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**Exam Code: IIA-CIA-Part3**  
**Exam Name: Certified Internal Auditor - Part 3, Business Analysis and Information Technology**



## Exam A

### QUESTION 1

Which of the following is the best example of IT governance controls?

- A. Controls that focus on segregation of duties, financial, and change management,
- B. Personnel policies that define and enforce conditions for staff in sensitive IT areas.
- C. Standards that support IT policies by more specifically defining required actions
- D. Controls that focus on data structures and the minimum level of documentation required

**Correct Answer: C**

**Section:**

### QUESTION 2

Which of the following is a disadvantage in a centralized organizational structure?

- A. Communication conflicts
- B. Slower decision making.
- C. Loss of economies of scale
- D. Vulnerabilities in sharing knowledge

**Correct Answer: C**

**Section:**



### QUESTION 3

Which of the following controls would be the most effective in preventing the disclosure of an organization's confidential electronic information?

- A. Nondisclosure agreements between the firm and its employees.
- B. Logs of user activity within the information system.
- C. Two-factor authentication for access into the information system.
- D. limited access so information, based on employee duties

**Correct Answer: D**

**Section:**

### QUESTION 4

During a review of the accounts payable process, an internal auditor gathered all of the vendor payment transactions for the past 24 months. The auditor then used an Analytics tool to identify the top five vendors that received the highest sum of payments. Which of the following analytics techniques did the auditor apply?

- A. Process analysis
- B. Process mining
- C. Data analysis.
- D. Data mining

**Correct Answer: C**

**Section:**

**QUESTION 5**

Which of the following capital budgeting techniques considers the expected total net cash flows from investment?

- A. Cash payback
- B. Annual rate of return
- C. Incremental analysis
- D. Net present value

**Correct Answer: D**

**Section:**

**QUESTION 6**

Management is pondering the following question:

"How does our organization compete?"

This question pertains to which of the following levels of strategy?

- A. Functional-level strategy
- B. Corporate-level strategy.
- C. Business-level strategy,
- D. DepartmentsHevet strategy

**Correct Answer: C**

**Section:**

**QUESTION 7**

In reviewing an organization's IT infrastructure risks, which of the following controls is to be tested as pan of reviewing workstations?

- A. Input controls
- B. Segregation of duties
- C. Physical controls
- D. Integrity controls

**Correct Answer: A**

**Section:**

**QUESTION 8**

Which of the following practices impacts copyright issues related to the manufacturer of a smart device?

- A. Session hijacking.
- B. Jailbreaking
- C. Eavesdropping,
- D. Authentication.

**Correct Answer: B**



**Section:**

**QUESTION 9**

An organization's board of directors is particularly focused on positioning, the organization as a leader in the industry and beating the competition. Which of the following strategies offers the greatest alignment with the board's focus?

- A. Divesting product lines expected to have negative profitability.
- B. Increasing the diversity of strategic business units.
- C. Increasing investment in research and development for a new product.
- D. Relocating the organization's manufacturing to another country.

**Correct Answer: C**

**Section:**

**QUESTION 10**

According to IIA guidance, which of the following is a broad collection of integrated policies, standards, and procedures used to guide the planning and execution of a project?

- A. Project portfolio.
- B. Project development
- C. Project governance.
- D. Project management methodologies

**Correct Answer: C**

**Section:**

**QUESTION 11**

Which of the following scenarios indicates an effective use of financial leverage?

- A. An organisation has a rate of return on equity of 20% and a rate of return on assets of 15%.
- B. An organization has a current ratio of 2 and an inventory turnover of 12.
- C. An organization has a debt to total assets ratio of 0.2 and an interest coverage ratio of 10.
- D. An organization has a profit margin of 30% and an assets turnover of 7%.

**Correct Answer: B**

**Section:**

**QUESTION 12**

Which of the following is the most appropriate beginning step of a work program for an assurance engagement involving smart devices?

- A. Train all employees on bring-your-own-device (BYOD) policies.
- B. Understand what procedures are in place for locking lost devices
- C. Obtain a list of all smart devices in use
- D. Test encryption of all smart devices

**Correct Answer: C**

**Section:**



**QUESTION 13**

Which of the following situations best illustrates a "false positive" in the performance of a spam filter?

- A. The spam filter removed incoming communication that included certain keywords and domains.
- B. The spam filter deleted commercial ads automatically, as they were recognized as unwanted.
- C. The spam filter routed to the "junk" folder a newsletter that appeared to include links to fake websites.
- D. The spam filter blocked a fitness club gift card that coworkers sent to an employee for her birthday.

**Correct Answer: D**

**Section:**

**QUESTION 14**

Which of the following parties is most likely to be responsible for maintaining the infrastructure required to prevent the failure of a real-time backup of a database?

- A. IT database administrator.
- B. IT data center manager.
- C. IT help desk function.
- D. IT network administrator.

**Correct Answer: B**

**Section:**

**QUESTION 15**

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.

**Correct Answer: D**

**Section:**

**QUESTION 16**

An organization decided to outsource its human resources function. As part of its process migration, the organization is implementing controls over sensitive employee data. What would be the most appropriate directive control in this area?

- A. Require a Service Organization Controls (SOC) report from the service provider.
- B. Include a data protection clause in the contract with the service provider.
- C. Obtain a nondisclosure agreement from each employee at the service provider who will handle sensitive data.
- D. Encrypt the employees' data before transmitting it to the service provider.

**Correct Answer: B**

**Section:**

**QUESTION 17**

An organization is considering integration of governance, risk, and compliance (GRC) activities into a centralized technology-based resource. In implementing this GRC resource, which of the following is a key enterprise

governance concern that should be fulfilled by the final product?

- A. The board should be fully satisfied that there is an effective system of governance in place through accurate, quality information provided.
- B. Compliance, audit, and risk management can find and seek efficiencies between their functions through integrated information reporting.
- C. Key compliance and risk metrics can be tracked and compared throughout the enterprise, aiding in identifying problem departments.
- D. Data analytics can be utilized for trending of the data to ensure that patterns and ongoing monitoring occurs throughout the organization.

**Correct Answer: A**

**Section:**

#### QUESTION 18

At one organization, the specific terms of a contract require both the promisor and promisee to sign the contract in the presence of an independent witness. What is the primary role to the witness to these signatures?

- A. A witness verifies the quantities of the copies signed.
- B. A witness verifies that the contract was signed with the free consent of the promisor and promisee.
- C. A witness ensures the completeness of the contract between the promisor and promisee.
- D. A witness validates that the signatures on the contract were signed by the promisor and promisee.

**Correct Answer: D**

**Section:**

#### QUESTION 19

An internal auditor is assigned to perform data analytics. Which of the following is the next step the auditor should undertake after she has ascertained the value expected from the review?

- A. Normalize the data,
- B. Obtain the data
- C. Identify the risks.
- D. Analyze the data.

**Correct Answer: C**

**Section:**

#### QUESTION 20

Which of the following actions is likely to reduce the risk of violating transfer pricing regulations?

- A. The organization sells inventory to an overseas subsidiary at fair value.
- B. The local subsidiary purchases inventory at a discounted price.
- C. The organization sells inventory to an overseas subsidiary at the original cost.
- D. The local subsidiary purchases inventory at the depreciated cost.

**Correct Answer: C**

**Section:**

#### QUESTION 21

Which of the following statements is true regarding user-developed applications (UDAs)?

- A. UDAs are less flexible and more difficult to configure than traditional IT applications.

- B. Updating UDAs may lead to various errors resulting from changes or corrections.
- C. UDAs typically are subjected to application development and change management controls.
- D. Using UDAs typically enhances the organization's ability to comply with regulatory factors.

**Correct Answer: B**

**Section:**

**QUESTION 22**

Which of the following represents a basis for consolidation under the International Financial Reporting Standards?

- A. Variable entity approach.
- B. Control ownership.
- C. Risk and reward.
- D. Voting interest.

**Correct Answer: A**

**Section:**

**QUESTION 23**

Which of the following scenarios best illustrates a spear phishing attack?

- A. Numerous and consistent attacks on the company's website caused the server to crash and service was disrupted.
- B. A person posing as a representative of the company's IT help desk called several employees and played a generic prerecorded message requesting password data.
- C. A person received a personalized email regarding a golf membership renewal, and he clicked a hyperlink to enter his credit card data into a fake website.
- D. Many users of a social network service received fake notifications of a unique opportunity to invest in a new product

**Correct Answer: C**

**Section:**

**QUESTION 24**

An organization discovered fraudulent activity involving the employee time-tracking system. One employee regularly docked in and clocked out her co-worker friends on their days off, inflating their reported work hours and increasing their wages. Which of the following physical authentication devices would be most effective at disabling this fraudulent scheme?

- A. Face or finger recognition equipment,
- B. Radiofrequency identification chips to authenticate employees with cards.
- C. A requirement to clock in and clock out with a unique personal identification number.
- D. A combination of a smart card and a password to clock in and clock out.

**Correct Answer: D**

**Section:**

**QUESTION 25**

Which of the following best describes owner's equity?

- A. Assets minus liabilities.
- B. Total assets.
- C. Total liabilities.

D. Owners contribution plus drawings.

**Correct Answer: A**

**Section:**

**QUESTION 26**

Which of the following describes a mechanistic organizational structure?

- A. Primary direction of communication tends to be lateral.
- B. Definition of assigned tasks tends to be broad and general.
- C. Type of knowledge required tends to be broad and professional.
- D. Reliance on self-control tends to be low.

**Correct Answer: D**

**Section:**

**QUESTION 27**

When determining the level of physical controls required for a workstation, which of the following factors should be considered?

- A. Ease of use.
- B. Value to the business.
- C. Intrusion prevention.
- D. Ergonomic model.

**Correct Answer: B**

**Section:**

**QUESTION 28**

During her annual performance review, a sales manager admits that she experiences significant stress due to her job but stays with the organization because of the high bonuses she earns. Which of the following best describes her primary motivation to remain in the job?

- A. Intrinsic reward.
- B. Job enrichment
- C. Extrinsic reward.
- D. The hierarchy of needs.

**Correct Answer: C**

**Section:**

**QUESTION 29**

During an audit of the payroll system, the internal auditor identifies and documents the following condition:

"Once a user is logged into the system, the user has access to all functionality within the system." What is the most likely root cause for this issue?

- A. The authentication process relies on a simple password only, which is a weak method of authorization.
- B. The system authorization of the user does not correctly reflect the access rights intended.
- C. There was no periodic review to validate access rights.
- D. The application owner apparently did not approve the access request during the provisioning process.





**Correct Answer: B**

**Section:**

**QUESTION 30**

Which of the following attributes of data is most likely to be compromised in an organization with a weak data governance culture?

- A. Variety.
- B. Velocity.
- C. Volume.
- D. Veracity.

**Correct Answer: D**

**Section:**

**QUESTION 31**

Which of the following lists best describes the classification of manufacturing costs?

- A. Direct materials, indirect materials, raw materials.
- B. Overhead costs, direct labor, direct materials.
- C. Direct materials, direct labor, depreciation on factory buildings.
- D. Raw materials, factory employees' wages, production selling expenses.

**Correct Answer: B**

**Section:**

**QUESTION 32**

Which of the following is an effective preventive control for data center security?

- A. Motion detectors.
- B. Key card access to the facility.
- C. Security cameras.
- D. Monitoring access to data center workstations

**Correct Answer: B**

**Section:**

**QUESTION 33**

According to IIA guidance on IT, which of the following strategies would provide the most effective access control over an automated point-of-sale system?

- A. Install and update anti-virus software.
- B. Implement data encryption techniques.
- C. Set data availability by user need.
- D. Upgrade firewall configuration

**Correct Answer: C**

**Section:**



**QUESTION 34**

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

**Correct Answer: A**

**Section:**

**QUESTION 35**

Which of the following techniques would best detect an inventory fraud scheme?

- A. Analyze Invoice payments just under individual authorization limits.
- B. Analyze stratification of inventory adjustments by warehouse location.
- C. Analyze inventory invoice amounts and compare with approved contract amounts.
- D. Analyze differences discovered during duplicate payment testing

**Correct Answer: C**

**Section:**

**QUESTION 36**

Which of the following is most influenced by a retained earnings policy?

- A. Cash.
- B. Dividends.
- C. Gross margin.
- D. Net income.

**Correct Answer: D**

**Section:**

**QUESTION 37**

A newly appointed board member received an email that appeared to be from the company's CEO.

The email stated:

"Good morning. As you remember, the closure of projects is our top priority. Kindly organize prompt payment of the attached invoice for our new solar energy partners." The board member quickly replied to the email and asked under which project the expense should be accounted. Only then did he realize that the sender's mail domain was different from the company's. Which of the following cybersecurity risks nearly occurred in the situation described?

- A. A risk of spyware and malware.
- B. A risk of corporate espionage.
- C. A ransomware attack risk.
- D. A social engineering risk.

**Correct Answer: A**

**Section:**



**QUESTION 38**

Management has decided to change the organizational structure from one that was previously decentralized to one that is now highly centralized. As such: which of the following would be a characteristic of the now highly centralized organization?

- A. Top management does little monitoring of the decisions made at lower levels.
- B. The decisions made at the lower levels of management are considered very important.
- C. Decisions made at lower levels in the organizational structure are few.
- D. Reliance is placed on top management decision making by few of the organization's departments.

**Correct Answer: D**

**Section:**

**QUESTION 39**

Which of the following types of accounts must be closed at the end of the period?

- A. Income statement accounts.
- B. Balance sheet accounts.
- C. Permanent accounts.
- D. Real accounts.

**Correct Answer: A**

**Section:**

**QUESTION 40**

Which of the following would most likely serve as a foundation for individual operational goals?

- A. Individual skills and capabilities.
- B. Alignment with organizational strategy.
- C. Financial and human resources of the unit.
- D. Targets of key performance indicators

**Correct Answer: D**

**Section:**

**QUESTION 41**

According to 11A guidance on IT, which of the following are indicators of poor change management?

- A. Inadequate control design.
- B. Unplanned downtime.
- C. Excessive troubleshooting .
- D. Unavailability of critical services.
- E. 2 and 3 only.
- F. 1, 2, and 3 only
- G. 1, 3, and 4 only
- H. 2, 3, and 4 only

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**Correct Answer: D**

**Section:**

**QUESTION 42**

An analytical model determined that on Friday and Saturday nights the luxury brands stores should be open for extended hours and with a doubled number of employees present; while on Mondays and Tuesdays costs can be minimized by reducing the number of employees to a minimum and opening only for evening hours Which of the following best categorizes the analytical model applied?

- A. Descriptive.
- B. Diagnostic.
- C. Prescriptive.
- D. Prolific.

**Correct Answer: C**

**Section:**

**QUESTION 43**

Which of the following biometric access controls uses the most unique human recognition characteristic?

- A. Facial comparison using photo identification.
- B. Signature comparison.
- C. Voice comparison.
- D. Retinal print comparison.

**Correct Answer: D**

**Section:**



**QUESTION 44**

An organization has an agreement with a third-party vendor to have a fully operational facility, duplicate of the original site and configured to the organization's needs, in order to quickly recover operational capability in the event of a disaster, Which of the following best describes this approach to disaster recovery planning?

- A. Cold recovery plan,
- B. Outsourced recovery plan.
- C. Storage area network recovery plan.
- D. Hot recovery plan

**Correct Answer: C**

**Section:**

**QUESTION 45**

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 limited IT access.
- D. Hiring new personnel within the IT department for security purposes.

**Correct Answer: D**

**Section:**

**QUESTION 46**

Employees at an events organization use a particular technique to solve problems and improve processes. The technique consists of five steps: define, measure, analyze, improve, and control. Which of the following best describes this approach?

- A. Six Sigma,
- B. Quality circle.
- C. Value chain analysis.
- D. Theory of constraints.

**Correct Answer: A**

**Section:**

**QUESTION 47**

A manufacturer is deciding whether to sell or process materials further. Which of the following costs would be relevant to this decision?

- A. Incremental processing costs, incremental revenue, and variable manufacturing expenses.
- B. Joint costs, incremental processing costs, and variable manufacturing expenses.
- C. Incremental revenue, joint costs, and incremental processing costs.
- D. Variable manufacturing expenses, incremental revenue, and joint costs

**Correct Answer: A**

**Section:**

**QUESTION 48**

Which of the following best explains the matching principle?

- A. Revenues should be recognized when earned.
- B. Revenue recognition is matched with cash.
- C. Expense recognition is tied to revenue recognition.
- D. Expenses are recognized at each accounting period.

**Correct Answer: C**

**Section:**

**QUESTION 49**

An attacker, posing as a bank representative, convinced an employee to release certain, financial information that ultimately resulted in fraud. Which of the following best describes this cybersecurity risk?

- A. Shoulder suiting
- B. Pharming,
- C. Phishing.
- D. Social engineering.

**Correct Answer: C**

**Section:**



**QUESTION 50**

An organization decided to reorganize into a flatter structure. Which of the following changes would be expected with this new structure?

- A. Lower costs.
- B. Slower decision making at the senior executive level.
- C. Limited creative freedom in lower-level managers.
- D. Senior-level executives more focused on short-term, routine decision making

**Correct Answer: D**

**Section:**

**QUESTION 51**

An internal auditor identified a database administrator with an incompatible dual role. Which of the following duties should not be performed by the identified administrator?

- A. Designing and maintaining the database.
- B. Preparing input data and maintaining the database.
- C. Maintaining the database and providing its security,
- D. Designing the database and providing its security

**Correct Answer: B**

**Section:**

**QUESTION 52**

Which of the following should software auditors do when reporting internal audit findings related to enterprisewide resource planning?

- A. Draft separate audit reports for business and IT management.
- B. Conned IT audit findings to business issues.
- C. Include technical details to support IT issues.
- D. Include an opinion on financial reporting accuracy and completeness.

**Correct Answer: B**

**Section:**

**QUESTION 53**

After purchasing shoes from an online retailer, a customer continued to receive additional unsolicited offers from the retailer and other retailers who offer similar products. Which of the following is the most likely control weakness demonstrated by the seller?

- A. Excessive collecting of information
- B. Application of social engineering
- C. Retention of incomplete information.
- D. Undue disclosure of information

**Correct Answer: D**

**Section:**

**QUESTION 54**

Which of the 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

**Correct Answer: A**

**Section:**

**QUESTION 55**

Which of the following is an established systems development methodology?

- A. Waterfall.
- B. Projects in Controlled Environments (PRINCE2).
- C. Information Technology Infrastructure Library (ITIL).
- D. COBIT

**Correct Answer: A**

**Section:**

**QUESTION 56**

An organization's technician was granted a role that enables him to prioritize projects throughout the organization. Which type of authority will the technician most likely be exercising?

- A. Legitimate authority
- B. Coercive authority.
- C. Referent authority.
- D. Expert authority.

**Correct Answer: D**

**Section:**

**QUESTION 57**

When reviewing application controls using the four-level model, which of the following processes are associated with level 4 of the business process method?

- A. Activity
- B. Subprocess
- C. Major process
- D. Mega process

**Correct Answer: A**

**Section:**

**QUESTION 58**

Which of the following security controls focuses most on prevention of unauthorized access to the power plant?

- A. An offboarding procedure is initiated monthly to determine redundant physical access rights.
- B. Logs generated by smart locks are automatically scanned to identify anomalies in access patterns.



- C. Requests for additional access rights are sent for approval and validation by direct supervisors.
- D. Automatic notifications are sent to a central security unit when employees enter the premises during nonwork hours

**Correct Answer: C**

**Section:**

**QUESTION 59**

Which of the following best describes a transformational leader, as opposed to a transactional leader?

- A. The leader searches for deviations from the rules and standards and intervenes when deviations exist.
- B. The leader intervenes only when performance standards are not met.
- C. The leader intervenes to communicate high expectations.
- D. The leader does not intervene to promote problem-solving

**Correct Answer: C**

**Section:**

**QUESTION 60**

Which of the following concepts of managerial accounting is focused on achieving a point of low or no inventory?

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

**Correct Answer: C**

**Section:**

**QUESTION 61**

Which of the following would an organization execute to effectively mitigate and manage risks created by a crisis or event?

- A. Only preventive measures.
- B. Alternative and reactive measures.
- C. Preventive and alternative measures.
- D. Preventive and reactive measures.

**Correct Answer: B**

**Section:**

**QUESTION 62**

An organization has a declining inventory turnover but an increasing gross margin rate. Which of the following statements can best explain this situation?

- A. The organization's operating expenses are increasing.
- B. The organization has adopted just-in-time inventory.
- C. The organization is experiencing inventory theft.
- D. The organization's inventory is overstated.





**Correct Answer: B**

**Section:**

**QUESTION 63**

A company records income from an investment in common stock when it does which of the following?

- A. Purchases bonds.
- B. Receives interest.
- C. Receives dividends
- D. Sells bonds.

**Correct Answer: B**

**Section:**

**QUESTION 64**

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.

**Correct Answer: B**

**Section:**

**QUESTION 65**

Which of the following disaster recovery plans includes recovery resources available at the site, but they may need to be configured to support the production system?

- A. Warm site recovery plan.
- B. Hot site recovery plan.
- C. Cool site recovery plan.
- D. Cold site recovery plan.

**Correct Answer: A**

**Section:**

**QUESTION 66**

Which of the following actions should an internal auditor take to clean the data obtained for analytics purposes?

- A. Deploys data visualization tool.
- B. Adopt standardized data analysis software.
- C. Define analytics objectives and establish outcomes.
- D. Eliminate duplicate records.

**Correct Answer: D**

**Section:**



**QUESTION 67**

Which of the following controls would be most efficient to protect business data from corruption and errors?

- A. Controls to ensure data is unable to be accessed without authorization.
- B. Controls to calculate batch totals to identify an error before approval.
- C. Controls to encrypt the data so that corruption is likely ineffective.
- D. Controls to quickly identify malicious intrusion attempts.

**Correct Answer: B**

**Section:**

**QUESTION 68**

Several organizations have developed a strategy to open co-owned shopping malls. What would be the primary purpose of this strategy?

- A. To exploit core competence.
- B. To increase market synergy.
- C. To deliver enhanced value.
- D. To reduce costs.

**Correct Answer: B**

**Section:**

**QUESTION 69**

Which of the following best describes the primary objective of cybersecurity?

- A. To protect the effective performance of IT general and application controls.
- B. To regulate users' behavior in the web and cloud environment.
- C. To prevent unauthorized access to information assets.
- D. To secure application of protocols and authorization routines.

**Correct Answer: B**

**Section:**

**QUESTION 70**

An organization that relies heavily on IT wants to contain the impact of potential business disruption to a period of approximately four to seven days. Which of the following business recovery strategies would most efficiently meet this organization's needs?

- A. A recovery strategy whereby a separate site has not yet been determined, but hardware has been reserved for purchase and data backups.
- B. A recovery strategy whereby a separate site has been secured and is ready for use, with fully configured hardware and real-time synchronized data.
- C. A recovery strategy whereby a separate site has been secured and the necessary funds for hardware and data backups have been reserved.
- D. A recovery strategy whereby a separate site has been secured with configurable hardware and data backups.

**Correct Answer: D**

**Section:**

**QUESTION 71**

Which of the following capital budgeting techniques considers the time value of money?



- A. Annual rate of return.
- B. Incremental analysis.
- C. Discounted cash flow.
- D. Cash payback

**Correct Answer: C**

**Section:**

**QUESTION 72**

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

**Correct Answer: A**

**Section:**

**QUESTION 73**

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.



**Correct Answer: D**

**Section:**

**QUESTION 74**

Which of the following contract concepts is typically given in exchange for the execution of a promise?

- A. Lawfulness.
- B. Consideration.
- C. Agreement.
- D. Discharge

**Correct Answer: B**

**Section:**

**QUESTION 75**

What relationship exists between decentralization and the degree, importance, and range of lowerlevel decision making?

- A. Mutually exclusive relationship.
- B. Direct relationship.

- C. Intrinsic relationship.
- D. Inverse relationship.

**Correct Answer: B**

**Section:**

**QUESTION 76**

When would a contract be dosed out?

- A. When there's a dispute between the contracting parties
- B. When ail contractual obligations have been discharged.
- C. When there is a force majenre.
- D. When the termination clause is enacted.

**Correct Answer: B**

**Section:**

**QUESTION 77**

Which of the following inventory costing methods requires the organization to account for the actual cost paid for the unit being sold?

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

**Correct Answer: C**

**Section:**

**QUESTION 78**

Which of the following attributes of data are cybersecurity controls primarily designed to protect?

- A. Veracity, velocity, and variety.
- B. Integrity, availability, and confidentiality.
- C. Accessibility, accuracy, and effectiveness.
- D. Authorization, logical access, and physical access.

**Correct Answer: C**

**Section:**

**QUESTION 79**

An organization is considering outsourcing its IT services, and the internal auditor as assessing the related risks. The auditor grouped the related risks into three categories;

- Risks specific to the organization itself.
- Risks specific to the service provider.
- Risks shared by both the organization and the service provider

Which of the following risks should the auditor classify as specific to the service provider?

- A. Unexpected increases in outsourcing costs.



- B. Loss of data privacy.
- C. Inadequate staffing.
- D. Violation of contractual terms.

**Correct Answer: D**

**Section:**

**QUESTION 80**

Which of the following is true regarding the use of remote wipe for smart devices?

- A. It can restore default settings and lock encrypted data when necessary.
- B. It enables the erasure and reformatting of secure digital (SD) cards.
- C. It can delete data backed up to a desktop for complete protection if required.
- D. It can wipe data that is backed up via cloud computing

**Correct Answer: B**

**Section:**

**QUESTION 81**

Which of the following IT layers would require the organization to maintain communication with a vendor in a tightly controlled and monitored manner?

- A. Applications
- B. Technical infrastructure.
- C. External connections.
- D. IT management

**Correct Answer: B**

**Section:**

**QUESTION 82**

While performing an audit of a car tire manufacturing plant, an internal auditor noticed a significant decrease in the number of tires produced from the previous operating period. To determine whether worker inefficiency caused the decrease, what additional information should the auditor request?

- A. Total tire production labor hours for the operating period.
- B. Total tire production costs for the operating period.
- C. Plant production employee headcount average for the operating period.
- D. The production machinery utilization rates.

**Correct Answer: C**

**Section:**

**QUESTION 83**

Which of the following storage options would give the organization the best chance of recovering data?

- A. Encrypted physical copies of the data, and their encryption keys are stored together at the organization and are readily available upon request.
- B. Encrypted physical copies of the data are stored separately from their encryption keys, and both are held in secure locations a few hours away from the organization.
- C. Encrypted reports on usage and database structure changes are stored on a cloud-based, secured database that is readily accessible.



D. Encrypted copies of the data are stored in a separate secure location a few hours away, while the encryption keys are stored at the organization and are readily available.

**Correct Answer: D**

**Section:**

**QUESTION 84**

A small chain of grocery stores made a reporting error and understated its ending inventory. What effect would this have on the income statement for the following year?

- A. Net income would be understated.
- B. Net income would not be affected.
- C. Net income would be overstated.
- D. Net income would be negative.

**Correct Answer: C**

**Section:**

**QUESTION 85**

Which of the following practices circumvents administrative restrictions on smart devices, thereby increasing data security risks?

- A. Rooting.
- B. Eavesdropping.
- C. Man in the middle.
- D. Session hijacking.

**Correct Answer: A**

**Section:**

**QUESTION 86**

Which of the following measures the operating success of a company for a given period of time?

- A. Liquidity ratios.
- B. Profitability ratios.
- C. Solvency ratios.
- D. Current ratios.

**Correct Answer: B**

**Section:**

**QUESTION 87**

When evaluating the help desk services provided by a third-party service provider which of the following is likely to be the internal auditor's greatest concern?

- A. Whether every call that the service provider received was logged by the help desk.
- B. Whether a unique identification number was assigned to each issue identified by the service provider
- C. Whether the service provider used its own facilities to provide help desk services
- D. Whether the provider's responses and resolutions were well defined according to the service-level agreement.

**Correct Answer: D**



**Section:**

**QUESTION 88**

An internal auditor reviews a data population and calculates the mean, median, and range. What is the most likely purpose of performing this analytic technique?

- A. To inform the classification of the data population.
- B. To determine the completeness and accuracy of the data.
- C. To identify whether the population contains outliers.
- D. To determine whether duplicates in the data inflate the range.

**Correct Answer: C**

**Section:**

**QUESTION 89**

Which of the following IT disaster recovery plans includes a remote site designated for recovery with available space for basic services, such as internet and telecommunications, but does not have servers or infrastructure equipment?

- A. Frozen site
- B. Cold site
- C. Warm site
- D. Hot site

**Correct Answer: B**

**Section:**

**QUESTION 90**

What is the primary risk associated with an organization adopting a decentralized structure?

- A. Inability to adapt.
- B. Greater costs of control function.
- C. Inconsistency in decision making.
- D. Lack of resilience.

**Correct Answer: C**

**Section:**

**QUESTION 91**

An organization discovered fraudulent activity involving the employee time-tracking system. One employee regularly docked in and clocked out her co-worker friends on their days off, inflating their reported work hours and increasing their wages. Which of the following physical authentication devices would be most effective at disabling this fraudulent scheme?

- A. Face or finger recognition equipment,
- B. Radio-frequency identification chips to authenticate employees with cards.
- C. A requirement to clock in and clock out with a unique personal identification number.
- D. A combination of a smart card and a password to clock in and clock out.

**Correct Answer: A**

**Section:**



**QUESTION 92**

Which of the following is a result of Implementing on e-commerce system, which relies heavily on electronic data interchange and electronic funds transfer, for purchasing and biting?

- A. Higher cash flow and treasury balances.
- B. Higher inventory balances
- C. Higher accounts receivable.
- D. Higher accounts payable

**Correct Answer: C**

**Section:**

**QUESTION 93**

An organization with global headquarters in the United States has subsidiaries in eight other nations. If the organization operates with an ethnocentric attitude, which of the following statements is true?

- A. Standards used for evaluation and control are determined at local subsidiaries, not set by headquarters.
- B. Orders, commands, and advice are sent to the subsidiaries from headquarters.
- C. Poop o of local nationality are developed for the best positions within their own country.
- D. There is a significant amount of collaboration between headquarters and subs diaries.

**Correct Answer: B**

**Section:**

**QUESTION 94**

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

**Correct Answer: A**

**Section:**

**QUESTION 95**

Which of the following risks is best addressed by encryption?

- A. Information integrity risk
- B. Privacy risk
- C. Access risk
- D. Software risk

**Correct Answer: B**

**Section:**

**QUESTION 96**

Which of the following would most likely be found in an organization that uses a decentralized organizational structure?



- A. There is a higher reliance on organizational culture.
- B. There are clear expectations set for employees.
- C. There are electronic monitoring techniques employed
- D. There is a defined code far employee behavior.

**Correct Answer: B**

**Section:**

**QUESTION 97**

What is the primary purpose of an Integrity control?

- A. To ensure data processing is complete, accurate, and authorized.
- B. To ensure data being processed remains consistent and intact.
- C. To monitor the effectiveness of other controls
- D. To ensure the output aligns with the intended result.

**Correct Answer: A**

**Section:**

**QUESTION 98**

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. Series of belonging in the organization
- D. Job security

**Correct Answer: B**

**Section:**

**QUESTION 99**

Which of the following is a primary driver behind the creation and prloritteation of new strategic Initiatives established by an organization?

- A. Risk tolerance
- B. Performance
- C. Threats and opportunities
- D. Governance

**Correct Answer: C**

**Section:**

**QUESTION 100**

Which of the following types of date analytics would be used by a hospital to determine which patients are likely to require remittance for additional treatment?

- A. Predictive analytics.



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

**Correct Answer: A**

**Section:**

**QUESTION 101**

An Internal auditor is using data analytics to focus on high-risk areas during an engagement. The auditor has obtained data and is working to eliminate redundancies in the data. Which of the following statements is true regarding this scenario?

- A. The auditor is normalizing data in preparation for analyzing it.
- B. The auditor is analyzing the data in preparation for communicating the results,
- C. The auditor is cleaning the data in preparation for determining which processes may be involved.
- D. The auditor is reviewing data prior to defining the question

**Correct Answer: A**

**Section:**

**QUESTION 102**

Which of the following statements is true regarding data backup?

- A. System backups should always be performed real time.
- B. Backups should be stored in a secured location onsite for easy access.
- C. The tape rotation schedule affects how long data is retained
- D. Backup media should be restored only in case of a hardware or software failure



**Correct Answer: C**

**Section:**

**QUESTION 103**

Which of the following network types should an organization choose if it wants to allow access only to its own personnel?

- A. An extranet
- B. A local area network
- C. An Intranet
- D. The internet

**Correct Answer: B**

**Section:**

**QUESTION 104**

Which of the following principles is shared by both hierarchies and open organizational structures?

- A. A superior can delegate the authority to make decisions but cannot delegate the ultimate responsibility for the results of those decisions.
- B. A supervisor's span of control should not exceed seven subordinates.
- C. Responsibility should be accompanied by adequate authority.

- D. Employees at all levels should be empowered to make decisions.
- E. 1 and 3 only
- F. 1 and 4 only
- G. 2 and 3 only
- H. 3 and 4 only

**Correct Answer: A**

**Section:**

**QUESTION 105**

Which of the following would be a concern related to the authorization controls utilized for a system?

- A. Users can only see certain screens in the system.
- B. Users are making frequent password change requests.
- C. Users Input Incorrect passwords and get denied system access
- D. Users are all permitted uniform access to the system.

**Correct Answer: A**

**Section:**

**QUESTION 106**

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

**Correct Answer: C**

**Section:**

**QUESTION 107**

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.

**Correct Answer: D**

**Section:**

**QUESTION 108**

According to IIA 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

**Correct Answer: B**

**Section:**

**QUESTION 109**

During which phase of the contracting process are contracts drafted for a proposed business activity?

- A. Initiation phase.
- B. Bidding phase
- C. Development phase
- D. Management phase

**Correct Answer: A**

**Section:**

**QUESTION 110**

How do data analysis technologies affect internal audit testing?

- A. They improve the effectiveness of spot check testing techniques.
- B. They allow greater insight into high risk areas.
- C. They reduce the overall scope of the audit engagement,
- D. They increase the internal auditor's objectivity.

**Correct Answer: B**

**Section:**

**QUESTION 111**

An internal auditor is assessing the risks related to an organization's mobile device policy. 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

**Correct Answer: A**

**Section:**

**QUESTION 112**

An investor has acquired an organization that has a dominant position in a mature, slow-growth industry and consistently creates positive financial income. Which of the following terms would the investor most likely label this investment in her portfolio?

- A. A star
- B. A cash cow
- C. A question mark



D. A dog

**Correct Answer: B**

**Section:**

**QUESTION 113**

A retail organization mistakenly did have 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.

**Correct Answer: D**

**Section:**

**QUESTION 114**

Which of the following authentication device credentials is the most difficult to revoke when an employee's access rights need to be removed?

- A. A traditional key lock
- B. A biometric device
- C. A card-key system
- D. A proximity device

**Correct Answer: B**

**Section:**

**QUESTION 115**

Which of the following describes the most appropriate set of tests for auditing a workstation's logical access controls?

- A. Review the list of people with access badges to the room containing the workstation and a log of those who accessed the room.
- B. Review the password length, frequency of change, and list of users for the workstation's login process.
- C. Review the list of people who attempted to access the workstation and failed, as well as error messages.
- D. Review the passwords of those who attempted unsuccessfully to access the workstation and the log of their activity

**Correct Answer: B**

**Section:**

**QUESTION 116**

Which of the following is most important for an internal auditor to check with regard to the database version?

- A. Verify whether the organization uses the most recent database software version.
- B. Verify whether the database software version is supported by the vendor.
- C. Verify whether the database software version has been recently upgraded.
- D. Verify whether access to database version information is appropriately restricted.

**Correct Answer: B**



**Section:**

**QUESTION 117**

Which of the following is improved by the use of smart devices?

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

**Correct Answer: C**

**Section:**

**QUESTION 118**

According to IIA 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

**Correct Answer: C**

**Section:**

**QUESTION 119**

A rapidly expanding retail organisation continues to be tightly controlled by its original small management team. Which of the following is a potential risk in this vertically centralized organization?

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

**Correct Answer: C**

**Section:**

**QUESTION 120**

Which of the following items represents the first thing that should be done with obtained data in the data analytics process?

- A. Verify completeness and accuracy.
- B. Verify existence and accuracy.
- C. Verify completeness and integrity.
- D. Verify existence and completeness.

**Correct Answer: B**

**Section:**

**QUESTION 121**



Which of the following is an advantage of a decentralized organizational structure, as opposed to a centralized structure?

- A. Greater cost-effectiveness
- B. Increased economies of scale
- C. Larger talent pool
- D. Strong internal controls

**Correct Answer: C**

**Section:**

**QUESTION 122**

Which of the following should be included in a data privacy policy?

- A. Stipulations for deleting certain data after a specified period of time.
- B. Guidance on acceptable methods for collecting personal data.
- C. A requirement to retain personal data indefinitely to ensure a complete audit trail, 4. A description of what constitutes appropriate use of personal data.
- D. 1 and 2 only
- E. 2 and 3 only
- F. 1, 2 and 4 only
- G. 2, 3, and 4 only

**Correct Answer: C**

**Section:**



**QUESTION 123**

The head of the research and development department at a manufacturing organization believes that his team lacks expertise in some areas, and he decides to hire more experienced researchers to assist in the development of a new product. Which of the following variances are likely to occur as the result of this decision?

- A. Favorable labor efficiency variance.
- B. Adverse labor rate variance.
- C. Adverse labor efficiency variance.
- D. Favorable labor rate variance.
- E. 1 and 2
- F. 1 and 4
- G. 3 and 4
- H. 2 and 3

**Correct Answer: A**

**Section:**

**QUESTION 124**

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.

**Correct Answer: C**

**Section:**

**QUESTION 125**

With regard to project management, which of the following statements about project crashing is true?

- A. It leads to an increase in risk and often results in rework.
- B. It is an optimization technique where activities are performed in parallel rather than sequentially.
- C. It involves a reevaluation of project requirements and/or scope.
- D. It is a compression technique in which resources are added to the project.

**Correct Answer: D**

**Section:**

**QUESTION 126**

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 all team members, including lower-level staff.
- D. It is particularly successful in environments that are prone to having poor employer-employee relations.

**Correct Answer: C**

**Section:**

**QUESTION 127**

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 cyber-security committee to identify and manage risks related to data security

**Correct Answer: B**

**Section:**

**QUESTION 128**

A new manager received computations of the internal rate of return regarding the project proposal.

What should the manager compare the computation results to in order to determine whether the project is potentially acceptable?

- A. Compare to the annual cost of capital
- B. Compare to the annual interest data.
- C. Compare to the required rate of return.
- D. Compare to the net present value.



**Correct Answer: A**

**Section:**

**QUESTION 129**

Which of the following is an example of a physical control?

- A. Providing fire detection and suppression equipment
- B. Establishing a physical security policy and promoting it throughout the organization
- C. Performing business continuity and disaster recovery planning
- D. Keeping an offsite backup of the organization's critical data

**Correct Answer: A**

**Section:**

**QUESTION 130**

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.

**Correct Answer: B**

**Section:**



**QUESTION 131**

According to IIA guidance, which of the following links computers and enables them to - communicate with each other?

- A. Application program code
- B. Database system
- C. Operating system
- D. Networks

**Correct Answer: D**

**Section:**

**QUESTION 132**

A small software development firm designs and produces custom applications for businesses. The application development team consists of employees from multiple departments who all report to a single project manager. Which of the following organizational structures does this situation represent?

- A. Functional departmentalization.
- B. Product departmentalization
- C. Matrix organization.
- D. Divisional organization

**Correct Answer: C**

**Section:**

**QUESTION 133**

Which of the following is a likely result of outsourcing?

- A. Increased dependence on suppliers.
- B. Increased importance of market strategy.
- C. Decreased sensitivity to government regulation
- D. Decreased focus on costs

**Correct Answer: C**

**Section:**

**QUESTION 134**

While auditing an organization's customer call center, an internal auditor notices that Key performance indicators show a positive trend, despite the fact that there have been increasing customer complaints over the same period. Which of the following audit recommendations would most likely correct the cause of this inconsistency?

- A. Review the call center script used by customer service agents to interact with callers, and update the script if necessary.
- B. Be-emphasize the importance of call center employees completing a certain number of calls per hour.
- C. Retrain call center staff on area processes and common technical issues that they will likely be asked to resolve.
- D. Increase the incentive for call center employees to complete calls quickly and raise the number of calls completed daily

**Correct Answer: A**

**Section:**

**QUESTION 135**

A one-time password would most likely be generated in which of the following situations?

- A. When an employee accesses an online digital certificate
- B. When an employee's biometrics have been accepted.
- C. When an employee creates a unique digital signature,
- D. When an employee uses a key fob to produce a token.

**Correct Answer: D**

**Section:**

**QUESTION 136**

Management is designing its disaster recovery plan. In the event that there is significant damage to the organization's IT systems this plan should enable the organization to resume operations at a recovery site after some configuration and data restoration. Which of the following is the ideal solution for management in this scenario?

- A. A warm recovery plan.
- B. A cold recovery plan.
- C. A hot recovery plan.
- D. A manual work processes plan

**Correct Answer: A**

**Section:**

**QUESTION 137**

Which of the following best describes a man-in-the-middle cyber-attack?

- A. The perpetrator is able to delete data on the network without physical access to the device.
- B. The perpetrator is able to exploit network activities for unapproved purposes.
- C. The perpetrator is able to take over control of data communication in transit and replace traffic.
- D. The perpetrator is able to disable default security controls and introduce additional vulnerabilities

**Correct Answer: C**

**Section:**

**QUESTION 138**

In an organization that produces chocolate, the leadership team decides that the organization will open a milk production facility for its milk chocolate. Which of the following strategies have the organization chosen?

- A. Vertical integration.
- B. Unrelated diversification.
- C. Differentiation
- D. Focus

**Correct Answer: C**

**Section:**

**QUESTION 139**

Focus An organization has decided to have all employees work from home. Which of the following network types would securely enable this approach?

- A. A wireless local area network (WLAN ).
- B. A personal area network (PAN).
- C. A wide area network (WAN).
- D. A virtual private network (VPN)

**Correct Answer: D**

**Section:**

**QUESTION 140**

Which of following best demonstrates the application of the cost principle?

- A. A company reports trading and investment securities at their market cost
- B. A building purchased last year for \$1 million is currently worth €1.2 million, but the company still reports the building at \$1 million.
- C. A building purchased last year for €1 million is currently worth £1,2 million , and the company adjusts the records to reflect the current value
- D. A company reports assets at either historical or fair value, depending which is closer to market value.

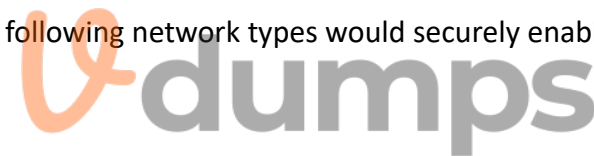
**Correct Answer: B**

**Section:**

**QUESTION 141**

The management of working capital is most crucial for which of the following aspects of business?

- A. Liquidity



- B. Profitability
- C. Solvency
- D. Efficiency

**Correct Answer: A**

**Section:**

**QUESTION 142**

When examining; an organization's strategic plan, an internal auditor should expect to find which of the following components?

- A. Identification of achievable goals and timelines
- B. Analysis of the competitive environment.
- C. Plan for the procurement of resources
- D. Plan for progress reporting and oversight.

**Correct Answer: A**

**Section:**

**QUESTION 143**

Which of the following intangible assets is considered to have an indefinite life?

- A. Underground oil deposits
- B. Copyright
- C. Trademark
- D. Land



**Correct Answer: C**

**Section:**

**QUESTION 144**

The chief audit executive (CAE) has embraced a total quality management approach to improving the internal audit activity's (IAAs) processes. He would like to reduce the time to complete audits and improve client ratings of the IA

- A. Which of the following staffing approaches is the CAE most likely to select?
- B. Assign a team with a trained audit manager to plan each audit and distribute field work tasks to various staff auditors.
- C. Assign a team of personnel who have different specialties to each audit and empower Team members to participate fully in key decisions
- D. Assign a team to each audit, designate a single person to be responsible for each phase of the audit, and limit decision making outside of their area of responsibility.
- E. Assign a team of personnel who have similar specialties to specific engagements that would benefit from those specialties and limit Key decisions to the senior person.

**Correct Answer: D**

**Section:**

**QUESTION 145**

A clothing company sells shirts for \$8 per shirt. In order to break even, the company must sell 25,000 shirts. Actual sales total \$300,000. What is margin of safety sales for the company?

- A. \$100,000
- B. \$200,000

- C. \$275,000
- D. \$500,000

**Correct Answer: A**

**Section:**

**QUESTION 146**

Which of the following items best describes the strategy of outsourcing?

- A. Contracting the work to Foreign Service providers to obtain lower costs
- B. Contracting functions or knowledge-related work with an external service provider.
- C. Contract -ng operation of some business functions with an internal service provider
- D. Contracting a specific external service provider to work with an internal service provider

**Correct Answer: A**

**Section:**

**QUESTION 147**

Which of the following is most appropriately placed in the financing section of an organization's cash budget?

- A. Collections from customers
- B. Sale of securities.
- C. Purchase of trucks.
- D. Payment of debt, including interest

**Correct Answer: D**

**Section:**

**QUESTION 148**

Which of the following attributes of data is the most significantly impacted by the internet of things?

- A. Normalization
- B. Velocity
- C. Structuration
- D. Veracity

**Correct Answer: B**

**Section:**

**QUESTION 149**

An organization produces products X and Y. The materials used for the production of both products are limited to 500 Kilograms



	Product X	Product Y
Selling price per unit	\$10	\$13
Materials per unit (at \$1/kg)	2 kg	6 kg
Monthly demand	70 units	120 units

(kg ) per month. All other resources are unlimited and their costs are fixed. Individual product details are as follows in order to maximize profit, how much of product Y should the organization produce each month?  
\$10 \$13 2 kg 70 units 6 kg 120 units

- A. 50 units
- B. 60 units
- C. 70 units
- D. 1:20 units

**Correct Answer: B**  
**Section:**

**QUESTION 150**

The manager of the sales department wants to increase the organization's net profit margin by 7% (from 43% in the prior year to 50% in the current year). Given the information provided in the table below, what would be the targeted sales amount for the current year?

Profit or Loss Statement		
	Prior Year	Current Year
Sales	30,000,000	
Cost of Sales	(10,000,000)	(10,500,000)
Gross Profit	20,000,000	
Expenses	(7,000,000)	(7,100,000)
Net Profit	13,000,000	
Net Profit Margin	43%	50%

- A. \$20,000,000
- B. \$24,500,000
- C. \$30,000,000
- D. \$35,200,000

**Correct Answer: D**  
**Section:**

**QUESTION 151**

During which of the following phases of contracting does the organization analyze whether the market is aligned with organizational objectives?

- A. Initiation phase
- B. Bidding phase
- C. Development phase
- D. Negotiation phase

**Correct Answer: A**  
**Section:**

**QUESTION 152**

An organization suffered significant damage to its local: file and application servers as a result of a hurricane. Fortunately, the organization was able to recover all information backed up by its overseas third-party contractor. Which of the following approaches has been used by the organization?

- A. Application management
- B. Data center management
- C. Managed security services
- D. Systems integration

**Correct Answer: C**  
**Section:**

**QUESTION 153**

Which of the following IT disaster recovery plans includes a remote site designated for recovery with available space for basic services, such as internet and telecommunications, but does not have servers or infrastructure equipment?

- A. Frozen site
- B. Cold site
- C. Warm site
- D. Hot site

**Correct Answer: B**  
**Section:**

**QUESTION 154**

An internal auditor for a pharmaceutical company is planning a cybersecurity audit and conducting a risk assessment. Which of the following would be considered the most significant cyber threat to the organization?

- A. Cybercriminals hacking into the organization's time and expense system to collect employee personal data.



- B. Hackers breaching the organization's network to access research and development reports
- C. A denial-of-service attack that prevents access to the organization's website.
- D. A hacker accessing the financial information of the company

**Correct Answer: B**

**Section:**

**QUESTION 155**

An internal audit activity is piloting a data analytics model, which aims to identify anomalies in payments to vendors and potential fraud indicators. Which of the following would be the most appropriate criteria for assessing the success of the piloted model?

- A. The percentage of cases flagged by the model and confirmed as positives.
- B. The development and maintenance costs associated with the model
- C. The feedback of auditors involved with developing the model.
- D. The number of criminal investigations initiated based on the outcomes of the model

**Correct Answer: A**

**Section:**

**QUESTION 156**

The board of directors wants to implement an incentive program for senior management that is specifically tied to the long-term health of the organization. Which of the following methods of compensation would be best to achieve this goal?

- A. Commissions.
- B. Stock options
- C. Gain-sharing bonuses.
- D. Allowances

**Correct Answer: B**

**Section:**

**QUESTION 157**

Which component of an organization's cybersecurity risk assessment framework would allow management to implement user controls based on a user's role?

- A. Prompt response and remediation policy
- B. Inventory of information assets
- C. Information access management
- D. Standard security configurations

**Correct Answer: C**

**Section:**

**QUESTION 158**

Which of the following best describes the type of control provided by a firewall?

- A. Corrective
- B. Detective





- C. Preventive
- D. Discretionary

**Correct Answer: C**

**Section:**

**QUESTION 159**

What is the primary purpose of data and systems backup?

- A. To restore all data and systems immediately after the occurrence of an incident.
- B. To set the maximum allowable downtime to restore systems and data after the occurrence of an incident.
- C. To set the point in time to which systems and data must be recovered after the occurrence of an incident.
- D. To restore data and systems to a previous point in time after the occurrence of an incident

**Correct Answer: D**

**Section:**

**QUESTION 160**

Which of the following can be classified as debt investments?

- A. Investments in the capital stock of a corporation
- B. Acquisition of government bonds.
- C. Contents of an investment portfolio,
- D. Acquisition of common stock of a corporation

**Correct Answer: B**

**Section:**

**QUESTION 161**

How can the concept of relevant cost help management with behavioral analyses?

- A. It explains the assumption that both costs and revenues are linear through the relevant range
- B. It enables management to calculate a minimum number of units to produce and sell without having to incur a loss.
- C. It enables management to predict how costs such as the depreciation of equipment will be affected by a change in business decisions
- D. It enables management to make business decisions, as it explains the cost that will be incurred for a given course of action

**Correct Answer: D**

**Section:**

**QUESTION 162**

An organization upgraded to a new accounting software. Which of the following activities should be performed by the IT software vendor immediately following the upgrade?

- A. Market analysis to identify trends
- B. Services to manage and maintain the IT Infrastructure.
- C. Backup and restoration.
- D. Software testing and validation



**Correct Answer: D**

**Section:**

**QUESTION 163**

At what stage of project integration management would a project manager and project management team typically coordinate the various technical and organizational interfaces that exist in the project?

- A. Project plan development.
- B. Project plan execution
- C. Integrated change control.
- D. Project quality planning

**Correct Answer: A**

**Section:**

**QUESTION 164**

Which of the following is a limitation of the remote wipe for a smart device?

- A. Encrypted data cannot be locked to prevent further access
- B. Default settings cannot be restored on the device.
- C. All data, cannot be completely removed from the device
- D. Mobile device management software is required for successful remote wipe

**Correct Answer: D**

**Section:**

**QUESTION 165**

Which of the following is an example of internal auditors applying data mining techniques for exploratory purposes?

- A. Internal auditors perform reconciliation procedures to support an external audit of financial reporting.
- B. Internal auditors perform a systems-focused analysis to review relevant controls.
- C. Internal auditors perform a risk assessment to identify potential audit subjects as input for the annual internal audit plan
- D. Internal auditors test IT general controls with regard to operating effectiveness versus design

**Correct Answer: C**

**Section:**

**QUESTION 166**

Which of the following performance measures disincentives 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

**Correct Answer: A**

**Section:**



**QUESTION 167**

While conducting' audit procedures at the organization's data center an internal auditor noticed the following:

- Backup media was located on data center shelves.
- Backup media was organized by date.
- Backup schedule was one week in duration.

The system administrator was able to present restore logs.

Which of the following is reasonable for the internal auditor to conclude?

- A. Backup media is not properly stored, as the storage facility should be off-site.
- B. Backup procedures are adequate and appropriate according to best practices.
- C. Backup media is not properly indexed, as backup media should be indexed by system, not date.
- D. Backup schedule is not sufficient, as full backup should be conducted daily.

**Correct Answer: A**

**Section:**

**QUESTION 168**

Following an evaluation of an organization's IT controls, an internal auditor suggested improving the process where results are compared against the input. Which of the following IT controls would the Internal auditor recommend?

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

**Correct Answer: C**

**Section:**

**QUESTION 169**

Which of the following best describes a potential benefit of using data analyses?

- A. It easily aligns with existing internal audit competencies to reduce expenses
- B. It provides a more holistic view of the audited area.
- C. Its outcomes can be easily interpreted into audit: conclusions.
- D. Its application increases internal auditors' adherence to the Standards

**Correct Answer: C**

**Section:**

**QUESTION 170**

A third party who provides payroll services to the organization was asked to create audit or "readonly 1 functionalities in their systems. Which of the following statements is true regarding this request?

- A. This will support execution of the right-to-audit clause.
- B. This will enforce robust risk assessment practices
- C. This will address cybersecurity considerations and concerns.
- D. This will enhance the third party's ability to apply data analytics



**Correct Answer: C**

**Section:**

**QUESTION 171**

On the last day of the year, a total cost of \$ 150,000 was incurred in indirect labor related to one of the key products an organization makes. How should the expense be reported on that year's financial statements?

- A. It should be reported as an administrative expense on the income statement.
- B. It should be reported as period cost other than a product cost on the management accounts
- C. It should be reported as cost of goods sold on the income statement.
- D. It should be reported on the balance sheet as part of inventory.

**Correct Answer: C**

**Section:**

**QUESTION 172**

An intruder posing as the organization's CEO sent an email and tricked payroll staff into providing employees' private tax information. What type of attack was perpetrated?

- A. Boundary attack.
- B. Spear phishing attack.
- C. Brute force attack.
- D. Spoofing attack.

**Correct Answer: B**

**Section:**

**QUESTION 173**

An organization has an immediate need for servers, but no time to complete capital acquisitions. Which of the following cloud services would assist with this situation?

- A. Infrastructure as a Service (IaaS).
- B. Platform as a Service (PaaS).
- C. Enterprise as a Service (EaaS).
- D. Software as a Service (SaaS).

**Correct Answer: D**

**Section:**

**QUESTION 174**

Which of the following would be the strongest control to prevent unauthorized wireless network access?

- A. Allowing access to the organization's network only through a virtual private network.
- B. Logging devices that access the network, including the date, time, and identity of the user.
- C. Tracking all mobile device physical locations and banning access from non-designated areas.
- D. Permitting only authorized IT personnel to have administrative control of mobile devices.

**Correct Answer: D**

**Section:**



**QUESTION 175**

A chief audit executive wants to implement an enterprisewide resource planning software. Which of the following internal audit assessments could provide overall assurance on the likelihood of the software implementation's success?

- A. Readiness assessment.
- B. Project risk assessment.
- C. Post-implementation review.
- D. Key phase review.

**Correct Answer: C**

**Section:**

**QUESTION 176**

Which of the following is an example of two-factor authentication?

- A. The user's facial geometry and voice recognition.
- B. The user's password and a separate passphrase.
- C. The user's key fob and a smart card.
- D. The user's fingerprint and a personal Identification number.

**Correct Answer: D**

**Section:**

**QUESTION 177**

The internal audit activity has identified accounting errors that resulted in the organization overstating its net income for the fiscal year. Which of the following is the most likely cause of this overstatement?

- A. Beginning inventory was overstated for the year.
- B. Cost of goods sold was understated for the year.
- C. Ending inventory was understated for the year.
- D. Cost of goods sold was overstated for the year.

**Correct Answer: B**

**Section:**

**QUESTION 178**

Which of the following is considered a physical security control?

- A. Transaction logs are maintained to capture a history of system processing.
- B. System security settings require the use of strong passwords and access controls.
- C. Failed system login attempts are recorded and analyzed to identify potential security incidents.
- D. System servers are secured by locking mechanisms with access granted to specific individuals.

**Correct Answer: D**

**Section:**

**QUESTION 179**

Which of the following business practices promotes a culture of high performance?

- A. Reiterating the importance of compliance with established policies and procedures.
- B. Celebrating employees' individual excellence.
- C. Periodically rotating operational managers.
- D. Avoiding status differences among employees.

**Correct Answer: D**

**Section:**

**QUESTION 180**

An internal auditor has requested the organizational chart in order to evaluate the control environment of an organization. Which of the following is a disadvantage of using the organizational chart?

- A. The organizational chart shows only formal relationships.
- B. The organizational chart shows only the line of authority.
- C. The organizational chart shows only the senior management positions.
- D. The organizational chart is irrelevant when testing the control environment.

**Correct Answer: A**

**Section:**

**QUESTION 181**

A financial institution receives frequent and varied email requests from customers for funds to be wired out of their accounts. Which verification activity would best help the institution avoid falling victim to phishing?

- A. Reviewing the customer's wire activity to determine whether the request is typical.
- B. Calling the customer at the phone number on record to validate the request.
- C. Replying to the customer via email to validate the sender and request.
- D. Reviewing the customer record to verify whether the customer has authorized wire requests from that email address.



**Correct Answer: B**

**Section:**

**QUESTION 182**

Internal auditors want to increase the likelihood of identifying very small control and transaction anomalies in their testing that could potentially be exploited to cause material breaches. Which of the following techniques would best meet this objective?

- A. Analysis of the full population of existing data.
- B. Verification of the completeness and integrity of existing data.
- C. Continuous monitoring on a repetitive basis.
- D. Analysis of the databases of partners, such as suppliers.

**Correct Answer: A**

**Section:**

**QUESTION 183**

An internal auditor discusses user-defined default passwords with the database administrator. Such passwords will be reset as soon as the user logs in for the first time, but the initial value of the password is set as "123456." Which of the following are the auditor and the database administrator most likely discussing in this situation?

- A. Whether it would be more secure to replace numeric values with characters.
- B. What happens in the situations where users continue using the initial password.
- C. What happens in the period between the creation of the account and the password change.
- D. Whether users should be trained on password management features and requirements.

**Correct Answer: B**

**Section:**

**QUESTION 184**

Which of the following should internal auditors be attentive of when reviewing personal data consent and opt-in/opt-out management process?

- A. Whether customers are asked to renew their consent for their data processing at least quarterly.
- B. Whether private data is processed in accordance with the purpose for which the consent was obtained?
- C. Whether the organization has established explicit and entitywide policies on data transfer to third parties.
- D. Whether customers have an opportunity to opt-out the right to be forgotten from organizational records and systems.

**Correct Answer: C**

**Section:**

**QUESTION 185**

In an effort to increase business efficiencies and improve customer service offered to its major trading partners, management of a manufacturing and distribution company established a secure network, which provides a secure channel for electronic data interchange between the company and its partners. Which of the following network types is illustrated by this scenario?

- A. A value-added network.
- B. A local area network.
- C. A metropolitan area network.
- D. A wide area network.



**Correct Answer: A**

**Section:**

**QUESTION 186**

Which of these instances accurately describes the responsibilities for big data governance?

- A. Management must ensure information storage systems are appropriately defined and processes to update critical data elements are clear.
- B. External auditors must ensure that analytical models are periodically monitored and maintained.
- C. The board must implement controls around data quality dimensions to ensure that they are effective.
- D. Internal auditors must ensure the quality and security of data, with a heightened focus on the riskiest data elements.

**Correct Answer: A**

**Section:**

**QUESTION 187**

According to IIA guidance, which of the following statements is true regarding penetration testing?

- A. Testing should not be announced to anyone within the organization to solicit a real-life response.
- B. Testing should take place during heavy operational time periods to test system resilience.

- C. Testing should be wide in scope and primarily address detective management controls for identifying potential attacks.
- D. Testing should address the preventive controls and management's response.

**Correct Answer: B**

**Section:**

**QUESTION 188**

Which of the following financial statements provides the best disclosure of how a company's money was used during a particular period?

- A. Income statement.
- B. Owner's equity statement.
- C. Balance sheet.
- D. Statement of cash flows.

**Correct Answer: D**

**Section:**

**QUESTION 189**

According to The IIA's Three Lines Model, which of the following IT security activities is commonly shared by all three lines?

- A. Assessments of third parties and suppliers.
- B. Recruitment and retention of certified IT talent.
- C. Classification of data and design of access privileges.
- D. Creation and maintenance of secure network and device configuration.



**Correct Answer: C**

**Section:**

**QUESTION 190**

A organization finalized a contract in which a vendor is expected to design, procure, and construct a power substation for \$3,000,000. In this scenario, the organization agreed to which of the following types of contracts?

- A. A cost-reimbursable contract.
- B. A lump-sum contract.
- C. A time and material contract.
- D. A bilateral contract.

**Correct Answer: B**

**Section:**

**QUESTION 191**

Which of the following analytical techniques would an internal auditor use to verify that none of an organization's employees are receiving fraudulent invoice payments?

- A. Perform gap testing.
- B. Join different data sources.
- C. Perform duplicate testing.
- D. Calculate statistical parameters.



**Correct Answer: B**

**Section:**

**QUESTION 192**

Which of the following would be the best method to collect information about employees' job satisfaction?

- A. Online surveys sent randomly to employees.
- B. Direct onsite observations of employees.
- C. Town hall meetings with employees.
- D. Face-to-face interviews with employees.

**Correct Answer: D**

**Section:**

**QUESTION 193**

Which of the following is a distinguishing feature of managerial accounting, which is not applicable to financial accounting?

- A. Managerial accounting uses double-entry accounting and cost data.
- B. Managerial accounting uses general accepted accounting principles.
- C. Managerial accounting involves decision making based on quantifiable economic events.
- D. Managerial accounting involves decision making based on predetermined standards.

**Correct Answer: D**

**Section:**

**QUESTION 194**

Which of the following facilitates data extraction from an application?

- A. Application program code.
- B. Database system.
- C. Operating system.
- D. Networks.

**Correct Answer: B**

**Section:**

**QUESTION 195**

Which of the following controls is the most effective for ensuring confidentiality of transmitted information?

- A. Firewall.
- B. Antivirus software.
- C. Passwords.
- D. Encryption.

**Correct Answer: D**

**Section:**



**QUESTION 196**

An internal auditor was assigned to test for ghost employees using data analytics. The auditor extracted employee data from human resources and payroll. Using spreadsheet functions, the auditor matched data sets by name and assumed that employees who were not present in each data set should be investigated further. However, the results seemed erroneous, as very few employees matched across all data sets. Which of the following data analytics steps has the auditor most likely omitted?

- A. Data analysis.
- B. Data diagnostics.
- C. Data velocity.
- D. Data normalization.

**Correct Answer: D**

**Section:**

**QUESTION 197**

An organization prepares a statement of privacy to protect customers' personal information. Which of the following might violate the privacy principles?

- A. Customers can access and update personal information when needed.
- B. The organization retains customers' personal information indefinitely.
- C. Customers reserve the right to reject sharing personal information with third parties.
- D. The organization performs regular maintenance on customers' personal information.

**Correct Answer: B**

**Section:**

**QUESTION 198**

Which of the following statements describes the typical benefit of using a flat organizational structure for the internal audit activity, compared to a hierarchical structure?

- A. A flat structure results in lower operating and support costs than a hierarchical structure.
- B. A flat structure results in a stable and very collaborative environment.
- C. A flat structure enables field auditors to report to and learn from senior auditors.
- D. A flat structure is more dynamic and offers more opportunities for advancement than a hierarchical structure.

**Correct Answer: A**

**Section:**

**QUESTION 199**

Which of the following statements is true regarding the term "flexible budgets" as it is used in accounting?

- A. The term describes budgets that exclude fixed costs.
- B. Flexible budgets exclude outcome projections, which are hard to determine, and instead rely on the most recent actual outcomes.
- C. The term is a red flag for weak budgetary control activities.
- D. Flexible budgets project data for different levels of activity.

**Correct Answer: D**

**Section:**

**QUESTION 200**

While conducting an audit of the accounts payable department, an internal auditor found that 3% of payments made during the period under review did not agree with the submitted invoices. Which of the following key performance indicators (KPIs) for the department would best assist the auditor in determining the significance of the test results?

- A. A KPI that defines the process owner's tolerance for performance deviations.
- B. A KPI that defines the importance of performance levels and disbursement statistics being measured.
- C. A KPI that defines timeliness with regard to reporting disbursement data errors to authorized personnel.
- D. A KPI that defines operating ratio objectives of the disbursement process.

**Correct Answer: A**

**Section:**

#### **QUESTION 201**

Which of the following backup methodologies would be most efficient in backing up a database in the production environment?

- A. Disk mirroring of the data being stored on the database.
- B. A differential backup that is performed on a weekly basis.
- C. An array of independent disks used to back up the database.
- D. An incremental backup of the database on a daily basis.

**Correct Answer: D**

**Section:**

#### **QUESTION 202**

Senior management is trying to decide whether to use the direct write-off or allowance method for recording bad debt on accounts receivables. Which of the following would be the best argument for using the direct write-off method?

- A. It is useful when losses are considered insignificant.
- B. It provides a better alignment with revenue.
- C. It is the preferred method according to The IIA.
- D. It states receivables at net realizable value on the balance sheet.

**Correct Answer: C**

**Section:**

#### **QUESTION 203**

The chief audit executive (CAE) has been asked to evaluate the chief technology officer's proposal to outsource several key functions in the organization's IT department. Which of the following would be the most appropriate action for the

CAE to determine whether the proposal aligns with the organization's strategy?

- A. Understand strategic context and evaluate whether supporting information is reliable and complete.
- B. Ascertain whether governance and approval processes are transparent, documented, and completed.
- C. Perform a due diligence review or assess management's review of provider operations.
- D. Identify key performance measures and data sources.

**Correct Answer: C**

**Section:**

**QUESTION 204**

Which of the following types of budgets will best provide the basis for evaluating the organization's performance?

- A. Cash budget.
- B. Budgeted balance sheet.
- C. Selling and administrative expense budget.
- D. Budgeted income statement.

**Correct Answer: D**

**Section:**

**QUESTION 205**

Which of the following can be viewed as a potential benefit of an enterprisewide resource planning system?

- A. Real-time processing of transactions and elimination of data redundancies.
- B. Fewer data processing errors and more efficient data exchange with trading partners.
- C. Exploitation of opportunities and mitigation of risks associated with e-business.
- D. Integration of business processes into multiple operating environments and databases.

**Correct Answer: A**

**Section:**

**QUESTION 206**

When executive compensation is based on the organization's financial results, which of the following situations is most likely to arise?

- A. The organization reports inappropriate estimates and accruals due to poor accounting controls.
- B. The organization uses an unreliable process for gathering and reporting executive compensation data.
- C. The organization experiences increasing discontent of employees, if executives are eligible for compensation amounts that are deemed unreasonable.
- D. The organization encourages employee behavior that is inconsistent with the interests of relevant stakeholders.

**Correct Answer: D**

**Section:**

**QUESTION 207**

Which of the following would be classified as IT general controls?

- A. Error listings.
- B. Distribution controls.
- C. Transaction logging.
- D. Systems development controls.

**Correct Answer: C**

**Section:**

**QUESTION 208**

Which of the following bring-your-own-device (BYOD) practices is likely to increase the risk of infringement on local regulations, such as copyright or privacy laws?

- A. Not installing anti-malware software
- B. Updating operating software in a haphazard manner,
- C. Applying a weak password for access to a mobile device.
- D. Jailbreaking a locked smart device

**Correct Answer: D**

**Section:**

**QUESTION 209**

Which of the following is the most appropriate way to record each partner's initial investment in a partnership?

- A. At the value agreed upon by the partners.
- B. At book value.
- C. At fair value
- D. At the original cost.

**Correct Answer: D**

**Section:**

**QUESTION 210**

Which of the following statements is true regarding a bring-your-own-device (BYOD) environment?

- A. There is a greater need for 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 environment, compared to a traditional environment
- D. There is greater sharing of operational risk in a BYOD environment

**Correct Answer: A**

**Section:**

**QUESTION 211**

Which of the following is a security feature that involves the use of hardware and software to filter or prevent specific information from moving between the inside network and the outside network?

- A. Authorization
- B. Architecture model
- C. Firewall
- D. Virtual private network

**Correct Answer: C**

**Section:**

**QUESTION 212**

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

**Correct Answer: C**

**Section:**

**QUESTION 213**

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

**Correct Answer: D**

**Section:**

**QUESTION 214**

An organization has a declining inventory turnover but an Increasing gross margin rate, Which of the following statements can best explain this situation?

- A. The organization's operating expenses are increasing.
- B. The organization has adopted just-in-time inventory.
- C. The organization is experiencing Inventory theft
- D. The organization's inventory is overstated.

**Correct Answer: B**

**Section:**

**QUESTION 215**

When management uses the absorption costing approach, fixed manufacturing overhead costs are classified as which of the following types of costs?

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

**Correct Answer: A**

**Section:**

**QUESTION 216**

An internal auditor was asked to review an equal equity partnership, in one sampled transaction.

Partner A transferred equipment into the partnership with a Self-declared value of 510 ,000, and Partner B contributed equipment with a self-declared value of 515,000. The capital accounts reach partner were subsequently credited with \$12,500. Which of the following statements Is true regarding this transection?

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



**Correct Answer: C**

**Section:**

**QUESTION 217**

Which of the following physical access controls often functions as both a preventive and detective control?

- A. Locked doors.
- B. Firewalls.
- C. Surveillance cameras.
- D. Login IDs and passwords.

**Correct Answer: C**

**Section:**

**QUESTION 218**

Which of the following statements is true regarding a project life cycle?

- A. Risk and uncertainty increase over the life of the project.
- B. Costs and staffing levels are typically high as the project draws to a close.
- C. Costs related to making changes increase as the project approaches completion.
- D. The project life cycle corresponds with the life cycle of the product produced by or modified by the project.

**Correct Answer: A**

**Section:**

