

# **IIA**

## **Exam IIA-CFSA**

### **Certified Financial Services Auditor**

Version: 5.0

**[ Total Questions: 511 ]**

**Topic 1, Volume A****Question No : 1 - (Topic 1)**

Which of the following situation would not impair audit objectivity?

- A.** An auditor is assigned to audit a business function that the auditor was responsible for nine months ago
- B.** An individual temporarily assigned to the internal audit activity because of the individual's expert knowledge in a particular business function assigned to audit an activity that the individual was responsible for just prior to transferring to the internal audit activity
- C.** An auditor is assigned to perform a post-implementation review on a system for which the auditor participated in the design process
- D.** An auditor is assigned to perform a post-implementation review on a system for which the auditor performed a procedure review and made control recommendations prior to the system's implementation

**Answer: D**

**Question No : 2 - (Topic 1)**

Internal auditing:

- A.** Is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations
- B.** Is an independent, performance measurement and consulting activity designed to add value and improve an organization's operations
- C.** Helps an organization accomplish objectives by bringing a systematic, disciplined approach to evaluate but rarely improve the effectiveness of risk management, control and governance
- D.** Helps an organization accomplish objectives by bringing a targeted, disciplined approach to evaluate but rarely improve the effectiveness of risk management, control and governance

**Answer: A**

**Question No : 3 - (Topic 1)**

IIA's code of ethics applies to \_\_\_\_\_ that provide internal auditing services:

- A. Individuals
- B. Entities
- C. Individuals and entities
- D. Individuals, entities and indirect authorities

**Answer: C**

**Question No : 4 - (Topic 1)**

Internal auditors are expected to uphold the following principles:

- A. Integrity, objectivity, competency
- B. Integrity, objectivity, confidentiality, and competency
- C. Integrity, objectivity, awareness and competency
- D. Integrity, objectivity, entirety

**Answer: B**

**Question No : 5 - (Topic 1)**

“Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.” This statement best explains one of the following principles:

- A. Competency
- B. Confidentiality
- C. Objectivity
- D. Integrity

**Answer: C**

**Question No : 6 - (Topic 1)**

Internal auditors, engaging in activities that are illegal and discreditable to the profession of internal auditing or the organization, violate which of the following principles:

- A. Objectivity

- B. Awareness
- C. Integrity
- D. Competence

**Answer: C**

**Question No : 7 - (Topic 1)**

Which of the following statements is NOT related to competency principle of internal auditing? Internal auditors:

- A. Shall continually improve their proficiency and effectiveness and quality of their services
- B. Shall perform internal auditing services in accordance with the standards for the professional practice of internal auditing
- C. Shall engage only in those services for which they have the necessary knowledge, skills and experience
- D. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review

**Answer: D**

**Question No : 8 - (Topic 1)**

While performing consulting services internal auditors should specifically maintain:

- A. Proficiency level
- B. Objectivity
- C. Competence
- D. Confidentiality

**Answer: B**

**Question No : 9 - (Topic 1)**

All these statements elaborate purpose of standards EXCEPT:

- A. Foster improved organizational processes and operations

- B. Establish the basis for the evaluation of internal audit performance
- C. Subvert the framework for performing and promoting broad range of value-added internal audit activities.
- D. Delineate basic principles that represent the practice of internal auditing as it should be

**Answer: C**

**Question No : 10 - (Topic 1)**

Nature of internal audit activities and quality criteria against which the performance of these services can be evaluated is best portrayed by:

- A. Performance Standards
- B. Attribute Standards
- C. Implementation Standards
- D. Evaluation Standards

**Answer: A**

**Question No : 11 - (Topic 1)**

There are multiple sets of attribute and performance standards:

- A. False
- B. True
- C. True- In specific conditions
- D. False- In specific conditions

**Answer: A**

**Question No : 12 - (Topic 1)**

All of the following phrases are used to express the auditor's opinion EXCEPT:

- A. Give a true and fair view
- B. Present fairly, in all material respects
- C. Timely and consistent opinion

D. Comprehensible and realistic view

**Answer: C**

**Question No : 13 - (Topic 1)**

The auditor should plan an audit with an attitude of:

- A. Professional competence
- B. Professional skepticism
- C. Subject awareness
- D. Opinion sharing

**Answer: B**

**Question No : 14 - (Topic 1)**

Which of the following is a limitation in an audit that affects auditors' ability to detect material misstatements?

- A. Scope of an audit
- B. The use of testing
- C. Over- generalization
- D. Unidentifiable risks

**Answer: B**

**Question No : 15 - (Topic 1)**

Reasonable assurance relates to the:

- A. Audit planning process
- B. Scope of the internal audit
- C. End of the audit process
- D. Whole audit process

**Answer: D**

**Question No : 16 - (Topic 1)**

The responsibility for preparing and presenting the audited financial statements is that of:

- A. Internal auditor
- B. Engagement client/ Management of the entity
- C. Process owner
- D. Auditing Agency

**Answer: B**

**Question No : 17 - (Topic 1)**

All these are disparities in public and private sector audits EXCEPT:

- A. Objective and scope
- B. Specific requirements of relevant regulation, ordinances or ministerial directives
- C. Specific and broad range mandate in public sector
- D. Reasonable assurance

**Answer: D**

**Question No : 18 - (Topic 1)**

Which one of the following is an internal control component?

- A. Compliance control
- B. Control activities
- C. Financial Reporting Controls
- D. Communication channels and network

**Answer: B**

**Question No : 19 - (Topic 1)**

Management must \_\_\_\_\_ assess business risk and develop clearly defined control objectives:

- A. Continually
- B. Annually
- C. Periodically
- D. Weekly

**Answer: A**

**Question No : 20 - (Topic 1)**

Internal audit routinely reviews compliance risk and also should be reviewing business risk. The efforts to control both risk types will purely enhance:

- A. The short-term profitability and viability of an organization
- B. The long-term profitability and viability of an organization
- C. Both short-term and long-term profitability and viability of an organization
- D. None of these

**Answer: C**

**Question No : 21 - (Topic 1)**

Following statements define risk EXCEPT:

- A. Organization has knowledge of facts constituting a dangerous condition
- B. Organization voluntarily exposes itself to the danger
- C. The element of assurance in an undertaking
- D. Measured in terms of impact and likelihood

**Answer: C**

**Question No : 22 - (Topic 1)**

Strategic planning is the process of taking a long-term view of the organization, the longer the view, the greater the uncertainty of risks and opportunities. Such reservations can



better be handled by:

- A. Timely decisions
- B. Flexible/ Adaptive plans and processes
- C. Periodic risk assessments
- D. Focusing on current period organizational activity

**Answer: B**

**Question No : 23 - (Topic 1)**

High-risk scores are those with an average of scores:

- A. 3.75 or more
- B. 3.25 or more
- C. 4.25 or more
- D. 4.00 or more

**Answer: C**

**Question No : 24 - (Topic 1)**

Low-risk scores are those with an average of scores:

- A. 2.25 or less
- B. 2.75 or less
- C. 2.00 or less
- D. 3.25 or less

**Answer: A**

**Question No : 25 - (Topic 1)**

Risks inherent in the management process are known as:

- A. Residual risks
- B. Long-term risks

- C. Control risks
- D. Strategic risks

**Answer: C**

**Question No : 26 - (Topic 1)**

Both residual and control risk need to be \_\_\_\_\_ dealt with in project management.

- A. Timely
- B. Implicitly
- C. Professionally
- D. Explicitly

**Answer: D**

**Question No : 27 - (Topic 1)**

“Ongoing monitoring activities are conducted to periodically reassess risk and the effectiveness of control risk,” is an objective of:

- A. Risk Identification
- B. Risk Measurement
- C. Risk Management Process
- D. Risk Prioritization

**Answer: C**

**Question No : 28 - (Topic 1)**

Faulty human judgments, misunderstanding of instructions, errors, management override, and collusion and cost/benefit considerations are the limitations of:

- A. Reasonable Assurance
- B. Internal Control System
- C. Risk Management