

CIA Challenge Exam for CA and CPA

I. Essentials of Internal Auditing (35%)

1. Foundations of Internal Auditing

A. Interpret The IIA's Mission of Internal Audit, Definition of Internal Auditing, and Core Principles for the Professional Practice of Internal Auditing, and the purpose, authority, and responsibility of the internal audit activity (P)

B. Explain the requirements of an internal audit charter (required components, board approval, communication of the charter, etc.) (B)

C. Interpret the difference between assurance and consulting services provided by the internal audit activity (P)

D. Demonstrate conformance with the IIA Code of Ethics (P)

2. Independence and Objectivity

A. Interpret organizational independence of the internal audit activity (importance of independence, functional reporting, etc.) (B)

B. Identify whether the internal audit activity has any impairments to its independence (B)

C. Assess and maintain an individual internal auditor's objectivity, including determining whether an individual internal auditor has any impairments to his/her objectivity (P)

D. Analyze policies that promote objectivity (P)

3. Proficiency and Due Professional Care

A. Recognize the knowledge, skills, and competencies required (whether developed or procured) to fulfill the responsibilities of the internal audit activity (B)

B. Demonstrate the knowledge and competencies that an internal auditor needs to possess to perform his/her individual responsibilities, including technical skills and soft skills (communication skills, critical thinking, persuasion/negotiation and collaboration skills, etc.) (P)

C. Demonstrate due professional care (P)

D. Demonstrate an individual internal auditor's competency through continuing professional development (P)

4. Quality Assurance and Improvement Program

A. Describe the required elements of the quality assurance and improvement program (internal assessments, external assessments, etc.) (B)

B. Describe the requirement of reporting the results of the quality assurance and improvement program to the board or other governing body (B)

C. Identify appropriate disclosure of conformance vs. nonconformance with The IIA's International Standards for the Professional Practice of Internal Auditing (B)

5. Governance, Risk Management, and Control

A. Describe the concept of organizational governance (B)

B. Recognize the impact of organizational culture on the overall control environment and individual engagement risks and controls (B)

C. Interpret fundamental concepts of risk and the risk management process (P)

D. Describe globally accepted risk management frameworks appropriate to the organization (COSO - ERM, ISO 31000, etc.) (B)

E. Examine the effectiveness of risk management within processes and functions (P)

F. Recognize the appropriateness of the internal audit activities role in the organization's risk management process (B)

6. Fraud Risks

A. Interpret fraud risks and types of frauds and determine whether fraud risks require special consideration when conducting an engagement (P)

B. Recommend controls to prevent and detect fraud and education to improve the organization's fraud awareness (P)

C. Recognize techniques and internal audit roles related to forensic auditing (interview, investigation, testing, etc.) (B)

II. Practice of Internal Auditing (43%)

1. Managing the Internal Audit Activity

A. Describe policies and procedures for the planning, organizing, directing, and monitoring of internal audit operations (B)

B. Interpret administrative activities (budgeting, resourcing, recruiting, staffing, etc.) of the internal audit activity (B)

C. Identify sources of potential engagements (audit universe, audit cycle requirements, management requests, regulatory mandates, relevant market and industry trends, emerging issues, etc.) (B)

D. Identify a risk management framework to assess risks and prioritize audit engagements based on the results of a risk assessment (B)

E. Interpret the types of assurance engagements (risk and control assessments, audits of third parties and contract compliance, security and privacy, performance and quality audits, key performance indicators, operational audits, financial and regulatory compliance audits) (P)

F. Interpret the types of consulting engagements (training, system design, system development, due diligence, privacy, benchmarking, internal control assessment, process mapping, etc.) designed to provide advice and insight (P)

G. Describe coordination of internal audit efforts with the external auditor, regulatory oversight bodies, and other internal assurance functions, and potential reliance on other assurance providers (B)

H. Recognize that the chief audit executive communicates the annual audit plan to senior management and the board and seeks the board's approval (B)

I. Identify significant risk exposures and control and governance issues for the chief audit executive to report to the board (B)

J. Recognize that the chief audit executive reports on the overall effectiveness of the organization's internal control and risk management processes to senior management and the board (B)

K. Recognize internal audit key performance indicators that the chief audit executive communicates to senior management and the board periodically (B)

2. Planning the Engagement

A. Determine engagement objectives and evaluation criteria and scope of the engagement (P)

B. Plan the engagement to assure identification of key risks and controls (P)

C. Complete a detailed risk assessment of each audit area, including evaluating and prioritizing risk and control factors (P)

D. Determine engagement procedures and prepare the engagement work program (P)

E. Determine the level of staff and resources needed for the engagement (P)

3. Performing the Engagement

A. Gather and examine relevant information (review previous audit reports and data, conduct walk-throughs and interviews, perform observations, etc.) as part of a preliminary survey of the engagement area (P)

B. Develop checklists and risk-and-control questionnaires as part of a preliminary survey of the engagement area (P)

C. Use computerized audit tools and techniques (data mining and extraction, continuous monitoring, automated workpapers, embedded audit modules, etc.) (P)

D. Evaluate the relevance, sufficiency, and reliability of potential sources of evidence (P)

E. Apply appropriate analytical approaches and process mapping techniques (process identification, workflow analysis, process map generation and analysis, spaghetti maps, RACI diagrams, etc.) (P)

F. Summarize and develop engagement conclusions, including assessment of risks and controls (P)

G. Identify key activities in supervising engagements (coordinate work assignments, review workpapers, evaluate auditors' performance, etc.) (B)

4. Communicating Engagement Results and Monitoring Progress

A. Arrange preliminary communication with engagement clients (P)

- B. Demonstrate communication quality (accurate, objective, clear, concise, constructive, complete, and timely) and elements (objectives, scope, conclusions, recommendations, and action plan) (P)
- C. Prepare interim reporting on the engagement progress (P)
- D. Formulate recommendations to enhance and protect organizational value (P)
- E. Describe the audit engagement communication and reporting process, including holding the exit conference, developing the audit report (draft, review, approve, and distribute), and obtaining management's response (B)
- F. Describe the chief audit executive's responsibility for assessing residual risk (B)
- G. Describe the process for communicating risk acceptance (when management has accepted a level of risk that may be unacceptable to the organization) (B)
- H. Assess engagement outcomes, including the management action plan (P)
- I. Manage monitoring and follow-up of the disposition of audit engagement results communicated to management and the board (P)

III. Business Knowledge for Internal Auditing (22%)

1. Business Acumen

- A. Describe the strategic planning process and key activities (objective setting, globalization and competitive considerations, alignment to the organization's mission and values, etc.) (B)
- B. Appraise the risk and control implications of different organizational configuration structures (centralized vs. decentralized, flat structure vs. traditional, etc.) (B)
- C. Examine the risk and control implications of common business processes (human resources, procurement, product development, sales, marketing, logistics, management of outsourced processes, etc.) (P)
- D. Identify project management techniques (project plan and scope, time/team/resources/cost management, change management, etc.) (B)

2. Data Analytics

- A. Describe data analytics, data types, data governance, and the value of using data analytics in internal auditing (B)
- B. Explain the data analytics process (define questions, obtain relevant data, clean/normalize data, analyze data, communicate results) (B)
- C. Recognize the application of data analytics methods in internal auditing (anomaly detection, diagnostic analysis, predictive analysis, network analysis, text analysis, etc.) (B)

3. Information Technology and Security

- A. Explain the purpose and use of various information security controls (encryption, firewalls, antivirus, etc.) (B)
- B. Recognize data privacy laws and their potential impact on data security policies and practices (B)
- C. Recognize emerging technology practices and their impact on security (bring your own device [BYOD], smart devices, internet of things [IoT], etc.) (B)
- D. Recognize existing and emerging cybersecurity risks (hacking, piracy, tampering, ransomware attacks, phishing, attacks, etc.) (B)
- E. Describe cybersecurity and information security-related policies (B)
- F. Recognize core activities in the systems development lifecycle and delivery (requirements definition, design, developing, testing, debugging, deployment, maintenance, etc.) and the importance of change controls throughout the process (B)
- G. Recognize the purpose and applications of IT control frameworks (COBIT, ISO 27000, ITIL, etc.) and basic IT controls (B)