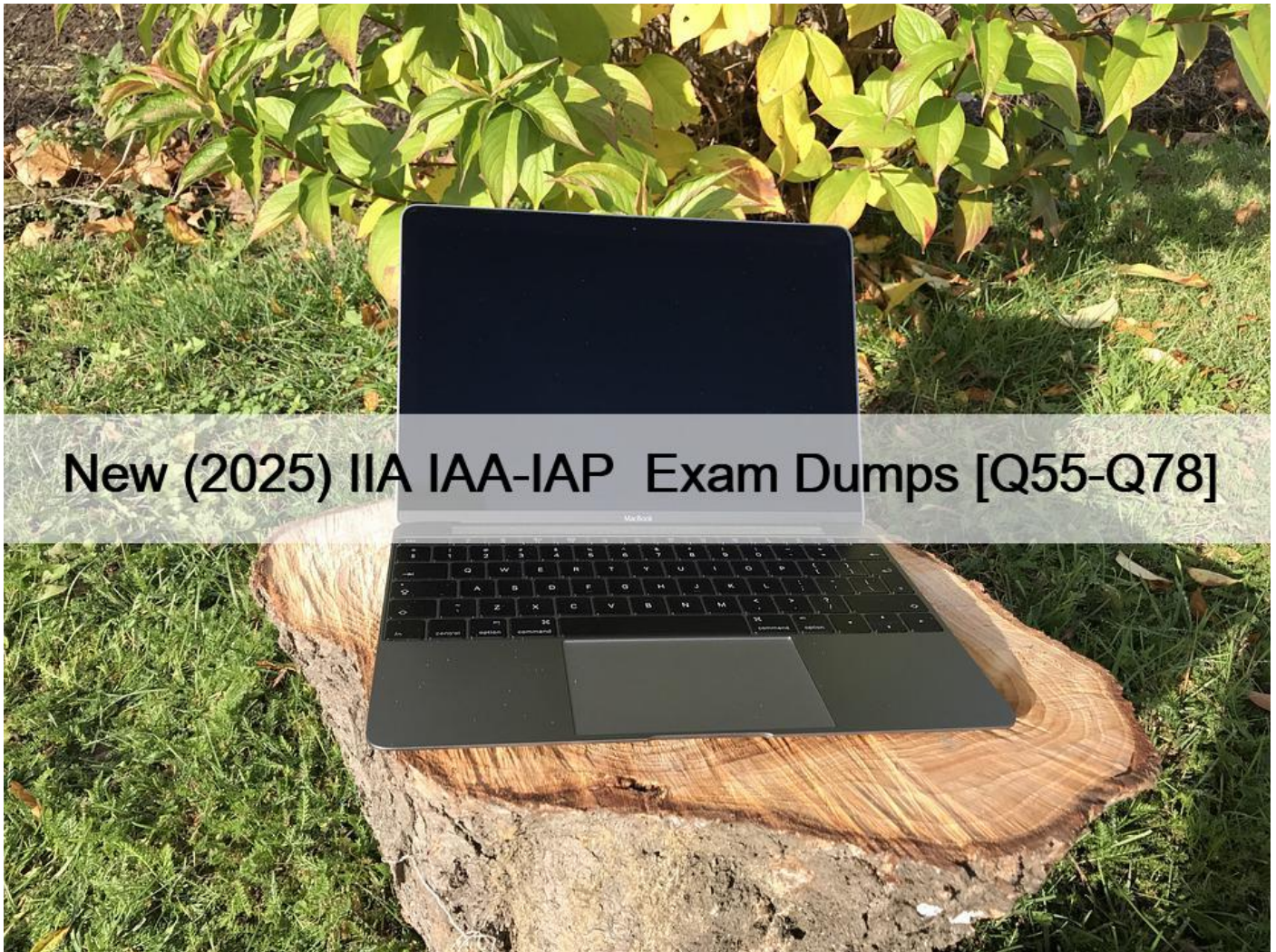


## New (2025) IIA IAA-IAP Exam Dumps [Q55-Q78]



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### NEW QUESTION 55

During which stage of an audit engagement would the engagement supervisor identify the tasks that were already completed and the remaining tasks to be performed?

- \* When allocating resources.
- \* When developing the test approach.
- \* When documenting the work program.

Comprehensive and Detailed Step-by-Step Explanation:

The engagement supervisor identifies tasks that are completed and remaining tasks during the process of documenting the work program.

\* Reference to IIA Standards:

\* According to the IIA's Performance Standards 2200 &#8211; Engagement Planning, an internal audit work program should detail the procedures necessary to achieve the engagement's objectives.

\* Standard 2240 &#8211; Engagement Work Program explicitly states that internal auditors must develop and document work programs that achieve the objectives of the engagement.

\* Key Responsibilities:

\* Documenting the work program involves listing tasks already performed to avoid redundancy and tasks remaining to ensure coverage of all planned activities.

\* Supervisors are responsible for overseeing this process and ensuring the work aligns with the overall engagement plan.

\* Relevance to Audit Practice:

\* The work program serves as a roadmap for auditors, detailing specific steps to be taken.

\* Identifying completed and pending tasks ensures proper time management and resource allocation during the engagement.

## NEW QUESTION 56

What is the purpose of establishing engagement objectives during the planning phase of an internal audit?

\* To ensure that audit procedures are designed to address the risks relevant to the area being audited.

\* To ensure that all auditors have a common understanding of the area being audited.

\* To ensure that the work performed by other internal or external assurance providers is considered during audit planning.

Comprehensive and Detailed Step-by-Step Explanation:

\* Reference to IIA Standards:

\* Standard 2210 &#8211; Engagement Objectives: Internal auditors must establish objectives for each engagement to align with the organization's goals and address identified risks.

\* Reasoning:

\* Option A is correct because engagement objectives focus on ensuring audit procedures target and mitigate identified risks effectively.

\* Option B (common understanding) is important for team alignment but is secondary to risk-focused objectives.

\* Option C (considering work of other assurance providers) is part of planning but not the primary purpose of setting objectives.

\* Importance of Objectives:

\* Engagement objectives drive the audit's focus, ensuring that procedures are purposeful and tailored to mitigate relevant risks.

## NEW QUESTION 57

Which of the following is an example of a detective control?

- \* Segregation of duties.
- \* Reconciliations.
- \* Required authorizations.

Comprehensive and Detailed Step-by-Step Explanation:

\* Definition of Detective Controls:

\* Detective controls are designed to identify errors, irregularities, or fraudulent activities after they occur, enabling corrective action.

\* Reasoning:

\* Option B is correct because reconciliations compare records (e.g., bank statements against ledgers) to detect discrepancies.

\* Option A (segregation of duties) and Option C (required authorizations) are preventive controls designed to stop errors or fraud before they occur.

\* Role of Detective Controls:

\* Detective controls play a critical role in monitoring and identifying issues, supporting the overall control environment.

#### **NEW QUESTION 58**

Which of the following situations is most likely to require a compliance engagement from the internal audit activity?

- \* An organization must restate its financial statements due to an error in fixed asset valuation.
- \* An organization is preparing to launch an enhanced service for its online customer information system.
- \* An organization is subject to newly imposed industry health and safety regulations.

Comprehensive and Detailed Step-by-Step Explanation:

\* Reference to IIA Standards:

\* Standard 2130 &#8211; Governance: Internal audit must assess compliance with applicable laws, regulations, and industry standards.

\* Compliance Auditing: These engagements assess whether the organization adheres to specific rules and regulations.

\* Reasoning:

\* Option C involves newly imposed health and safety regulations, making compliance auditing critical to ensure the organization avoids penalties or operational disruptions.

\* Option A pertains to financial reporting, typically addressed in assurance or financial audits.

\* Option B involves a new service launch, which may require consulting or operational audits but not necessarily compliance-focused.

#### **NEW QUESTION 59**

Which sampling technique uses a nonrandom selection process that is expected to be representative of the population as a whole?

- \* Judgmental sampling.

- \* Haphazard sampling.
- \* Attribute sampling.

Comprehensive and Detailed Step-by-Step Explanation:

\* Definition of Sampling Techniques:

\* Judgmental Sampling: A nonrandom method where the auditor uses their professional judgment to select items expected to be representative of the population.

\* Haphazard Sampling: A nonrandom approach without systematic methodology, relying on arbitrary selection.

\* Attribute Sampling: A statistical sampling method used to test for specific attributes or characteristics in a population.

\* Reasoning:

\* Option A is correct because judgmental sampling intentionally selects items based on the auditor's knowledge and expectations, aiming for representation.

\* Option B (haphazard sampling) lacks intentionality and may not reliably represent the population.

\* Option C (attribute sampling) involves random, statistical selection rather than a nonrandom process.

\* When to Use Judgmental Sampling:

\* It is appropriate when the auditor has sufficient expertise to select representative items and when statistical sampling is not feasible.

## NEW QUESTION 60

An internal auditor was gathering information regarding the receiving process and decided that a narrative memorandum was the best way to document the process. Which of the following explanations best supports the auditor's decision?

- \* The department has comprehensive manuals
- \* The process is simple and does not need a visual depiction
- \* The audit engagement is not considering efficiency

Comprehensive and Detailed Step-by-Step Explanation:

\* Narrative Memorandum: A narrative is most suitable for documenting simple processes that do not require detailed visuals or flowcharts for clarity. If the process can be effectively described in writing, a narrative is appropriate.

## NEW QUESTION 61

Which of the following describes an internal auditor's use of external benchmarking?

- \* The auditor calculates the net profit margin for a business segment to analyze the profitability.
- \* The auditor compares return on equity for a beverage company against its competitor to analyze profitability.
- \* The auditor evaluates operating income margin between geographical areas within an organization to analyze its profitability.

Comprehensive and Detailed Step-by-Step Explanation:

\* Reference to Benchmarking:

\* External benchmarking involves comparing the organization's metrics with those of other entities, typically competitors or



industry averages.

\* Standard 1210 &#8211; Proficiency: Internal auditors must have knowledge to evaluate performance against external benchmarks effectively.

\* Reasoning:

\* Option B demonstrates external benchmarking by comparing the organization's return on equity with a competitor's performance.

\* Option A and Option C focus on internal analysis within the organization and do not use external references.

\* Application in Internal Auditing:

\* External benchmarking identifies competitive gaps, informs strategic decisions, and supports recommendations for improvement.

### **NEW QUESTION 62**

Which of the following best describes an audit engagement in which the objective is to appraise the economy of an oil shale mining process and the degree to which yearly production targets are being achieved?

- \* Due diligence
- \* Business process improvement
- \* Operational

Comprehensive and Detailed Step-by-Step Explanation:

\* Operational Audit: This type of audit focuses on evaluating the efficiency, effectiveness, and economy of operations, such as the mining process and production targets in this case.

### **NEW QUESTION 63**

Which of the following scenarios would be the strongest indicator of fraud in an accounts payable process?

- \* The accounts payable manager was unable to provide documentation relating to travel expenses on one of the samples selected.
- \* The invoices submitted by one of the organization's vendors are more than six months old.
- \* The address on one of the vendor invoices matches an employee's residential address.

Comprehensive and Detailed Step-by-Step Explanation:

\* Address Matches an Employee's Residence: This is a strong indicator of fraud, as it suggests the possibility of a fictitious vendor created to divert funds to the employee.

### **NEW QUESTION 64**

When determining the appropriate level of resources needed for an engagement, which of the following would be the first step?

- \* Determine the sufficiency of internal audit staff
- \* Identify required technology and audit tools
- \* Determine travel and related costs for the engagement

Comprehensive and Detailed Step-by-Step Explanation:

\* Resource Sufficiency: Ensuring that the internal audit team has sufficient staff with the appropriate expertise is the foundational step in resource planning for an engagement.

### NEW QUESTION 65

Which of the following is a common computer-assisted audit tool used to analyze data?

- \* Social media
- \* Spreadsheet software
- \* Word processing software

Comprehensive and Detailed Step-by-Step Explanation:

\* Spreadsheet Software: Tools like Microsoft Excel are commonly used for data analysis in auditing due to their powerful data manipulation, calculation, and visualization capabilities.

\* Example: Auditors use spreadsheets for sampling, trend analysis, and creating pivot tables.

### NEW QUESTION 66

Which of the following is an advantage of communicating audit observations as they are identified?

- \* The auditor may receive additional pertinent documentation or other relevant information
- \* The auditor may not need to communicate the final results of the audit to the board
- \* The auditor may be able to plan more efficiently next year's audit

Comprehensive and Detailed Step-by-Step Explanation:

\* Real-Time Communication: Sharing audit observations promptly allows management to provide additional documentation or clarifications that could affect findings or conclusions.

### NEW QUESTION 67

Which of the following internal auditor attributes benefits the most from continuous professional development?

- \* Integrity.
- \* Objectivity.
- \* Competency.

Comprehensive and Detailed Step-by-Step Explanation:

\* Competency: Continuous professional development ensures auditors maintain and enhance their knowledge, skills, and expertise, directly supporting their ability to perform engagements effectively.

### NEW QUESTION 68

The engagement supervisor is coordinating an audit of investments and needs to select an audit team member to determine the test attributes. Which of the following team members is most appropriate for the engagement supervisor to select?

- \* An auditor who transferred from the investment department six months prior and has expert knowledge of investments.
- \* An auditor with strong leadership skills who has experience leading projects for the IT audit department.
- \* An auditor who has investment audit experience from a previous organization, but who has never performed investment audits at the current organization.

Comprehensive and Detailed Step-by-Step Explanation:

\* Reference to IIA Standards:

\* Standard 1210 &#8211; Proficiency: Internal auditors must possess the necessary knowledge, skills, and competencies to conduct audits effectively.

\* The auditor should have the relevant expertise to evaluate investment-related test attributes.

\* Reasoning:

\* Option A is correct because the auditor has direct knowledge and expertise in investments, making them the most qualified to determine the relevant test attributes for the audit.

\* Option B (IT audit experience) does not align with the specific skills required for investment auditing.

\* Option C (previous experience) may offer some advantage, but the lack of familiarity with the current organization's processes limits the auditor's effectiveness.

\* Importance of Expertise:

\* Selecting an auditor with relevant experience and proficiency ensures that the audit will be conducted with accuracy and that the proper test attributes will be identified.

## NEW QUESTION 69

Which of the following is an example of criteria in an engagement communication?

\* Annual business conduct training was not performed over the past two years due to inadequate operating budgets.

\* The audit test was designed to evaluate compliance with the organization's policies and procedures related to business conduct and ethics.

\* As a result of inadequate business conduct training, 16% of the executive team was unaware of their obligation to report potential conflicts of interest.

Comprehensive and Detailed Step-by-Step Explanation:

\* Reference to Criteria:

\* Definition: Criteria are the standards, policies, or benchmarks used to evaluate the subject matter during an audit.

\* IIA Standard 2410 & #8211; Criteria for Communicating: Audit reports should clearly state criteria to ensure findings are relevant and actionable.

\* Reasoning:

\* Option B is correct because it references the organization's policies and procedures, which serve as the criteria for evaluating compliance.

\* Option A describes the condition (what was observed), not the criteria.

\* Option C describes the effect (the impact of the observed condition).

\* Importance of Criteria in Audit Reporting:

\* Including criteria provides a basis for comparison, helping stakeholders understand why a finding is significant and how it deviates from expectations.

## NEW QUESTION 70

According to IIA guidance, which of the following is the primary criterion that should determine the extent of supervision required for an audit engagement?

- \* The number of hours approved by the board for that engagement.
- \* The proficiency of the internal auditors and the complexity of the engagement.
- \* Whether the engagement involves possible violations of laws and governmental regulations.

Comprehensive and Detailed Step-by-Step Explanation:

\* **Extent of Supervision:** The level of supervision required is determined by the auditors' proficiency (experience and skill set) and the complexity of the engagement. This ensures the work is executed effectively while maintaining compliance with IIA standards.

## NEW QUESTION 71

Which of the following conditions involving the chief audit executive (CAE) is most likely to impair the independence of the internal audit activity?

- \* The CAE regularly attends and participates in critical executive management meetings for the organization.
- \* The CAE has direct access to records, personnel, and physical properties throughout the organization.
- \* The CAE reports directly to the controller for the organization, and the internal audit activity resides in the office of the comptroller.

Comprehensive and Detailed Step-by-Step Explanation:

\* **Reporting to the Controller:** Independence is compromised when the CAE reports to an operational management role such as the controller, as this creates a conflict of interest and undermines objectivity.

The IIA Standards recommend that the CAE report functionally to the board and administratively to the CEO to preserve independence.

## NEW QUESTION 72

Which of the following best describes the purpose of a detailed engagement risk assessment?

- \* To ensure that all risks identified during the engagement planning process are addressed during the audit.
- \* To prioritize risks to the activity's objectives, according to the likelihood of occurrence.
- \* To consider significant risks to the activity's objectives and the means by which the potential impact of risk is kept to an acceptable level.

Comprehensive and Detailed Step-by-Step Explanation:

\* **Reference to Engagement Risk Assessment:**

\* **Definition:** Engagement risk assessment evaluates specific risks relevant to the engagement and identifies controls or mitigations.

\* **Standard 2210.A1:** Internal auditors must consider significant risks to objectives, focusing on their likelihood and impact.

\* **Reasoning:**

\* **Option C** is correct because it aligns with assessing significant risks and ensuring they are mitigated to acceptable levels.

\* **Option A** (ensuring all risks are addressed) is impractical since auditors prioritize significant risks within resource constraints.

\* **Option B** focuses on prioritizing risks but does not encompass the broader purpose of addressing their impact or mitigation.



\* Importance of Risk Assessment:

\* It ensures that the audit focuses on high-impact risks, aligning resources with the organization's risk management framework.

### NEW QUESTION 73

A member of the internal audit team worked eight months ago in an area of the organization that she is now being tasked with auditing. Which of the following would most likely be impacted by her participation in the audit?

- \* Integrity
- \* Objectivity
- \* Competency

Comprehensive and Detailed Step-by-Step Explanation:

\* Reference to IIA Standards:

\* Standard 1120 &#8211; Individual Objectivity: Internal auditors must perform engagements with honesty and without any bias.

\* Serving in an operational or management role in the area being audited within the past year can impair objectivity, as the auditor may unconsciously favor or critique processes they were involved in developing or managing.

\* Reasoning:

\* Option B is correct because recent involvement in the audited area could compromise objectivity, leading to potential conflicts of interest or biased assessments.

\* Option A (integrity) is less likely impacted, as integrity relates to adherence to ethical principles and honesty.

\* Option C (competency) is not affected, as the individual's skills and knowledge remain intact regardless of the recency of their involvement.

\* Mitigating Actions:

\* The chief audit executive (CAE) should evaluate and address potential impairments to objectivity, possibly assigning the auditor to a different engagement.

### NEW QUESTION 74

Which of the following is the best audit procedure to determine whether all of a bank's loans are backed by sufficient collateral, properly aged as to current payments, and properly categorized as current or noncurrent?

- \* Use generalized audit software to read the total loan file, age the file by last payment due, and select a statistical sample stratified by the current and aged population. Examine each loan selected for proper collateralization and aging.
- \* Select a block sample of all loans in excess of a specified dollar limit and determine whether they are current and properly categorized. For each loan approved, verify aging and categorization.
- \* Select a discovery sample of all loan applications to determine whether each application contains a statement of collateral.

Comprehensive and Detailed Step-by-Step Explanation:

\* Reference to IIA Standards:

\* IIA Performance Standard 1220.A2: Internal auditors must consider using technology-based audit techniques and other data

analysis tools.

\* Performance Standard 2320 &#8211; Analysis and Evaluation: Sufficient and appropriate analysis should be performed to achieve the engagement&#8217;s objectives.

\* Best Audit Practice for the Scenario:

\* Option A involves using generalized audit software (GAS) to extract relevant data from the loan file and stratify it based on specific criteria (e.g., age of loans, collateral backing). This ensures a statistically valid sample.

\* By examining a stratified sample, the auditor can determine whether each loan is sufficiently collateralized, aged correctly, and categorized properly.

\* This method provides comprehensive coverage while maintaining efficiency and adhering to best practices.

\* Why Other Options Are Less Effective:

\* Option B: A block sample only includes loans over a certain dollar threshold, which introduces a selection bias and overlooks smaller loans, making the sample less representative.

\* Option C: A discovery sample limited to loan applications focuses on documentation compliance (e.g., collateral statements) but does not address loan aging or categorization.

\* Practical Implications:

\* Generalized audit software automates data analysis, reduces manual effort, and increases the reliability of audit conclusions.

\* By selecting a representative statistical sample stratified by population characteristics, auditors gain insights that are applicable to the entire population.

## **NEW QUESTION 75**

The chief audit executive scheduled an exit meeting to discuss conclusions and recommendations with management before issuing the final engagement communication. Which of the following describes the primary reason that the exit meeting should be documented?

- \* The Standards require that the internal auditor document exit meetings
- \* The information may be needed if a disagreement about the content arises
- \* The results of the discussion form part of the internal auditor&#8217;s performance review

Comprehensive and Detailed Step-by-Step Explanation:

\* Exit Meetings: The purpose of an exit meeting is to ensure that management understands and agrees (or documents any disagreements) with the audit findings, conclusions, and recommendations. Proper documentation ensures that there is a record of the discussion, which can be referred to later if disputes arise about the content.

## **NEW QUESTION 76**

Which of the following best describes the knowledge, skills, and abilities that internal auditors should possess with regard to fraud?

- \* Expertise in detecting and investigating fraud.
- \* Sufficient knowledge to evaluate the risk of fraud.
- \* Specialized skills for developing and implementing controls to prevent fraud.

Comprehensive and Detailed Step-by-Step Explanation:

\* Reference to IIA Standards:

\* Standard 1210.A2: Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization.

\* They are not expected to have the expertise of a fraud examiner or forensic investigator.

\* Reasoning:

\* Option B is correct because internal auditors need enough knowledge to assess fraud risks and provide assurance over controls designed to mitigate those risks.

\* Option A overstates the requirement, as fraud detection and investigation require specialized expertise typically outside the scope of general internal auditing.

\* Option C refers to control development, which is a management responsibility, not an internal audit role.

\* Role of Internal Audit in Fraud:

\* Auditors evaluate fraud risks and provide recommendations to improve controls, ensuring alignment with organizational risk management strategies.

**NEW QUESTION 77**

Which of the following best demonstrates that appropriate and sufficient resources were allocated to an audit engagement to achieve its objectives?

\* Staff skills audit.

\* Approved engagement work program.

\* Post-engagement survey of management of the audited area.

Comprehensive and Detailed Step-by-Step Explanation:

\* Reference to IIA Standards:

\* Standard 2200 Engagement Planning: The engagement work program outlines the resources, timelines, and procedures necessary to achieve the engagement's objectives.

\* The work program must be approved to ensure alignment with objectives and resource requirements.

\* Reasoning:

\* Option B is correct because an approved engagement work program confirms that the scope, procedures, and resources were planned and allocated effectively.

\* Option A (staff skills audit) evaluates team competencies but does not confirm specific resource allocation for an engagement.

\* Option C (post-engagement survey) evaluates the outcome of the audit but does not provide evidence of initial resource planning.

\* Significance of the Work Program:

- \* The work program ensures that the engagement is structured to meet objectives efficiently, with adequate and relevant resources.

### **NEW QUESTION 78**

What are the typical elements of a risk and control matrix used in the engagement planning process?

- \* Experience level of key management personnel, susceptibility of the process to fraud, and process automation.
- \* Inherent process risks, as defined in a globally accepted risk and control framework.
- \* Business objectives, risks to the objectives, and impact and likelihood of the risk occurring.

Comprehensive and Detailed Step-by-Step Explanation:

- \* Risk and Control Matrix: A risk and control matrix links business objectives, the risks threatening those objectives, and the likelihood and impact of the risks. It is used to prioritize areas for review and identify necessary controls.

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