IS Audit Process – Questions

1. When planning an IS audit, which of the following factors is *least* likely to be relevant to the scope of the engagement?

    A. The concerns of management for ensuring that controls are sufficient and working properly

    B. The amount of controls currently in place

    C. The type of business, management, culture, and risk tolerance

    D. The complexity of the technology used by the business in performing the business functions

2. Which of the following *best* describes how a CISA should treat guidance from the IS audit standards?

    A. IS audit standards are to be treated as guidelines for building binding audit work when applicable.

    B. A CISA should provide input to the audit process when defendable audit work is required.

    C. IS audit standards are mandatory requirements, unless justification exists for deviating from the standards.

    D. IS audit standards are necessary only when regulatory or legal requirements dictate that they must be applied.

3. Which of the following is *not* a guideline published for giving direction to IS auditors?

    A. The IT auditor's role in dealing with illegal acts and irregularities

    B. Third-party service provider's effect on IT controls

    C. Auditing IT governance

    D. Completion of the audits when your independence is compromised

4. Which of the following is *not* part of the IS auditor's code of ethics?

    A. Serve the interest of the employers in a diligent loyal and honest manner.

B. Maintain the standards of conduct and the appearance of independence through the use of audit information for personal gain.

C. Maintain competency in the interrelated fields of audit and information systems.

D. Use due care to document factual client information on which to base conclusions and recommendations.

5. Due care can *best* be described as

A. A level of diligence that a prudent and competent person would exercise under a given set of circumstances

B. A level of best effort provided by applying professional judgment

C. A guarantee that no wrong conclusions are made during the course of the audit work

D. Someone with lesser skill level that provides a similar level of detail or quality of work

6. In a risk-based audit approach, an IS auditor must consider the inherent risk and

A. How to eliminate the risk through an application of controls

B. Whether the risk is material, regardless of management's tolerance for risk

C. The balance of the loss potential and the cost to implement controls

D. Residual risk being higher than the insurance coverage purchased

7. Which of the following is *not* a definition of a risk type?

A. The susceptibility of a business to make an error that is material where no controls are in place

B. The risk that the controls will not prevent, detect, or correct a risk on a timely basis

C. The risk that the auditors who are testing procedures will not detect an error that could be material

D. The risk that the materiality of the finding will not affect the outcome of the audit report

8. What part of the audited businesses background is *least* likely to be relevant when assessing risk and planning an IS audit?

    A. A mature technology set in place to perform the business processing functions

    B. The management structure and culture and their relative depth and knowledge of the business processes

    C. The type of business and the appropriate model of transaction processing typically used in this type of business

    D. The company's reputation for customer satisfaction and the amount of booked business in the processing queue

9. Which statement *best* describes the difference between a detective control and a corrective control?

    A. Neither control stops errors from occurring. One control type is applied sooner than the other.

    B. One control is used to keep errors from resulting in loss, and the other is used to warn of danger.

    C. One is used as a reasonableness check, and the other is used to make management aware that an error has occurred.

    D. One control is used to identify that an error has occurred and the other fixes the problems before a loss occurs.

10. Which of the following controls is *not* an example of a pervasive general control?

    A. IS security policy

    B. Humidity controls in the data center

    C. System-wide change control procedures

    D. IS strategic direction, mission, and vision statements

11. One of the *most* important reasons for having the audit organization report to the audit committee of the board is because

    A. Their budgets are more easily managed separate from the other budgets of the organization

    B. The departments resources cannot easily be redirected and used for other projects

C. The internal audit function is to assist all parts of the organization and no one reporting manager should get priority on this help and support

D. The audit organization must be independent from influence from reporting structures that do not enable them to communicate directly with the audit committee

12. Which of the following is *not* a method to identify risks?

A. Identify the risks, then determine the likelihood of occurrence and cost of a loss.

B. Identify the threats, their associated vulnerabilities, and the cost of losses.

C. Identify the vulnerabilities and effort to correct based on the industry's best practices.

D. Seek managements risk tolerance and determine what threats exist that exceed that tolerance.

13. What is the correct formula for annual loss expectancy?

A. Total actual direct losses divided by the number of years it has been experienced

B. Indirect and direct potential loss cost times the number of times it might possibly occur

C. Direct and indirect loss cost estimates times the number of times the loss may occur in a year

D. The overall value of the risk exposure times the probability for all assets divided by the number of years the asset is held

14. When an audit finding is considered material, it means that

A. In terms of all possible risk and management risk tolerance, this finding is significant.

B. It has actual substance in terms of hard assets.

C. It is important to the audit in terms of the audit objectives and findings related to them.

D. Management cares about this kind of finding so it needs to be reported regardless of the risk.

15. Which of the following is *not* considered an irregularity or illegal act?

A. Recording transactions that did not happen

B. Misuse of assets

C. Omitting the effects of fraudulent transactions

D. None of the above

16. When identifying the potential for irregularities, the auditor should consider

A. If a vacation policy exists that requires fixed periods of vacation to be mandatory

B. How much money is devoted to the payroll

C. Whether the best practices are deployed in the IS environment

D. What kind of firewall is installed at the Internet

17. Some audit managements choose to use the element of surprise to

A. Scare the auditees and to see if there are procedures that can be used as a back up

B. Ensure that staffing is sufficient to manage an audit and daily processing simultaneously

C. Ensure that supervision is appropriate during surprise inspections

D. Ensure that policies and procedures coincide with the actual practices in place

18. Which of the following is *not* a reason to be concerned about auditor independence?

A. The auditor starts dating the change control librarian.

B. The auditor invests in the business spin-off of the company.

C. The auditor used to manage the same business process at a different company.

D. The auditor is working as consultant for the implementation portion of the project being audited.

19. Control objectives are defined in an audit program to

A. Give the auditor a view of the big picture of what the key control issue are based on the risk and management input

B. Enable the auditor to scope the audit to only those issues identified in the control objective

C. Keep the management from changing the scope of the audit

D. Define what testing steps need to be performed in the program

20. An audit charter serves the following primary purpose:

A. To describe the audit process used by the auditors

B. To document the mission and business plan of the audit department

C. To explain the code of ethics used by the auditor

D. To provide a clear mandate to perform the audit function in terms of authority and responsibilities

21. In order to meet the requirements of audit, evidence sampling must be

A. Of a 95 percent or higher confidence level, based on repeated pulls of similar sample sizes

B. Sufficient, reliable, relevant, and useful, and supported by the appropriate analysis

C. Within two standard deviations of the mean for the entire population of the data

D. A random selection of the population in which every item has an equal chance of being selected

22. Audit evidence can take many forms. When determining the types required for an audit, the auditor must consider

A. CAATs, flowcharts, and narratives

B. Interviews, observations, and reperformance testing

C. The best evidence available that is consistent with the importance of the audit objectives

D. Inspection, confirmation, and substantive testing

23. The primary thing to consider when planning for the use of CAATs in an audit program is

A. Whether the sampling error will be at an unacceptable level

B. Whether you can trust the programmer who developed the tools of the CAATs

C. Whether the source and object codes of the programs of the CAATs match

D. The extent of the invasive access necessary to the production environment

24. The *most* important aspect of drawing conclusions in an audit report is to

A. Prove your initial assumptions were correct.

B. Identify control weakness based on test work performed.

C. Obtain the goals of the audit objectives and to form an opinion on the sufficiency of the control environment.

D. Determine why the client is at risk at the end of each step.

25. Some things to consider when determining what reportable findings should be are

A. How many findings there are and how long the report would be if all findings were included

B. The materiality of the findings in relevance to the audit objectives and management's tolerance for risk

C. How the recommendations will affect the process and future audit work

D. Whether the test samples were sufficient to support the conclusions

26. The primary objective of performing a root cause analysis is to

A. Ask why three times.

B. Perform an analysis that justifies the recommendations.

C. Determine the costs and benefits of the proposed recommendations.

D. Ensure that you are not trying to address symptoms rather than the real problem that needs to be solved.

27. The primary reason for reviewing audit work is to

A. Ensure that the conclusions, testing, and results were performed with due professional care.

B. Ensure that the findings are sufficient to warrant the final report rating.

C. Ensure that all of the work is completed and checked by a supervisor.

D. Ensure that all of the audits are consistent in style and technique.