

DUMPS ARENA

Qualified Internal Auditor

IQN QIA

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QUESTION NO: 1

To test compliance with a policy regarding sales returns recorded during the most recent year, an auditor systematically selected 5% of the actual returns recorded in March and April. Returns during these two busiest months of the year represented about 25% of total annual returns.

Error projections from this sample have limited usefulness because

- A. The small size of the sample relative to the population makes sampling risk unacceptable.
- B. The failure to stratify the population according to sales volume results in bias.
- C. The systematic selection of returns during the two months is not sufficiently random.
- D. The error rates during the two busiest months may not be representative of the whole year.

ANSWER: D**QUESTION NO: 2**

Due to the small number of staffs, one remote unit's petty cash custodian also had responsibility for the imprest fund checking account reconciliation. The cashier concealed a diversion of funds by altering the beginning balance on the monthly reconciliations sent to the group office.

A possible audit test to detect this would be to

- A. Compare monthly balances and use change and trend analysis.
- B. Require additional monitoring by headquarters whenever improper segregation of duties exists at remote units.
- C. Determine if any employees have high personal debt.
- D. Determine if any employees are leading expensive lifestyles.

ANSWER: A**QUESTION NO: 3**

Auditors realize that at times corrective action is not taken even when agreed to by the appropriate parties. This should lead an internal auditor to

- A. Decide the extent of necessary follow-up work.
- B. Allow management to decide when to follow-up, since it is management's ultimate responsibility.
- C. Decide to conduct follow-up work only if management requests the auditor's assistance.
- D. Write a follow-up audit report with all findings and their significance to the operations.

ANSWER: A

QUESTION NO: 4

The objective of a program results audit requires the auditor to

- A. Place an emphasis on outputs rather than inputs.
- B. Look for cost savings or waste.
- C. Include only historical data in the audit.
- D. Render an opinion on the fairness of financial presentation.

ANSWER: A

QUESTION NO: 5

A company with 14,344 customers determines that the mean and median accounts receivable balances for the year are \$15,412 and \$10,382, respectively.

From this information, the auditor can conclude that the distribution of the accounts receivable balances is continuous and

- A. Negatively skewed.
- B. Positively skewed.
- C. Symmetrically skewed.
- D. Evenly distributed between the mean and median.

ANSWER: B

QUESTION NO: 6

Which of the following documents would provide the best evidence that a purchase transaction has actually occurred?

- A. Cancelled cheque issued in payment of the procured goods.
- B. Ordering department's original requisition for the goods.
- C. Receiving memorandum documenting the receipt of the goods.
- D. Supplier's invoice for the procured goods.

ANSWER: C

QUESTION NO: 7

An internal auditor found that employees in the maintenance department were not signing their time cards. This situation also existed during the last audit.

The auditor should

- A. Include this finding in the current audit report.
- B. Ask the manager of the maintenance department to assume the resulting risk.
- C. Withhold conclusions about payroll internal control in the maintenance department.
- D. Instruct the employees to sign their time cards

ANSWER: A**QUESTION NO: 8**

During an audit of sales representatives' travel expenses, it was discovered that 152 of 200 travel advances issued to sales representatives in the past year exceeded the prescribed maximum amount allowed.

Which of the following statements is a justifiable audit opinion?

- A. The majority of travel advances in the organization exceed the prescribed maximum.
- B. Travel advances are not controlled in accordance with existing policy.
- C. The prescribed maximum travel advance is too low.
- D. 76% of all travel advances exceed the management prescribed maximum.

ANSWER: B**QUESTION NO: 9**

In an audit of the procurement system, which of the following procedures would an auditor perform to determine whether competitive bidding procedures were adequate?

- I. Bids are solicited based on properly approved requests.
 - II. A sufficient number of vendors were selected to ensure competition.
 - III. Incoming bids are first returned to the buyer for control purposes.
- A. I and III.
 - B. II and III.
 - C. I, II, and III.
 - D. I and II.

- E. Bids are solicited based on properly approved requests.
- II. A sufficient number of vendors were selected to ensure competition.
- III. Incoming bids are first returned to the buyer for control purposes.

ANSWER: D

QUESTION NO: 10

Which of the following is not an activity of internal audit function?

- A. Examining financial and operating information
- B. Review of the economy, efficiency and effectiveness of operations
- C. Review of compliance with laws, regulations and other external requirements
- D. Confirming that the final result (the sum) is correct

ANSWER: D