INCREASE YOUR CHANCES OF PASSING THE CIA® EXAM

Reno Deschaine, CRMA
Director, Certification Administration, The IIA

Jay Mages, CPA, CIA, MBA
Partner, R&M Consulting LLC
Agenda

1. Certified Internal Auditor® Certification Program
2. CIA Exam Overview
3. Exam Preparation: The IIA’s CIA Learning System
4. Test-Taking Tips
5. Links and Resources
6. Questions
CIA Certification
CIA Overview

- Only globally recognized certification for internal auditors
- Based on the International Professional Practice Framework (IPPF)
- First exam administered in August 1974
- 100,000 have earned the certification
- More than 80,000 exam parts administered each year
- Exam offered via computer-based testing (CBT) since May 2008
- 530 testing centers in 122 countries through Pearson VUE
- Register and monitor CIA application progress with online Certification Candidate Management System (CCMS)
CIA Benefits

- Distinguish yourself from your peers
- Gain instant professional credibility with internal and external customers
- Broaden your knowledge
- Enhance your image
- Grow your confidence
- Demonstrate your passion and commitment
- Increase your earning potential
- Advance your career

Certified professionals earn up to 18% more than their non-certified peers.
(Information from IIA’s Compensation Study)
CIA Benefits to Employers

- Improve performance of your internal auditors
- Demonstrate proficiency and achievement of staff
- Gain credibility with new and existing external clients
- Enhance credibility with executive management and audit committee
CIA Program Eligibility Requirements

1. Bachelor’s degree (or equivalent)
2. Character reference
3. Professional work experience
4. Successful exam completion
5. Adherence to The IIA’s Code of Ethics
6. Continuing Professional Education
CIA Exam
CIA Exam Overview

- Four exam parts
- Exams offered year-round with CBT through Pearson VUE
- 180 days to take an exam part after registering
- 100 multiple choice questions per part
- Exam length: 2 hours and 45 minutes per part
- Exam scoring: Scale of 250-750; 600+ required to pass
CIA Exam Changes

• 2012 Changes to the CIA exam:
  – Removing the tutorial and placing on The IIA’s website. (https://www.globaliia.org/certification/pages/CBT-Exam-Tutorial.aspx)
  – Removing some of the ‘un-scored’ questions.
  – Exam parts will now consist of 90 multiple choice questions and candidates will have 2 hours and 25 minutes
  – These changes are being made for two reasons:
    • To reduce the seat time required to complete the exams at the Pearson Vue test centers.
    • This will also help avoid price increases to candidates due to price increases IIA is being charged by our vendor.
CIA Exam Changes

• 2013 Changes to the CIA exam:
  – Job analysis studies are done to validate exam content relevancy.
  – CIA Job Analysis Study completed in 2011. The study was led by an independent, psychometrician with global certification experience.
  – As a result of the analysis the Global Board of Directors of The IIA approved the following changes in mid-2013.
    • Moving CIA from 4 to 3 parts
    • Changing the number of questions per part
      – New Part 1 = 125 questions
      – New Part 2 / 3 = 100 questions each
      – Overall number of questions increasing
CIA Exam Changes

• How does the transition affect candidates:
  – That have not applied to the program
  – That have applied, but not registered for any parts
  – That have taken *some* exam parts
CIA Exam Changes

<table>
<thead>
<tr>
<th>Before the transition, if you have completed:</th>
<th>Under the new structure, it will count as:</th>
<th>Additionally, you will need to complete for that requirement or part:</th>
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</tr>
<tr>
<td></td>
<td></td>
<td>• Part 4 exam</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• PRC 4 Credit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Professional Experience Recognition (PER) process</td>
</tr>
<tr>
<td>Part 4 (without Part 3)</td>
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</tr>
<tr>
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<td>Nothing</td>
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</table>
CIA Exam Content

4 Part Exam Format

- **Part 1**: The Internal Audit Activity’s Role in Governance, Risk, and Control
- **Part 2**: Conducting the Internal Audit Engagement
- **Part 3**: Business Analysis and Information Technology
- **Part 4**: Business Management Skills (may be given Professional Recognition Credit)

3 Part Exam Format

- **Part 1**: Internal Audit Basics
- **Part 2**: Internal Audit Practice
- **Part 3**: Internal Audit Knowledge Elements

A detailed topic outline can be found at:
Professional Recognition Credit

- Granted to candidates who have met all other CIA exam requirements.
- Professional Recognition Credit (PRC4) is available for Part 4 of the CIA Exam only.
- PRC4 is available to all CCSAs, CGAPs, and CFSAs.
- Full listing of approved certifications listed at www.theiia.org/certification.
Professional Experience Recognition (PER)

• An option to prove a candidate has professional experience within an exam area.

• The PER for Part 4 will become available July 1, 2013 and will be available for 6 months post 3 part implementation.

• The PCB has defined the PER as follows:
  – Candidates can qualify for the PER if any of the following apply:
    • The candidates holds a Masters Degree (6 years post-secondary education) from an accredited university.
    Or
    • The candidate completes a detailed narrative of 75 to 100 words describing examples of professional experience within the domains of the current part 4 exam.
Steps to Take the Exam

1. **Create** a profile in the Certification Candidate Management System (CCMS).

2. Complete the CIA **Application**. This costs US$ 75 for IIA members.

3. **Provide** documentation to verify you meet the education, experience and other requirements.

4. When CIA Application is approved, **Register** for the exam. This costs US$150 per part for IIA members.

5. When authorized, **Schedule** the exam with Pearson VUE. There is no additional cost to schedule.
Sample Screens: Pearson VUE

Pearson VUE Tutorial and Practice Exam - Candidate Name

What is a common after school snack in England?

- A. Peanut butter and jelly sandwich
- B. Toast with leftovers from the night before
- C. Egg roll
- D. Chocolate candy bar
Maintaining Your CIA Designation

• Beginning in 2012, practicing CIAs must complete a total of 40 hours of acceptable CPE every year.
• 80 CPEs awarded upon passing exam
  – 40 awarded year passed
  – 40 awarded subsequent year
• Self-certification program
• Forms must be submitted every year by 31 December.
Find more information about the CIA exam in the Certification Candidate Handbook, available at www.theiia.org/certification
Exam Preparation
What to Look for in Review Materials

• Trustworthy source
• Complete and up-to-date content
• Effective learning approach
• Study method that suits your learning style
• Practice questions that encourage application of concepts
• Convenience and flexibility
• Value
Did You Know?

• Retention of new information without periodic review:
  – 47% forgotten in 20 minutes
  – 62% forgotten in one day
  – 75% forgotten in 15 days
  – 78% forgotten in 31 days

A single encounter with a given concept is not sufficient to ensure the type of long-term learning that is necessary for success on the exam.
THE IIA’S CIA LEARNING SYSTEM™

+ — THE IIA’S CIA LEARNING SYSTEM™
The IIA’s CIA Learning System

• Print and Web-based format allows you to study when and where it’s convenient
• Content is aligned with the IPPF
• Create a customized study plan with “My CIA Review Plan”
• Available in English and French
• Teaches the entire global CIA exam syllabus
• Materials developed by CIA-certified subject matter experts
• Designed to support proven study and test-taking techniques
• Takes a comprehensive academic approach to learning as opposed to memorization and question repetition
Delivery Modes

The IIA’s CIA Learning System offers various learning options to meet your schedule and study preferences:

• Self-study program
• Instructor-led training
  o Comprehensive Instructor-led Courses
  o CIA Refresher Seminars
• Corporate training
Instructor-led Courses and Seminars

- Offered by colleges, universities, IIA chapters and Institutes worldwide
- Private courses also available at your location
- Choose from live, in-person, or online course formats
- Find a public class near you: www.LearnCIA.com/classes-offered
- Can’t find a course or seminar? Contact your local IIA chapter/institute
Steps to Success

Plan
Study
Apply
Test
Step 1: Create a Study Plan

- Create a customized study plan based on your goals, schedule, and experience using “My CIA Review Plan” at www.LearnCIA.com/my-cia-review-plan
- Assess your areas of strength and weakness by completing the online pre-test
- Make your CIA a priority by entering study time into your calendar
Step 1: Create a Study Plan

How Long Will You Need to Study?

• On average, users of the Learning System require the following hours to study:
  – Part 1: 20 hours
  – Part 2: 22 hours
  – Part 3: 31 hours
  – Part 4: 15 hours

• Study times vary based on
  – Years of experience
  – Expertise in accounting or IT
  – Study method
Step 1: Create a Study Plan
My CIA Review Plan
Step 1: Create a Study Plan
My CIA Review Plan

You have chosen the use The IIA's CIA Learning System self-study program. By following this plan as a guideline, you are setting yourself up to meet your CIA goals on schedule! This study plan assumes that you will begin your studies next week - so there's no time to delay. To order your program, visit www.LearnCIA.com today!

The following review plan is broken down by week, allowing you to assign specific dates. This will accommodate for your individual commitments such as intense work weeks, travel and vacations.

CIA Exam Part 3: Business Analysis and Information Technology

<table>
<thead>
<tr>
<th>Study Task</th>
<th>Estimated Time</th>
<th>Calendar</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Download and review The IIA's CIA Candidate Handbook from <a href="http://www.theia.org/certification">www.theia.org/certification</a></td>
<td></td>
<td>Week</td>
<td></td>
</tr>
<tr>
<td>If you haven't done so already, apply for the CIA program. This process could take up to 45 days.</td>
<td></td>
<td>Week</td>
<td></td>
</tr>
<tr>
<td>Once your CIA application has been approved, register for part 3 of the exam. This process could take up to two weeks. Please note that once you are registered for an exam, you must complete that exam within 188 days. Schedule your exam with Pearson/Vue at <a href="http://www.rue.com/lia">www.rue.com/lia</a>. Spaces are limited so it is advised that you book as early as possible to secure your preferred exam date.</td>
<td></td>
<td>Week</td>
<td></td>
</tr>
<tr>
<td>Complete online pre-test</td>
<td>1.5 hours</td>
<td>Week</td>
<td></td>
</tr>
<tr>
<td>Study Section A of print materials: ‘Business Processes’</td>
<td>4.5 hours</td>
<td>Week</td>
<td></td>
</tr>
<tr>
<td>Go to <a href="http://www.LearnCIA.com">www.LearnCIA.com</a> and complete the section-specific quizzes</td>
<td>2 hours</td>
<td>Week</td>
<td></td>
</tr>
<tr>
<td>Study Section B of print materials: ‘Financial Accounting and Finance’</td>
<td>5.5 hours</td>
<td>Week</td>
<td></td>
</tr>
<tr>
<td>Go to <a href="http://www.LearnCIA.com">www.LearnCIA.com</a> and complete the section-specific quizzes</td>
<td>3.5 hours</td>
<td>Week</td>
<td></td>
</tr>
<tr>
<td>Study Section C of print materials: ‘Managerial Accounting’</td>
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<td>Week</td>
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</tr>
<tr>
<td>Go to <a href="http://www.LearnCIA.com">www.LearnCIA.com</a> and complete the section-specific quizzes</td>
<td>2 hours</td>
<td>Week</td>
<td></td>
</tr>
<tr>
<td>Study Section D of print materials: ‘Regulatory, Legal, and Economic’</td>
<td>2.5 hours</td>
<td>Week</td>
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<tr>
<td>Go to <a href="http://www.LearnCIA.com">www.LearnCIA.com</a> and complete the section-specific quizzes</td>
<td>1 hour</td>
<td>Week</td>
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<tr>
<td>Study Section E of print materials: ‘Information Technology’</td>
<td>5.5 hours</td>
<td>Week</td>
<td></td>
</tr>
<tr>
<td>Go to <a href="http://www.LearnCIA.com">www.LearnCIA.com</a> and complete the section-specific quizzes</td>
<td>2.5 hours</td>
<td>Week</td>
<td></td>
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<tr>
<td>Go to <a href="http://www.LearnCIA.com">www.LearnCIA.com</a> and complete the Part 2 Part-test</td>
<td>3 hours</td>
<td>Week</td>
<td></td>
</tr>
<tr>
<td>Go to <a href="http://www.LearnCIA.com">www.LearnCIA.com</a> and complete the Part 3 CIA Practice Exam</td>
<td>3 hours</td>
<td>Week</td>
<td></td>
</tr>
</tbody>
</table>

Visit www.theia.org to register for part 3 of the CIA exam.

This study plan provides a general guide for your CIA exam preparations. The actual amount of time needed to study will vary based on your interest and learning style, existing exam-taking skills, and comfort with studying and taking exams. Following this plan in sequence guarantees that you will pass the CIA exam.
Step 2: Study the Materials
Step 2: Study the Materials

Resource Center

- Updates
  - Stay up-to-date by viewing the latest changes to the content found in The IIA’s CIA Learning System.

- Related Links
  - Find links to key information such as certification, the CIA syllabus, the International Standards for the Professional Practice of Internal Auditing, and Practice Advisories.

- Test-Taking Tips
  - Increase your chance for success on the Certified Internal Auditor® (CIA®) exam by reviewing these test-taking tips.

- Reference Material
  - Review a list of additional reference materials to aid in your exam preparation.

- Printable Flashcards
  - Take the flashcards with you to test your knowledge of the material.

- Feedback
  - Your opinion counts. Evaluate The IIA’s CIA Learning System and provide feedback and suggestions for future product enhancements.
Step 3: Apply the Concepts

PART 3: BUSINESS ANALYSIS AND INFORMATION TECHNOLOGY

PRE-TEST
Check your knowledge before you complete the course materials.

QUizzes

Section A
Business Processes

Section B
Financial Accounting and Finance

Quick Quiz
Quick Quiz
Extended Quiz
Extended Quiz

Section C
Managerial Accounting

Quick Quiz
Quick Quiz
Extended Quiz
Extended Quiz

Section D
Regulatory, Legal, and Economic

Quick Quiz
Quick Quiz
Extended Quiz
Extended Quiz

Section E
Information Technology

Quick Quiz
Quick Quiz
Extended Quiz
Extended Quiz

FLASHCARDS
Check your knowledge of terms in this part.

POST-TEST
See what you have learned after completing the course materials.

CIA PRACTICE EXAM
Get a feel for the official exam interface in this emulation.
Step 3: Apply the Concepts

Sample Quiz Question

The formula for optimal order quantity (EOQ) is as follows:

$$EOQ = \sqrt{\frac{2AR \times OC}{CC}}$$

In this formula, AR is the annual requirement, OC is the order cost per order, and CC is the carrying cost per unit. Furthermore total cost (TC) = total OC + total CC. The following inventory requirements for a retail location are as follows:

- AR = 300 units of paper towels
- OC = $2 per 10 units ordered
- CC = $1 per 30 units

What is the EOQ and what is the TC?

- EOQ = 63; TC = $23
- EOQ = 10; TC = $3
- EOQ = 60; TC = $70
- EOQ = 35; TC = $3
Step 3: Apply the Concepts

Sample Quiz Question Feedback

**Extended Quiz**

**Question 2**

**Rationale:**

The EOQ is calculated as follows:

\[
\text{EOQ} = \sqrt{\frac{\text{AR} \times \text{OC}}{\text{CC}}}
\]

For example:

\[
\text{EOQ} = \sqrt{\frac{2\text{AR} \times \text{OC}}{\text{CC}}}
\]

\[
\text{TC} = \text{EOQ} \times \text{OC} + \text{CC} \times \text{EOQ}
\]

**Example:**

\[
\text{EOQ} = \sqrt{\frac{2 \times 300 \times \$10}{\$10}} = 60
\]

For more information, refer to Part 3, Section A, Topic 6.

The formula for optimal order quantity (EOQ) is as follows:

\[
\text{EOQ} = \sqrt{\frac{\text{AR} \times \text{OC}}{\text{CC}}}
\]

In this formula, AR is the annual requirement, OC is the order cost per order, and CC is the carrying cost per unit. Furthermore, total cost (TC) = total OC + total CC. The following inventory requirements for a retail location are as follows:

- AR = 300 units of paper towels
- OC = $2 per 10 units ordered
- CC = $1 per 30 units

What is the EOQ and what is the TC?

- EOQ = 60; TC = $70
- EOQ = 35; TC = $3

**Next**
Step 3: Apply the Concepts

Flashcards and Glossary
An economic situation starts with high inflation, which increases nominal interest rates. Businesses and individuals hold as little money as possible. Money circulates more times each year. However, as this cycle continues to use more of the value of each dollar spent, it causes employment, income, and prices to rise, which erodes purchasing power. Which of the following accurately describes this scenario?

- Inflation increased the velocity of money, and this increased the multiplier effect of money. However, rising prices eroded purchasing power, causing the multiplier effect of money to be minimized overall.
- Inflation decreased the velocity of money, and this decreased the multiplier effect of money. Then rising prices eroded purchasing power, causing the multiplier effect of money to be further minimized.
- Inflation decreased the velocity of money, and this increased the multiplier effect of money. However, rising prices eroded purchasing power, causing the multiplier effect of money to be minimized overall.
- Inflation increased the velocity of money, and this increased the multiplier effect of money. Then rising prices created a cyclical effect, causing the multiplier effect of money to be incrementally increased at each iteration.
Step 4: Test Your Knowledge

Reports

BEST TEST SCORES REPORT FOR JANE DOE

All tests can be taken as often as you like. If you have taken a test one or more times, this report will display your best score. If a score has been recorded, you can view a detailed breakdown of your results by attempt.

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<th>POSSIBLE SCORE</th>
<th>SCORE</th>
<th>PERCENT CORRECT</th>
<th>VIEW BREAKDOWN BY</th>
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<td>10</td>
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<td>Attempt &gt;</td>
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<td></td>
<td></td>
<td>Attempt</td>
</tr>
<tr>
<td>Quick Quiz</td>
<td>Test Not Taken</td>
<td></td>
<td></td>
<td>Attempt</td>
</tr>
<tr>
<td>Extended Quiz</td>
<td>Test Not Taken</td>
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<td></td>
<td>Attempt</td>
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<tr>
<td>Quick Quiz</td>
<td>Test Not Taken</td>
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<td></td>
<td>Attempt</td>
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<tr>
<td>Extended Quiz</td>
<td>Test Not Taken</td>
<td></td>
<td></td>
<td>Attempt</td>
</tr>
<tr>
<td>Post-Test</td>
<td>Test Not Taken</td>
<td></td>
<td></td>
<td>Attempt</td>
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<tr>
<td>CIA Practice Exam</td>
<td>Test Not Taken</td>
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<td></td>
<td>Attempt</td>
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« Back
Step 4: Test Your Knowledge Reports

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<tr>
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<th>POSSIBLE SCORE</th>
<th>SCORE</th>
<th>PERCENT CORRECT</th>
<th>MISSED QUESTION</th>
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</tr>
<tr>
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<td>50</td>
<td>32</td>
<td>64.0%</td>
<td>18 missed</td>
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Test-Taking Tips
Test-Taking Tips

• Trust your first impressions & avoid over-analyzing
• If uncertain, mark and return to question
• Eliminate obvious distracters (aka wrong answers)
• Think of your answer before reading the choices
• Budget your time and don’t rush
Summary

- Four part exam – taken in any order
- No “magic bullet” for passing the exam
- Discipline is the key
- Develop a realistic and actionable study plan
- Commit to passing the exam
Resource Links

www.theiia.org/certification

• Certification Handbook
• CIA Exam Registration
• Certification Candidate Management System (CCMS)

www.LearnCIA.com

• My CIA Review Plan
• Free Demo of Learning System
• Order Information
Pricing

Self-Study Materials

<table>
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<tr>
<th></th>
<th>Part</th>
<th>Full Kit (Parts 1-4)</th>
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<tbody>
<tr>
<td>IIA Member</td>
<td>US $250</td>
<td>US $745</td>
</tr>
<tr>
<td>Non-Member</td>
<td>US $275</td>
<td>US $845</td>
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Instructor-led Courses

- Find a course at www.LearnCIA.com/classes-offered
- Choose from over 50 classes running throughout the year
- Contact the institution directly for pricing and registration

Seminar Attendees

Order between November 7 – 30, 2012 to

Save 10%

Order online at www.LearnCIA.com
or call +1-877-442-2425 or +1-651-905-2670
and provide discount code LS1112 at checkout.

All orders qualify for the 2013 Upgrade Guarantee.

Volume Discounts: Save even more on orders of 2+ kits!

Contact Mike Downs at mike.downs@theiia.org or +1-651-905-2609 for details.
How to Order

• **Phone:**  +1-877-442-2425 (+1-651-905-2670 outside North America)
  8:00 a.m. and 5:00 p.m. CT (USA), M-F
  
  **Save 10%! Order between Nov 7 - 30, 2012 and provide code LS1112.**

• **Online:**  [www.LearnCIA.com/order-info](http://www.LearnCIA.com/order-info) and click ONLINE
  
  **Save 10%! Order between Nov 7 - 30, 2012 and provide code LS1112 upon checkout.**

• **Fax/Mail:** Download order form at [www.LearnCIA.com/order-info](http://www.LearnCIA.com/order-info)
  
  Fax:  +1-651-905-2669
  
  Mail:  The IIA's CIA Learning System Distribution Center
         2975 Lone Oak Drive, Suite 180
         Eagan, MN 55121-1553
CIA Virtual Seminar Winner

One participant on today’s call will receive a complimentary registration for one of the following IIA Virtual Seminars:

- CIA Part 1 Virtual Seminar: Feb 4-22, 2013
- CIA Part 3 Virtual Seminar: Mar 4-29, 2013

Valued at US$1450

Chosen participant must be present on the call to win. We will contact the winner via e-mail with details.

And the winner is…..
Question & Answer

To review the Frequently Asked Questions document or watch a replay of this webinar, go to:

www.LearnCIA.com/webinars

Available on or before November 12, 2012