Certified Financial Services Auditor

IIA IIA-CFSA

Version Demo

Total Demo Questions: 20

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Topic Break Down

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Topic 1, Volume A	101
Topic 2, Volume B	100
Topic 3, Volume C	104
Topic 4, Volume D	100
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QUESTION NO: 1

Low-risk scores are those with an average of scores:

A. 2.25 or less

B. 2.75 or less

C. 2.00 or less

D. 3.25 or less

ANSWER: A

QUESTION NO: 2

Options are quoted daily in the newspapers. The listing provides the name of the underlying stock and its closing price that day, the strike price of the option, the closing prices(premiums) of the 3 call and 3 put contracts trading closest to expiration. Listings can be divided into categories. Which of the following is/are out of those categories?

A. Option Class

B. Option Series

C. Option Statuses

D. Option Lists

ANSWER: A B

QUESTION NO: 3

Agents that represent one company exclusively are called:

A. Independent Agents

B. Captive Agents

C. Exclusive Agents

D. Detached Agents

ANSWER: B C

QUESTION NO: 4

The balance sheet is the fundamental report of a company's financial position. An examination of a balance sheet will assist in determining:

A. If the company meets its financial obligations

B. The amount of money invested in outside the company

C. The company's debt ratio

D. The type of assets that company has purchased with its debt financing

ANSWER: A C

QUESTION NO: 5

Which one of the following is/are NOT the type of retirement plans that banks may administer?

A. Pension plans

B. Self-employed retirements trust

C. Group retirement accounts

D. Post-requirement accounts

ANSWER: C D

QUESTION NO: 6

Due from bank balances are used to:

A. Ensure liquid reserves

B. Protect stored data

C. Restrict physical access to cardholder

D. Facilitate the transfer of funds and to use as compensation for correspondent banking services

ANSWER: A D

QUESTION NO: 7

Which of the following are NOT common funding vehicles used by insurers to invest in retirement plan assets as they are accumulated?

A. Group deferred annuities.

B. Deposit administration contracts.

C. Separate account contracts.

D. Keogh plans.

ANSWER: D

QUESTION NO: 8

The EU saving Directive is aimed at effective taxation of saving income in the form of:

A. Interest payments

B. Inflation

C. Both of these

D. None of these

ANSWER: A

QUESTION NO: 9

A sound data classification scheme sets the foundation for the effective implementation of access control to ensure that data is adequately protected. The elements of a data classification scheme are as follows EXCEPT:

A. Reporting

B. Storing

C. Collection

D. Public information

ANSWER: C D

QUESTION NO: 10

_____pays damaged insured by the injured and the insured's passenger when injured in an auto accident caused by a motorist without liability insurance. The coverage also covers accidents caused by hit-and-run drivers.

A. Uninsured motorist coverage

B. Auto coverage

C. Medical coverage

D. Liability coverage

ANSWER: A

QUESTION NO: 11

Which of the following activity/ies should be considered by the auditors whenever reviewing situations where broker-dealer finance proprietary or customer activity through collateralized bank loans?

A. Ensuring that customer, noncustomer, and firm bank loans are separately maintained and that procedures are in place to prevent commingling of collateral

B. Maintaining separate accounts in the general ledger for the securities collateralizing each loan

C. Obtaining collateral from the counterparty

D. Reconciling the repurchase and reverse repurchase subsidiary ledgers to the stock record and general ledger daily. Out-of-balances are recorded as suspense items and researched immediately

ANSWER: A B

QUESTION NO: 12

Unsecured bonds are not backed by assets and provide no claim on assets for bondholders These include:

A. Debenture

B. Subordinated debenture

C. Collateral trust bonds

D. Trust indenture

ANSWER: A B

QUESTION NO: 13

Which of the following is not a characteristic of a control environment?

A. Management communicates the importance of internal controls to all employees

B. Employees have a vague idea of their responsibilities; so they work in a flexible environment

C. Employees are held accountable for their performance

D. A system is in place to monitor controls on a regular basis

ANSWER: B

QUESTION NO: 14

Cash surrender life insurance is referred to:

A. Permanent life insurance

B. Whole life insurance

C. Both of these

D. None of these

ANSWER: B

QUESTION NO: 15

System tailoring is accomplished by setting optional system parameters and, therefore, has an impact on system performance and security. Control techniques for system's software include:

A. Setting appropriate system parameters and security options for operating system

B. Verifying the accuracy of output through manual or automated reconciliation activities

C. Using the security features of security software effectively

D. Controlling procurement and maintainace of software licenses

ANSWER: A C D

QUESTION NO: 16

To server as family and/or financial planning tool

To provide for retirement

To obtain favorable tax treatment

These are the primary reasons

A. For establishing a trust

B. For naming an institution as trustee

C. of Safekeeping

D. of Custodial

ANSWER: A

QUESTION NO: 17

Nature of internal audit activities and quality criteria against which the performance of these services can be evaluated is best portrayed by:

A. Performance Standards

B. Attribute Standards

C. Implementation Standards

D. Evaluation Standards

ANSWER: A

QUESTION NO: 18

Most corporations have an annual meeting where stockholders have the opportunity to vote on important issues. These issues include:

A. Election of the board of directors (the officers of the corporation)

B. Changes to the corporate charter

C. Reconciliation

D. Takeovers

ANSWER: A B

QUESTION NO: 19

Reviewing counterparties for creditworthiness and obtaining master trade agreements and credit approval for counterparties before entering into a repurchase or reverse repurchase agreement Obtaining collateral from the counterparty Marking to market all collateral daily; if a deficit (within established guidelines) exists, additional collateral may be obtained from the counterparty Reconciling the repurchase and reverse repurchase subsidiary ledgers to the stock record and general ledger daily. Out-of-balances are recorded as suspense items and researched immediately These are actually:

A. Control and monitoring activities related to purchase and reverse purchase agreement

B. Review activities where broker-dealer –dealers finance proprietary or customer activity through collateralized bank

C. Auditors should be aware of the following control and monitoring activities typically associated with securities lending

D. None of these

ANSWER: A

QUESTION NO: 20

While the SEC review is in progress, the issuer can circulate a preliminary prospectus to determine the interest in issue. The preliminary prospectus must include all of the following EXCEPT.

A. Statement that the registration is filed but not effective.

B. Statement that the information is subject to change.

C. Red-Ink it to distinguish it from final prospectus.

D. All of these

ANSWER: D

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