

# Certified Internal Auditor® (CIA®) Examination

## Part 2: Practice of Internal Auditing

### SECTION A – CASE STUDY QUESTIONS

(Total: 40 Marks)

Answer all questions. Each question carries 20 marks.

#### Question 1 – Managing the Internal Audit Function (20 Marks)

##### Scenario:

AuditPro Inc. recently expanded its internal audit team and appointed a new Chief Audit Executive (CAE). The CAE is tasked with developing a strategy to improve audit efficiency, align with company objectives, and implement KPIs for performance measurement. However, there is limited cooperation between the audit team and business units.

##### Required:

- Explain the responsibilities of the CAE in leading the internal audit function.
- Describe how audit performance can be measured and improved using KPIs.
- Recommend strategies to strengthen coordination between auditors and operational teams.

##### May include but is not limited to:

- Strategic planning for internal audit
- Setting and evaluating performance indicators
- Stakeholder communication and relationship-building
- Audit team development and resource allocation

#### Question 2 – Risk-Based Auditing & Governance (20 Marks)

##### Scenario:

GreenField Enterprises operates in a regulated industry. The internal audit team uses a risk-based approach to plan their audits. However, during a major audit of the compliance division, it was found that risk rankings were outdated and audit coverage was inconsistent across departments.

**Required:**

- a) Define risk-based auditing and its benefits.
- b) Discuss the role of governance in audit planning and risk oversight.
- c) Suggest improvements for risk identification and audit prioritization.

**May include but is not limited to:**

- Risk scoring models and audit universe
- Governance frameworks (e.g., Three Lines Model)
- Stakeholder engagement in risk discussions
- Continuous risk monitoring and update mechanisms

**SECTION B – DESCRIPTIVE QUESTIONS**

(Total: 60 Marks)

Answer all questions. Each question carries 10 marks.

**Question 3 – Risk Assessment and Control Frameworks (10 Marks)**

**Required:**

- a) Describe the steps in conducting a risk assessment in internal auditing.
- b) Explain two recognized internal control frameworks used by auditors.

**May include but is not limited to:**

- Risk identification, analysis, and prioritization
- COSO, COBIT, ISO 31000 frameworks
- Risk matrices and control mapping
- Risk appetite and tolerance

**Question 4 – Internal Audit Tools and Techniques (10 Marks)**

**Required:**

- a) Explain three common tools or techniques used during fieldwork.
- b) Describe how audit checklists and sampling support audit effectiveness.

**May include but is not limited to:**

- Interviews, document reviews, data analytics
- Sampling methods (random, judgmental)
- Use of technology and audit software
- Audit documentation practices

**Question 5 – Audit Planning (10 Marks)**

**Required:**

- a) List the key components of a risk-based audit plan.
- b) Explain how auditors prioritize engagements and allocate resources.

**May include but is not limited to:**

- Audit universe, resource planning, risk assessments
- Engagement scope and objectives
- Timeline development
- Approval by the audit committee

**Question 6 – Governance and Risk Management (10 Marks)**

**Required:**

- a) Differentiate between governance and risk management.
- b) Describe the internal auditor's role in evaluating governance effectiveness.

**May include but is not limited to:**

- Roles of the board, management, and audit function
- Governance indicators and compliance standards
- Risk escalation and reporting lines
- Evaluation of governance structures

**Question 7 – Communication and Reporting (10 Marks)**

**Required:**

- a) Identify the essential components of a clear and effective audit report.
- b) Explain the importance of communication throughout the audit process.

**May include but is not limited to:**

- Audit findings, conclusions, and recommendations
- Use of audit rating systems
- Verbal vs. written communication
- Reporting to senior management and the board

**Question 8 – Coordination and Supervision (10 Marks)**

**Required:**

- a) Explain how internal auditors coordinate with external auditors and assurance providers.
- b) Discuss how supervision ensures quality throughout an audit engagement.

**May include but is not limited to:**

- Shared risk assessments and audit plans
- Internal audit standards for supervision
- Role of the audit manager and team leads
- Documentation and review protocols