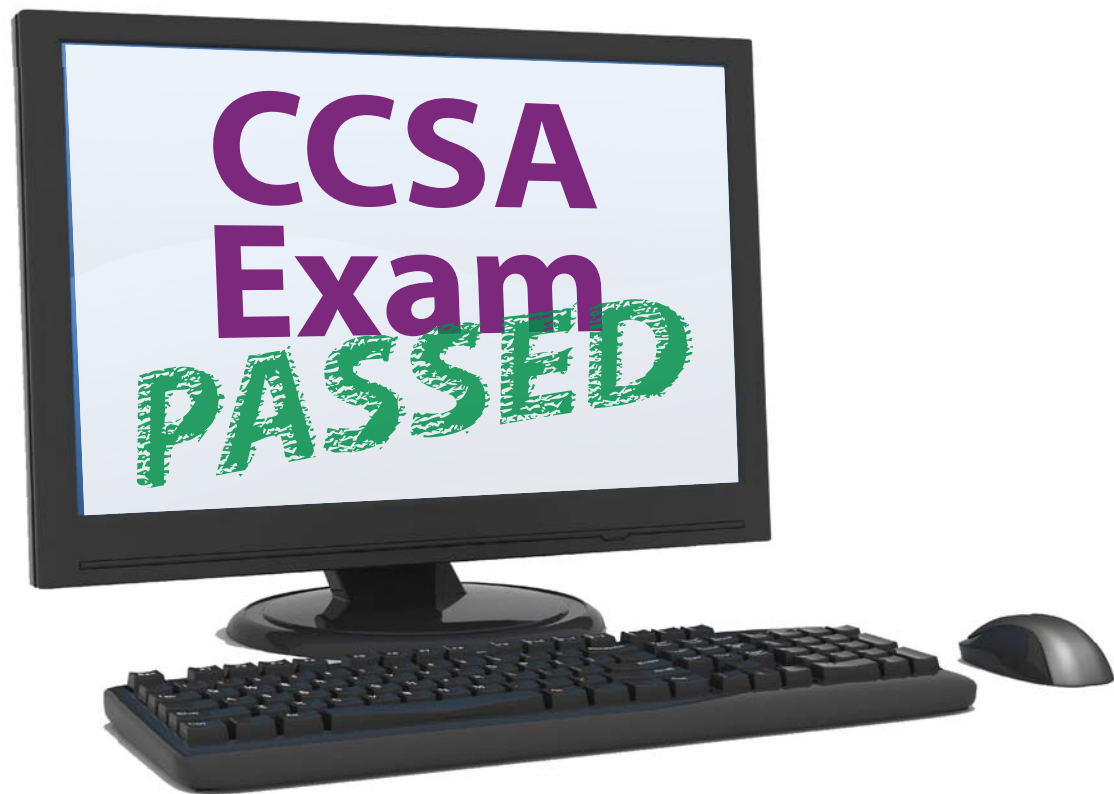


McKeever CCSA Study System

Second Edition

**Over 300 Practice Questions
Answers & Explanations**

*A CCSA Study System
That works!*



PUBLISHED BY
PLEIER
CORPORATION
www.pleier.com

P.O. Box 3900 · Mission Viejo CA 92690-1900 USA + 1-949-830-1575

**THIS PAGE IS INTENTIONALLY BLANK
TO FACILITATE DOUBLE-SIDED PRINTING**

Course Overview

The CCSA exam can cover a broad spectrum of topics. The questions and topics on the exam are changed periodically.

The objectives of this course are to help participants become more familiar with the material that may appear on the CCSA Examination and to help participants become more comfortable dealing with multiple-choice questions. The wording of multiple-choice questions can often be a greater challenge than the actual material being tested. Therefore, throughout this workbook there will be opportunities to understand both the technical material that may appear on the CCSA examination as well as how to clarify the wording used in questions.

The workbook material contains extensive discussion of the technical topics that may appear on the CCSA examination. In addition, there are sample questions related to the topics at the end of each chapter. These sections contain the correct answer to each question along with an explanation, which examines the wording of the question. At the back of the workbook there are a substantial number of advanced questions. These questions are more typical of what will appear on the examination. These advanced questions are presented in two parts. The first part provides the questions only. The second part is more comprehensive with the questions and their answers highlighted, along with an explanation of the correct answer. Periodically throughout the workbook, there will be extractions from these advanced questions to examine their wording content, keyword traps, and the technical content of the questions.

Although the discussions in each domain contain substantial material, it is advised that the participants review both the end of chapter questions and the advanced questions in the back of the workbook. Reviewing practice questions and becoming familiar with the wording of multiple-choice questions can be a great aid in preparation for a multiple-choice format test.

Contemporary Business Concepts

CCSA, Consulting, Risk Management, Business Controls
Seminars and Training Programs
36 Tamarack Avenue # 212
Danbury, Connecticut 06811
www.cbcseminars.com
1-800-956-6780

Thank you for using the *McKeever CCSA Study System 2nd edition* as a tool to help you pass The IIA CCSA exam.

The *McKeever CCSA Study System* can be used as part of an instructor-lead training seminar or as a self-study program. If you are using it in self-study mode and would like to attend a CCSA seminar conducted by the author visit <http://www.cbcseminars.com> for additional information.

The actual CCSA exam questions are confidential. As a result, the material and practice questions presented are representative of the body of knowledge tested by the CCSA exam. They are not actual questions from current or past CCSA exams. The material has been developed and compiled to the best of the author's knowledge, information gathered from teaching numerous CCSA Exam preparation seminars, and from applying CSA as a CSA Practitioner.

The *McKeever CCSA Study System 2nd edition* will help you prepare for the CCSA exam as follows:

- 1) describes the many areas covered by the CCSA Exam itself
- 2) presents over 300 practice questions similar to what you will see on the CCSA exam
- 3) makes you comfortable with complexities and approaches required to choose the BEST answer
- 4) provides you with guidance for correct answers and feedback about incorrect answers
- 5) helps you identify areas on the CCSA exam that will require your additional study time
- 6) lists additional references that will help you with any further study requirement

Contemporary Business Concepts

CCSA, Consulting, Risk Management, Business Controls
Seminars and Training Programs
36 Tamarack Avenue # 212
Danbury, Connecticut 06811
www.cbcseminars.com
1-800-956-6780

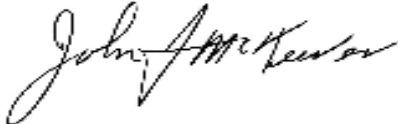
Although review courses by themselves, including the *McKeever CCSA Study System 2nd edition*, are generally not sufficient to ensure exam success this study system will certainly provide you with an approach to significantly improve your chances of passing. Additionally the *McKeever CCSA Study System 2nd edition* lists a number of references you might consider if you need a more in-depth study of the topics discussed in any domain.

Your feedback about this material will be most appreciated and will help us constantly improve this material. Helping students pass the CCSA examination is a primary objective of the McKeever CCSA Study System.

I will be happy to discuss any topics, questions, or concepts about this material.

Please feel free to contact me at johncbc@att.net.

Wishing You the Best of Success on the CCSA Exam,



John J. McKeever

JOHN J. McKeever
CCSA, CQA, CFE, CPC, CBM

John McKeever is President & COO of Contemporary Business Concepts, LLC.

In addition, he has served as an Operations Manager, Consultant, Instructor, and Audit Professional. During his 15 years in the audit department at AT&T, he conducted and led a wide range of audits and consulting projects. These included numerous audits and projects of finance, operations, and information technology processes.

He has trained and advised thousands of auditors and managers while in private practice, through The Institute of Internal Auditors, and at the AT&T School of Business. John has developed and delivered a number of business programs which include *this The McKeever CCSA Study System, COSO: The Steps To Success, Help Your Client Succeed with Control Self-Assessment, and Consulting: A Value Added Service and The Tools and Techniques That Make It Work.*

John is a frequent speaker at public seminars, professional association training, government agencies conferences, and corporation training. His work has included developing and delivering risk and control management programs specifically focused for the needs of Senior Executives, Boards of Directors, and Audit Committees.

He is the author of numerous research papers that have addressed the concepts of process improvement in business, employee empowerment, and the management of effective teams. Using these tools, he has guided and encouraged thousands of domestic and international professionals to move toward process and business improvements. For his achievements as a seminar leader, The Institute of Internal Auditors has awarded John the designation of Distinguished Adjunct Faculty Member.

John has degrees in Business Administration and Management from Northeastern University, a Masters of Science Degree in Management from Stevens Institute of Technology, and a graduate Certificate in Total Quality Management from the University of Phoenix. John holds both a certification in Control Self-Assessment and Control Self-Assessment Qualification. Additionally he is an American Society for Quality Certified Quality Auditor, a Certified Fraud Examiner, a Certified Business Manager, and a Certified Professional Consultant.

He is a member of The Institute of Internal Auditors, American Society for Quality, Association of Business Professionals in Business Management, and Association of Certified Fraud Examiners.

Copyright 2009 and as modified by Contemporary Business Concepts, LLC, Danbury Connecticut 06811 USA. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form by any means, electronic, photo-copying, recording, or otherwise without the written permission of the publisher and copyright holder.

McKeever CCSA Study System 2nd edition

Author

**John J. McKeever
CCSA, CQA, CFE, CPC, CBM**

**Program Presented
By**

Contemporary Business Concepts

**1-800-956-6780
(203) 312-0153**

**E mail johncbc@att.net
www.cbcseminars.com**

**36 Tamarack Avenue # 212
Danbury, Connecticut
06811**

This documentation and seminar is designed to provide accurate and authoritative information in regard to the subject matter covered. It is offered and sold with the understanding that the author-copyright owner and publisher are not engaging with this study system in rendering legal, accounting, or other professional service.

Index

Course Overview

Domain 1 - CSA Fundamentals

Domain 2 - CSA Program Integration

Domain 3 - Elements of the CSA Process

Domain 4 – Business Objectives & Organizational Performance

Domain 5 – Risk Identification & Assessment

Domain 6 - Control Theory and Application

Suggested References

Appendix

Application Questions

Application Questions, Answers & Explanations

Overview Extract

How To Study for the CCSA Exam

There is no standard way to study for the CCSA Exam as each person has an individual study style. However, the McKeever CCSA Study System does provide proven test taking techniques.

The McKeever CCSA Study System recommends:

- **study the modules covering CCSA Domains in any sequence**
- **limit study to a comfortable time in both group study and self-study**
- **do not try to cover everything in one session**

For group study we recommend no less than 16 hours of team study. This time should include reviews of both the content in the modules and review of the Sample Questions with Answers and Explanations.

Study the content of a module and try to select the “best Answer” prior to looking at the answer provided.

Be certain to review the Sample Application Questions with Answers and Explanations after reviewing all modules.

Now study each module carefully.

The answer for each question with an explanation how to arrive at the "best answer" is contained in this McKeever CCSA Study System.

Do not try to identify every POSSIBLE answer just concentrate on identifying the “best” of the choices provided.

Prior to taking the actual CCSA Exam we suggest that you become very comfortable with both the format of the exam and the type of questions you may see on the actual exam. That way you will have the full 3 hours and 15 minutes of the exam time to answer the actual questions efficiently without wasting time.

**Control Self-Assessment
(CSA):
Risk Identification
and
Assessment
Domain 5
Extract**

Control and Audit Risk

Control Risk

- the effect of increased risk as controls becomes less effective
- controls have a life cycle
- controls can outlive their usefulness and effectiveness against risk

Audit Risk

- did not cover everything in planning
- new issues found during fieldwork
- audit planning & audit work should have the same objective
- inadequate sample development
- inadequate testing/reporting of issues
- not understanding the business
- audit did not cover all the bases
- audit did not re-assess risk and take appropriate action during process

Developing an appropriate sample can be an asset in developing an adequate audit. Developing an inappropriate sample can cause audit risk. The relationship of judgmental vs. statistical sampling methods should be understood.

CSA: Risk Identification & Assessment

<p>5-8 Risk analysis is best described as:</p> <ol style="list-style-type: none"> 1. a method of anticipating expected loss from the occurrence of some adverse event 2. a method of measuring the impact of risk on the achievement of objectives 3. a tool using mathematical models and graphic representations to determine the current implications of risk 4. the management of the results of the mathematical and graphic models 	<p>Answer 1 is correct. Answer 2 is incorrect because it only includes one of the component measurements. Answers 3 & 4 are incorrect because risk analysis is more than just the mathematical models. The most important part of risk analysis is the subjectivity and the thinking that is incorporated into the model.</p>
<p>5-9 When performing risk analysis, it is most important to use the mathematical models:</p> <ol style="list-style-type: none"> 1. as methods of determining the actual risk implications 2. as tools 3. with appropriate graphic models 4. only to determine the probability and impacts of the risk 	<p>Answer 2 is correct. The mathematical models are just tools. Consequently, answer 1 is incorrect. Answer 3 is incorrect because the mathematical models do not have to be used with graphic models. Answer 4 is incorrect because the mathematical models can demonstrate much more. However, mathematical models should not be used by themselves.</p>

<p>5-10 Which one of the following is the equation for direct probability estimate?</p> <ol style="list-style-type: none">1. total risk = (external risk) (internal risk) + time factor2. total risk = (probability) (impact)3. total risk = (inherent risk) (control risk) (audit risk)4. direct probability estimate = total risk + (inherent risk) (control risk) (audit risk)	<p>Answer 2 is the correct answer.</p>
---	---

STOP

Turn To The Application Question Module.

Answer The Following Questions.

138 & 55

Then Turn To The Application Question Answer & Explanations Module.

Review And Study The Answers And Explanations For These Questions.

Application Questions Samples

1. You have noticed a number of repeat findings in audit reports conducted over the past four years. You believe that the best approach to prevent repeated failures of the control process, in the future, would be to involve the business professionals in the identification and management of their own risks and controls. Based on your prior experience and training, you believe that a Control Self-Assessment (CSA) exercise will help accomplish this objective. However, you know that it is important for you to first identify and effectively convey the purpose of establishing appropriate and adequate controls to the necessary business professionals. Which of the following would be the most effective and efficient system of internal controls which could be conveyed to your business partners?

a.	safeguard all of the assets of the organization, including all of its resources
b.	encourage blanket compliance with plans, policies, procedures, and laws and regulations
c.	promote the achievement of the objectives within the organization in an effective and efficient manner
d.	ensure the accurate, reliable, and timely use of all information
e.	promote the operational efficiencies and effectiveness throughout the entire organization

2. Your organization has expanded beyond the bounds of their current facility. The Board of Directors has decided to pursue the acquisition of a new property across town. The new location is approximately 18 miles from the existing facility. The Board has asked the Internal Audit Department to establish a CSA team to evaluate the feasibility of the purchase. The anticipated cost of the purchase is an estimated \$27,000,000. The team has decided to evaluate the purchase with a SWOT analysis. The SWOT analysis is being conducted to determine if the value of the property is appropriate in both the long-term and short-term and is parallel with the business objectives. Further, it must be determined whether the property is free of liabilities which could cause negative long-term issues. Which of the following approaches would be most appropriate to verify the legal ownership of the land being considered for acquisition?

a.	an examination of the deed and supporting documents of the property by the legal department
b.	a thorough inspection of all related records at the local courthouse
c.	an examination of the seller's corporate minutes to ascertain the appropriate approval to sell the property and to identify any issues that may have been discussed
d.	a thorough inspection of the land to determine if it meets the needs of the purchase

Application Questions Answers & Explanations Samples

1. You have noticed a number of repeat findings in audit reports conducted over the past four years. You believe that the best approach to prevent repeated failures of the control process, in the future, would be to involve the business professionals in the identification and management of their own risks and controls. Based on your prior experience and training, you believe that a Control Self-assessment (CSA) exercise will help accomplish this objective. However, you know that it is important for you to first identify and effectively convey the purpose of establishing appropriate and adequate controls to the necessary business professionals. Which of the following would be the most effective and efficient system of internal controls which could be conveyed to your business partners?

a.	safeguard all of the assets of the organization, including all of its resources
b.	encourage blanket compliance with plans, policies, procedures, and laws and regulations
c.	<i>promote the achievement of the objectives within the organization in an effective and efficient manner</i>
d.	ensure the accurate, reliable, and timely use of all information
e.	promote the operational efficiencies and effectiveness throughout the entire organization

The basis of a good internal control system begins with the objectives. The three basic elements of an internal control system are the objectives, risks, and controls. These elements should be addressed in that order. It is important, particularly for anyone who may be less acquainted with risk and control management, that these basic elements be understood. Although these elements are necessary in the management of risks and controls, they are not the only considerations. The establishment of objectives and the administration of risks and controls need to be effective and efficient.

The concept of effectiveness and efficiency resides and originated from the Institute of Internal Auditors Standards under scope of work.

2. Your organization has expanded beyond the bounds of their current facility. The Board of Directors has decided to pursue the acquisition of a new property across town. The new location is approximately 18 miles from the existing facility. The Board has asked the Internal Audit Department to establish a CSA team to evaluate the feasibility of the purchase. The anticipated cost of the purchase is an estimated \$27,000,000. The team has decided to evaluate the purchase with a SWOT analysis. The SWOT analysis is being conducted to determine if the value of the property is appropriate in both the long-term and short-term and is parallel with the business objectives. Further, it must be determined whether the property is free of liabilities which could cause negative long-term issues. Which of the following approaches would be most appropriate to verify the legal ownership of the land being considered for acquisition?

a.	an examination of the deed and supporting documents of the property by the legal department
b.	<i>a thorough inspection of all related records at the local courthouse</i>
c.	an examination of the seller's corporate minutes to ascertain the appropriate approval to sell the property and to identify any issues that may have been discussed
d.	a thorough inspection of the land to determine if it meets the needs of the purchase

This type of question can lead the reader in different directions. There is substantial background information provided in the question. This information is important to set the stage for the core question. However, substantial background information may also lead the reader off the track of the core question. In this case, the core question is which would be the best approach to verify the legal ownership of the land being acquired? The best answer to this question is a through inspection of all related records at the local courthouse.

A good supplement to this examination would be an inspection of the land itself. However, just an inspection of the land without a review of the courthouse documents would not be sufficient to establish legal ownership.

Although an examination of the deed and supporting documents by the legal department sounds good and may be appropriate, an examination of all the documents at the courthouse is more inclusive. An examination of the corporate minutes may provide some insight as to why the land is being sold but probably would not establish clear legal ownership.