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Certification in Control Self-Assessment® (CCSA®)

IIA IIA-CCSA

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Topic Break Down

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QUESTION NO: 1

To relate high-level goals, aligned with and supporting the entityâ€™s mission/vision is called:

A. Strategic act

B. Operational law

C. Objective setting

D. Event identification

ANSWER: C

Explanation:

Objective setting is the process of establishing high-level goals that support an organization's mission and vision and provide a basis for managing risk. In the COSO Enterprise Risk Management framework, management sets objectives before it can identify events, assess risks, select risk responses, and design related control activities. The objectives should be consistent with the entity's risk appetite and should be communicated clearly enough that personnel can align activities and decisions with the organization's intended direction.

For control self-assessment, well-defined objectives are essential because participants evaluate risks and controls in relation to what the organization is trying to achieve. Objectives create the criteria against which the adequacy of risk management and controls can be assessed. They commonly span strategic, operations, reporting, and compliance matters, with strategic objectives reflecting the high-level aspirations derived from the mission and vision. This alignment helps ensure that risk and control discussions are purposeful and tied to organizational value rather than isolated process concerns. COSO describes the relationship between mission, strategy, objectives, risk, and performance in its ERM guidance: COSO Enterprise Risk Management guidance. The IIA's Global Internal Audit Standards also emphasize alignment of assurance work with organizational objectives: IIA Global Internal Audit Standards.

QUESTION NO: 2

Which of the following is Correct?

A. Employees working in a process are in a good position to identify ways to eliminate waste and streamline production through more efficient use of resources.

B. Employees working in a process are in a good position to identify ways to eliminate waste and streamline production through better understanding of responsibility.

C. Employees working in a process are in a good position to identify ways to eliminate waste and streamline production through improved communication.

D. Employees working in a process are in a good position to identify ways to eliminate waste and streamline production through effective team building.

ANSWER: A

Explanation:

Employees working in a process are in a good position to identify ways to eliminate waste and streamline production through more efficient use of resources. is correct because these employees perform, observe, or directly support the work every day. Their firsthand knowledge gives them practical insight into process steps that consume time, materials, capacity, or effort without contributing sufficient value. In a control self-assessment setting, involving process participants helps an organization identify operational risks, inefficient handoffs, duplicated activity, bottlenecks, and opportunities to improve the use of people, equipment, information, and materials. This participation also makes improvement actions more realistic because the people closest to the process can describe how work is actually performed, rather than only how it is documented. Efficient resource use and the elimination of non-value-adding activity are central process-improvement objectives and support stronger operational performance. The IIA's Global Internal Audit Standards emphasize understanding organizational processes, risks, and controls in the context of objectives and performance; see the IIA Global

Internal Audit Standards. The connection between frontline knowledge and waste reduction is also consistent with Lean practice, summarized by the Lean Enterprise Institute's overview of Lean.

QUESTION NO: 3

Escalation of poor business decisional risk has extensive control response of complex review and can result in:

A. Loss of productivity

B. Excessive labor cost

C. Missed opportunities

D. Loss in process advancement

ANSWER: C

Explanation:

Missed opportunities is correct because an excessive response to business decision risk can make the approval and review process so complex that decisions are delayed beyond the point at which the organization can act effectively. Controls should enable the achievement of objectives while keeping residual risk within the organization's risk appetite; they should not impose unnecessary friction on routine or time-sensitive decisions. When review layers, documentation requirements, and escalations exceed what the decision's risk warrants, management may be unable to respond promptly to changing customer needs, market conditions, investments, partnerships, or operational issues. The resulting cost is often the loss of a favorable opportunity rather than a directly measurable control-processing cost.

Control self-assessment is intended to help participants identify risks and controls proportionately, supporting informed and timely management action. This aligns with the IIA's emphasis on risk-based assurance and on helping organizations achieve their objectives through effective governance, risk management, and control. COSO's enterprise risk management framework likewise describes risk management as integrated with strategy and performance, requiring organizations to consider both risk exposure and the ability to pursue value-creating opportunities. See the IIA Global Internal Audit Standards and COSO's Enterprise Risk Management executive summary.

QUESTION NO: 4

A technique to partner with another organization willing to assume a portion of the risk for some reward is called:

A. Transfer the risk

B. Manage the risk

C. Investigate the risk

D. Accept the risk

ANSWER: A

Explanation:

Transfer the risk is correct because risk transfer shifts all or part of the financial consequences, responsibility, or impact of a risk exposure to another party that is better positioned or contractually willing to bear it in exchange for compensation. Common mechanisms include insurance policies, indemnification provisions, outsourcing contracts, warranties, and agreements with suppliers or other business partners. The organization does not make the underlying uncertainty disappear; rather, it arranges for another organization to assume a defined portion of the potential loss or related obligation. The "some reward" described in the question is typically an insurance premium, contract payment, fee, or other consideration paid to the party accepting that exposure. In a control self-assessment context, identifying risk-transfer arrangements helps management clarify the residual risk retained by the organization, the scope and limits of coverage, and accountability for monitoring the arrangement. The IIA describes risk management as a process for identifying, assessing, managing, and monitoring risks, including selecting an appropriate response to risk. Authoritative risk-management guidance also

recognizes sharing or transferring risk as a response in which another party assumes or shares the consequences of a risk. See The IIA Global Internal Audit Standards and ISO 31000: Risk management—Guidelines.

QUESTION NO: 5

In traditional approach, evaluating risks and controls were done by auditors and in control self-assessment approach it is done by work teams.

A. True

B. False

ANSWER: A

Explanation:

True is correct. In a traditional audit approach, internal auditors independently assess the adequacy and effectiveness of governance, risk management, and control processes. Auditors gather evidence, evaluate risks and controls, reach conclusions, and communicate their results while maintaining the independence and objectivity required of the internal audit function.

Control self-assessment (CSA) uses a different, participative mechanism. The people who own or perform the relevant processes—typically managers and work teams—take an active role in identifying objectives, assessing risks, evaluating whether controls are designed and operating effectively, and developing improvement actions. An internal auditor may facilitate the CSA workshop, provide methodology, challenge assumptions, and validate or report results as appropriate; however, the work team supplies the operational knowledge and performs the self-assessment. This approach promotes ownership of risks and controls and can improve communication across the process.

This distinction is consistent with the IIA's description of the CCSA credential and with the Internal Audit Standards' emphasis on internal audit's independent assurance role. See the IIA CCSA certification information and the IIA Global Internal Audit Standards.

QUESTION NO: 6

A document that outlines in visual and narrative format the processes and control points within the process is called:

A. Flowchart

B. Visual aids

C. Visual illustration

D. None of the above

ANSWER: A

Explanation:

Flowchart is correct. In control self-assessment and internal-audit documentation, a flowchart is a visual representation of a process that shows the sequence of activities, decisions, handoffs, inputs, outputs, and points at which controls operate. It enables process owners, facilitators, and assurance professionals to understand how work is performed and to identify where preventive or detective controls are embedded. Narrative annotations may accompany the symbols or steps to clarify responsibilities, control objectives, systems used, exceptions, or supporting evidence. This combined visual and descriptive presentation makes a flowchart particularly useful for documenting a process and evaluating whether its control design addresses relevant risks. The IIA describes process understanding and documentation as important foundations for evaluating governance, risk management, and control; process maps and flowcharts are common tools used for that purpose. The U.S. Government Accountability Office similarly recognizes flowcharts as a means of documenting information systems and internal-control processes. See the IIA Global Internal Audit Standards and GAO's Standards for Internal Control in the Federal Government.

QUESTION NO: 7

Which of the following is NOT the potential benefit of the CSA to the organization?

A. Better risk assessment

B. Improved employee morale

C. Improved ability to test

D. Efficient business processes

ANSWER: C

Explanation:

Improved ability to test is the correct response because control self-assessment is principally a collaborative process through which people who own or perform work identify objectives, risks, and the adequacy of controls within their own area. Its organizational value comes from strengthening risk awareness, accountability, communication, and timely identification of control improvements. Although the results of a self-assessment can provide useful input to assurance planning, CSA is not designed primarily to improve an organization's testing capability. Formal testing remains an assurance activity that requires defined testing objectives, evidence, methods, and independent evaluation where appropriate. CSA instead supplements assurance by engaging management and staff directly in evaluating their control environment and risk responses. The IIA describes CSA as a process that helps organizations assess the effectiveness of risk management and control processes, with an emphasis on participation by the people responsible for those processes. This focus supports better operational ownership and risk-informed decisions rather than creating an enhanced capability to perform audit or control tests. See the IIA's Global Internal Audit Standards and its overview of supplemental guidance.

QUESTION NO: 8

What describes the organization's basic philosophy or core operating principles?

A. Vision statement

B. Mission statement

C. Value statement

D. Organization Policy

ANSWER: C

Explanation:

Value statement is correct because it articulates the organization's enduring beliefs, ethical commitments, and fundamental principles that guide behavior, decisions, and relationships with stakeholders. Values express how an organization intends to conduct its work—such as acting with integrity, accountability, respect, innovation, or customer focus—and therefore describe its basic operating philosophy. They serve as a decision-making compass across the organization, including when specific rules or procedures do not address a situation directly.

In a control self-assessment context, clearly stated organizational values are especially important because they support the control environment and shape the tone expected in governance, risk management, and internal control activities. The IIA's guidance identifies integrity and ethical values as key elements of an effective control environment; stated values help establish and communicate those expectations. A value statement should be reflected in leadership actions, policies, performance expectations, and everyday employee conduct. See The IIA's Global Internal Audit Standards and the COSO Internal Control—Integrated Framework resources for the role of ethical values and the control environment in organizational governance.

QUESTION NO: 9

What is designed to permit everyone in an organization to understand and respond to vital, economic, competitive, productivity and customer quality and value issues?

A. Process mapping

B. Flowcharting

C. Control charting

D. System flaws eliminator

ANSWER: C

Explanation:

Control charting is correct because it makes process performance visible in a form that personnel across an organization can interpret and use to take timely action. A control chart plots process results over time against a center line and statistically derived control limits. This distinguishes the normal variation inherent in a stable process from signals that indicate a meaningful process change requiring investigation. By turning operational data into an understandable visual measure, control charting supports fact-based responses to matters that affect cost, productivity, competitiveness, customer value, and quality. It is therefore not merely a reporting device; it is a management and continuous-improvement tool that helps people recognize whether a process is predictable and whether action is warranted. The American Society for Quality explains that control charts are used to study how a process changes over time and to identify unusual variation, while NIST describes their role in monitoring process stability and detecting out-of-control conditions. See ASQ's Control Chart resource and NIST's guidance on control charts.

QUESTION NO: 10

What is commonly used to produce a quick answer to a specific question or concern about a particular process, activity or procedure?

A. Rapid flow analysis

B. Immediate respondents

C. Management-produces analysis

D. Supervision board

ANSWER: C

Explanation:

Management-produces analysis is the appropriate control self-assessment approach when an organization needs a prompt, focused response to a discrete concern involving a process, activity, or procedure. Under this approach, management documents and evaluates the relevant controls, risks, practices, and available performance information for the matter being examined. The resulting analysis can be prepared without convening a full facilitated workshop or conducting a broad organization-wide assessment, making it well suited to a narrowly framed question that requires timely management attention.

The value of this approach is that responsibility for assessing the process remains with the people who own and operate it. Internal audit can support the work by providing structure, criteria, challenge, or validation, while management supplies the operational knowledge and reaches conclusions about the adequacy of controls and needed actions. This supports the core CSA principle of management ownership of risk and control. The IIA identifies control self-assessment as a discipline centered on evaluating controls and risks, and its CCSA credential covers these methods and their application. See The IIA's CCSA certification overview and The IIA Global Internal Audit Standards.

QUESTION NO: 11

An organization-wide commitment to quality is called Quality control.

A. True

B. False

ANSWER: B

Explanation:

False is correct because an organization-wide commitment to quality describes total quality management (TQM), or more broadly a quality-management approach embedded throughout the organization. This approach makes quality a shared responsibility across leadership, governance, processes, employees, and continual improvement activities. It focuses on building quality into how work is planned and performed, as well as on satisfying customer and stakeholder requirements.

Quality control is a narrower component of quality management. It consists of operational activities used to verify that outputs meet defined requirements—for example, inspection, testing, measurement, review, and correction of identified defects. While quality control supports an overall commitment to quality, it is not itself the term for an organization-wide quality culture or management philosophy. The distinction matters in control self-assessment because a mature quality environment depends on ownership and continuous improvement throughout the business, not solely on after-the-fact checks of completed work.

The American Society for Quality distinguishes quality control from broader quality-management concepts and describes TQM as an organization-wide effort: ASQ: Total Quality Management. ISO also explains quality management as coordinated activities to direct and control an organization with regard to quality: ISO: Quality management principles.

QUESTION NO: 12

Skill at sensing other people's emotions, understanding their perspective and taking an active interest in their concerns is called:

A. Empathy

B. Condolences

C. Approval

D. Promptness

ANSWER: A

Explanation:

Empathy is the ability to recognize and understand another person's emotions and perspective, while demonstrating genuine concern for that person's experience. In a control self-assessment environment, this capability supports constructive facilitation, open communication, and effective collaboration among participants with different roles and viewpoints. A facilitator or assurance professional who uses empathy can better interpret participants' concerns, encourage candid discussion, and help the group address control issues without dismissing the human factors that may affect risks and processes. The wording in the question closely reflects the widely used emotional-intelligence definition of empathy: sensing others' feelings and perspectives and taking an active interest in their concerns. This interpersonal skill is especially valuable when discussing sensitive matters such as accountability, process weaknesses, or conflicting priorities. It enables respectful engagement while maintaining the objectivity needed for sound control discussions. The International Institute of Internal Auditors identifies communication and relationship-building capabilities as important professional competencies; empathy contributes directly to both. See the Daniel Goleman emotional-intelligence resources and The IIA's Global Internal Audit Standards for related expectations on professional behavior and effective communication.

QUESTION NO: 13

The aim of the workshop is to evaluate, update, validate, improve and streamline the whole process and its component activities in:

A. Procedure-based format

B. Process-based format

C. Activity-based format

D. Process-based format

ANSWER: D

Explanation:

Process-based format is correct because a process-focused control self-assessment workshop considers an end-to-end business process rather than reviewing isolated procedures or discrete tasks independently. Participants map and examine the process flow, its inputs and outputs, handoffs, responsibilities, risks, controls, and performance measures. That integrated perspective enables the group to validate how work is actually performed, identify unnecessary steps or control gaps, update responsibilities and documentation, and recommend improvements that streamline the complete process and its component activities.

This focus is consistent with control self-assessment as a participative method: people who own or perform the work contribute their knowledge of process operations and controls, while the facilitator structures the discussion and records agreed actions. Reviewing the whole process is especially useful where risks or inefficiencies arise at interfaces between activities, because those issues may not be visible when each activity is assessed separately. The IIA describes CSA as an approach that engages stakeholders in assessing controls and risks; a process-based workshop applies that approach to the business process as the unit of analysis. See the IIA's Certification in Control Self-Assessment information and its Global Internal Audit Standards.

QUESTION NO: 14

The characteristics or values that will be used to measure outputs, outcomes or service levels from the activities of each operating unit, function, program or activity defines:

A. Performance plan

B. Performance objectives

C. Performance indicators

D. Performance management

ANSWER: C

Explanation:

Performance indicators is correct because indicators are the specific qualitative or quantitative characteristics, measures, or values used to assess whether an operating unit, function, program, or activity is delivering its intended outputs, outcomes, and service levels. They translate broad expectations into observable evidence that management and stakeholders can monitor over time. For example, an indicator may measure processing timeliness, error rates, customer satisfaction, service availability, or the proportion of planned outcomes achieved. Properly defined indicators provide a consistent basis for comparing actual results with targets, identifying trends, and supporting corrective action where performance is not meeting expectations.

In a control self-assessment context, meaningful performance indicators also strengthen accountability and risk management. Participants can use them to determine whether key processes are operating as intended, whether controls support achievement of objectives, and whether service delivery remains within acceptable parameters. Indicators should be relevant to the stated objective, sufficiently reliable, clearly defined, and capable of being measured consistently. The IIA's Performance Standards emphasize evaluating and communicating engagement results in relation to objectives, while public-sector performance-management guidance similarly describes indicators as measures used to track outputs and outcomes. See The IIA Global Internal Audit Standards and OECD guidance on performance budgeting.

QUESTION NO: 15

Which factor is inherent in all business activities and as a result must be routinely addressed in internal and external audits?

A. Change

B. Risk

C. Cost

D. Resources

ANSWER: B

Explanation:

Risk is inherent in all business activities because every organization faces uncertainty that may affect its ability to achieve objectives. This uncertainty may arise from strategic decisions, operational processes, financial reporting, regulatory obligations, information systems, fraud, or external events. Auditing therefore routinely considers risk in planning, performing, and reporting on assurance engagements. Internal audit uses a risk-based approach to determine priorities and focus assurance work on the areas that matter most to the organization's objectives. External audit similarly assesses risks of material misstatement to determine the nature, timing, and extent of audit procedures. Addressing risk is not limited to identifying adverse events; it also includes evaluating whether governance, risk management, and control processes are designed and operating effectively to manage uncertainty within the organization's risk appetite. The IIA's Global Internal Audit Standards require internal audit planning to be based on a documented assessment of the organization's strategies, objectives, and risks. This makes risk the foundational factor that audit activity must address across all areas of the business. See the IIA Global Internal Audit Standards and the IIA standards overview.

QUESTION NO: 16 - (SIMULATION)

Fill in the Blanks

_____ are the targets or goals that an organization to needs to achieve in order to fulfill its purpose as articulated in its mission, mission and value statements.

ANSWER: See the explanation for the answer

Explanation:

Answer: Objectives

Objectives are the specific targets or goals an organization seeks to achieve in fulfilling its purpose, as expressed through its mission and value statements.

QUESTION NO: 17

The purpose of multifaceted system of control processes is:

A. to support people of the organization in management of control and achievement of the established and communicated objectives of the team

B. to support people of the organization in management of processes and achievement of the established and communicated objectives of the organization

C. to support people of the organization in management of changes and achievement of the established and communicated objectives of the project

D. to support people of the organization in management of risks and achievement of the established and communicated objectives of the enterprise

ANSWER: D

Explanation:

A multifaceted system of control processes exists to help people throughout an organization manage risk while pursuing the enterprise's established and communicated objectives. Controls are not an end in themselves: they are the policies, procedures, practices, and mechanisms that provide reasonable assurance that risks are identified and managed within the organization's risk appetite and that objectives can be achieved. This purpose applies across governance, management, business processes, information systems, compliance, and operational activities, which is why the focus is the enterprise rather than an individual team or project.

This wording aligns closely with The Institute of Internal Auditors' definition of control: actions taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives will be achieved. Control self-assessment also depends on process owners and participants jointly evaluating risks and controls in relation to organizational objectives. A broad, integrated control system therefore supports informed decisions and coordinated accountability while enabling the organization to achieve its objectives with reasonable assurance. See the IIA's Global Internal Audit Standards and the IIA's practice guides for control, risk, and assurance guidance.

QUESTION NO: 18

No proper documentation of adds, changes or deletions to vendor master file is a fraud warning sign of:

A. Personality characteristics

B. Organizational characteristics

C. Accounts payable

D. Accounts receivable

ANSWER: C

Explanation:

Accounts payable is correct because the vendor master file is a core accounts-payable record used to establish payees and route invoice payments. The file typically contains vendor names, addresses, tax identification details, banking instructions, payment terms, and other data that determine where disbursements are sent. Consequently, additions, changes, and deletions require formal authorization, supporting documentation, segregation of duties, and an auditable change history.

When those changes are not properly documented, management and control self-assessment participants cannot establish whether a new vendor was legitimate, whether banking details were changed by an authorized person, or whether a vendor was removed or altered to conceal improper payments. This weakness can enable fictitious-vendor schemes, diverted payments, duplicate vendors, or payments to related parties. A sound accounts-payable control framework therefore restricts master-file maintenance, independently reviews change reports, validates vendor data, and retains evidence of approval. The Association of Certified Fraud Examiners identifies vendor-related schemes as a significant occupational-fraud risk and provides related resources at ACFE Fraud 101. Guidance on establishing effective internal controls over operational and reporting processes is also available through the COSO Internal Control resources.

QUESTION NO: 19

Alleged perpetrators have the right to expect an objective investigation and that allegations against them will be kept as confidential as possible until they are substantiated, this refers to;

A. Standardized enforcement

B. Professionalism maintenance

C. Classified investigation

D. Chronological acts

ANSWER: B

Explanation:

Professionalism maintenance is correct because a professionally managed allegation or misconduct investigation must protect the rights and dignity of the person accused while evidence is being evaluated. Objectivity requires investigators to approach the matter without prejudgment, gather and assess relevant evidence impartially, and base conclusions on supportable facts rather than rumor or assumptions. Maintaining confidentiality as far as practicable limits unnecessary disclosure, protects the integrity of the investigative process, and reduces avoidable reputational harm before an allegation has been substantiated.

This approach also supports trust in control and reporting processes. Employees are more likely to raise concerns when they believe allegations will be handled fairly, consistently, and with appropriate discretion. At the same time, confidentiality is managed rather than promised absolutely: information may need to be shared with individuals who have a legitimate need to know so that the organization can investigate, make decisions, and meet legal or regulatory duties. The IIA's Global Internal Audit Standards emphasize objectivity, due professional care, and safeguarding information—principles directly reflected in professional handling of allegations. See the IIA Global Internal Audit Standards and the IIA Standards resources.

QUESTION NO: 20

A process for gathering information, without detailed verification, on the activity being examined is called:

A. Examination

B. Analysis

C. Investigation

D. Survey

ANSWER: D

Explanation:

"Survey" is correct because, in internal auditing practice, a survey is the preliminary process of obtaining broad background information about the activity or area under review. Its purpose is to develop an initial understanding of objectives, processes, risks, controls, organizational structure, and relevant policies before detailed audit work begins. The auditor commonly uses interviews, walkthroughs, document review, and high-level data gathering during this stage to identify significant matters and to plan the scope and approach of the engagement. Information collected in a survey is ordinarily not subjected to the detailed testing and verification that occurs during fieldwork. This preliminary understanding supports risk-based planning, helping the auditor focus engagement procedures on the areas most likely to affect the achievement of objectives. The IIA's Global Internal Audit Standards require auditors to understand the activity under review and assess relevant risks when planning an engagement; a survey is a practical means of developing that understanding. See the IIA Global Internal Audit Standards and the IIA Standards resource page.

QUESTION NO: 21

To relate high-level goals, aligned with and supporting the entity's mission/vision is called:

A. Strategic objectives

B. Operational law

C. Objective setting

D. Event identification

ANSWER: A

Explanation:

Strategic objectives are the entity's high-level goals that translate its mission and vision into a direction for action. They establish what the organization intends to achieve over the longer term, such as growth, service outcomes, sustainability,

resilience, or public value. Because they are derived from and support the mission and vision, strategic objectives provide the foundation for more detailed operational, reporting, and compliance objectives. They also give management and control self-assessment participants a common basis for identifying risks, evaluating controls, assigning accountability, and measuring performance. In enterprise risk management terminology, setting objectives is a process, while strategic objectives are the resulting high-level goals. COSO's Enterprise Risk Management framework emphasizes integrating strategy setting, objective setting, performance, and risk considerations so that risks are assessed in the context of the organization's strategic direction. This relationship helps ensure that governance and internal-control activities support the purpose for which the entity exists. See COSO's Enterprise Risk Management guidance and The IIA's Global Internal Audit Standards.

QUESTION NO: 22

Which of the following is Correct?

A. Competency refers to the validity and reliability of audit evidence.

B. Sufficiency refers to the validity and reliability of resources.

C. Capability refers to the capacity and reliability of audit evidence.

D. Consistency refers to the steadiness and reliability of audit evidence

ANSWER: A

Explanation:

"Competency refers to the validity and reliability of audit evidence" is correct. In internal auditing, competent evidence is evidence that can reasonably be relied on to support audit observations, conclusions, and engagement results. Validity means the evidence genuinely relates to, and supports, the matter being evaluated. Reliability concerns whether the information is trustworthy, accurate, and obtained from an appropriate source using a dependable method. For example, evidence obtained directly by the auditor, supported by corroborating documentation, or produced by a well-controlled information system will generally provide a stronger basis for an audit conclusion. Assessing competence is therefore a quality assessment of the evidence itself, rather than an assessment of the amount of evidence collected or the skills of a resource. Internal auditors should exercise professional judgment when evaluating whether evidence is sufficiently reliable and appropriate for the purpose of the engagement. This supports conclusions that are sound, defensible, and useful to management and the board. The IIA's standards require auditors to base conclusions on relevant, reliable, and sufficient information; competency expresses the evidence-quality concept of validity and reliability. See the IIA Global Internal Audit Standards and the IIA's Practice Guides.

QUESTION NO: 23

Cost effective refers to:

A. To make less use of obsolete technology

B. The degree to which fewer resources are used

C. To make expenses controlled at hand

D. The degree of change necessary to solve the problem

ANSWER: B

Explanation:

The degree to which fewer resources are used is the best answer because cost effectiveness concerns obtaining an intended result while using resources economically. In a control self-assessment or internal-audit context, this means considering whether the benefits of a control, process improvement, or corrective action justify its financial cost and consumption of people, time, systems capacity, and other resources. A cost-effective solution does not merely reduce spending; it produces the required outcome at a reasonable cost relative to the value, risk reduction, or performance

improvement achieved. Thus, using fewer resources for the same required result—or obtaining greater value without disproportionate additional resource use—reflects cost effectiveness. This aligns with the Global Internal Audit Standards' expectation that the chief audit executive manage resources efficiently and effectively so the internal audit function can fulfill its mandate. See the IIA's Global Internal Audit Standards. The OECD also describes efficiency as assessing how economically resources are converted into results, a closely related concept that supports this definition of cost effectiveness; see the OECD DAC evaluation criteria.

QUESTION NO: 24

Compliance is related to the company's compliance with applicable laws and regulations.

A. True

B. False

ANSWER: A

Explanation:

True is correct because compliance objectives concern an organization's adherence to the external and internal requirements that govern its activities. At the core of this category are applicable laws and regulations, including requirements imposed by legislation, regulators, licensing bodies, and other authorities. A company must identify which requirements apply to its operations, establish controls and procedures to meet them, monitor whether those controls operate effectively, and address identified noncompliance promptly.

In a control self-assessment context, participants evaluate whether the controls assigned to compliance-related risks provide reasonable assurance that required obligations are being met. This can include maintaining required records, submitting regulatory reports accurately and on time, observing industry-specific rules, and retaining evidence that demonstrates compliance. Compliance may also encompass contractual commitments and internal policies, but complying with applicable laws and regulations is a central and defining element of the compliance objective category. COSO identifies compliance objectives as relating to adherence to laws and regulations, a framework concept widely used in governance, risk, control, and assurance work. The IIA's Global Internal Audit Standards likewise frame internal auditing's role around evaluating and improving governance, risk management, and control processes, including those supporting compliance obligations. See COSO's Internal Control guidance and The IIA's Global Internal Audit Standards.

QUESTION NO: 25

The employee theft risk has safeguard supply inventory as a control objective and uses which technique to control risk?

A. Develop recovery technique

B. Install detection devices

C. Develop quality control structure

D. install security camera

ANSWER: D

Explanation:

Installing a security camera is an appropriate technique for the control objective of safeguarding supply inventory from employee theft. Cameras provide visible monitoring of locations where inventory is stored, issued, received, or handled. This monitoring both increases the likelihood that unauthorized removal will be observed and creates an auditable record that can support investigation of suspected losses. As a control technique, camera surveillance is particularly relevant where physical access to supplies cannot be eliminated because employees require access to perform their duties. The camera's placement, retention of recordings, access to footage, and periodic review should be based on the assessed theft risk and should be supported by clear policies that address privacy, legal, and workplace requirements. In a control self-assessment context, management and process owners can identify surveillance as a tangible control activity that helps address the risk of inventory loss while evaluating whether coverage and monitoring procedures are sufficient. The IIA's standards

emphasize that internal audit evaluates the design and implementation of controls used to manage risks, including controls over assets and operations. See The IIA Global Internal Audit Standards and the IIA Guidance.

QUESTION NO: 26

What generally includes estimating the risk's significance, assessing the likelihood of its occurrence and deciding how to manage the risk and what actions should be taken?

A. Risk mitigation

B. Risk assessment

C. Risk analysis

D. Risk management

ANSWER: B

Explanation:

Risk assessment is correct because it is the structured process used to identify and evaluate risks in relation to an organization's objectives. It includes considering the potential significance or impact of a risk and the likelihood that it will occur. Together, those judgments establish the level and priority of the risk and provide management with the basis for determining the appropriate response and actions, such as accepting, avoiding, reducing, sharing, or otherwise treating the risk.

This wording aligns particularly closely with the COSO Internal Control—Integrated Framework, which describes risk assessment as a dynamic and iterative process for identifying and assessing risks to achieving objectives and as a basis for determining how those risks should be managed. The IIA's Global Internal Audit Standards likewise require internal auditors to assess risks relevant to the engagement and organization, supporting a risk-based approach to evaluating governance, risk management, and control processes. Estimating significance and likelihood is therefore not merely a technical calculation; it supports informed risk-response decisions by management. See COSO's Internal Control—Integrated Framework and The IIA Global Internal Audit Standards.

QUESTION NO: 27

A coding operation where any form of communication is coded or classified in line with some conceptual framework is known as:

A. Content analysis

B. Program execution

C. Formal controls

D. Integrity investigation

ANSWER: A

Explanation:

Content analysis is correct because it is a systematic method for examining communications by assigning their content to predefined or emergent categories according to a conceptual framework. The communications examined can take many forms, including written documents, interview transcripts, reports, emails, images, audio, or other recorded material. The essential feature in the question is the structured coding or classification of communication content: the analyst applies consistent rules to identify themes, concepts, words, topics, or other meaningful units and then organizes them into categories that support analysis and conclusions.

In a control self-assessment or internal-audit context, content analysis can be useful when evaluating qualitative evidence, such as stakeholder feedback, workshop responses, policy documentation, or reported control issues. A sound approach defines the coding framework, documents coding rules, and applies them consistently, helping make the analysis

transparent and reproducible. The Encyclopaedia Britannica describes content analysis as a technique used to study communications systematically, while SAGE Research Methods emphasizes its use in categorizing and interpreting textual and other communication data. See Encyclopaedia Britannica: Content Analysis and SAGE Research Methods: Content Analysis.

QUESTION NO: 28

Change in moral environment says:

A. require modifications of training policies or personnel rules

B. change or increase areas of emphasis

C. tightens controls and performance measures

D. obtains and responds to feedback from external parties

ANSWER: A

Explanation:

require modifications of training policies or personnel rules is correct because an organization's moral environment concerns the ethical values, conduct expectations, and integrity standards that influence how people make decisions and perform their work. A material change in that environment—for example, emerging conduct concerns, shifts in workforce norms, or revised expectations for ethical behavior—needs to be translated into practical people-management measures. Updating training helps personnel understand the expected behaviors and apply them in relevant situations. Updating personnel rules, such as codes of conduct, disciplinary processes, hiring criteria, performance expectations, or reporting protections, embeds those expectations into day-to-day operations.

This response supports an effective control environment because ethical expectations are not effective merely as statements of principle; they must be communicated, understood, and reinforced through policies and workforce practices. Control self-assessment participants should therefore consider whether training and personnel processes remain aligned with the organization's current ethical climate and risk profile. COSO identifies commitment to integrity and ethical values as a core component of the control environment, while The IIA's Global Internal Audit Standards emphasize organizational ethics and appropriate behavior. See COSO Internal Control guidance and The IIA's Global Internal Audit Standards.

QUESTION NO: 29

Who are the people who benefit from the organization, use its products or services or who are otherwise associated?

A. Managers

B. Employees

C. Stakeholders

D. Team workers

ANSWER: C

Explanation:

Stakeholders is correct because stakeholders are individuals, groups, or entities that affect, are affected by, or have an interest in an organization's activities, decisions, and performance. This broad category includes people who benefit from the organization, such as customers and service users, as well as parties otherwise associated with it, including owners, governing bodies, employees, suppliers, regulators, communities, and business partners. In a control self-assessment context, recognizing stakeholders matters because organizational objectives, risks, controls, and accountability should be considered in relation to the needs and expectations of those with a legitimate interest in the organization.

The Institute of Internal Auditors' Global Internal Audit Standards describes stakeholders as parties with an interest in an organization and identifies the importance of engaging appropriately with them. This aligns with the broad wording in the

question, which encompasses both direct users or beneficiaries of products and services and other connected parties. See the IIA's Global Internal Audit Standards and its Standards resources.

QUESTION NO: 30

To make sure the objectives of all individuals, groups, units, programs, teams, offices and department within the organization are congruent with the overall objectives of the organization, this is the goal of:

A. Performance integrity

B. Performance measures

C. Performance outcomes

D. Performance management

ANSWER: D

Explanation:

Performance management is the organizational process designed to translate strategic objectives into aligned objectives for departments, teams, programs, and individual employees. It establishes a continuing cycle in which organizational priorities are communicated, meaningful goals are agreed, performance is monitored, feedback is provided, and results are evaluated. The purpose is not simply to measure activity or report outcomes; it is to ensure that work at every level contributes coherently to the organization's mission, strategy, and desired results.

Effective performance management therefore creates a line of sight between an individual's responsibilities and the goals of the wider organization. It also enables managers to identify whether objectives, resource use, and expected results remain aligned as organizational priorities change. This alignment function is central to a sound control environment because clear, linked objectives support accountability, informed decision-making, and achievement of organizational goals. The Chartered Institute of Personnel and Development describes performance management as an ongoing process of identifying, measuring, and developing performance in alignment with strategic goals; see CIPD's performance management guidance. Related internal-audit expectations for evaluating governance, risk management, and control can be found in the IIA's Global Internal Audit Standards.

QUESTION NO: 31

Rank vulnerability is based on:

A. the auditor's preliminary assessment of the adequacy of the controls

B. the management's emphasize to values, competence and integrity of the system

C. a system of identification of risks and monitoring them on a regular basis

D. a system of high volume of cash transactions

ANSWER: A

Explanation:

The auditor's preliminary assessment of the adequacy of the controls is correct because a vulnerability ranking expresses the auditor's initial view of the extent to which an activity, process, or system may be exposed to risk as a result of control design or operation. At the planning and scoping stage, the auditor considers the controls that should mitigate relevant risks, the evidence available about whether those controls are suitably designed and operating, and any apparent gaps. That preliminary control assessment provides a practical basis for prioritizing areas that warrant greater audit attention, more testing, or discussion in a control self-assessment activity.

This is necessarily an initial ranking rather than a final audit conclusion. Its purpose is to focus audit resources on the areas where control adequacy appears most uncertain or weakest, while allowing the assessment to be refined as the engagement produces additional evidence. The IIA's Global Internal Audit Standards require internal auditors to use a risk-based

approach when planning engagements and to consider the adequacy and effectiveness of governance, risk management, and control processes. A preliminary evaluation of controls is therefore central to determining relative vulnerability. See the IIA Global Internal Audit Standards and the IIA's Standards resources.