audit report as a personal attack on his management performance?

A. The auditor should focus on the audit client as a person and understand him, rather than just concentrating on the problem.
B. The auditor should make recommendations based on objective criteria, rather than based on a subjective assessment.
C. The auditor should explore alternative solutions to address the audit problem, so the audit client has options.
D. The auditor should take a flexible position on the recommendations and focus on resolving the issue by addressing the interests of the people concerned.

Answer: A

NEW QUESTION 82
- (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 83
- (Exam Topic 1)
According to IIA guidance, which of the following is a typical risk associated with the tender process and contracting stage of an organization's IT outsourcing life cycle?

A. The process is not sustained and is not optimized as planned.
B. There is a lack of alignment to organizational strategies.
C. The operational quality is less than projected.
D. There is increased potential for loss of assets.

Answer: D

NEW QUESTION 88
- (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 89
- (Exam Topic 1)
Which of the following control techniques would minimize the risk of interception during transmission in an electronic data interchange system?
* 1. Encryption.
* 2. Traffic padding.
* 3. Edit checks.
* 4. Structured data format.

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

Answer: A

NEW QUESTION 93
- (Exam Topic 1)
Which of the following statements pertaining to a market skimming pricing strategy is not true?

A. The strategy is favored when unit costs fall with the increase in units produced.
B. The strategy is favored when buyers are relatively insensitive to price increases.
C. The strategy is favored when there is insufficient market capacity and competitors cannot increase market capacity.
D. The strategy is favored when high price is perceived as high quality.

Answer: A

NEW QUESTION 97
- (Exam Topic 1)
Which of the following is not a common feature of cumulative preferred stock?

A. Priority over common stock with regard to dilution of shares.
B. Priority over common stock with regard to earnings.

C. Priority over common stock with regard to dividend payment.
D. Priority over common stock with regard to assets.

Answer: A

NEW QUESTION 98
- (Exam Topic 1)
Which of the following statements regarding organizational governance is not correct?

A. An effective internal audit function is one of the four cornerstones of good governance.
B. Those performing governance activities are accountable to the customer.
C. Accountability is one of the key elements of organizational governance.
D. Governance principles and the need for an internal audit function are applicable to governmental and not-for-profit activities.

Answer: B

NEW QUESTION 100
- (Exam Topic 1)
A chief audit executive (CAE) was asked to participate in the selection of an external auditor. Which of the following would not be a typical responsibility for the CAE?

A. Evaluate the proposed external auditor fee.
B. Recommend criteria to be used in the selection process.
C. Develop appropriate performance metrics.
D. Monitor the work of the external auditors.

Answer: C

NEW QUESTION 105
- (Exam Topic 1)
Which of the following are likely indicators of ineffective change management?
* 1. IT management is unable to predict how a change will impact interdependent systems or business processes.
* 2. There have been significant increases in trouble calls or in support hours logged by programmers.
* 3. There is a lack of turnover in the systems support and business analyst development groups.
* 4. Emergency changes that bypass the normal control process frequently are deemed necessary.

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

Answer: C

NEW QUESTION 107
- (Exam Topic 1)
During which phase of disaster recovery planning should an organization identify the business units, assets, and systems that are critical to continuing an acceptable level of operations?

A. Scope and initiation phase.
B. Business impact analysis.
C. Plan development.
D. Testing.

Answer: B

NEW QUESTION 111
- (Exam Topic 1)
Which of the following statements is true regarding the use of public key encryption to secure data while it is being transmitted across a network?

A. Both the key used to encrypt the data and the key used to decrypt the data are made public.
B. The key used to encrypt the data is kept private but the key used to decrypt the data is made public.
C. The key used to encrypt the data is made public but the key used to decrypt the data is kept private.
D. Both the key used to encrypt the data and the key used to decrypt the data are made private.

Answer: C

NEW QUESTION 114
- (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 119
- (Exam Topic 1)
The percentage of sales method, rather than the percentage of receivables method, would be used to estimate uncollectible accounts if an organization seeks to:

A. Use an aging schedule to more closely estimate uncollectible accounts.
B. Eliminate the need for an allowance for doubtful accounts.
C. Emphasize the accuracy of the net realizable value of the receivables on the balance sheet.
D. Use a method that approximates the matching principle.

Answer: D

NEW QUESTION 122
- (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 124
- (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 128
- (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 129
- (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 131
- (Exam Topic 1)
Which of the following describes the free trade zone in an e-commerce environment?

A. Zone that separates an organization's servers from outside forces.
B. Area in which messages are scrutinized to determine if they are authorized.
C. Area where communication and transactions occur between trusted parties.
D. Zone where data is encrypted, users are authenticated, and user traffic is filtered.

Answer: C

NEW QUESTION 134
- (Exam Topic 1)
All of the following are true with regard to the first-in, first-out inventory valuation method except:

A. It values inventory close to current replacement cost.
B. It generates the highest profit when prices are rising.
C. It approximates the physical flow of goods.
D. It minimizes current-period income taxes.

Answer: D

NEW QUESTION 137
- (Exam Topic 1)
Which of the following statements is correct regarding corporate compensation systems and related bonuses?
* 1. A bonus system should be considered part of the control environment of an organization and should be considered in formulating a report on internal control.
* 2. Compensation systems are not part of an organization's control system and should not be reported as such.
* 3. An audit of an organization's compensation system should be performed independently of an audit of the control system over other functions that impact corporate bonuses.

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

Answer: A

NEW QUESTION 141
- (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 146
- (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 149
- (Exam Topic 1)
A department purchased one copy of a software program for internal use. The manager of the department installed the program on an office computer and then made two complete copies of the original software.
Copy 1 was solely for backup purposes.
Copy 2 was for use by another member of the department.
In terms of software licenses and copyright law, which of the following is correct?

A. Both copies are legal.
B. Only copy 1 is legal.
C. Only copy 2 is legal.
D. Neither copy is legal.

Answer: B

NEW QUESTION 150
- (Exam Topic 1)
According to the ISO 14001 standard, which of the following is not included in the requirements for a quality management system?

A. Key processes across the entity which impact quality must be identified and included.
B. The quality management system must be documented in the articles of incorporation, quality manual, procedures, work instructions, and records.
C. Management must review the quality policy, analyze data about quality management system performance, and assess opportunities for improvement and the need for change.
D. The entity must have processes for inspections, testing, measurement, analysis, and improvement.

Answer: B

NEW QUESTION 152
- (Exam Topic 1)

According to Porter's model of competitive strategy, which of the following is a generic strategy?
* 1. Differentiation.
* 2. Competitive advantage.
* 3. Focused differentiation.
* 4. Cost focus.

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

Answer: C

NEW QUESTION 154
- (Exam Topic 1)
When applied to international economics, the theory of comparative advantage proposes that total worldwide output will be greatest when:

A. Each nation's total imports approximately equal its total exports.
B. Each good is produced by the nation that has the lowest opportunity cost for that good.
C. Goods that contribute to a nation's balance-of-payments deficit are no longer imported.
D. International trade is unrestricted and tariffs are not imposed.

Answer: B

NEW QUESTION 156
- (Exam Topic 1)
Which of the following phases of a business cycle are marked by an underuse of resources?
* 1. The trough.
* 2. The peak.
* 3. The recovery.
* 4. The recession.

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

Answer: B

NEW QUESTION 158
- (Exam Topic 1)
Which of the following purchasing scenarios would gain the greatest benefit from implementing electronic data interchange?

A. A time-sensitive just-in-time purchase environment.
B. A large volume of custom purchases.
C. A variable volume sensitive to material cost.
D. A currently inefficient purchasing process.

Answer: A

NEW QUESTION 160
- (Exam Topic 1)
Which of the following statements is true regarding the roles and responsibilities associated with a corporate social responsibility (CSR) program?

A. The board has overall responsibility for the internal control processes associated with the CSR program.
B. Management has overall responsibility for the effectiveness of governance, risk management, and internal control processes associated with the CSR program.
C. The internal audit activity is responsible for ensuring that CSR principles are integrated into the organization's policies and procedures.
D. Every employee has a responsibility for ensuring the success of the organization's CSR objectives.

Answer: D

NEW QUESTION 164
- (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 165
- (Exam Topic 1)
Which of the following statements best describes the frameworks set forth by the International Standards Organization?

A. Globally accepted standards for industries and processes.

B. Bridging the gaps among control requirements, technical issues, and business risks.
C. Practical guidance and benchmarks for all organizations that use information systems.
D. Frameworks and guidance on enterprise risk management, internal control, and fraud deterrence.

Answer: A

NEW QUESTION 167
- (Exam Topic 1)
Which of the following COSO internal control framework components encompasses establishing structures, reporting lines, authorities, and responsibilities?

A. Control environment.
B. Control activities.
C. Information and communication.
D. Monitoring.

Answer: A

NEW QUESTION 170
- (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 174
- (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 179
- (Exam Topic 1)
For a multinational organization, which of the following is a disadvantage of an ethnocentric staffing policy?
* 1. It significantly raises compensation and staffing costs.
* 2. It produces resentment among the organization's employees in host countries.
* 3. It limits career mobility for parent-country nationals.
* 4. It can lead to cultural myopia.

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

Answer: D

NEW QUESTION 182
- (Exam Topic 1)
According to the Standards, which of the following is based on the assertion that the quality of an organization's risk management process should improve with time?

A. Process element.
B. Key principles.
C. Maturity model.
D. Assurance.

Answer: C

NEW QUESTION 183
- (Exam Topic 1)
Refer to the exhibit.

Cash	$100
Accounts receivable	200
Inventory	50
Net fixed assets	600
Total	$950
Accounts payable	$140
Long-term debt	300
Capital stock	260
Retained earnings	250
Total	$950

A company's financial balance sheet is presented below: The company has net working capital of:

A. $160
B. $210
C. $350
D. $490

Answer: B

NEW QUESTION 185
- (Exam Topic 1)
When writing a business memorandum, the writer should choose a writing style that achieves all of the following except:

A. Draws positive attention to the writing style.
B. Treats all receivers with respect.
C. Suits the method of presentation and delivery.
D. Develops ideas without overstatement.

Answer: A

NEW QUESTION 186
- (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 188
- (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 192
- (Exam Topic 1)
Which of the following is the best reason for considering the acquisition of a nondomestic organization?

A. Relatively fast market entry.
B. Improved cash flow of the acquiring organization.
C. Increased diversity of corporate culture.
D. Opportunity to influence local government policy.

Answer: A

NEW QUESTION 193
- (Exam Topic 1)
A manager has difficulty motivating staff to improve productivity, despite establishing a lucrative individual reward system. Which of the following is most likely the cause of the difficulty?

A. High degree of masculinity.
B. Low uncertainty avoidance.
C. High collectivism.

D. Low long-term orientation.

Answer: C

NEW QUESTION 194
- (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 195
- (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 196
- (Exam Topic 1)
A holding company set up a centralized group technology department, using a local area network with a mainframe computer to process accounting information for all companies within the group. An internal auditor would expect to find all of the following controls within the technology department except:

A. Adequate segregation of duties between data processing controls and file security controls.
B. Documented procedures for remote job entry and for local data file retention.
C. Emergency and disaster recovery procedures and maintenance agreements in place to ensure continuity of operations.
D. Established procedures to prevent and detect unauthorized changes to data files.

Answer: B

NEW QUESTION 201
- (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 206
- (Exam Topic 1)
Which mindset promotes the most comprehensive risk management strategy?

A. Increase shareholder value.
B. Maximize market share.
C. Improve operational efficiency.
D. Mitigate losses.

Answer: A

NEW QUESTION 208
- (Exam Topic 1)
Which audit approach should be employed to test the accuracy of information housed in a database on an un-networked computer?

A. Submit batches of test transactions through the current system and verify with expected results.
B. Use a test program to simulate the normal data entering process.
C. Select a sample of records from the database and ensure it matches supporting documentation.
D. Evaluate compliance with the organization's change management process.

Answer: C

NEW QUESTION 212

- (Exam Topic 1)
The activity that involves a trial run of a product in a typical segment of the market before proceeding to a national launch is referred to as:

A. Test marketing
B. Experimentation
C. Segmentation
D. Positioning

Answer: A

NEW QUESTION 215
- (Exam Topic 1)
Where complex problems need to be addressed, which of the following communication networks would be most appropriate?

A. Chain.
B. All-channel.
C. Circle.
D. Wheel.

Answer: B

NEW QUESTION 217
- (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 221
- (Exam Topic 1)
Which of the following would not impair the objectivity of internal auditor?

A. Management assurance on risks.
B. Implementing risk responses on behalf of management.
C. Providing assurance that risks assessed are correctly evaluated.
D. Setting the risk appetite.

Answer: C

NEW QUESTION 222
- (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 226
- (Exam Topic 2)
Which of the following is an example of an application system control?

A. Data values fall within a prescribed range.
B. Error listings are generated and promptly remediated.
C. Report distribution is restricted to authorized personnel.
D. Field amounts contain an upper or lower limit.

Answer: A

NEW QUESTION 229
- (Exam Topic 2)
Which of the following is a typical example of structured data?

A. Production information maintained in relational tables.
B. Tweets and posts of users on social media.
C. Photos and videos stored in hard drive catalogs.
D. Sales reports documented in word processing software.

Answer: A

NEW QUESTION 234
- (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 239
- (Exam Topic 2)
The following transactions and events occurred during the year:

	January 1	December 31
Finished goods	$90,000	$260,000
Raw materials	$105,000	$130,000
Work in process	$220,000	$175,000

- $300,000 of raw materials were purchased, of which $20,000 were returned because of defects
- $600,000 of direct labor costs were incurred.
- S750.000 of manufacturing overhead costs were incurred. What is the organization's cost of goods sold for the year?

A. $1.480.000
B. $1 500 000
C. $1,610.000
D. $1650 000

Answer: B

NEW QUESTION 240
- (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 244
- (Exam Topic 2)
Which of the following is based on the concept that there is not one best leadership style and that successful leadership depends on a match between the leader, the situation, and the subordinate?

A. Attribute theory.
B. Path goal model
C. Life cycle model
D. Contingency theory

Answer: D

NEW QUESTION 247
- (Exam Topic 2)
For employees, the primary value of implementing job enrichment is which of the following?

A. Validation of the achievement of their goals and objectives.
B. Increased knowledge through the performance of additional tasks.
C. Support for personal growth and a meaningful work experience.
D. An increased opportunity to manage better the work done by their subordinates.

Answer: C

NEW QUESTION 252
- (Exam Topic 2)
According to MA guidance on IT. which of the following controls the routing of data packets to link computers?

A. Operating system.
B. Control environment.
C. Network.
D. Application program code.

Answer: C

NEW QUESTION 257
- (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 258
- (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 263
- (Exam Topic 2)
Which of the following characteristics is most important specifically for a global manager to possess in order to be successful?

A. Knowledge of different languages.
B. Understanding of uncertainty avoidance differences
C. Emotional intelligence
D. Cultural intelligence

Answer: D

NEW QUESTION 267
- (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 272
- (Exam Topic 2)
A retail organization mistakenly did not include S10.000 of inventory in the physical count at the end of the year. What was the impact to the organization's financial statements?

A. Cost of sales and net income are understated
B. Cost of sales and net income are overstated
C. Cost of sales is understated and net income is overstated.
D. Cost of sales is overstated and net income is understated.

Answer: C

NEW QUESTION 275
- (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 278
- (Exam Topic 2)
Which of the following risks is best addressed by encryption?

A. Information integrity risk.
B. Privacy risk

C. Access risk
D. Software risk

Answer: A

NEW QUESTION 280
- (Exam Topic 2)
A multinational organization has multiple divisions that sell their products internally to other divisions. When selling internally, which of the following transfer prices would lead to the best decisions for the organization?

A. Full cost
B. Full cost plus a markup.
C. Market price of the product
D. Variable cost plus a markup

Answer: C

NEW QUESTION 284
- (Exam Topic 2)
Which of the following application controls can be defined as controls that monitor data Being processed and in storage to ensure it remains consistent and correct?

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

Answer: C

NEW QUESTION 289
- (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 294
- (Exam 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. Capital investment and not marketing
B. Marketing and not capital investment.
C. Efficiency and not input economy.
D. Effectiveness and not efficiency.

Answer: D

NEW QUESTION 296
- (Exam Topic 2)
A bank uses customer departmentalization to categorize its departments. Which of the following groups best exemplifies this method of categorization?

A. Community institutional and agricultural banking.
B. Mortgages credit cards and savings
C. South southwest and east.
D. Teller manager and IT specialist

Answer: A

NEW QUESTION 299
- (Exam Topic 2)
Which of the following is an example of an application control?

A. Automated password change requirements
B. System data backup process
C. User testing of system changes
D. Formatted data fields

Answer: D

NEW QUESTION 302

- (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 304
- (Exam Topic 2)
Based on lest results an IT auditor concluded that the organization would suffer unacceptable toss of data if there was a disaster at its data center. Which of the following test results would likely lead the auditor to this conclusion?

A. Requested backup tapes were not returned from the offsite vendor in a timely manner
B. Returned backup tapes from the offsite vendor contained empty spaces
C. Critical systems have been Backed up more frequently than required.
D. Critical system backup tapes are taken off site less frequently than required.

Answer: D

NEW QUESTION 307
- (Exam Topic 2)
Which of the following actions would senior management need to consider as pan of new IT guidelines regarding the organization's cybersecurity policies?

A. Assigning new roles and responsibilities for senior IT management.
B. Growing use of bring your own devices tor organizational matters
C. Expansion of operations into new markets with united IT access
D. Hiring new personnel within the IT department tor security purposes

Answer: D

NEW QUESTION 308
- (Exam 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. Export strategy
B. Transnational strategy.
C. Multi-domestic strategy
D. Globalization strategy.

Answer: C

NEW QUESTION 309
- (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 313
- (Exam Topic 2)
The board has requested that the internal audit activity be involved in all phases of the organization's outsourcing of its network management. During which of the following stages is the internal auditor most likely to verify that the organization's right-to-audit clause is drafted effectively?

A. Implementation and transition phase.
B. Monitoring and reporting phase
C. Decision-making and business-case phase.
D. Tendering and contracting phase.

Answer: D

NEW QUESTION 316
- (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 318
- (Exam Topic 2)
An organization uses the management-by-objectives method, whereby employee performance is based on defined goals Which of the following statements is true regarding this approach?

A. It is particularly helpful to management when the organization is facing rapid change
B. It is a more successful approach when adopted by mechanistic organizations
C. It is more successful when goal-setting is performed not only by management, but by an team members, including lower-level staff.
D. It is particularly successful in environments that are prone to having poor employer-employee relations

Answer: C

NEW QUESTION 322
- (Exam Topic 2)
According to MA guidance, which of the following best describes an adequate management (audit) trail application control for the general ledger?

A. Report identifying data that is outside of system parameters
B. Report identifying general ledger transactions by time and individual
C. Report comparing processing results with original input
D. Report confirming that the general ledger data was processed without error.

Answer: B

NEW QUESTION 326
- (Exam Topic 2)
Operational management in the IT department has introduced performance evaluation policies that are linked to employees achieving continuing education hours. This activity is designed to prevent which of the following conditions?

A. Knowledge/skills gap
B. Monitoring gap
C. Accountability/reward failure.
D. Communication failure.

Answer: A

NEW QUESTION 330
- (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 331
- (Exam Topic 2)
Which of the following would be a risk in the development of end-user computing (EUC) applications, compared to traditional information systems?

A. Management might place the same degree of reliance in reports produced by EUC applications as it does in reports produced under traditional systems development procedures .
B. The organization may incur higher application development and maintenance costs for EUC systems.
C. Since development time is typically longer for EUC applications, management may not be able to respond quickly to competitive pressures
D. Management may not be able to make quick and accurate decisions due to a diminished capacity to respond to managerial requests for computerized information

Answer: A

NEW QUESTION 332
- (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 337
- (Exam Topic 2)
An organization is experiencing a high turnover. Which of the following can human resources deploy to effectively detect the root cause of turnover?

A. Require regular performance appraisals
B. Perform exit interviews
C. Encourage periodic rotation of employee duties.
D. Ensure mandatory vacations

Answer: B

NEW QUESTION 340
- (Exam Topic 2)
An organization's network administrator received an email that appeared to come from the organization's external IT service provider requesting his credentials to perform an update of a server operating system If the IT service provider did not send the email, which of the following best describes the likely purpose of the email?

A. An attempt at phishing.
B. An attempt at penetration testing
C. An attempt to patch the server
D. An attempt to launch malware

Answer: A

NEW QUESTION 342
- (Exam Topic 2)
According to MA guidance, which of the following would indicate poor change management control?
* 1. Low change success rate
* 2. Occasional planned outages
* 3. Low number of emergency changes.
* 4. Instances of unauthorized changes

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

Answer: B

NEW QUESTION 347
- (Exam Topic 2)
According to Maslow's hierarchy of needs theory, which of the Mowing best describes a strategy where a manager offers an assignment to a subordinate specifically to support his professional growth and future advancement?

A. Esteem by colleagues
B. Sell-fulfillment
C. Sense of belonging in the organization
D. Job security

Answer: B

NEW QUESTION 351
- (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 353
- (Exam Topic 2)
According to MA guidance on IT. which of the following would be considered a primary control for a spreadsheet to help ensure accurate financial reporting?

A. Formulas and static data are locked or protected.
B. The spreadsheet is stored on a network server that is backed up daily.
C. The purpose and use of the spreadsheet are documented.
D. Check-in and check-out software is used to control versions.

Answer: A

NEW QUESTION 356
- (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 360
- (Exam Topic 2)
Which of the following is a project planning methodology that involves a complex series ot required simulations to provide information about schedule risk?

A. Monte Carlo Analysis
B. Project Management Information System (PMIS)
C. Earned Value Management (EVM).
D. Integrated Project Plan
E. A

Answer: E

NEW QUESTION 362
- (Exam Topic 2)
Which of me following represents an inventory costing technique that can be manipulated by management to boost net income by selling units purchased at a low cost?

A. First-in first-out method (FIFO)
B. Last-in first-out method (LIFO)
C. Specific identification method
D. Average-cost method

Answer: A

NEW QUESTION 363
- (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 368
- (Exam Topic 2)
Which of the following is the first step an internal audit activity should undertake when executing a data analytics process'?

A. Conduct a risk assessment regarding the effectiveness of the data analytics process.
B. Analyze possible and available sources of raw data
C. Define the purpose and the anticipated value
D. Select data for cleaning and normalization procedures.

Answer: B

NEW QUESTION 371
- (Exam Topic 2)
While reviewing the contracts for a large city, the internal auditor learns that the organization contracted to perform trash collection is paid based on the number of bins emptied each week As a result, the city has minimal control over payments Which of the following actions should the auditor recommend to give the city greater control over payments?

A. Change the contract so payment is based on the distances traveled by the contractor during collection.
B. Renegotiate a lump-sum contract when the contract is up for renewal
C. Assign a city employee to verify the number of bins emptied each day
D. Require that the contractor provide supervisory review of the number of bins emptied each day

Answer: B

NEW QUESTION 375
- (Exam Topic 2)
Which of me following application controls is the most dependent on the password owner?

A. Password selection
B. Password aging
C. Password lockout
D. Password rotation

Answer: A

NEW QUESTION 380

- (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 385
- (Exam Topic 2)
In the years after the mind-service point of a depreciable asset which of the following depreciation methods will result in the highest depreciation expense?

A. Sum of the years' digits
B. Declining balance
C. Double-declining balance
D. Straight line

Answer: A

NEW QUESTION 388
- (Exam Topic 2)
According to IIA guidance, which of the following statements is true regarding analytical procedures?

A. Data relationships are assumed to exist and to continue where no known conflicting conditions exist.
B. Analytical procedures are intended primarily to ensure the accuracy of the information being examined.
C. Data relationships cannot include comparisons between operational and statistical data
D. Analytical procedures can be used to identify unexpected differences but cannot be used to identify the absence of differences

Answer: A

NEW QUESTION 390
- (Exam Topic 2)
Which of the following statements is most accurate with respect to various forms, elements, and characteristics of business contracts?

A. A contract is a tool used by both suppliers and customers, the model and complexity of which generally remains constant
B. Collaboration during contract negotiation encourages stakeholders to develop consensus but typically increases cycle times and the likelihood that the contract will fail
C. Differing legal requirements affect the attitudes of contracting parties as well as the length content and language of contracts
D. A contract is a tool used by both suppliers and customers though it offers commercial assurance of the relationship, purely from a customer perspective

Answer: C

NEW QUESTION 395
- (Exam Topic 2)
Which of the following is the best example of a compliance risk that is likely to arise when adopting a bring-your-own-device (BYOD) policy?

A. The risk that users try to bypass controls and do not install required software updates.
B. The risk that smart devices can be lost or stolen due to their mobile nature.
C. The risk that an organization intrusively monitors personal information stored on smart devices.
D. The risk that proprietary information is not deleted from the device when an employee leaves.

Answer: C

NEW QUESTION 400
- (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 405
- (Exam Topic 2)
In which of the following plans is an employee most likely to find guidance on action and performance standards?

A. Operational plans.
B. Tactical plans.
C. Strategic plans.
D. Mission plans.

Answer: A

NEW QUESTION 410
- (Exam Topic 2)
Which of the following budgets serves as a basis for the budgeted income statement?

A. All financial budgets
B. All operating budgets
C. Only the cash budget and budgeted balance sheet
D. Only the sales and production budgets

Answer: B

NEW QUESTION 412
- (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 413
- (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 417
- (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 420
- (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 425
- (Exam Topic 2)
Which of the following is classified as a product cost using the variable costing method?
* 1. Direct labor costs
* 2. Insurance on a factory.
* 3. Manufacturing supplies.
* 4. Packaging and shipping costs

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

Answer: B

NEW QUESTION 429
- (Exam Topic 2)
Which of the following should be established by management during implementation of big data systems to enable ongoing production monitoring?

A. Key performance indicators
B. Reports of software customization
C. Change and patch management
D. Master data management

Answer: A

NEW QUESTION 432
- (Exam Topic 2)
An organization recently documented its procedures for recovering systems and data after a disaster How are these documented procedures most likely to be used during a disaster simulation exercise"

A. To help property configure mass communication notification tools
B. To help identify training needs across the functional areas required to recover systems and data.
C. To help ensure that the team members who are required to recover systems and data understand their roles.
D. To help validate the contact information of key personnel required to recover systems and data

Answer: C

NEW QUESTION 434
- (Exam Topic 2)
An internal audit manager is explaining to a newly hired staff auditor the various analytics techniques frequently used by the internal audit activity Which of the following statements is true regarding these analytics techniques?

A. Process mining is a type of data analysts where the data subject is a process
B. Process analysis is a type of data mining where the data subject is a designated area of a process
C. Data mining is a type of data analysis that focuses on finding statistical relationships in order to create profiles
D. Data mining involves examining small amounts of structured data in a systematic manner

Answer: C

NEW QUESTION 439
- (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 442
- (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 446
- (Exam Topic 2)
A remote location contains a data center with hardware available to support critical production systems as required in the recovery plan IT personnel periodically test and update systems at the data center. This is an example of which of the following recovery solutions?

A. Cold recovery plan
B. Critical recovery plan
C. Warm recovery plan
D. Tested recovery plan

Answer: C

NEW QUESTION 448
- (Exam Topic 2)
Which of the following stages of contracting focuses on aligning the markets with objectives of the organization?

A. Initiation stage
B. Bidding stage

C. Development stage
D. Negotiation stage

Answer: D

NEW QUESTION 450
- (Exam Topic 2)
Which of the following recognized competitive strategies focuses on gaining efficiencies?

A. Focus
B. Cost leadership
C. Innovation
D. Differentiation

Answer: B

NEW QUESTION 455
- (Exam Topic 2)
Which of the following application controls verifies the accuracy of transaction results in a system?

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

Answer: C

NEW QUESTION 456
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