# Welcome to Cert007 - Your Ultimate IT Certification Partner

- Real Exam Questions
- Free Updates
- Expert Support
- Instant Access
- Money-Back Guarantee

Visit us at **https://www.cert007.com/** for more information

**Exam** : **IIA-CIA-Part1**

**Title** : CIA Exam Part One: Essentials of Internal Auditing

**Version** : DEMO

1.Which of the following is the most effective way for internal auditors to determine whether ethical values are followed throughout the organization?
A. Review the organization's ethical value structure and reporting procedures.
B. Review what the organization considers to be ethical behavior, such as the employee code of conduct.
C. Review employee survey responses and follow up on those that suggest weaknesses in the ethical climate.
D. Review the organization's records to ensure all employees have signed statements that they will follow ethical practices.
**Answer:** C
**Explanation:**
To effectively determine whether ethical values are followed throughout an organization, internal auditors should review employee survey responses and follow up on those that suggest weaknesses in the ethical climate. This approach allows auditors to gather firsthand insights from employees about the actual ethical environment, which can be more telling than formal documentation or compliance with written policies alone. It provides a direct measure of the ethical culture as experienced and perceived by the employees themselves.
Reference: Institute of Internal Auditors (IIA) - International Standards for the Professional Practice of Internal Auditing; Guidance on assessing organizational culture.

2.Which of the following best describes the Standards requirement for collective proficiency of the internal audit activity?
A. The internal audit activity must have auditors on staff who collectively possess all of the competencies required to fulfill the internal audit plan,
B. All internal auditors on staff should possess the knowledge, skills, and competencies needed to perform any assurance engagement on the audit plan.
C. The internal audit activity must possess or obtain the competencies needed to carry out their professional responsibilities, including providing relevant advice and recommendations.
D. Internal auditors collectively are responsible for ensuring that the internal audit activity has the competencies required to fulfill the internal audit plan.
**Answer:** A
**Explanation:**
According to the IIA’s International Standards for the Professional Practice of Internal Auditing, the internal audit activity must ensure that auditors collectively possess all of the competencies necessary to fulfill the internal audit plan. This standard recognizes that not every auditor will have every skill needed for every engagement, but collectively, the team should cover all necessary competencies.
Reference: Institute of Internal Auditors (IIA) - International Standards for the Professional Practice of Internal Auditing.

3.A snow removal company is conducting a scenario planning exercise where participating employees consider the potential impacts of a significant reduction in annual snowfall for the coming winter.
Which of the following best describes this type of risk?
A. Residual.
B. Net.

C. Inherent.
D. Accepted.
**Answer:** C
**Explanation:**
Inherent risk is the exposure to loss in an organization that arises from the nature of its activities without taking into account any actions the organization takes to alter that risk level. A scenario planning exercise that considers a significant reduction in annual snowfall addresses inherent risk, as it relates to potential impacts that naturally arise from changes in weather patterns, which are intrinsic to the business of a snow removal company.
Reference: Risk management terminology and frameworks.

4.An internal auditor is performing testing to gather evidence regarding an organization’s inventory account balance and is mindful of the possibility that the sample used might support the conclusion that the recorded account balance is not materially misstated when, in fact, it is.
The auditor's concern best describes which of the following risks?
A. incorrect rejection risk
B. Incorrect acceptance risk.
C. Tolerable misstatement risk.
D. Anticipated misstatement risk
**Answer:** B
**Explanation:**
Incorrect acceptance risk refers to the risk that an auditor concludes that a financial statement assertion is not materially misstated when, in reality, it is. This type of risk is particularly relevant when performing substantive testing on balances such as inventory, where the auditor uses sampling to draw conclusions about the entire account balance.
Reference: Auditing standards regarding audit sampling and risk assessment, including the concepts of Type I and Type II errors in auditing.

5.Which of the following is the most appropriate way to ensure that a newly formed internal audit activity remains free from undue influence by management?
A. Appoint the chief audit executive as a member of the board.
B. Adopt written policies and procedures for the internal audit activity, approved by the board.
C. Ensure the chief audit executive reports administratively to the audit committee.
D. Establish the internal audit activity’s position within the organization in an audit charter.
**Answer:** D
**Explanation:**
The most effective way to ensure that a newly formed internal audit activity remains free from undue management influence is to establish the internal audit activity’s position within the organization through an audit charter. According to the Institute of Internal Auditors (IIA) standards, the audit charter should define the purpose, authority, and responsibility of the internal audit activity, clearly outlining the scope of internal auditing within the organization. This foundational document formalizes the internal audit function's role and provides a framework that supports its operational independence.
Reference: The Institute of Internal Auditors (IIA) - International Standards for the Professional Practice of Internal Auditing.