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Exam : **IIA-CIA-Part3-3P**

Title : CIA Exam Part Three: Business Knowledge for Internal Auditing

Version : DEMO

1.If a bank's activities are categorized under such departments as community banking, institutional banking, and agricultural banking, what kind of departmentalization is being utilized?
A. Product departmentalization.
B. Process departmentalization.
C. Functional departmentalization.
D. Customer departmentalization.
Answer: D

2.What must be monitored in order to manage risk of consumer product inventory obsolescence?
1) Inventory balances.
2) Market share forecasts.
3) Sales returns.
4) Sales trends.
A. 1 only
B. 4 only
C. 1 and 4 only
D. 1, 2, and 3 only
Answer: C

3.Maintenance cost at a hospital was observed to increase as activity level increased.
The following data was gathered:
Activity Level -
Maintenance Cost
Month
Patient Days
January
5,600
$7,900
February
7,100
$8,500
March
5,000
$7,400
April
6,500
$8,200
May
7,300
$9,100
June
8,000
$9,800
If the cost of maintenance is expressed in an equation, what is the independent variable for this data?

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

4.An internal auditor is reviewing physical and environmental controls for an IT organization.
Which control activity should not be part of this review?
A. Develop and test the organization's disaster recovery plan.
B. Install and test fire detection and suppression equipment.
C. Restrict access to tangible IT resources.
D. Ensure that at least one developer has access to both systems and operations.
Answer: D

5.Preferred stock is less risky for investors than is common stock because:
A. Common stock pays dividends as a stated percentage of face value.
B. Common stock has priority over preferred stock with regard to earnings and assets.
C. Preferred dividends are usually cumulative.
D. Preferred stock with no conversion feature has a higher dividend yield than does convertible preferred stock.
Answer: C