



Dear CIA Part 1 Candidate,

Studying for and passing the CIA Exams is a mission that requires dedication and hard work. From our experience at HOCK with thousands of candidates, we know that planning makes this process much easier. Because the exam is available on an ongoing basis and there is no date by which you need to be prepared, studying can seem endless without a proper plan. We know it is easy to "put things off until tomorrow."

We believe that you will find studying easier and less time consuming if you have a solid plan that targets passing the Part 1 exam within two months after you begin studying. Set out below is an 8-week plan, studying 8 to 10 hours per week. This is a guide based on the expected amount of study time for a person with some accounting background and who is familiar with the basic exam concepts.

As you go through your schedule, you may find yourself getting ahead or somewhat behind due to changes in your work or personal commitments. This does not matter. Each person should study at his or her own pace and feel comfortable with the study process and time required to prepare for the exams.

While studying, there are sure to be topics that are not clear to you and perhaps some that you find incredibly difficult. When encountering these topics, you can always contact HOCK and we will help you as much as possible. Also, keep in mind that you do not need to have 100% knowledge of 100% of the exam content in order to pass. Sometimes, you will need to decide whether the extra time spent learning a specific concept is worth the extra knowledge gained. When in doubt about what to do, contact us and we will guide you.

I wish you great success in your studies and I look forward to helping you pass the exams.

Sincerely,

A handwritten signature in black ink that reads "Brian J. Hock".

Brian Hock, CIA, CMA
President and CEO

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The CIA Part 1 exam, **Internal Audit Basics**, covers three main topics: **Mandatory Guidance**, **Internal Control and Risk**, and **Conducting Internal Auditing Engagements**.

It should take approximately eight weeks to study all of the material, including five weeks of study and three weeks of review.

Our basic study methodology is the same for each unit:

- 1) Carefully read through the textbook to learn and understand the concepts. We include multiple-choice questions in the book to help you better understand the subject matter and help you get used to the style of the questions on the exam.
- 2) If you have the videos, watch the corresponding videos for each topic after completing the reading.
- 3) After reading/watching each topic, you should answer all of the study questions in ExamSuccess for that topic. At first, it will take you longer than it should for each question, but for the exam you should take no more than a minute and a half on each question. Continued practice will improve your test-taking skills and you will get faster as you become more familiar with the process and how questions are asked. We include detailed explanations so you can understand why each answer is right or wrong.
- 4) Develop an 80%+ proficiency level within each Section. Your goal is to improve your knowledge, not just memorization. You should have enough understanding of the subject matter to be able to explain it to someone else.

How to Use the HOCK Textbook

Your textbook is the core of the HOCK study program. It contains explanations of concepts, examples, and multiple-choice questions within the reading to be answered as you are going through the book. You will find a pdf version of the textbook in My Studies, which you may print as you wish. If your purchase included a printed copy of the textbook, you also have online access in My Studies to the same book and to all future updates to it in pdf format.

The correct answers to the questions in the book appear at the end of the book, and they are also available on the same download page in My Studies as a separate document file for easier reference.

If an update to the textbook you purchased is published, the revised textbook will be posted in My Studies for you to download.

How to Use the HOCK Flash Cards

Your flash cards are available in My Studies on the Questions download page. How you choose to use the flash cards is entirely up to you. They are not included in the assignments in this Study Plan. The flash cards cannot replace the textbook because they contain abbreviated information from the textbook. However, you might use them, for example, to drill on formulas you need to memorize or to review concepts.

The flash cards can be used on-screen only. They are compatible with Windows or Mac computers and most mobile devices.

How to Use the HOCK Videos

If your purchase included the videos, you will find links to the videos as well as to the associated audios in My Studies for each exam part you purchased. The audios are the soundtracks from the videos. The videos must be used online because they are supplied as streaming videos, but the audios are in mp3 format and you can download them and listen to them on a computer or mobile device.

The videos and audios are intended for use as a supplement to the textbook. **Not all topics covered on the exam are covered in the videos and audios, so they cannot take the place of reading and studying your textbook.**

The videos/audios should be used following the reading.

How to Use ExamSuccess

On the Questions download page in My Studies, you will find buttons for **ExamSuccess** in software format for use on Windows or Mac and a button for **ExamSuccess Online**.

- ExamSuccess in software format is downloaded and installed on your Windows or Mac computer. After installing it, start a Study Session, and the software will guide you through the process of registering the software. A separate registration is necessary for each exam part purchased.
- ExamSuccess Online can be used online from virtually any computer or mobile device that accesses the Internet, without needing to install anything.

The questions in the ExamSuccess software and ExamSuccess Online are exactly the same, and they are organized according to the same Sections and topics. If you are using both formats, you will see the same questions in both of them. If you used both, your progress in the two question databases is not synced.

After completing the reading and the questions in the book for each assigned topic, answer the questions on that topic in ExamSuccess.

Note: It is very important to use ExamSuccess **as you are progressing** through the book. Do not wait until you have read the whole book to start answering questions in ExamSuccess. ExamSuccess gives you an opportunity to put into practice the concepts you have been reading about. Practice is very important for learning, and you should answer the pertinent questions as soon as you complete each block of assigned reading.

Using ExamSuccess Installed Software

If you are using **ExamSuccess in software format**, create and complete a Study Session consisting of **all** the questions available on the topic you are studying. The menus under each Section in the ExamSuccess software menu expand to reveal the topics under them when you click on the “plus” sign in the box (in Windows) or the “triangle” (on a Mac) next to each Section.

You do not need to answer all of the questions in the Study Session at one sitting. You can close a session without grading it, and then you can re-open it again later and work on it some more by simply clicking on “Resume/Manage Sessions” on the first screen that comes up when you open the software.

As you answer each question in Study Session mode, you will receive immediate feedback about whether your answer is correct or incorrect and an answer explanation. If your initial answer was incorrect, you will have the opportunity to try again to answer the question until you answer it correctly.

When you have completed the Study Session and graded it, re-study all questions not answered correctly on the first try by creating a new Study Session from those questions not answered correctly on the first try, looking up in the book and re-studying the topics missed, and then answering the incorrectly answered questions again. Keep doing that until you are scoring in at least the high 80s and preferably the 90s before moving on to the next topic.

As you complete each Section, a review in ExamSuccess should be part of your overall review of the Section. In addition to reviewing questions on topics you may have had particular difficulty

with, review all the topics in the Section by creating and completing at least one Study Session consisting of 40 questions from the entire group of questions in the Section.

Using ExamSuccess Online

If you are using **ExamSuccess Online**, create and complete a Study Session consisting of **all** the questions available on the topic you are studying.

Select the Section, then click on the link "Study Session" under that Section. On the next page, you will see three choices of Study Sessions to create:

- 1) Select your own mix of questions from the topics in Section [*section letter and name*]
- 2) Select random questions from all topics in Section [*section letter and name*]
- 3) Select questions from Section [*section letter and name*] containing any of the following terms

The default is no. 1, "Select your own mix of questions from the topics in Section [*section letter and name*]." HOCK recommends the use of the default initially, because that choice enables you to narrow the selection of questions to the single topic that you have been reading and studying.

To request questions from a specific topic or topics, fill in the number of questions you want to see from one (or more) topics. HOCK recommends when you create a Study Session that you request the maximum number of questions available, because that ensures you will see all the questions in the question database for that topic. Scroll down to the "Start Session" button and click it.

You do not need to answer all of the questions in the Study Session at one sitting. You can click "Save" to close a session without grading it. Later, clicking on the Section link will re-open the session so you can work on it some more. You can have only one Study Session per Section saved and in progress at a time.

As you answer each question in a Study Session, you can receive immediate feedback for your answer by clicking the "See Answer" button below the question. If you answered the question correctly, you will see a green checkmark and the answer explanation for the correct answer. If you answered the question incorrectly, you will see a red "x" and answer explanations for both your incorrect answer choice and the correct answer choice. Unlike the software version of ExamSuccess, once you have viewed the answer, you cannot change your answer choice.

To close out and grade a Study Session, click the "End Session" button. You will see your score and a review of all the questions in the Study Session along with answer explanations. You can create another Study Session from the same Section and topic after you have ended your current Study Session.

Unlike the software version of ExamSuccess, ExamSuccess Online does not offer an option to immediately create another Study Session from questions answered incorrectly after completing a Study Session for one or more topics within a Section. However, you should review the answer explanations for any questions you answered incorrectly and make sure you understand why your incorrect answers were wrong. Look up any concepts that you do not understand and review the books and/or videos to re-study the weak topics.

Make sure you complete **all** of the questions for each topic before moving on to study the next topic.

You can also click one of the other Study Session radio buttons to select random questions from all topics in the Section or questions from the Section containing specific words.

- To select random questions from all topics in the Section, click the radio button under that heading and either accept the default number of 40 questions or change it to the number of questions you want.
- To select questions from the Section containing specific words, click the radio button under that heading and then enter the term or terms to search on in one or more of the fields provided. For example, if you want to see questions in Part 1, Section I on "Standard," simply enter "Standard" in one of the fields for terms to search on.

As you complete each Section, a review in ExamSuccess should be part of your overall review of the Section.

- On the ExamSuccess Online home page, you can use the "Re-Study Session" link to review 40 questions that you did not answer correctly in the Study Sessions. If there are some questions you left unanswered in the Section, those questions will be included in the Re-Study Session. If you have answered incorrectly and/or left unanswered less than 40 questions, your Re-Study Session will contain less than 40 questions. If you have answered incorrectly and/or left unanswered more than 40 questions, you can keep creating Re-Study Sessions until no more questions appear.
- Each Section on the ExamSuccess Online home page also provides a link to a Review Session to be used after completing the Section. The Review Session includes 40 questions chosen at random from the Section.

This Study Plan will tell you when to use the Re-study and Review Sessions. Re-Study Sessions can be created until there are no more incorrectly answered or unanswered questions in the Section. Review Sessions may be created and completed as many times as you wish, and a different set of randomly-selected questions will be presented each time.

Periodic Reviews (both ExamSuccess software and ExamSuccess Online)

In addition to completing each block of questions as you complete each block of reading and to reviewing at the end of each Section, periodically stop and create a Study Session in ExamSuccess of around 40 questions drawn from **all** the topics you have studied to date. Doing that will keep you fresh on the topics you studied earlier so you do not forget the material.

- In the installed software, start a Study Session and click next to each topic in each Section that you have completed to select the topics to include.
- In ExamSuccess Online, you will need to create a separate Study Session for each Section you have completed. Use the "Select Your Own Mix of Questions" option in each Section you have completed and select a few questions from each topic. For example, if you have completed Sections I and II, select 20 questions from the Section I topics and 20 questions from the Section II topics. As you progress through the material, you will select fewer and fewer questions from each Section in order to see a total of 40 questions from all the material completed.

Updates

Make sure to keep your installed ExamSuccess software up to date. HOCK is always improving ExamSuccess by adding new questions and improving answer explanations to existing questions, and an update file is posted in My Studies usually every 3-6 months. You can simply return to your My Studies Questions download page and re-download and re-install the software. It will install over top of your existing software. Your history and settings will be unchanged, and you will not need to re-register your installation.

Updates made to ExamSuccess Online are reflected immediately in the questions you see online. You do not need to take any action.

Final Review

When you have completed your preparation, as part of your overall review for the exam:

- If you are using the software version of ExamSuccess, use it in Exam Simulation mode to take several practice exams for the multiple-choice portion of the exam.
- If you are using ExamSuccess Online, complete the Exam Session that you will find at the end of the Section listings on the ExamSuccess Online home page.

In either version, the Exam will consist of 125 multiple-choice questions drawn from the same question database as the Study Sessions are drawn from, and you will be timed for 150 minutes (2.5 hours). You may create and complete as many Exams as you wish, and the questions will be different each time, though always selected randomly from the database of questions.

How to Use the Mock Exam

A mock exam with answer explanations is available to download in pdf format in My Studies.

The mock exam contains new questions not used elsewhere in the study materials and provides a measure for your exam readiness and are a solid last review before taking the real exam.

After you have graded your mock exam using the answer explanations provided, look up and re-study the topics on which you missed questions and then answer those questions again.

During the first week of studying, you should read and, if you have the Videos, watch all of Section I. This section is not long and introduces the *International Professional Practices Framework* (IPPF) that provides guidance for internal auditors when conducting audits. The IPPF lays out two types of guidance: **mandatory** and **strongly recommended**. “Mandatory guidance” means that the principles are required for the professional practice of internal auditing, whereas “strongly recommended guidance” is endorsed by the Institute of Internal Auditing (IIA). The most common example of strongly recommended guidance is the Practice Advisories (PA).

Section I introduces the three mandatory guidance elements:

- 1) The **Definition of Internal Auditing** states the fundamental purpose, nature, and scope of internal auditing.
- 2) The **Code of Ethics** states the principles and expectations governing behavior of individuals and organizations in the conduct of internal auditing.
- 3) The **International Standards for the Professional Practice of Internal Auditing (Standards)** provide the framework from which internal auditors are able to do their work.

The exam requires you to have a proficiency level understanding of these three elements, particularly regarding the *Standards*, meaning that you should have a thorough understanding of the concepts and the ability to apply them.

The two primary types of *Standards* that you need to know are the **Attribute Standards** and **Performance Standards**. Section I deals exclusively with the *Attribute Standards*, which are “the *Standards* that address the characteristics of organizations and parties performing the internal audit activities.” The section begins by discussing the purpose, authority, and responsibility of the internal audit activity (IAA). The IAA has to be defined in the charter, consistent with the *Standards*, and, most importantly, the charter has to be approved by senior management and the board.

The other primary *Standards* discussed in the section are Independence and Objectivity, Proficiency and Due Professional Care, and Quality Assurance and Improvement Program. As mentioned above, you are expected to have a proficiency level of understanding of the *Attribute Standards*.

ExamSuccess

After completing the reading/videos, create and complete a Study Session in Exam-Success for each of the topics in *Section I – Mandatory Guidance*.

Review of Section I

If you have had particular difficulty with a topic or topics in this Section, begin your review by completing a Study Session in ExamSuccess consisting of questions from just that topic or those topics.

In addition to doing that, you should review specifically all the topics in Section I by creating at least one Study Session in the ExamSuccess software consisting of 40 questions from the entire group of *Section I – Mandatory Guidance* questions or by completing the 40-question Review Session available in ExamSuccess Online.

HOCK recommends that you create a study sheet consisting of the items you will need to memorize for the exam. You can wait until you are finished studying and do that as part of your overall review, or you can create it Section by Section as part of your Section reviews. If you have chosen to create it Section by Section, now is the time to create it for Section I. Creating the study sheet is in itself a learning experience, and for that reason we do not do it for you. It will be much more meaningful to you if you make the study sheet yourself and then review it than it would be to review one that has been made for you.

During the second week, we introduce **internal control** and **risk**. The material is a bit longer than Section I, but you should still be able to study this section in a week. Section II starts by describing the different **types of controls**. The primary purpose of control is for the organization to achieve the following objectives:

- Operations are **effective** and **efficient**
- **Financial reports** (both internal and external) are **reliable**
- **Compliance** with laws and regulations

This section discusses the different internal control models, including the COSO model, CoCo model, and the Turnbull model. Each of these models describes the basic components of internal controls, the most recognized of which is the COSO model. Based on the COSO model, the five components of internal control are: **Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring**. You need to have a thorough understand of the components of internal control.

Next, in order to understand an organization's controls, you need to understand the risks it faces. **Enterprise-wide Risk Management** (ERM) is an effective process to identify, assess, and manage a company's risk appetite, which is an organization's willingness to take on risk. Concerning ERM, you need to understand its eight interrelated components. ERM is fundamentally an expansion of the COSO internal control model.

The final topic of Section II covers **fraud**. For an internal auditor, it is vital to have a clear understanding of fraud and its associated "red flags." Management is ultimately responsible for the detection and prevention of fraud, but internal auditors should have sufficient knowledge of it in order to identify significant fraud when it occurs.

ExamSuccess

After completing the reading/videos, create and complete a Study Session in Exam-Success for each of the topics in *Section II – Internal Control and Risk*.

Review of Section II

If you have had particular difficulty with a topic or topics in this Section, begin your review by completing a Study Session in ExamSuccess consisting of questions from just that topic or those topics.

In addition to doing that, you should review specifically all the topics in Section II by creating at least one Study Session consisting of 40 questions from the entire group of *Section II – Internal Control and Risk* questions or by completing the Review Session available in ExamSuccess Online.

HOCK recommends that you create a study sheet consisting of the items you will need to memorize for the exam. You can wait until you are finished studying and do that as part of your overall review, or you can create it Section by Section as part of your Section reviews. If you have chosen to create it Section by Section, now is the time to add to the sheet the items you want to memorize for Section II.

Additional Periodic Review

HOCK recommends that you periodically review all of the topics you have studied to date by creating a Study Session in ExamSuccess consisting of some questions from all of the topics you have studied.

There are six major topics in Section III:

- **Data gathering**
- **Data analysis and interpretation**
- **Data reporting**
- **Documentation and working papers**
- **Process mapping**
- **Evidence**

During week three, you should try to at least cover data gathering, which includes **preliminary surveys, identifying key risks and controls, and sampling fundamentals.**

The **first step** in the audit process is conducting a preliminary survey. A competent survey will lead to a competent audit program, and a competent audit program will lead to a competent audit.

When gathering data, you must make sure that you have gathered enough information so that the key risks and controls of the activity under review have been identified and assessed. In this regard, sampling is often required since it is not possible to test every item or transaction. If sampling is necessary, then you should understand that there is the potential for **sampling risk**, meaning a risk that the sample will not properly represent the population because only a portion of the items are being tested.

ExamSuccess

After completing the reading/videos, create and complete a Study Session in Exam-Success for each of these topics in *Section III – Conducting Internal Audit Engagements: A1-5. Data Gathering*, and **A6. Sampling**.

CIA Part 1 Study Plan
Unit 4: 1 Week
Section III
Data Analysis and Interpretation

Week four should be spent studying the section on **data analysis and interpretation**. Internal auditors use computers extensively to extract, analyze, and store large amounts of data. Although computers provide many benefits to auditors, you also need to understand the risks that they pose.

This topic also covers the different types of **analytical review techniques** that internal auditors use: **variance analysis, trend analysis, ratio analysis,** and **regression analysis**.

The last topic in this unit is **drawing conclusions**. The internal auditor has to form an opinion of the results and then draw a conclusion about what the results mean for the company. Once a conclusion has been drawn, the auditor is able to provide a recommendation for improvement and, if appropriate, submit an action plan that gives management a timeline for carrying out the recommendations.

ExamSuccess

After completing the reading/videos, create and complete a Study Session in Exam-Success consisting of all of the questions in *Section III – Conducting Internal Audit Engagements* - **B1-2. Computerized Audit Tools and Techniques, B3-5. Analytical Review Procedures, B3-5. Regression Analysis** and **B3-5. Ratio Analysis**.

Data Reporting, Working Papers, Process Mapping & Evidence

By the end of week five, you should finish reading the rest of Section III, including **data reporting, working papers, process mapping, and evidence**.

You need to make sure that you spend adequate time reviewing the section on **working papers**. Working papers contain all of the work and tests performed during the engagement. The working papers form the basis for any conclusion drawn by the internal auditor.

The next topic to cover is process mapping, including flowcharting. With data gathering, process mapping is a good technique to better understand how a process or system works. The better you understand the process or system, the greater the chance that changes can be made.

The last topic in Section III is **evaluating the relevance, sufficiency, and competence of evidence**. This topic is important, so you need to be able to identify what is meant by “sufficient,” “relevant,” and “competent” information.

ExamSuccess

After completing the reading/videos, create and complete a Study Session in ExamSuccess consisting of all of the questions in *Section III – Conducting Internal Audit Engagements – C. Data Reporting, D. Documentation / Working Papers, E. Processing Mapping* and *F. Evaluate Relevance, Sufficiency, and Competence of Evidence*.

Review of Section III

If you have had particular difficulty with a topic or topics in this Section, begin your review by completing a Study Session in ExamSuccess consisting of questions from just that topic or those topics.

In addition to doing that, you should review specifically all the topics in Section III by creating at least one Study Session consisting of 40 questions from the entire group of *Section III – Conducting Internal Audit Engagements* questions or by completing the Review Session available in ExamSuccess Online.

HOCK recommends that you create a study sheet consisting of the items you will need to memorize for the exam. You can wait until you are finished studying and do that as part of your overall review, or you can create it Section by Section as part of your Section reviews. If you have chosen to create it Section by Section, now is the time to add to the sheet the items you want to memorize for Section II.

Comprehensive Review

For weeks six through eight, prior to your exam and after you have completed studying, you will want to skim through the entire material at least one more time. Do not focus on any individual idea or topic or try to memorize the formulas. Instead, make certain that you are familiar with all of the topics, both large and small, and refresh your memory of key terms and ideas.

After you skim through the materials, focus on the main topics, which are identified in the Section Overviews.

If you have the flash cards and have not been using them up to this point, now is a good time to use them. The flash cards do not cover every detail in the materials, but they do address the main topics, definitions and formulas that are most likely to be tested. Use the flash cards whenever you can, even if it is for only a few minutes. The flash cards are electronic and require some software called Anki for use. Instructions are provided on the Questions download page in My Studies along with the link to the flash card decks that can be downloaded.

During the final week or two before your exam, create several Exam Simulations in Exam-Success. Each of these Exam Simulations will contain 125 questions selected randomly from the entire question base in approximately the same distribution as the questions will be on the real exam. For example, if a particular major section accounts for 25% of questions on the real exam, 25% of the questions on the simulation exam will also come from that section. The simulation exams will be timed for 2.5 hours, so set aside this much time for taking each test. You need to become accustomed to sitting for almost three hours in one place and answering questions on the computer.

As always, if you have any questions at all, contact the HOCK team and we will be happy to help you.

Mock Exam: You should be prepared to take the Part 1 Mock Exam and then pass the real exam shortly after. It is a paper and pencil exam containing 125 questions to be completed in 2.5 hours (2 hours and 30 minutes).

When you have completed the mock exam and graded it, use it as another study tool. Look up in your book the topics on which you missed questions, then try answering those questions again.