

IQN

Exam QIA

Qualified Internal Auditor

Version: 6.0

[Total Questions: 80]

Question No : 1

What evidence is appropriate to determine that recorded purchase transactions were valid and at the best price?

- A. Purchase requisitions, journal voucher entries, and bid quotes.
- B. Purchase requisitions, purchase orders, and bid quotes.
- C. Receiving reports, purchase orders, and purchase requisitions.
- D. Purchase orders, receiving reports, and bid quotes.

Answer: D

Question No : 2

Which of the following audit procedures would be most effective in determining whether vendor invoices are being processed on a timely basis while maximizing the company's use of cash?

- A. Determine the length of processing time between the receipt of the vendor's invoice to the payment date for the related disbursement.
- B. Interview the accounts payable manager to determine the procedures and standards for processing vendor invoices.
- C. Compare the vendor's invoice due date with the payment date as indicated on the cancelled check.
- D. Compare the date stamped on the invoice for receipt with the corresponding payment date for the disbursement.

Answer: C

Question No : 3

In addition to controls over access, processing, program changes, and other functions, a computerized system needs to establish an audit trail of information.

Which of the following information would generally not be included in an audit trail log designed to summarize unauthorized system access attempts?

- A. A list of authorized users.
- B. The type of event or transaction attempted.

- C. The terminal used to make the attempt.
- D. The data in the program sought.

Answer: A

Question No : 4

Working papers serve the following purpose for the internal auditor:

- A. Provide the auditee a place to make responses to audit recommendations.
- B. Make the audit report more readable by providing a place to append exhibits.
- C. Provide the principal evidential support for the internal auditor's report.
- D. Provide a place to summarise overall audit recommendations.

Answer: C

Question No : 5

Audits vary in their degree of objectivity. Of the following, which is likely to be the most objective?

- A. Compliance audit of company's overtime policy.
- B. Operational audit of the personnel function hiring and firing procedures.
- C. Performance audit of the marketing department.
- D. Financial control audit over payroll procedures.

Answer: A

Question No : 6

Auditors realize that at times corrective action is not taken even when agreed to by the appropriate parties. This should lead an internal auditor to

- A. Decide the extent of necessary follow-up work.
- B. Allow management to decide when to follow-up, since it is management's ultimate responsibility.
- C. Decide to conduct follow-up work only if management requests the auditor's assistance.

D. Write a follow-up audit report with all findings and their significance to the operations.

Answer: A

Question No : 7

Which of the following is a particular activity of internal audit function?

- A. Special investigations, for instance, into suspected fraud
- B. Confirm that the final result (the sum) is correct
- C. To evaluate the system of internal control that are mainly concerned with the financial statements and accounting
- D. To give an opinion on overall fairness of the financial statements and accounting

Answer: A

Question No : 8

A Qualified Internal Auditor directs the audit function for a large city and is planning the audit schedule for the next year. The city has a number of different funds, some that are restricted in use by government grants and some that require compliance reports to the government. One of the programs for which the city has received a grant is job retraining and placement. The grant specifies certain conditions a participant in the program must meet in order to be eligible for the funding.

The auditor must determine the applicable laws and regulations.

Which of the following procedures would be the least effective in learning about the applicable laws and regulations?

- A. Make inquiries of the city's chief financial officer, legal counsel, or grant administrators.
- B. Review prior year working papers and enquire of officials as to changes.
- C. Review applicable grant agreements.
- D. Discuss the matter with the audit committee and make inquiries as to the nature of the requirements and the audit committee's objectives for the audit.

Answer: D

Question No : 9

An organization uses a service bureau to process its hourly payroll transactions. The internal auditor is concerned that the hourly payroll for the year has been processed correctly and, in particular, the computation of employee withholding for pension contributions is in accordance with the union contract, which specifies charges each quarter.

Which of the following audit procedures would best accomplish the audit objective?

- A.** Select a random sample of all hourly payroll transactions for the reporting period, re-compute pay and withholding items, and compare the result with that obtained from the service bureau.
- B.** Select a stratified sample of all hourly and salaried payroll transactions for an entire reporting period, perform the necessary activities, and then compare the result with that obtained from the service bureau.
- C.** Select a discovery sampling of all payroll transactions for an entire reporting period and then follow up on any findings.
- D.** Submit a set of test data to the service bureau during an annual audit and compare the service bureau's processing with the auditor's predetermined computations on the same test data.

Answer: D

Question No : 10

The auditor wants to understand the actual flow of data regarding cash processing. The most convincing evidence would be obtained by

- A.** Reviewing the systems flowchart.
- B.** Performing a "walk-through" of the processing and obtaining copies of all documents used.
- C.** Reviewing the programming flowchart for evidence of control procedures placed into the computer programs.
- D.** Interviewing the treasurer.

Answer: B

Question No : 11

In a variables sampling application, which of the following factors will vary directly with a change in confidence level from 90% to 95%?

- A. Standard error of the mean.
- B. Non-sampling error.
- C. Achieved precision.
- D. Point estimate of the arithmetic mean.

Answer: C

Question No : 12

How does CSA differ from traditional methods of auditing?

- A. Shifts some of the responsibilities away from the auditors towards others such as work teams.
- B. Allocated additional responsibilities to internal audit.
- C. Reduces the level of collaboration required between managers and internal auditor.
- D. Allows assessment to be carried out without any internal audit involvement whatsoever, therefore allowing them to focus their attention on other areas of the organization.

Answer: A

Question No : 13

Your assurance firm is auditor of Happy Goods. The audit manager has just become engaged to the managing director's daughter, who he met through a mutual friend. The managing director owns 51% of the shares in Happy Goods. Which of the threat is not there in this case?

- A. Intimidation threat
- B. Familiarity threat
- C. Self-interest threat
- D. Advocacy threat

Answer: D

Question No : 14