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Exam : **CIMAPRA19-P03-1-ENG**

Title : P3 Risk Management (Online)

Version : DEMO

1.M plc is an IT company that bids for large contracts to sell computer systems and also to service existing systems. M plc's senior management has always set budgets which are hard to achieve and have made no allowances for the recession.
The economy has improved and M plc's senior managers have made the budget even more optimistic. The budgeted sales target has been increased by 40%.
In the past, sales staff have not tried to achieve the budget sales because it was generally believed that the targets were impossible to reach.
M plc has recently appointed a new Sales Director who has decided that sales staff will be dismissed if they fail to meet sales targets for three successive months. He is also looking for higher sales margins than were achieved before.
What are the likely consequences of the new Sales Director's policy?
A. Sales staff will be happier in their jobs.
B. Sales staff will tender for riskier contracts.
C. Sales staff will encroach on other sales staff territories to get more work.
D. Sales staff will look for new jobs.
E. Sales staff will feel more settled and secure in their jobs.
Answer: B,C,D

2.DRAG DROP
The internal audit department should always give a report at the end of its audit. This report is intended to be useful and help the company going forward. The report should always include any recommendations for improvements.
Which of the following statements are true and which are false?

True	False

Internal audit should have a post implementation review to see how its recommendaions have been implemented by the company.	
If residual risk is not reduced by its recommendations then they are not worth implementing.	
Even if the recommendations are not cost effective they should be implemented as they may increase internal control.	
The internal auditors should themselves implement the internal controls suggested.	

Answer:

True	False

Internal audit should have a post implementation review to see how its recommendaions have been implemented by the company.	True
If residual risk is not reduced by its recommendations then they are not worth implementing.	True
Even if the recommendations are not cost effective they should be implemented as they may increase internal control.	False
The internal auditors should themselves implement the internal controls suggested.	False

3.SDF is a quoted company.
Which of the following matters should normally be dealt with by SDF's audit committee?
A. The external auditor has requested a higher fee than normal for the forthcoming financial year because new legislation will require additional audit work.
B. The Head of Internal Audit is concerned that a recent internal audit investigation may have revealed serious compliance failures.
C. The external auditor is concerned that an accounting policy selected by the Finance Director does not comply with the spirit of the relevant accounting standard.
D. The external auditor has identified a material error, due to a clear miscalculation, in the draft financial statements.
E. The Finance Director will be retiring within the next year and a replacement will have to be found.
Answer: A,B,C

4.Risk management involves all parties in an organisation.
Which of the following describe the Board's responsibilities for risk management?
A. The Board is responsible for choosing the least risk products to promote.
B. The Board is responsible for maintaining a robust system of internal controls.
C. The Board is responsible for addressing any weaknesses in internal controls.
D. The Board is responsible for considering whether weaknesses in internal controls need to be addressed.
E. The Board is responsible for safeguarding the company's assets.
Answer: B,D,E

5.You have just been appointed Financial Controller of Y, a marketing consultancy.
You are in a meeting with the Chief Executive Officer (CEO) of Y, and have been discussing the need for a major upgrade of all the information systems throughout Y, as they are all very old.
Knowing that major change should be managed effectively, you have suggested that Y should have a 'systems steering committee'.
Advise the CEO which of the following should be included in the terms of reference of the steering

committee.

A. Plan for new systems

B. Develop new systems

C. Manage the project

D. Consider the competitive issues raised by the new system

E. Ensure the new system will meet the company's goals

Answer: A,D,E