

CIA COURSE DEMO VIDEO LINKS

S. No	Subject	URL
1	Part 1	https://youtu.be/lvBTqX-M2Bs
		https://youtu.be/eu2SHYPDgY0
2	Part 2	https://youtu.be/vu0nVhjnhlg
		https://youtu.be/tHOIOvHRycM
3	Part 3	https://youtu.be/98lr02GJP_o
		https://youtu.be/DbptgJB7OPM

CIA MCQ's

CIA PART 1 MCQ's

1. According to the COSO's enterprise risk management (ERM) framework, which of the following is consistent with a principle of its governance and culture component?

- A. Analysis of business context.
- B. Retention of capable individuals.
- C. Assessing changes affecting objectives.
- D. Prioritization of risks.

Answer (B) is correct.

A principle of the governance and culture component of ERM is that the organization attracts, develops, and retains capable individuals. Management is responsible for defining the necessary human capital (needed competencies) to achieve objectives, and the human resources function assists management in developing competency requirements through processes that attract, train, mentor, evaluate, reward, and retain competent individuals. Moreover, contingency plans should be developed to prepare for succession.

2. According to The IIA, continuing professional development (CPD) activities for CIAs may include

- A. Participating in conferences, online and classroom courses, and webinars.
- B. Completion of at least 40 hours of continuing professional education (CPE) annually by nonpractitioners.
- C. Earning an advanced degree in any field.
- D. Up to 8 hours of ethics training of which 4 hours are mandatory for nonpracticing CIAs.

Answer (A) is correct.

Opportunities for CPD include (1) participating in conferences, seminars, training programs, online courses and webinars, self-study programs, or classroom courses; (2) conducting research projects; (3) volunteering with professional organizations; and (4) pursuing professional certifications.

3. The fraud risk factor that may be mitigated by internal controls is

- A. Motive.
- B. Pressure.
- C. Rationalization.
- D. Opportunity.

Answer (D) is correct.

The opportunity for individuals to perpetrate a fraud can be mitigated by proper controls. Examples are appropriate oversight, segregation of duties, and the audit process.

Itself.

4. The level of assurance that risk management can provide regarding the achievement of entity objectives is

- A. Reasonable.
- B. Negative.
- C. Absolute.
- D. Positive.

Answer (A) is correct.

Risk management should provide reasonable assurance that entity objectives are achieved.

5. According to COSO, which component of enterprise risk management (ERM) addresses an entity's operating structures and core values?

- A. Strategy and objective-setting.
- B. Information, communication, and reporting.
- C. Governance and culture.
- D. Review and revision.

Answer (C) is correct.

The governance and culture component addresses board responsibilities, operating structures, and core values, among others.

6. Which of the following are elements of a supporting aspect component of the COSO ERM framework?

- A. Information and communication.
- B. Objective setting and review.
- C. Strategy and culture.
- D. Performance and revision.

Answer (A) is correct.

The COSO ERM framework consists of five interrelated components. The supporting aspect components are (1) governance and culture and (2) information, communication, and reporting. The common process components are (1) strategy and objective setting, (2) performance, and (3) review and revision.

CIA PART 2 MCQ's

1. An internal auditor has set an engagement objective of determining whether mail room staff is fully used. Which of the following engagement techniques will best meet this objective?

- A. Inspection of documents.
- B. Observation.
- C. Inquiry.
- D. Analytical review.

Answer (B) is correct.

By observing mail room operations at various times on various days of the week, the internal auditor can note whether incoming or outgoing mail backlogs exist and whether mail room staff are busy on mail room activities, idle, or working on other projects.

2. Very small random samples (fewer than 30) should normally be avoided when using a variables sampling plan because

- A. The size of the sampling risk will increase disproportionately.
- B. The estimated population mean value will increase disproportionately.
- C. The skew of the distribution of sample means cannot be determined.
- D. The estimated standard deviation of the population will increase disproportionately.

Answer (A) is correct.

When small samples are selected from a population, the chance is greater that the sample will not adequately represent the population. Small samples (fewer than 30) should therefore be avoided because of the increase in sampling risk.

3. To control daily operating costs, an organization decreased the number of times a messenger service was used each day. Despite those measures, the monthly bill continued to

increase. What procedure should the internal auditor use to detect whether improper services were being billed?

- A. Test the mathematical accuracy of a sample of messenger invoices.
- B. Reconcile a sample of messenger invoices to pickup receipts.
- C. Observe daily use of the messenger service.
- D. Scan ledger accounts and messenger invoices.

Answer (B) is correct.

When the amount charged for a service increases as an entity reduces its use of the service, the possibility exists that the entity is being charged for service not received.

The internal auditor should reconcile a sample of messenger invoices to pickup receipts. By multiplying the number of trips authorized by the charge per trip, any discrepancy can be identified.

CIA PART 3 MCQ's

1. A service entity keeps its accounting records on a cash basis. During the recent year, the entity collected US \$600,000 from customers, including US \$15,000 of unearned income and US \$60,000 of payments on prior-year orders. What was the amount of service revenue for the year on an accrual basis?

- A. US \$675,000
- B. US \$645,000
- C. US \$555,000
- D. US \$525,000

Answer (D) is correct.

The amount of service revenue for the year on an accrual basis equals US \$525,000 (\$600,000 cash collected - \$15,000 unearned revenue - \$60,000 collection of prior-year accounts receivable).

2. Which of the following theories includes the assertion that employees may be motivated by achievement of acceptance or esteem in the workplace?

- A. Equity theory.
- B. Expectancy theory.
- C. Needs hierarchy theory.
- D. Goal-setting theory.

Answer (C) is correct.

Abraham Maslow presented one of the most widely cited theories of motivation. He saw human needs as a hierarchy, from lowest to highest. Lower-level needs must be satisfied before higher-level needs can influence the individual. He concluded that as the set of needs on each level was satisfied, those needs ceased to be a motivator.

Affiliation or acceptance (love and affection) needs are the needs of people as social beings to belong to groups and be accepted by others. Esteem is the need to be valued, including the need to be esteemed by both one's self and others. These needs are satisfied by power, prestige, status, and self-confidence.

3. The form of departmentation that most readily lends itself to use of profit centers is

- A. Matrix.
- B. Product.
- C. Functional.
- D. Project.

Answer (B) is correct.

Departmentation by product is growing in importance for multiline, large-scale enterprises. It is an outgrowth of functional departmentation and permits extensive authority for a division executive over a given product or product line. Its advantages include better use of specialized resources and skills, ease of coordination of the

activities for a given product, and simpler assignment of profit responsibility. It is compatible with a decentralization strategy and provides, via product profit centers, a basis for allocating capital more efficiently.

4. A small furniture manufacturer with 100 employees is located in a two-story building and does not plan to expand. The furniture manufactured is not special-ordered or custom-made. Its most likely organization structure is

- A. Matrix organization.
- B. Product departmentation.
- C. Functional departmentation.
- D. Divisional organization.

Answer (C) is correct.

Organizing by function categorizes jobs according to the activity performed. It avoids duplication of effort and allows for specialization. It permits workers with similar expertise to work in a coordinated subunit. If the same activities are required for the manufacture of all items produced, organizing production in accordance with those activities (functions) is efficient.

5. Of the following, the greatest advantage of a database (server) architecture is

- A. Data redundancy can be reduced.
- B. Conversion to a database system is inexpensive and can be accomplished quickly.
- C. Backup and recovery procedures are minimized.
- D. Multiple occurrences of data items are useful for consistency checking.

Answer (A) is correct.

In a database system, storage structures are created that render the applications programs independent of the physical or logical arrangement of the data. Because separate files for different applications programs are unnecessary, data redundancy can be substantially reduced.

6. To comply with the matching principle, the cost of labor services of an employee who participates in the manufacturing of a product normally should be charged to the income statement in the period in which the

- A. Work is performed.
- B. Product is completed.
- C. Employee is paid.
- D. Product is sold.

Answer (D) is correct.

The matching principle states that expenses should be recognized in the same period as the revenues that those expenses helped produce. Revenues related to the employee's labor are not recognized until the goods are sold.