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**Vendor:**IIA

**Exam Code:**IIA-CIA-PART3-3P

**Exam Name:**CIA Exam Part Three: Business  
Knowledge for Internal Auditing

**Version:**Demo

### QUESTION 1

Which of the following statements is correct regarding risk analysis?

- A. The extent to which management judgments are required in an area could serve as a risk factor in assisting the auditor in making a comparative risk analysis.
- B. The highest risk assessment should always be assigned to the area with the largest potential loss.
- C. The highest risk assessment should always be assigned to the area with the highest probability of occurrence.
- D. Risk analysis must be reduced to quantitative terms in order to provide meaningful comparisons across an organization.

Correct Answer: A

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### QUESTION 2

The critical path for any project is the path that exhibits which of the following characteristics?

- A. Has the longest duration in time.
- B. Costs the most money.
- C. Requires the largest amount of labor
- D. Is deemed most important to the project.

Correct Answer: A

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### QUESTION 3

An organization's network administrator received an email that appeared to come from the organization's external IT service provider requesting his credentials to perform an update of a server operating system. If the IT service provider did not send the email, which of the following best describes the likely purpose of the email?

- A. An attempt at phishing.
- B. An attempt at penetration testing
- C. An attempt to patch the server
- D. An attempt to launch malware

Correct Answer: A

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### QUESTION 4

In an organization where enterprise risk management practices are mature, which of the following is a core internal audit

role?

- A. Giving assurance that risks are evaluated correctly.
- B. Developing the risk management strategy for the board's approval.
- C. Facilitating the identification and evaluation of risks.
- D. Coaching management in responding to risk.

Correct Answer: A

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#### QUESTION 5

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?

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

Correct Answer: A

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#### QUESTION 6

Which of the following is classified as a product cost using the variable costing method?

- 1) Direct labor costs 2) Insurance on a factory. 3) Manufacturing supplies. 4) Packaging and shipping costs
- A. 1 and 2
  - B. 1 and 3
  - C. 2 and 4
  - D. 3 and 4

Correct Answer: B

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#### QUESTION 7

Which of the following is a key component of an organization's cybersecurity governance?

- A. Administrators monitoring the use, assignment and configuration of privileges on the network.

- B. The IT department establishing implementing, and actively managing security configurations.
- C. Management identifying and classifying the types of critical data in the organization's system
- D. Senior management of the organization setting the cybersecurity policy

Correct Answer: D

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### QUESTION 8

A supervisor receives a complaint from an employee who is frustrated about having to learn a new software program. The supervisor responds that the new software will enable the employee to work more efficiently and with greater accuracy.

This response is an example of:

- A. Empathetic listening.
- B. Reframing.
- C. Reflective listening.
- D. Dialogue.

Correct Answer: B

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### QUESTION 9

Which of the following is a primary objective of the theory of constraints?

- A. Full or near capacity in processes.
- B. Smooth workflow among processes.
- C. Few or no defects.
- D. Lowered inventory levels.

Correct Answer: A

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### QUESTION 10

An organization has a total asset turnover of 3.0 times and a total debt-to-total assets ratio of 80 percent. If the organization has total debt of \$1 000 000 what is the organization's sales level?

- A. \$266.667
- B. \$416,667

C. \$3.750.000

D. \$5 000.000

Correct Answer: C

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#### QUESTION 11

An organization decided to install a motion detection system in its warehouse to protect against after-hours theft. According to the COSO enterprise risk management framework, which of the following best describes this risk management strategy?

A. Avoidance.

B. Reduction.

C. Elimination.

D. Sharing.

Correct Answer: B

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#### QUESTION 12

When auditing an application change control process, which of the following procedures should be included in the scope of the audit?

1) Ensure system change requests are formally initiated, documented, and approved.

2) Ensure processes are in place to prevent emergency changes from taking place.

3) Ensure changes are adequately tested before being placed into the production environment.

4) Evaluate whether the procedures for program change management are adequate.

A. 1 only

B. 1 and 3 only

C. 2 and 4 only

D. 1, 3, and 4 only

Correct Answer: D