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CIA Exam Part Three: Business Knowledge for Internal Auditing

IIA IIA-CIA-Part3-3P

Version Demo

Total Demo Questions: 20

Total Premium Questions: 486

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Topic Break Down

| Topic | No. of Questions |
|----------------------|------------------|
| Topic 1, Exam Pool A | 213 |
| Topic 2, Exam Pool B | 273 |
| Total | 486 |

QUESTION NO: 1

According to MA guidance on IT, which of the following best describes a logical access control?

- A. Require complex passwords to be established and changed quarterly
- B. Require swipe cards to control entry into secure data centers
- C. Monitor access to the data center with closed circuit camera surveillance.
- D. Maintain current role definitions to ensure appropriate segregation of duties

ANSWER: D

QUESTION NO: 2

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

QUESTION NO: 3

According to Maslow's hierarchy of needs theory, which of the following 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. Self-fulfillment
- C. Sense of belonging in the organization
- D. Job security

ANSWER: B

QUESTION NO: 4

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

QUESTION NO: 5

Which of the following performance measures disincentivizes engaging in earnings management?

- A. Linking performance to profitability measures such as return on investment.
- B. Linking performance to the stock price.
- C. Linking performance to quotas such as units produced.
- D. Linking performance to nonfinancial measures such as customer satisfaction and employees training.

ANSWER: A

QUESTION NO: 6

Which of the following best describes a detective control designed to protect an organization from cyberthreats and attacks?

- A. A list of trustworthy good traffic and a list of unauthorized blocked traffic.
- B. Monitoring for vulnerabilities based on industry intelligence
- C. Comprehensive service level agreements with vendors.
- D. Firewall and other network perimeter protection tools.

ANSWER: D

QUESTION NO: 7

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

QUESTION NO: 8

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

QUESTION NO: 9

Which of the following security controls would provide the most efficient and effective authentication for customers to access their online shopping account?

- A. 12-digit password feature.
- B. Security question feature.
- C. Voice recognition feature.
- D. Two-level sign-on feature.

ANSWER: A

QUESTION NO: 10

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

QUESTION NO: 11

Which of the following is a role of the board of directors in the governance process?

- A. Conduct periodic assessments of the organization's governance systems.
- B. Obtain assurance concerning the effectiveness of the organization's governance systems.
- C. Implement an effective system of internal controls to support the organization's governance systems.
- D. Review and approve operational goals and objectives.

ANSWER: B

QUESTION NO: 12

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

QUESTION NO: 13

Which of the following types of analytics focuses less on analysis and more on condensing data into more meaningful pieces of information?

- A. Diagnostic analytics

- B. Descriptive analytics
- C. Prescriptive analytics
- D. Predictive analytics

ANSWER: C

QUESTION NO: 14

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 time
- 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

QUESTION NO: 15

Which of the following statements about mentoring is true?

- 1) Mentoring can be used effectively for increasing employee retention
 - 2) Mentoring can be used effectively in reducing employees frustration.
 - 3) Mentoring can be used effectively for increasing organization communication.
 - 4) Mentoring can be used effectively as a short term activity consisting of instruction and training
- A. 1 2. and 3 only.
 - B. 1. 2 and 4 only
 - C. 1, 3. and 4 only.
 - D. 1,2. 3, and 4

ANSWER: A

QUESTION NO: 16

When using cost-volume-profit analysts which of the following will increase operating income once the 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

QUESTION NO: 17

Which of the 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

QUESTION NO: 18

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

QUESTION NO: 19

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

QUESTION NO: 20

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