

DUMPS ARENA

CIA Exam Part Three: Business Knowledge for Internal Auditing

IIA IIA-CIA-Part3-3P

Version Demo

Total Demo Questions: 20

Total Premium Questions: 486

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Topic Break Down

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

QUESTION NO: 1

Which of the following is the most effective control to prevent unauthorized entrance of a former employee of the organization?

- A. Revoking the former employee's biometrics from the entrance systems
- B. Installing security guards who have undergone a background check at all entrances.
- C. Installing multiple high-powered surveillance cameras throughout the organization
- D. Keeping doors locked and accessible with a key that is provided only to employees

ANSWER: A**QUESTION NO: 2**

In the years after the mid-service point of a depreciable asset which of the following depreciation methods will result in the highest depreciation expense?

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

ANSWER: A**QUESTION NO: 3**

In terms of international business strategy, which of the following is true regarding a multi-domestic strategy?

- A. It uses the same products in all countries.
- B. It centralizes control with little decision-making authority given to the local level.
- C. It is an effective strategy when large differences exist between countries.
- D. It provides cost advantages, improves coordinated activities, and speeds product development.

ANSWER: C**QUESTION NO: 4**

Which of the following budgets serves as a basis for the budgeted income statement?

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

ANSWER: B

QUESTION NO: 5

When would a contract be closed out?

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

ANSWER: B

Explanation:

Reference: <https://acqnotes.com/acqnote/careerfields/contract-closeout#:~:text=A%20Contract%20Closeout%20occurs%20when,security%2C%20patents%2C%20and%20royalties>

QUESTION NO: 6

Which of the following is likely to occur when an organization decides to adopt a decentralized organizational structure?

- A. A slower response to external change.
- B. Less controlled decision making.
- C. More burden on higher-level managers.
- D. Less use of employees' true skills and abilities.

ANSWER: B

Explanation:

Reference: <https://opentextbc.ca/principlesofaccountingv2openstax/chapter/differentiate-between-centralized-and-decentralized-management/>

QUESTION NO: 7

Which of the following are typical audit considerations for a review of authentication?

- 1) Authentication policies and evaluation of controls transactions.
- 2) Management of passwords, independent reconciliation, and audit trail.
- 3) Control self-assessment tools used by management.
- 4) Independent verification of data integrity and accuracy.

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

ANSWER: A

QUESTION NO: 8

Which of the following must be adjusted to index a progressive tax system to inflation?

- A.** Tax deductions, exemptions, and tax filings.
- B.** Tax deductions, exemptions, and tax brackets.
- C.** Tax brackets, tax deductions, and tax payments.
- D.** Tax brackets, exemptions, and nominal tax receipts.

ANSWER: B

QUESTION NO: 9

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

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

ANSWER: D

QUESTION NO: 10

Which of the following is an example of a physical security control that should be in place at an organization's data center?

- A. Backup servers in the data center are stored in an environmentally controlled location
- B. All users have a unique ID and password to access data
- C. Swipe cards are used to access the data center
- D. Firewalls and antivirus protection are in place to prevent unauthorized access to data.

ANSWER: C**QUESTION NO: 11**

Which of the following statements is true regarding the resolution of interpersonal conflict?

- A. Unrealized expectations can be avoided with open and honest discussion.
- B. Reorganization would probably not help ambiguous or overlapping jurisdictions.
- C. Deferring action should be used until there is sufficient time to fully deal with the issue.
- D. Timely and unambiguous clarification of roles and responsibilities will eliminate most interpersonal conflict.

ANSWER: A**QUESTION NO: 12**

Which of the following devices best controls both physical and logical access to information systems?

- A. Plenum.
- B. Biometric lock.
- C. Identification card.
- D. Electromechanical lock.

ANSWER: B**Explanation:**

Reference: <https://mytechdecisions.com/physical-security/biometrics-access-control-technology/>

QUESTION NO: 13

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 penmeter protection tools.

ANSWER: D

QUESTION NO: 14

A rapidly expanding retail organization 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.

ANSWER: C

QUESTION NO: 15

When an organization is choosing a new external auditor, which of the following is the most appropriate role for the chief audit executive to undertake?

- A. Review and acquire the external audit service.
- B. Assess the appraisal and actuarial services.
- C. Determine the selection criteria.
- D. Identify regulatory requirements to be considered.

ANSWER: D

QUESTION NO: 16

Which of the following is a key responsibility of a database administrator?

- A. Troubleshoot end user problems
- B. Provide production support.
- C. Provide physical security of databases

D. Maintain database integrity

ANSWER: D

QUESTION NO: 17

During an audit of the organization's annual financial statements, the internal auditor notes that the current cost of goods sold percentage is substantially higher than in prior years. Which of the following is the most likely explanation for this increase?

- A. Cost of raw material inventory items is decreasing.
- B. Process to manufacture goods is more efficient.
- C. Labor productivity to produce goods is increasing.
- D. Write-off of inventory is increasing.

ANSWER: D

QUESTION NO: 18

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

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

ANSWER: D

QUESTION NO: 19

Which of the following descriptions of the internal control system are indicators that risks are managed effectively?

- 1) Existing controls promote compliance with applicable laws and regulations.
- 2) The control environment is designed to address all identified risks to the organization.
- 3) Key controls for significant risks to the organization remain consistent over time.
- 4) Monitoring systems are in place to alert management to unexpected events.

- A. 1 and 3.
- B. 1 and 4.

C. 2 and 3.

D. 2 and 4.

ANSWER: B

QUESTION NO: 20

Which of the following statements is true regarding the risks associated with the increased use of smart devices at work?

- A. Due to their small size and portability smart devices and their associated data are typically less susceptible to physical loss
- B. The Bluetooth and WI-FI features of smart devices enhance the security of data while in transit
- C. The global positioning system (GPS) capability of smart devices could be exploited to plan cyberattacks
- D. When the user fads to perform jailbreaking or rooting, data security and privacy risks we increased

ANSWER: C