

FINAL COURSE: GROUP I

PAPER-3: ADVANCED AUDITING, ASSURANCE AND PROFESSIONAL ETHICS

(MTP 16: Ch. 16 – Internal Audit)

Suggested Answers

Q. No.	Correct Option	Remarks
1	(b) <i>The first stage reports the outcomes of an individual engagement completed at that time, whereas the second stage consolidates all assignments performed during the plan period and is presented periodically to the highest governing authority.</i>	<i>Internal audit reporting occurs in two stages: (1) a report at the end of each specific audit assignment, and (2) a periodic consolidated report (e.g., quarterly) covering all internal audit activities and presented to the governing body (Audit Committee). This matches option (b).</i>
2	(c) <i>He must avoid assuming roles that involve operational decision-making and must resist any influence that affects the scope, timing, or reporting of his work, ensuring both independence and objectivity remain intact.</i>	<i>The internal auditor must maintain independence in fact and appearance, avoid operational responsibilities, and resist undue pressure on scope or reporting. Any involvement in process redesign, control approval or management-influenced reporting compromises integrity, objectivity and independence. This is why option (c) is correct.</i>
3	(b) <i>Internal audit is applicable solely because AML is a listed company, irrespective of turnover, borrowings, or deposits.</i>	<i>As per Section 138 read with Rule 13, every listed company must appoint an internal auditor—no thresholds apply.</i>
4	(a) <i>Internal audit is mandatory since BIPL's turnover exceeds ₹200 crore, even though its borrowings are below ₹100 crore.</i>	<i>For private companies, applicability arises if either turnover \geq ₹200 crore or borrowings $>$ ₹100 crore during the preceding FY. BIPL meets turnover criterion.</i>
5	(c) <i>Internal audit is mandatory because CUTL meets at least one criterion—outstanding loans exceed ₹100 crore—even though other thresholds are not met.</i>	<i>For unlisted public companies, satisfying any one of the criteria (PUC \geq 50 cr, Turnover \geq 200 cr, Loans $>$ 100 cr, Deposits \geq 25 cr) is sufficient. CUTL's borrowings $>$ ₹100 crore trigger applicability.</i>

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

1	Youtube Channel	https://www.youtube.com/@altclassesca9193	 www.altclasses.in CA Pankaj Garg
2	Telegram Channel	https://t.me/altclasses	
3	Whatsapp Group for Doubts	https://chat.whatsapp.com/LSDM362gJy2ErmRgTi7ceA	
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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