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Vendor: IIA

Code: IIA-CIA-PART3

Exam: Certified Internal Auditor-Internal Audit Knowledge Elements

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QUESTIONS & ANSWERS

DEMO VERSION

Version: 14.3

Topic 1, Exam Pool A

Question: 1

A newly appointed chief audit executive (CAE) reviews current reporting practices. The CAE notices that exit meetings tend to be unproductive. When internal auditors present summaries of observations, engagement clients consistently complain that they do not understand where the observations come from. Which of the following could improve this situation?

A. Send summaries of observations in advance of exit meetings and ask engagement clients to review them ahead of time

B. Establish the purpose of exit meetings as for presentation of observations only and request that all disagreements are submitted in writing afterwards

C. Read the entire draft internal audit report together with the clients at the exit meeting to eliminate any disputes

D. Discontinue exit meetings, as they have proved to be ineffective and unproductive

Answer: A

Explanation:

Exit meetings are intended to ensure that engagement clients clearly understand the observations, conclusions, and recommendations of the internal audit activity. The IIA's International Standards for the Professional Practice of Internal Auditing emphasize that communication should be clear, constructive, and timely. Providing engagement clients with written summaries of the observations before the exit meeting allows them to review the facts, prepare questions, and understand the basis for the observations. This preparation improves dialogue, reduces confusion, and increases the effectiveness of the meeting.

Option B is less effective because it limits client engagement and postpones resolution of disagreements. Option C is impractical, as reading the full draft report during the meeting is time-consuming and may

overwhelm clients. Option D eliminates the opportunity for discussion and relationship building with management, which is a critical part of audit communication.

Reference:

IIA's International Standards for the Professional Practice of Internal Auditing (Standards 2400 – Communicating Results, Practice Advisory 2410-2).

Question: 2

Upon completing a follow-up audit engagement, the chief audit executive (CAE) noted that management has not implemented any mitigation measures to address the high risks that were reported in the initial audit report. What initial step must the CAE take to address this situation?

A. Communicate the issue to senior management

B. Discuss the issue with members of management responsible for the risk area

C. Report the situation to the external auditors

D. Escalate the issue to the board

Answer: B

Explanation:

According to the International Standards for the Professional Practice of Internal Auditing, when significant risk exposures remain unaddressed after a follow-up engagement, the CAE must first discuss the matter with the appropriate level of management responsible for the area. The purpose is to determine whether there is a valid reason for not implementing the recommended corrective actions, to clarify management's perspective, and to encourage timely resolution.

If management still refuses to act and the risk remains high, the CAE must then escalate the issue to senior management and, if necessary, to the board. Immediate escalation to the board without first discussing with management is inappropriate, as it bypasses the chain of accountability. Reporting directly to external auditors is also not the responsibility of the CAE unless specifically mandated by regulation or law.

Therefore, the correct initial step is to discuss the issue with management responsible for the risk area (Option B).

Reference:

IIA Standards – Standard 2500: Monitoring Progress; Implementation Guide 2500 – Monitoring Progress.

Question: 3

The board is considering outsourcing the internal audit function to an external service provider. Which of the following would always remain the responsibility of the organization?

A. Ongoing monitoring of the quality of internal audit documents

B. Defining audit scopes sufficient to achieve the engagements' objectives

C. Maintaining a quality assurance and improvement program

D. Assessment of organizational risks for the annual audit plan

Answer: D

Explanation:

Even if the internal audit activity is outsourced, the organization's senior management and the board retain overall responsibility for governance, risk management, and control processes. Specifically, management must ensure that an annual risk assessment is performed to identify and prioritize organizational risks. This forms the basis of the internal audit plan.

While the external service provider may assist in planning and execution, the assessment of risks to the organization cannot be delegated away because accountability for risk management remains with the organization itself. Activities such as quality assurance programs or audit scope discussions can be supported or executed by the service provider, but responsibility for risk assessment is always with management and the board.

Reference:

IIA Standards – Standard 2070: External Service Provider and Organizational Responsibility for Internal Auditing.

Question: 4

During the process of setting the annual audit plan, the chief audit executive receives a request from senior management to conduct an assurance engagement on the cybersecurity controls of the organization. Which of the following is a reason cybersecurity should be included in the annual internal audit plan?

A. In order to maintain good relationships with senior management

B. Cybersecurity is a new area for auditors to learn

C. Cybersecurity has been identified as a high risk during the annual risk assessment

D. The Global Internal Audit Standards require that all management-requested engagements be included in the annual internal audit plan

Answer: C

Explanation:

The internal audit plan must be risk-based, as required by the IIA Standards. If cybersecurity has been identified as a high risk during the annual risk assessment, then it should be included in the audit plan to provide assurance over the adequacy of controls.

Including engagements simply to satisfy management (Option A) or for auditor learning purposes (Option B) does not align with risk-based planning principles. Likewise, management requests alone (Option D) do not dictate audit plan content; engagements must be prioritized based on risk to the organization.

Reference:

IIA Standards – Standard 2010: Planning; Implementation Guide 2010 – Risk-Based Planning.

Question: 5

Which of the following documents would provide an internal auditor with information on the length of time to maintain documents after the completion of an engagement?

A. Internal audit charter

B. Annual internal audit plan

C. Internal audit policies

D. Quality assurance and improvement program

Answer: C

Explanation:

The retention and maintenance of internal audit engagement records, including the period of time they must be kept, is governed by the internal audit activity's policies and procedures. These policies provide guidance on record retention consistent with organizational requirements, legal and regulatory obligations, and professional standards.

The charter (Option A) defines purpose, authority, and responsibility but does not detail document retention. The annual plan (Option B) outlines engagements but not recordkeeping. The quality assurance and improvement program (Option D) addresses continuous improvement and compliance with standards, not retention guidelines.

Therefore, the correct source for document retention requirements is internal audit policies (Option C).

Reference:

IIA Standards – Standard 2330: Documenting Information; Implementation Guide 2330.

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