

FINAL COURSE: GROUP I

PAPER-3: ADVANCED AUDITING, ASSURANCE AND PROFESSIONAL ETHICS

(MTP 12: Ch. 12 – Digital Auditing and Assurance)

Suggested Answers

Q. No.	Correct Option	Remarks
1	(b) Statement I is correct but Statement II is incorrect	Statement I correctly captures the purpose and benefit of Data Analytic Techniques such as identifying patterns, exceptions and trends. Statement II is incorrect because the auditor must still understand the IT environment, system risks, data extraction process and reliability of system-generated information before relying on analytics.
2	(b) Creating immersive virtual branches where customers interact with financial advisors, complete onboarding, and review investment portfolios in real-time 3D environments	If you'd like, I can prepare statement-based MCQs, case-study MCQs, or numerical MCQs on metaverse, blockchain, AI, or digital audit.
3	(b) Because several transaction flows depend on automated calculations, reports and interfaces, creating a risk that changes in underlying applications may affect financial information relied upon by the audit	The entity's financial reporting relies on automated elements. Any untested changes in applications or interfaces may affect data integrity, so ITGC testing becomes necessary.
4	(b) The incident highlights vulnerabilities around vendor-master modifications, and the auditor must assess whether weak authentication practices could lead to risks of material misstatement	Even an attempted spoofing attack indicates weaknesses in authentication controls, which may lead to misstatements if vendor data is altered fraudulently. The auditor must evaluate this cyber-related risk.
5	(c) Assess whether the AI output influences financial reporting processes and evaluate whether override practices, approval trails and governance create risks requiring further testing	Frequent undocumented overrides create governance and control risks. The auditor must understand how AI impacts transaction flows and whether manual overrides create risk of material misstatement.

Link for Resources (Revision Videos, MTPs, Amendments, Charts, etc.)

1	Youtube Channel	https://www.youtube.com/@altclassesca9193	 CA Pankaj Garg
2	Telegram Channel	https://t.me/altclasses	
3	Whatsapp Group for Doubts	https://chat.whatsapp.com/LSDM362ggy2ErmRgTi7ceA	
4	LMS Link	https://altclasses.in/knowledge-forum-ca-final/	
5	Contact Number	9319805511 , 7206941195	
6	Website Link	https://altclasses.in/	



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