

## IIA-CIA-Part3 Dumps

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

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**NEW QUESTION 1**

- (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 2**

- (Exam Topic 1)

A software that translates hypertext markup language (HTML) documents and allows a user to view a remote web page is called:

- A. A transmission control protocol/Internet protocol (TCP/IP).
- B. An operating system.
- C. A web browser.
- D. A web server.

**Answer:** C

**NEW QUESTION 3**

- (Exam Topic 1)

Which of the following is a key characteristic of a zero-based budget?

- A. A zero-based budget provides estimates of costs that would be incurred under different levels of activity.
- B. A zero-based budget maintains focus on the budgeting process.
- C. A zero-based budget is prepared each year and requires each item of expenditure to be justified.
- D. A zero-based budget uses input from lower-level and middle-level managers to formulate budget plans.

**Answer:** C

**NEW QUESTION 4**

- (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 5**

- (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 6**

- (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 7**

- (Exam Topic 1)

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

- A. Formulate contingency plans.
- B. Conduct a risk analysis.
- C. Create a crisis management team.
- D. Practice the response to a crisis.

**Answer:** B

#### NEW QUESTION 8

- (Exam Topic 1)

When assessing the adequacy of a risk mitigation strategy, an internal auditor should consider which of the following?

- \* 1. Management's tolerance for specific risks.
- \* 2. The cost versus benefit of implementing a control.
- \* 3. Whether a control can mitigate multiple risks.
- \* 4. The ability to test the effectiveness of the control.

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

**Answer:** C

#### NEW QUESTION 9

- (Exam Topic 1)

An organization needs to borrow a large amount of cash to fund its expansion plan. Which of the following annual interest rates is least expensive?

- A. 7 percent simple interest with a 10 percent compensating balance.
- B. 7 percent simple interest paid at the end of each year.
- C. 7 percent discount interest.
- D. 7 percent compounding interest.

**Answer:** B

#### NEW QUESTION 10

- (Exam Topic 1)

Which of the following is the most appropriate test to assess the privacy risks associated with an organization's workstations?

- A. Penetration test.
- B. Social engineering test.
- C. Vulnerability test.
- D. Physical control test.

**Answer:** D

#### NEW QUESTION 10

- (Exam Topic 1)

According to IIA guidance, which of the following steps are most important for an internal auditor to perform when evaluating an organization's social and environmental impact on the local community?

- Determine whether previous incidents have been reported, managed, and resolved.
- Determine whether a business contingency plan exists.
- Determine the extent of transparency in reporting.
- Determine whether a cost/benefit analysis was performed for all related projects.

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

**Answer:** A

#### NEW QUESTION 11

- (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 13

- (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 14

- (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 15

- (Exam Topic 1)

In order to provide useful information for an organization's risk management decisions, which of the following factors is least important to assess?

- A. The underlying causes of the risk.
- B. The impact of the risk on the organization's objectives.
- C. The risk levels of current and future events.
- D. The potential for eliminating risk factors.

**Answer:** D

#### NEW QUESTION 18

- (Exam Topic 1)

Which of the following price adjustment strategies encourages prompt payment?

- A. Cash discounts.
- B. Quantity discounts.
- C. Functional discounts.
- D. Seasonal discounts.

**Answer:** A

#### NEW QUESTION 19

- (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 20

- (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 21

- (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 25**

- (Exam Topic 1)

If a bank's activities are categorized under such departments as community banking, institutional banking, and agricultural banking, what kind of departmentalization is being utilized?

- A. Product departmentalization.
- B. Process departmentalization.
- C. Functional departmentalization.
- D. Customer departmentalization.

**Answer: D**

**NEW QUESTION 27**

- (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 30**

- (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 33**

- (Exam Topic 1)

When developing an effective risk-based plan to determine audit priorities, an internal audit activity should start by:

- A. Identifying risks to the organization's operations.
- B. Observing and analyzing controls.
- C. Prioritizing known risks.
- D. Reviewing organizational objectives.

**Answer: D**

**NEW QUESTION 37**

- (Exam Topic 1)

Which of the following strategies is most appropriate for an industry that is in decline?

- A. Invest in marketing.
- B. Invest in research and development.
- C. Control costs.
- D. Shift toward mass production.

**Answer: C**

**NEW QUESTION 41**

- (Exam Topic 1)

Which of the following statements about matrix organizations is false?

- A. In a matrix organization, conflict between functional and product managers may arise.
- B. In a matrix organization, staff under dual command is more likely to suffer stress at work.
- C. Matrix organizations offer the advantage of greater flexibility.
- D. Matrix organizations minimize costs and simplify communication.

**Answer: D**

**NEW QUESTION 42**

- (Exam Topic 1)

Which of the following best describes a market signal?

- A. The bargaining power of buyers is forcing a drop in market prices.
- B. There is pressure from the competitor's substitute products.
- C. Strategic analysis by the organization indicates feasibility of expanding to new market niches.
- D. The competitor announces a new warranty program.

**Answer:** D

**NEW QUESTION 44**

- (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 49**

- (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 50**

- (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 51**

- (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 52**

- (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 57**

- (Exam Topic 1)

Which of the following statements is in accordance with COBIT?

- \* 1. Pervasive controls are general while detailed controls are specific.
- \* 2. Application controls are a subset of pervasive controls.
- \* 3. Implementation of software is a type of pervasive control.
- \* 4. Disaster recovery planning is a type of detailed control.

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



**Answer:** A

**NEW QUESTION 59**

- (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 62**

- (Exam Topic 1)

Maintenance cost at a hospital was observed to increase as activity level increased. The following data was gathered:

Activity Level - Maintenance Cost Month

Patient Days Incurred January 5,600

\$7,900

February 7,100

\$8,500

March 5,000

\$7,400

April 6,500

\$8,200

May 7,300

\$9,100

June 8,000

\$9,800

If the cost of maintenance is expressed in an equation, what is the independent variable for this data?

- A. Fixed cost.
- B. Variable cost.
- C. Total maintenance cost.
- D. Patient days.

**Answer:** D

**NEW QUESTION 65**

- (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 67**

- (Exam Topic 1)

One change control function that is required in client/server environments, but is not required in mainframe environments, is to ensure that:

- A. Program versions are synchronized across the network.
- B. Emergency move procedures are documented and followed.
- C. Appropriate users are involved in program change testing.
- D. Movement from the test library to the production library is controlled.

**Answer:** A

**NEW QUESTION 69**

- (Exam Topic 1)

According to the International Professional Practices Framework, internal auditors who are assessing the adequacy of organizational risk management processes should not:

- A. Recognize that organizations use different techniques for managing risk.
- B. Seek assurance that the key objectives of the risk management processes are being met.
- C. Determine and accept the level of risk for the organization.
- D. Treat the evaluation of risk management processes differently from the risk analysis used to plan audit engagements.

**Answer:** C

**NEW QUESTION 72**

- (Exam Topic 1)

Which of the following borrowing options is an unsecured loan?

- A. Second-mortgage financing from a bank.
- B. An issue of commercial paper.
- C. Pledged accounts receivable.
- D. Asset-based financing.

**Answer:** B

#### NEW QUESTION 74

- (Exam Topic 1)

Import quotas that limit the quantities of goods that a domestic subsidiary can buy from its foreign parent company represent which type of barrier to the parent company?

- A. Political.
- B. Financial.
- C. Social.
- D. Tariff.

**Answer:** A

#### NEW QUESTION 78

- (Exam Topic 1)

When granting third parties temporary access to an entity's computer systems, which of the following is the most effective control?

- A. Access is approved by the supervising manager.
- B. User accounts specify expiration dates and are based on services provided.
- C. Administrator access is provided for a limited period.
- D. User accounts are deleted when the work is completed.

**Answer:** B

#### NEW QUESTION 79

- (Exam Topic 1)

The audit committee of a global corporation has mandated a change in the organization's business ethics policy. Which of the following approaches describes the best way to accomplish the policy's diffusion worldwide?

- A. Deploy the policy in the corporate headquarters' language, so everyone gets an unfiltered version simultaneously.
- B. Introduce the policy region by region, using any lessons learned to change the subsequent version of the policy for the next area.
- C. Consult with legal and operational management in each affected country to ensure the final version can be implemented globally, following audit committee approval.
- D. Send the board-approved version of the policy to each country's senior leadership, and empower them to tailor the policy to the local language and culture.

**Answer:** C

#### NEW QUESTION 83

- (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 86

- (Exam Topic 1)

The process of scenario planning begins with which of the following steps?

- A. Determining the trends that will influence key factors in the organization's environment.
- B. Selecting the issue or decision that will impact how the organization conducts future business.
- C. Selecting leading indicators to alert the organization of future developments.
- D. Identifying how customers, suppliers, competitors, employees, and other stakeholders will react.

**Answer:** B

#### NEW QUESTION 89

- (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 94**

- (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 95**

- (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 98**

- (Exam Topic 1)

International marketing activities often begin with:

- A. Standardization.
- B. Global marketing.
- C. Limited exporting.
- D. Domestic marketing.

**Answer:** C

**NEW QUESTION 101**

- (Exam Topic 1)

Which of the following is a characteristic of just-in-time inventory management systems?

- A. Users determine the optimal level of safety stocks.
- B. They are applicable only to large organizations.
- C. They do not really increase overall economic efficiency because they merely shift inventory levels further up the supply chain.
- D. They rely heavily on high quality materials.

**Answer:** D

**NEW QUESTION 102**

- (Exam Topic 1)

Which of the following performance measures would be appropriate for evaluating an investment center, which has responsibility for its revenues, costs, and investment base, but would not be appropriate for evaluating cost, revenue, or profit centers?

- A. A flexible budget.
- B. Variance analysis.
- C. A contribution margin income statement by segment.
- D. Residual income.

**Answer:** D

**NEW QUESTION 107**

- (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 110**

- (Exam Topic 1)

Which of the following statements is true regarding outsourced business processes?

- A. Outsourced business processes should not be considered in the internal audit universe because the controls are owned by the external service provider.
- B. Generally, independence is improved when the internal audit activity reviews outsourced business processes.
- C. The key controls of outsourced business processes typically are more difficult to audit because they are designed and managed externally.
- D. The system of internal controls may be better and more efficient when the business process is outsourced compared to internally sourced.

**Answer:** D

#### NEW QUESTION 111

- (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 114

- (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 115

- (Exam Topic 1)

Technological uncertainty, subsidy, and spin-offs are usually characteristics of:

- A. Fragmented industries.
- B. Declining industries.
- C. Mature industries.
- D. Emerging industries.

**Answer:** D

#### NEW QUESTION 117

- (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 119

- (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 120

- (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 122**

- (Exam Topic 2)

An organization has a total asset turnover of 3.0 times and a total debt-to-total assets ratio of 80 percent. If the organization has total debt of \$1 000 000 what is the organization's sales level?

- A. \$266.667
- B. \$416,667
- C. \$3.750.000
- D. \$5 000.000

**Answer: C**

**NEW QUESTION 125**

- (Exam Topic 2)

In the current year, a merchandising organization had an inventory turnover ratio of 3.0, which was less than the industry average of 6.5. Which of the following offers the most likely explanation for this difference?

- A. The organization has understated the amount of inventory in its financial statements
- B. The organization has overstated the cost of purchases in its financial statements.
- C. The organization is holding obsolete or damaged items in its inventory
- D. The organization experienced an unexpectedly large increase in sales shortly before year end.

**Answer: C**

**NEW QUESTION 130**

- (Exam Topic 2)

An organization's headquarters is centrally located and the organization runs numerous computer applications in multiple sites. Which of the following would be the most appropriate approach for conducting an audit of the mainframe computer'

- A. Conduct an individual audit of the mainframe general controls and separate application control audits of the individual applications in a phased manner
- B. Conduct a single consolidated audit of both the mainframe general controls and the application controls for all of the applications that use the mainframe
- C. Conduct individual audits of each application and include in each audit the general controls of the mainframe relevant to the individual application
- D. Conduct a series of location-based audits that cover both the general and application IT controls m an systems across the location

**Answer: A**

**NEW QUESTION 131**

- (Exam Topic 2)

According to HerzBerg's Two-Factor Theory of Motivation, which of the following factors ate mentioned most often By satisfied employees?

- A. Salary and status
- B. Responsibility and advancement
- C. Work conditions and security
- D. Peer relationships and personal life

**Answer: B**

**NEW QUESTION 135**

- (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 136**

- (Exam Topic 2)

If a just-in-time purchasing system is successful in reducing the total inventory costs of a manufacturing company, which of the following combinations of cost changes would be most likely to occur?

Cost Category to Increase	Cost Category to Decrease
1. Purchasing costs	Stockout costs
2. Purchasing costs	Quality costs
3. Quality costs	Ordering costs
4. Stockout costs	Carrying costs

A. 1

- B. 2
- C. 3
- D. 4

**Answer:** D

**NEW QUESTION 140**

- (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 141**

- (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 142**

- (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 143**

- (Exam Topic 2)

A retail organization mistakenly did not include \$10,000 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 146**

- (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 147**

- (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 149**

- (Exam Topic 2)

Division A produces a product with a variable cost of \$5 per unit and an allocated fixed cost of \$3 per unit. The market price of the product is \$15 plus 20 percent selling cost. Division B currently purchases this product from an external supplier but is going to purchase it from division A for \$18. Which of the following methods of transfer pricing is being used?

- A. Market price.
- B. Negotiation-based.
- C. Full absorption cost
- D. Variable cost

**Answer:** A

#### NEW QUESTION 153

- (Exam Topic 2)

The critical path for any project is the path that exhibits which of the following characteristics?

- A. Has the longest duration in time.
- B. Costs the most money.
- C. Requires the largest amount of labor
- D. Is deemed most important to the project.

**Answer:** A

#### NEW QUESTION 156

- (Exam Topic 2)

Which of the following statements is true regarding partnership liquidation?

- A. Operations can continue after the liquidation if all partners agree
- B. Partnership liquidation ends both the legal and economic life of an entity
- C. Partnership liquidation occurs when there is capital deficiency
- D. When a partnership is liquidated, each partner pays creditors from cash received

**Answer:** B

#### NEW QUESTION 158

- (Exam Topic 2)

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

- A. The auditor eliminated duplicate information.
- B. The auditor organized data to minimize useless information.
- C. The auditor made data usable for a specific purpose by ensuring that anomalies were identified and corrected.
- D. The auditor ensured data fields were consistent and that data could be used for a specific purpose.

**Answer:** C

#### NEW QUESTION 163

- (Exam Topic 2)

Which of the following actions would senior management need to consider as part 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 for organizational matters
- C. Expansion of operations into new markets with unified IT access
- D. Hiring new personnel within the IT department for security purposes

**Answer:** D

#### NEW QUESTION 164

- (Exam Topic 2)

Which of the following data analytics tools would be applied by an internal audit activity positioned at the lowest level of maturity?

- A. Workflow and data capture technology
- B. Data visualization applications.
- C. Software integrated with central data warehouse
- D. Spreadsheets.

**Answer:** D

#### NEW QUESTION 165

- (Exam Topic 2)

A large hospital has an existing contract with a vendor in another country to provide software support and maintenance of the hospital's patient records information system. From the hospital management's perspective, which of the following controls would be most effective to address privacy risks related to this outsourcing arrangement?

- A. Conduct periodic reviews of the privacy policy to ensure that the existing policy meets current legislation requirements in both regions.
- B. Include a "right to audit" clause in the contract and impose detailed security obligations on the outsourced vendor
- C. Implement mandatory privacy training for management to help with identifying privacy risks when outsourcing services
- D. Develop an incident monitoring and response plan to track breaches from internal and external sources

**Answer:** A

**NEW QUESTION 167**

- (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 170**

- (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 174**

- (Exam Topic 2)

An internal auditor is reviewing results from software development integration testing. What is the purpose of integration testing?

- A. To verify that the application meets stated user requirements.
- B. To verify that standalone programs match code specifications.
- C. To verify that the application would work appropriately for the intended number of users.
- D. To verify that all software and hardware components work together as intended

**Answer:** D

**NEW QUESTION 178**

- (Exam Topic 2)

Which of the following is a primary objective of the theory of constraints?

- A. Full or near capacity in processes.
- B. Smooth workflow among processes.
- C. Few or no defects.
- D. Lowered inventory levels.

**Answer:** A

**NEW QUESTION 181**

- (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 184**

- (Exam Topic 2)

The balanced scorecard approach differs from traditional performance measurement approaches because it adds which of the following measures?

- \* 1. Financial measures
- \* 2. Internal business process measures.
- \* 3. Client satisfaction measures
- \* 4. Innovation and learning measures

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

**Answer:** D

**NEW QUESTION 188**



- (Exam Topic 2)

According to IIA guidance, which of the following best describes the activities that occur during the conversion phase of an IT project?

- A. Conversion of user requirements into system specifications
- B. Conversion of user requirements into program codes
- C. Conversion of test data into production data
- D. Conversion of data from the old system into the new system

**Answer:** D

#### NEW QUESTION 189

- (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 194

- (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 197

- (Exam Topic 2)

Organization X owns a 38 percent equity stake in Organization Y. Which of the following statements is true regarding the financial treatment for this relationship?

- A. Y should be listed as an investment asset on X's balance sheet
- B. X must consolidate the financial statements for both organizations
- C. Y should be reported as a footnote to X's financial statements
- D. Y should not be reported by X as X does not have a controlling interest

**Answer:** A

#### NEW QUESTION 202

- (Exam Topic 2)

Which of the following is a project planning methodology that involves a complex series of 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 203

- (Exam Topic 2)

Which of the following is a logical access control designed to enhance the security of a computer-based application system?

- A. User accounts will be locked after 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 207

- (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 209**

- (Exam Topic 2)

An internal auditor has been approved to gather data directly from the organization's relational database management system for data analysis. To collect the data, which of the following is most important for the auditor to know?

- A. Structured query language
- B. Spreadsheet software such as Excel
- C. Data management system such as Oracle
- D. Basic web development

**Answer:** A

**NEW QUESTION 214**

- (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 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 221**

- (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 223**

- (Exam Topic 2)

In the years after the mid-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 225**

- (Exam Topic 2)

When using cost-volume-profit analysis, 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

**NEW QUESTION 229**

- (Exam Topic 2)

Which of the following best demonstrates an organization's ability to recover from a disaster?

- A. Hot site
- B. Cold site
- C. Redundant data center
- D. Regular testing of the disaster plan

**Answer:** D

**NEW QUESTION 233**

- (Exam Topic 2)

Which of the following is true of matrix organizations?

- A. A unity-of-command concept requires employees to report technically, functionally, and administratively to the same manager
- B. A combination of product and functional departments allows management to utilize personnel from various functions
- C. Authority responsibility and accountability of the units involved may vary based on the project's life, or the organization's culture
- D. It is best suited for firms with scattered locations or for multi-lir
- E. large-scale firms

**Answer:** B

**NEW QUESTION 236**

- (Exam Topic 2)

What would be the effect if an organization paid one of its liabilities twice during the year in error?

- A. Assets liabilities and owners' equity would be understated
- B. Assets net income and owners' equity would be unaffected
- C. Assets and liabilities would be understated
- D. Assets net income and owners' equity would be understated, but liabilities would be overstated

**Answer:** B

**NEW QUESTION 239**

- (Exam Topic 2)

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

- A. Block unauthorized traffic.
- B. Encrypt data.
- C. Review disaster recovery test results.
- D. Provide independent assessment of IT security.

**Answer:** C

**NEW QUESTION 241**

- (Exam Topic 2)

According to IIA guidance on IT, which of the following plans would pair the identification of critical business processes with recovery time objectives?

- A. The business continuity management charter.
- B. The business continuity risk assessment plan
- C. The business impact analysis plan
- D. The business case for business continuity planning

**Answer:** C

**NEW QUESTION 244**

- (Exam Topic 2)

Which of the following is a key component of an organization's cybersecurity governance?

- A. Administrators monitoring the use, assignment and configuration of privileges on the network.
- B. The IT department establishing^ implementing, and actively managing security configurations.
- C. Management identifying and classifying the types of critical data in the organization's system
- D. Senior management of the organization setting the cybersecurity policy

**Answer:** D

**NEW QUESTION 249**

- (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 253**

- (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 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

**NEW QUESTION 256**

- (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 260**

- (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 263**

- (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 264**

- (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 267**

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