



# IIA-CIA-PART4<sup>Q&As</sup>

Certified Internal Auditor - Part 4, Business Management Skills

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### QUESTION 1

In which of the following situations would a narrower span of control be more appropriate?

- A. Managers do not spend a great deal of time on planning or strategic management.
- B. Managers must spend a great deal of time coordinating with other managers.
- C. Subordinates work in the same area rather than being geographically dispersed.
- D. Work performed by subordinates is substantially identical.

Correct Answer: B

If substantial coordination is required, a manager benefits from reduced supervision requirements. In addition, increased coordination implies that the work done by subordinates is not standardized. As spans of control move from wider to narrower, the work done becomes less similar and more complex.

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### QUESTION 2

The director of internal auditing for a large company has established an excellent reputation because of her strong professional credentials and tactful but firm handling of auditor-auditee relationships. With regard to auditees, she must rely upon what sources of power?

- A. Expert and coercive.
- B. Referent and reward.
- C. Referent and expert.
- D. Legitimate and coercive.

Correct Answer: C

The internal audit director has no formal (legitimate or position) power over auditees. Nor does she have the power to coerce (punish) or reward them. Rather, her ability to exert power (influence others) must derive from her specialized ability and knowledge and the force of her personal qualities.

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### QUESTION 3

Structural considerations affecting the threat of substitutes include all of the following except:

- A. Relative prices.
- B. Brand identity.
- C. Cost of switching to substitutes.
- D. Customers\' inclination to use a substitute.

Correct Answer: B



Substitutes are types of goods and services that serve the same purpose. All products that can replace a good or service should be considered substitutes. For example, bicycles and cars are substitutes for public transportation. Structural considerations determine the effect substitutes have on one another. However, because substitutes are types (not brands) of goods and services that have the same purposes, brand identity is not a structural consideration affecting the threat of substitutes.

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#### QUESTION 4

While conducting field work, a strong conflict arises between two of your subordinates regarding possible scope expansion. You draw their attention to their shared views, downplaying the issues of contention. This technique for resolving conflict is called:

- A. Super ordinate goals.
- B. Smoothing.
- C. Problem solving.
- D. Compromise.

Correct Answer: B

Smoothing is a conflict resolution technique in which differences are deemphasized and common interests of the parties are emphasized. It has the disadvantage of not solving the underlying problems that created the conflict.

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#### QUESTION 5

Auditor 1 and Auditor 2 are working on similar projects. After looking at Auditor 2's work, Auditor 1 informs Auditor 2 that Auditor 2's project contains many errors and is not acceptable. Auditor 1 discusses with Auditor 2 ways to improve to prevent the errors from happening again. Auditor 2 acknowledges the mistakes and vows to work harder. Auditor 2 listens to Auditor 1's suggestions, corrects the errors on the current project, and returns a highquality project. This is an example of:

- A. Cooperative conflict.
- B. Competitive conflict.
- C. Destructive conflict.
- D. None of the answers are correct.

Correct Answer: A

Auditor 1's conflict with Auditor 2 is productive because dialogue between the two workers is productive. The workers share the same goals for a high-quality project.