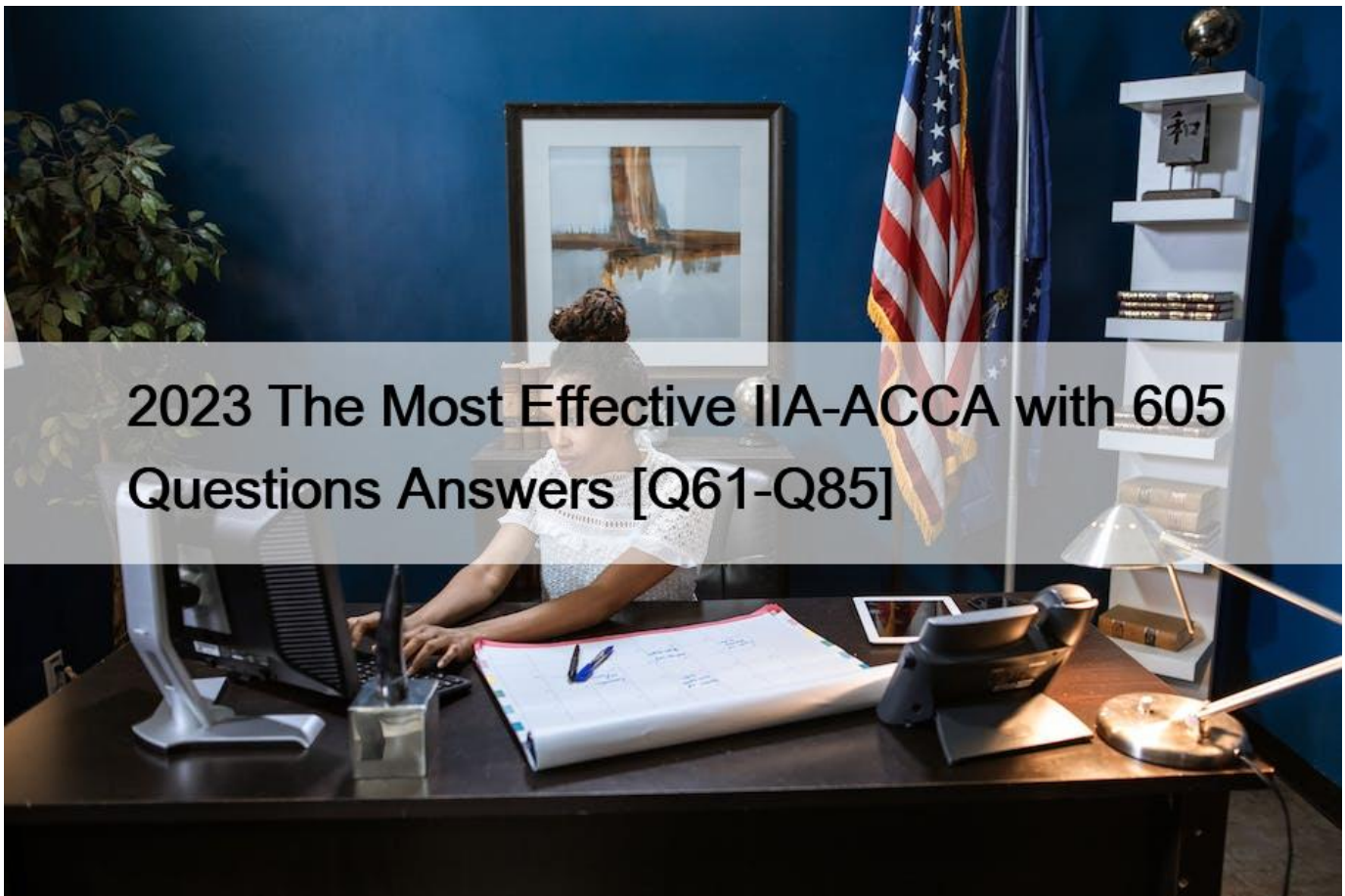


2023 The Most Effective IIA-ACCA with 605 Questions Answers [Q61-Q85]



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2023 The Most Effective IIA-ACCA with 605 Questions Answers Try Free and Start Using Realistic Verified IIA-ACCA Dumps Instantly. Q61. An internal audit charter should do which of the following?

- * Outline the schedule of future audits.
- * Define the scope of internal audit activities.
- * Establish the size of the internal audit activity.
- * Communicate the internal audit activity's goals.

Q62. A large hospital has an existing contract with a vendor in another country to provide software support and maintenance of the hospital's patient records information system. From the hospital management's perspective, which of the following controls would be most effective to address privacy risks related to this outsourcing arrangement

- * Conduct periodic reviews of the privacy policy to ensure that the existing policy meets current legislation requirements in both regions.
- * Include a "right to audit" clause in the contract and impose detailed security obligations on the outsourced vendor
- * Implement mandatory privacy training for management to help with identifying privacy risks when outsourcing services
- * Develop an incident monitoring and response plan to track breaches from internal and external sources

Q63. An internal audit charter, approved by the board, restricts the internal audit activity to providing assurance only on the reliability of financial information and the effectiveness of internal accounting controls. Which of the following statements is true

regarding the extent to which the external auditor may rely on the internal audit activity's work?

- * The external auditor may make full use of the work, as the audit charter is very specific as to the work the internal audit activity may undertake.
- * The external auditor may use the work, as the board has approved the charter, thus taking responsibility for any deficiencies.
- * The external auditor must disregard the work, as the scope of the charter may introduce bias and result in a lack of due professional care.
- * The external auditor may use the work with caution, due to the internal audit activity's scope and responsibility restrictions.

Q64. A capital investment project will have a higher net present value, everything else being equal, if it has:

- * A higher initial investment level.
- * A higher discount rate.
- * Cash inflows that are larger in the later years of the life of the project.
- * Cash inflows that are larger in the earlier years of the life of the project.

Q65. According to IIA guidance, which of the following is the correct order to conduct a business impact analysis (BIA) for the potential loss of an organization's network services?

1. identify resources and partners to provide required recovery services
 2. Identify the business processes supporting the network functionality
 3. Obtain approval of the BIA from the operating managers relative to their areas of responsibility
 4. Identify the business impact if the network services cannot be performed
- * 1, 2, 3, 4
 - * 2, 1, 4, 3
 - * 2, 4, 1, 3
 - * 4, 2, 1, 3

Q66. The newly appointed chief audit executive (CAE) of a large multinational corporation, with seasoned internal audit departments located around the world, is reviewing responsibilities for engagement reports. According to IIA guidance, which of the following statements is true?

- * The CAE is required to review, approve, and sign every engagement report.
- * The CAE is required to review, approve, and sign all regulatory compliance engagement reports only
- * The CAE may delegate responsibility for reviewing, approving and signing engagement reports, but should review the reports after they are issued.
- * The internal audit charter must identify authorized signers of engagement reports.

Q67. Which of the following statements regarding program change management is not correct?

- * The goal of the change management process is to sustain and improve organizational operations.
- * The degree of risk associated with a proposed change determines if the change request requires authorization.
- * In order to protect the production environment, changes must be managed in a repeatable, defined, and predictable manner.
- * All changes should be tested in a non-production environment before migrating to the production environment.

Q68. Which of the following must be in existence as a precondition to developing an effective system of internal controls?

- * A monitoring process.
- * A risk assessment process.
- * A strategic objective-setting process.
- * An information and communication process.

Q69. Which of the following is the most important concept to be included in a consulting engagement agreement?

- * Define the duties and responsibilities needed from management to perform the engagement.
- * Disclose the fact that auditors who perform the work may not be subject matter experts in the topic of the review.
- * Clarify that matters discovered during the engagement may also be reported to senior management and the audit committee.
- * Disclose the fact that follow-up reviews may be conducted to ensure that recommendations are implemented adequately.

Q70. According to IIA guidance, which of the following are the most important objectives for helping to ensure the appropriate completion of an engagement?

1. Coordinate audit team members to ensure the efficient execution of all engagement procedures.
 2. Confirm engagement workpapers properly support the observations, recommendations, and conclusions.
 3. Provide structured learning opportunities for engagement auditors when possible.
 4. Ensure engagement objectives are reviewed for satisfactory achievement and are documented properly.
- * 1, 2, and 3
 - * 1, 2, and 4
 - * 1, 3, and 4
 - * 2, 3, and 4

Q71. Which of the following are appropriate reasons for internal auditors to document processes as part of an audit engagement?

1. To determine areas of primary concern.
 2. To establish a standard format for process mapping.
 3. To define areas of responsibility within the organization.
 4. To assess the performance of employees.
- * 1 and 2 only
 - * 1 and 3 only
 - * 2 and 3 only
 - * 2 and 4 only

Q72. According to IIA guidance, which of the following individuals should receive the final audit report on a compliance engagement for the organization's cash disbursements process?

- * The accounts payable supervisor, accounts payable manager, and controller.
- * The accounts payable manager, purchasing manager, and receiving manager.
- * The accounts payable supervisor, controller, and treasurer.
- * The accounts payable manager, chief financial officer, and audit committee.

Q73. Which of the following describes the result if an organization records merchandise as a purchase, but fails to include it in the closing inventory count?

- * The cost of goods sold for the period will be understated.
- * The cost of goods sold for the period will be overstated.
- * The net income for the period will be understated.
- * There will be no effect on the cost of goods sold or the net income for the period.

Q74. A large sales organization maintains a system of internal control according to the COSO model and has updated its code of conduct. This change relates to which component of the COSO framework?

- * Control activities.
- * Information and communication.
- * Commitment.
- * Control environment.

Q75. Which of the following techniques would be least effective in resolving the conflict created by an internal audit client's perception of the audit report as a personal attack on his management performance?

- * The auditor should focus on the audit client as a person and understand him, rather than just concentrating on the problem.
- * The auditor should make recommendations based on objective criteria, rather than based on a subjective assessment.
- * The auditor should explore alternative solutions to address the audit problem, so the audit client has options.
- * The auditor should take a flexible position on the recommendations and focus on resolving the issue by addressing the interests of the people concerned.

Q76. What is the primary benefit to the internal audit activity for undertaking an internal quality assessment?

- * To help the internal audit activity complete its annual assurance plan.
- * To identify inefficiencies within the internal audit team.
- * To help improve the overall quality of the internal audit activity's work.
- * To identify key risks and areas of concern within the organization.

Q77. In mergers and acquisitions, which of the following is an example of a horizontal combination?

- * Dairy manufacturing company taking over a large dairy farm.
- * A movie producer acquires movie theaters.
- * A petroleum processing company acquires an agro-processing firm.
- * A baker taking over a competitor.

Q78. During an assurance engagement, an internal auditor discovered that a sales manager approved numerous sales contracts for values exceeding his authorization limit. The auditor reported the finding to the audit supervisor, noting that the sales manager had additional new contracts under negotiation. According to IIA guidance, which of the following would be the most appropriate next step?

- * The audit supervisor should include the new contracts in the finding for the final audit report.
- * The audit supervisor should communicate the finding to the supervisor of the sales manager through an interim report.
- * The audit supervisor should remind the sales manager of his authority limit for the contracts under negotiation.
- * The auditor should not reference the new contracts, because they are not yet signed and therefore cannot be included in the final report.

Q79. The final internal audit report should be distributed to which of the following individuals?

- * Audit client management only
- * Executive management only
- * Audit client management, executive management, and others approved by the chief audit executive.
- * Audit client management, executive management, and any those who request a copy.

Q80. If appropriate safeguards exist, which of the following is considered a legitimate internal audit role within risk management at an organization?

- * Imposing risk management processes.
- * Providing consolidated reporting on risks.
- * Taking accountability for risk management.
- * Making decisions on risk responses.

Q81. While performing an accounts payable engagement, a senior auditor wants to conduct several tests of controls for travel expenses. Which of the following actions are most appropriate for the senior auditor to undertake?

1. Ensure all tests use a random sampling technique.
 2. Consider a judgmental approach for the sample size.
 3. Assess testing errors through root cause analysis.
 4. Ensure that the entire data set is tested.
- * 1 and 2.
 - * 1 and 3.
 - * 2 and 3.
 - * 2 and 4.

Q82. The manager for an organization's accounts payable department resigned her post in that capacity. Three months later, she was recruited to the internal audit activity and has been working with the audit team for the last eight months. Which of the following assignments would the newly hired internal auditor be able to execute without any impairments to independence or objectivity?

- * An operations audit of the accounts payable department.
- * A consulting engagement related to a new accounts payable optimization initiative.
- * A review of the employees' sports club finances, which are overseen by the chief audit executive.
- * An assurance review for a sales program on which she previously provided consultation.

Q83. An organization requires an average of 58 days to convert raw materials into finished products to sell. An average of 42 additional days is required to collect receivables. If the organization takes an average of 10 days to pay for the raw materials, how long is its total cash conversion cycle?

- * 26 days.
- * 90 days.
- * 100 days.
- * 110 days.

Q84. Which of the following statements is true regarding the roles and responsibilities associated with a corporate social responsibility (CSR) program?

- * The board has overall responsibility for the internal control processes associated with the CSR program.
- * Management has overall responsibility for the effectiveness of governance, risk management, and internal control processes associated with the CSR program.
- * The internal audit activity is responsible for ensuring that CSR principles are integrated into the organization's policies and procedures.
- * Every employee has a responsibility for ensuring the success of the organization's CSR objectives.

Q85. Which of the following statements is true regarding reversing entries in an accounting cycle?

- * Reversing all previous closing adjustments is a mandatory step in the accounting cycle
- * Reversing entries should be completed at the end of the next accounting period after recording regular transactions of the period
- * Reversing entries are identical to the adjusting entries made in the previous period.
- * Reversing entries are the exact opposite of the adjustments made in the previous period.

IIA IIA-ACCA Exam Syllabus Topics:

TopicDetailsTopic 1- Manage monitoring and follow-up of the disposition of audit engagement results communicated to management and the board- Arrange preliminary communication with engagement clientsTopic 2- Develop checklists and risk-and-control questionnaires as part of a preliminary survey of the engagement area- Identify key activities in supervising engagementsTopic 3- Summarize and develop engagement conclusions, including assessment of risks and controls- Determine the level of staff and resources needed for the engagementTopic 4- Prepare interim reporting on the engagement progress- Evaluate the relevance, sufficiency, and reliability of potential sources of evidenceTopic 5- Communicating Engagement Results and the Acceptance of Risk- Formulate recommendations to enhance and protect organizational value

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