

FINAL COURSE: GROUP I

PAPER-3: ADVANCED AUDITING, ASSURANCE AND PROFESSIONAL ETHICS

(MTP 3: Ch. 2 – General Auditing Principles and Auditor's Responsibilities)

Suggested Answers

Q. No.	Correct Option	Remarks
1	(b) <i>Joint auditors are individually responsible for the work they perform and jointly responsible for the report as a whole. However, if a material misstatement in a component audited by one auditor affects the consolidated financial statements, the other auditor's failure to perform adequate overall review or to obtain written concurrence before report issuance may constitute negligence under SA 299.</i>	<i>Under SA 299, joint auditors are individually responsible for work divided and jointly responsible for the audit report as a whole. Option (a) ignores this joint responsibility; (c) overstates liability by relying only on digital signatures; (d) contradicts the requirement of inter-auditor communication. Only (b) correctly captures the need for coordination, mutual concurrence, and accountability when a misstatement affects consolidated results.</i>
2	(b) <i>Design and perform targeted procedures to test for management override (including forensic examination of privileged IT account activity and testing of year-end journal entries), obtain corroborative external evidence for Helix transactions, and communicate suspicions to those charged with governance promptly.</i>	<i>Auditor must perform procedures to detect management override and obtain corroborative evidence; option (b) matches SA 240 response requirements.</i>
3	(b) <i>The auditor should evaluate whether the GST matter and SEBI query could have a material effect on the financial statements, obtain legal advice where necessary, inspect correspondence with regulators, expand audit procedures on affected</i>	<i>Auditor should evaluate possible financial impact of non-compliance, seek legal input, and consider opinion modification if not properly disclosed.</i>

		<i>balances, and consider the need for modification of the audit opinion if non-compliance is material and not adequately disclosed.</i>	
4	(c)	<i>Communicate in writing to those charged with governance (entire audit committee) the whistleblower allegation, the nature and timing of planned audit procedures to address it, significant difficulties encountered, and any limitations imposed by management; document the communications and follow up until matters are resolved.</i>	<i>Written, timely communication with the full audit committee regarding significant matters is mandatory under SA 260.</i>
5	(b)	<i>Obtain an understanding of the services provided by BlueLex, evaluate the design and implementation of controls relevant to the audit, request an appropriate independent assurance report (e.g., SOC 1 or equivalent) or perform additional procedures at BlueLex (or through the service auditor), and perform substantive procedures to reconcile BlueLex outputs with Orion's bank and ERP files.</i>	<i>Auditor must obtain sufficient audit evidence about controls at the service organisation, either through assurance reports or direct procedures.</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/LSDM362gjy2ErmRgTi7ce	
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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