



**OUTLINE OF TOPICS AND SUBJECTS
INCLUDED IN THE
CERTIFIED INTERNAL AUDITOR EXAMINATION**

PART I: INTERNAL AUDIT PROCESS		PART II: INTERNAL AUDIT SKILLS	
AUDITING	(65 – 75 %)	PROBLEM SOLVING & EVALUATING AUDIT EVIDENCE	(45 – 60 %)
PROFESSIONALISM	(10 – 20 %)	DATA GATHERING, DOCUMENTATION, AND REPORTING	(25 – 40 %)
FRAUD	(10 – 20 %)	SAMPLING & MATHEMATICS	(10 – 20 %)
PART III: MANAGEMENT CONTROL AND INFORMATION TECHNOLOGY		PART IV: THE AUDIT ENVIRONMENT	
MANAGEMENT CONTROL	(30 – 40 %)	FINANCIAL ACCOUNTING	(30 – 40 %)
OPERATIONS MANAGEMENT	(10 – 20 %)	FINANCE	(20 – 30 %)
INFORMATION TECHNOLOGY	(45 – 55 %)	MANAGERIAL ACCOUNTING	(20 – 30 %)
		REGULATORY ENVIRONMENT	(10 – 20 %)

PART I – INTERNAL AUDIT PROCESS

A. AUDITING (65% - 75%)

Audit assignments - Application of the following areas to various types of internal audits, including information technology (IT) auditing, auditing the efficiency of operations and programs, financial auditing, and compliance auditing

1. Planning and administering the audit assignment - general topics (planning at the proficiency level; administration at the understanding level)
2. Risks/scope - identifying/prioritizing business objectives and risks within an audit assignment (proficiency level)
3. Determining appropriate audit scope and objectives (proficiency level)
4. Evaluating internal controls (proficiency level)
5. Appropriate audit procedures (proficiency level)
6. Management of the audit department (understanding level)

B. PROFESSIONALISM (10 - 20%)

1. IIA *Standards** (proficiency level)
 - a. Organizational independence {110}
 - b. Objectivity {120}
 - c. Competence of the internal auditor {240-270}
 - d. Due care, fraud, or other {280}
 - e. Scope of work and controls {300}
 - f. Planning and administering the audit assignment {230, 410}
 - g. Follow-up {440}
 - h. Risk assessment {520}
 - i. Audit department administration {210, 220, 500}
2. General {Statement of Responsibilities, Glossary, Statements on Internal Auditing Standards (SIASs)}* (proficiency level)
3. IIA *Code of Ethics** (proficiency level in general; understanding level in complex situations)

C. FRAUD (10 - 20%)

Application of the following activities to various types of fraud, including specific types of employee fraud, management fraud, and computer fraud

1. Prevention (understanding level)
2. Detection
 - a. Identifying common types of fraud associated with activity audited (understanding level)
 - b. Risk factors, such as control weaknesses or red flags (awareness level)
 - c. Controls to prevent or detect fraud (understanding level)
 - d. Audit steps to detect fraud (understanding level)
 - e. Indicators/symptoms of fraud (understanding level)
3. Investigation
 - a. Steps to take when fraud is suspected (understanding level)
 - b. Fraud investigation (understanding level)

FORMAT: 80 multiple-choice questions

* Changes to The IIA *Standards* and *Code of Ethics* were being considered at the time this model exam was published. Please visit The IIA's web site (www.theiia.org) for the most up-to-date information on the *Standards* and *Code of Ethics*.

PART II – INTERNAL AUDIT SKILLS

A. PROBLEM SOLVING AND EVALUATING AUDIT EVIDENCE (45% - 60%)

Using logic and reasoning to solve problems and evaluate audit evidence to reach valid conclusions based on the information available (proficiency level)

1. Determining what evidence is needed to reach a valid conclusion
2. Evaluating audit evidence including the validity of data
3. Data interpretation
4. Decision making

B. DATA GATHERING, DOCUMENTATION, AND REPORTING (25% - 40%)

Application of the appropriate tools and techniques for collecting and evaluating audit evidence; application of workpaper and audit reporting guidelines, including appropriate IIA *Standards** (proficiency level)

1. Data gathering techniques
 - a. Questionnaires
 - b. Checklists
 - c. Interviews
 - d. Other (e.g., electronic media)
2. Preparing and understanding flowcharts
3. Interpreting charts and graphs
4. Preparing audit workpapers and knowledge of related IIA Standards* {Standard 420.01.5}
5. Audit reporting including related IIA Standards* {Standard 430}

C. SAMPLING AND MATHEMATICS (10% - 20%)

Application of sampling and mathematics to business situations (understanding level).

1. Sampling procedures
2. Random selection procedures
3. Business mathematics
4. Probability distributions
5. Probability theory

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PART III – MANAGEMENT CONTROL AND INFORMATION TECHNOLOGY

A. MANAGEMENT CONTROL (30% - 40%)

1. Internal control concepts (proficiency level)
 - a. Relationship of business objectives, risks, and controls
 - b. Levels of assurance and cost-benefit issues for controls
 - c. Control environment (ethics, communication, etc.)
 - d. Types of controls (preventive, detective, and directive)
 - e. Control implications of different organizational structures
 - f. Internal audit and controls
 - (1) Role in organizations
 - (2) Relationship with top management
 - g. Project planning and control
2. Measures of performance (understanding level)
 - a. Measuring productivity, capacity, speed of delivery, etc.
 - b. Benchmarking
 - c. Quality management
 - (1) Elements of total quality management (TQM)
 - (2) Cost of quality
 - (3) Tools (histograms, scatter diagrams, etc.)
 - (4) ISO 9000
 - d. Segment performance measures
3. Change facilitation (understanding level)
 - a. Reengineering
 - b. Work measurement
4. Control self-assessment (awareness level)
5. Budget concepts* (understanding level)

B. OPERATIONS MANAGEMENT (10%- 20%)

1. Management science (awareness level)
 - a. Time series and regression analysis
 - b. Queuing theory
 - c. Sensitivity analysis
 - d. Simulation models
 - e. Critical path method (CPM) and program evaluation & review technique (PERT)
2. Organizational objectives, structures, and strategies, including strategic analysis (understanding level)

3. Risk management (understanding level)

- a. Framework for evaluating risk
- b. Industry and organizational risk
- c. Communications risk

4. Inventory management – economic order quantity (EOQ), safety stock, etc. (understanding level)

- a. Just-in-time systems – transportation, processing, inventory, etc.
- b. Materials and purchasing management
 - (1) Materials requirements planning (MRP)
 - (2) Purchasing approaches (value analysis, sole source, etc.)
 - (3) Distribution systems

C. INFORMATION TECHNOLOGY (45% - 55%)

1. Information systems (IS) strategies, policies, and procedures (proficiency level)

- a. Control objectives for IS security
- b. Computer terminology
- c. Management issues associated with IS
- d. Functional areas of IS operations
- e. Strategic use of IS
- f. Emerging technologies
- g. Role of service bureaus

2. Hardware, platforms, networks, and telecommunications (understanding level)

- a. Use of personal computers (PCs)
- b. Various computer media
- c. Use of mainframes
- d. Interfacing PCs with mainframes
- e. Computer networks
- f. Telecommunications and data communications
- g. Operating systems software

3. Data processing (understanding level)

- a. PC software
- b. Testing data for accuracy
- c. Data flow and data processing
- d. Data organization and query facilities
- e. Different types of files
- f. Database programs
- g. Electronic funds transfer (EFT) / electronic data interchange (EDI) systems

4. Systems development, acquisition, and maintenance (awareness level)

- a. Risks of end-user development
- b. Control objectives for system maintenance and change control
- c. Systems development controls
- d. Systems development life cycle
- e. Software licensing issues
- f. Programming process
- g. Techniques and tools for systems development

5. Information systems (IS) security and contingency planning (understanding level)

- a. IS risks
- b. Different levels of control for IS security
- c. Physical computer security
- d. Security software
- e. Contingency planning
- f. Controls in application software

FORMAT: 80 multiple-choice questions

* Responsibility accounting and product cost control systems are no longer tested on Part III as part of "Budget concepts." They are tested in "Managerial Accounting" on Part IV as part of topics such as "Cost allocation procedures" and "Interpreting budgeting models."

PART IV – THE AUDIT ENVIRONMENT

A. FINANCIAL ACCOUNTING (30% - 40%)

Understanding Level

1. The accounting cycle (sources and uses of accounting data, interrelationships among cycles, etc.)
2. Cash controls
3. Analyzing interrelationships among accounts
4. Revenue recognition
5. Inventory estimation methods
6. International Accounting Standards
7. Analysis of financial statements (ratios)

Awareness Level

8. Depreciation methods
9. Long-term investments
10. Asset retirements
11. Bonds
12. Prior-period adjustments
13. Pensions
14. Contingent liabilities
15. Unearned revenues
16. Different formats of financial statements
17. Differences between capital and operating leases
18. Intangible assets

B. FINANCE (20% - 30%)

Awareness Level

1. Cost of capital
2. Various types of debt
3. Various types of equity
4. Profit planning
5. Implications of leveraging
6. Valuation of a firm
7. Interpreting and forecasting models
8. Mergers and acquisitions
9. Implications of bankruptcy
10. Operation of financial markets
11. Implications of dividend policies
12. Various sources of short-term financing

C. MANAGERIAL ACCOUNTING (20% - 30%)

Understanding Level

1. Management of current assets
2. Capital budgeting
3. Interpreting budgeting models
4. Cost-benefit analysis
5. Cost allocation procedures
6. Cost behavior patterns
7. Activity-based costing
8. Break-even analysis
9. Relevant costs
10. Transfer pricing
11. Cost-volume-profit analysis

D. REGULATORY ENVIRONMENT (10% - 20%)

Awareness Level

1. Governments' monitoring of environmental issues
2. Governments' impact on business
3. Types of political structures
4. Business practices of countries
5. Import and export laws and regulations
6. Methods, restrictions, and barriers of international trade
7. Organization of governments
8. International laws
9. Various forms of business organizations
10. Different types of taxes (sales, value-added, income, etc.)
11. Differences between tax reporting and financial reporting

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