

Jan 2026 & Onwards



CA FINAL

ADVANCED AUDITING, ASSURANCE, AND PROFESSIONAL ETHICS

- All the relevant MCQ's of ICAI SM, RTP, MTP, PYP are given
- MCQ's are given in One Liner format (Crux), to save time
- Chapter Wise Important points are given for MCQ's, from which ICAI can ask MCQ's
- All time & Numerical limits are summarised chapterwise

**MCQ's
Summary Booklet**

(Including Time & Numerical Limits)

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OTHER THAN ICAI SM MCQ's SUMMARY & NUMERICAL LIMITS:

(ICAI SM MCQ's are given after that topic.....)

Chapter 1 to 11 (SQC/SA/SAE/SRE/SRS)

SQC 1 & SA 220 (Chapter 1)

SQC 1	<u>Time Limits for Docs:</u>				
Time limit Assembly	P&P	P&P for engmnt teams to complete the assembly of engmnt files on a timely basis <u>after the engagement reports</u> have been finalized.			
	Audit engmnt:	Files should be completed in not more than 60 days <u>after date of auditor's report</u>			
	Other:	Other engmnt files within the limits appropriate to engagements. (timely basis after engmnt report)			
	2 or more different report	<ul style="list-style-type: none"> • Where 2 or more different reports are issued i.r.t. same subject matter information of entity, the firm's P&P relating to time limits for assembly of final engmnt files should be considered for each report as if it were for separate engmnt. 			
Time limit for retention	<ul style="list-style-type: none"> • Audit Engagements: minimum 7 years from the <ul style="list-style-type: none"> ✓ date of the auditor's report, or, ✓ if later, the date of the group auditor's report 				
Chp-1	<u>NFRA:</u> Sec 132(1) & Rule 3				
Chp-1	<u>Quality review Board:</u> Select companies on the basis of Risk based Approach				
Chp-1	<u>QRB:</u> Set up by Central govt				
Chp-1	<u>Peer review board:</u> Set up by <u>ICAI Council</u>				
SQC 1	EQCR Should be C.A only, otherwise changes made in team is inappropriate				
SQC 1	Following points should be check for acceptance and continuance of client relationships and audit engagements are appropriate: <ul style="list-style-type: none"> (i) The integrity of the principal owners, (ii) Whether the engagement team is competent (iii) Whether the firm and the engagement team can comply with relevant ethical requirements; and (iv) Significant matters that have arisen during the current or previous audit engagement <p>(Do Not check Fees of consultant & Qualification of all employees of entity)</p>				

SQC 1	For listed entity's audit engagement partner should be rotated after a predefined period of not more than 7 years
SQC 1	Completion of assembly of final engagement files should be as per time limit or completed within 60 days after date of auditor's report
SQC 1	Engagement documentation should be retained for not less than 7 years
SQC 1	Engagement partner is required to deploy in all the engagement, only management is not sufficient.
SQC 1	Atleast 1 engagement of each partner (Over 3 years) must be reviewed .
SQC 1	Engagement team should consult previous yr E.T. (Other firm), During course of planning
SQC 1	SQC 1 (Not SA-220): Atleast annually audit firm should have obtained a written confirmation from all of its firm personnel.
SQC 1	SQC 1 & SA 220: In case of Difference of Opinion : Engagement team shall follow the firm's policies and procedures for dealing with and resolving differences of opinion.
SQC 1	SQC 1 & SA 220: Not to date audit report ... Unless EQCR completed its review
SQC 1	If firm 1 partner gone outside India , then another partner can sign A.report.
SQC 1	Difference of Opinion: In between Engmnt Teams & Partner .. Need to be resolve - Appropriate consultation occurs within the engagement team and, if necessary, with individuals at an appropriate level within or outside the firm .
SQC 1	Firm Definition: Firm Exclude Corporation . (But include other entity of professional accountants)
SQC 1	Engt partner itself selected EQCR → EQCR's objectivity could not be maintained since it was selected by the engagement partner and made decisions for the engagement team

SA 200 series:

SA 200	Professional skepticism is defined as an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of evidence
SA 200	Professional Judgement: Application of relevant training, knowledge & experience > To make informed decision.
SA 200	Judgements about materiality are affected by both > the auditor's perception of the financial information needs of users of the financial statements, the size or nature of a misstatement
SA 200	" Poor corporate governance " is NOT an Inherent limitation of Audit
SA 200	Auditor issued Unmodified/Clean report.....but subsequently company received notice that it failed to conform to various rules relating to covered area and floors (lead to heavy fines).. Its an example of: Inherent limitations on auditor's ability to detect material misstatements (i.e., Auditor unable to detect MMS related to non-compliance with laws and regulations)
SA 210	Engagement letter should be sign before commencing audit work
SA 210	requires auditor to sign new engagement letter for each audit.
SA 210	Read case study carefully → "TCWG in the company are also involved in managing the entity" → Then in this case, if mngt imposed the limitation on scope → determine whether it is possible to perform alternative procedures (No need to communicate to TCWG)
SA 220	Technical reviewer should not currently be a member of quality review board or ICAI Central Council/ regional Council /branch level Management Committee
SA 230	Meaning of EXPERIENCE AUDITOR: It is a term specifically defined under Standards on Auditing. It refers to a person who has practical audit experience and reasonable understanding of auditing processes, SAs, business environment of entity and auditing and financial reporting issues relevant to entity's industry.

SA 230	<p>Audit is near to completion stage... Auditor has already performed RAP, Substantive procedure, and other procedures Now auditor has started to prepare "Audit Documentation" so that "audit file" is complete before issue of audit report</p> <p>Right Answer: The approach followed by team is not proper as audit documentation is being prepared at the time of finalization of audit report (Because Audit documentation should be prepared at the same time of performing procedures)</p> <p>Wrong answer: The approach followed by team is not proper as "audit documentation" can be prepared in 60 days from date of auditor's report. (It's wrong .. because "Audit file" shall be prepared in 60 days .. not audit documentation)</p>
SA 230	<p>Audit report was signed on 21.8.2022 ... So Audit file shall be assembled till 20.10.2022 ... and Modification in the audit file after 20.10.2022 was generally not permissible except in certain exceptional circumstances.</p>
SA 240	<p>Pre-assumed High risk area: "Revenue recognition" & "mngt override control"</p>
SA 240	<p>Where the auditor has doubts about the integrity or honesty of management or those charged with governance, the auditor may consider it appropriate to Obtain legal advice</p> <p>(Do Not: Modify opinion, communicate to regulatory authorities, Withdraw ... Because it's just a Doubt)</p>
SA 240	<p>Even if the engmnt member have good relationship with mngt and not encountered fraud in previous audit > Still Discussion of Engmnt Team shall include > how and where the entity's FS's may be susceptible to material misstatement due to fraud (As it's require by SA 315)</p>
SA 240	<p>auditor suspects the possibility of MMS in the FS due to fraud Specific risk related to inappropriate journal entries ... (How to address ROMM in that case):</p> <p>auditor should perform a comprehensive review of the financial reporting process throughout the year, including the examination of journal entries, Consolidating adjustments, and Re-classification (Not only JV at year end)</p>
SA 240	<p>FS shows red flag (significant related party transaction, unusual adjustment, suspected Fraudulent Financial reporting .. etc.)</p> <p>The auditor should exercise professional skepticism and be alert to the potential for management override of controls to manipulate the financial statements.</p>
SA 240	<p>Auditor shall communicate identified fraud to appropriate level of Mngt on TIMELY BASIS.</p>
SA 240	<p>Company is holding significant bank accounts & having branches in Tax heaven Jurisdictions, as well as significant related party transaction is Fraud risk factor → Its "OPPORTUNITY" for Fraudulent Financial reporting (Not a "Rationalisation", and not a Misappropriation of Asset)</p>
SA 250	<p>Unusual cash payment, Fines → Its Non-compliance of laws</p>
SA 250	<p>Monitoring legal requirement and compliance with code of conduct and ensuring that operating procedures are designed to assist in the prevention of non-compliance with law and regulation and report according: It's a Management Responsibility (Not Auditor's)</p>
SA 260	<p>When All of TCWG Are Managing Entity: Eg. small business where a single owner manages, matters need not be communicated again with those same people(s) in their governance role</p>
SA 260	<p>Form of Communication: in Writing for : Significant findings & Auditor Independence</p>
SA 260	<p>It is auditors responsibility to communicate significant matters to TCWG (Not management's), Also, management has a responsibility to communicate matters of governance interest to those charged with governance.</p> <p>Communication by the auditor does not relieve management of its responsibility</p>
SA 260	<p>Factors that the auditor may consider in determining the appropriate level of detail for communication of significant deficiencies under SA 265 depends upon:</p> <ul style="list-style-type: none"> • Nature, size and complexity of the entity • Nature of the significant deficiencies identified

SA 260	The auditor is responsible for communicating matters required by SA 260 to those charged with governance. Also, management has a responsibility to communicate matters of governance interest to those charged with governance. Communication by the auditor does not relieve management of its responsibility.
SA 260	Communication to TCWG, When Additional Info is included in Auditor's report → When there is NO KAM to be communicated in accordance with SA 701 → FALSE (Because when there is KAM, at that time we need to report additional info to TCWG)
SA 265	Communicating Deficiencies in IC to TCWG : <ul style="list-style-type: none"> • Communicate on Timely basis • In case of Significant deficiency : As soon as possible • For listed entities, communicate ideally before approval date of financial statements • For unlisted entities, Before assembly of Audit file.
SA 265	when to communicate: <ul style="list-style-type: none"> • Listed Entities: Before date of approval of FS • Other entities: Before assembly of audit file (60 days from the date of A.Report)
SA 299	if one or more <u>joint auditor</u> is not in <u>agreement</u> over the opinion, each disagreed joint auditor may <u>submit his report on the disagreed point separately</u> . <u>make reference</u> to the audit report issued by other Joint Auditors under the heading <u>Other Matter Paragraph</u> as per SA 706.
SA 299	Joint Auditors are entitled to assume that other Joint Auditor has actually performed work as per SA.
SA 299	<ul style="list-style-type: none"> • Joint auditor work area are different, they decided to obtain a separate management representation letter so as not to mix up the matters → <u>No</u>, take common W.R. • After work allocation between Joint auditor, They do not informed TCWG about allocation → <u>Wrong</u>, should inform • They decided to obtain a common engagement letter since their appointment was common → <u>Allow</u>
SA 299	<ul style="list-style-type: none"> • Mr K joint auditor failed to perform some of his devolved work (so only he is responsible & guilty, Not the other Joint auditor who is required to review his work)

SA 300 Series:	
SA 300	If you need to revise materiality, then first make strategy, then make plan
SA 315	<p>Risk Assessment Procedure (RAP) includes -</p> <ul style="list-style-type: none"> • Analytical Procedure: Performing trend analysis, going through company's internal control manuals and visiting company's plant • Inquiries within the entity (marketing personnel and with in-house legal counsel, IT team etc) • Inquiry to mgmt <p>(NOT INCLUDES: Communication with company's external legal counsel by sending a letter of inquiry)</p>
SA 315	An entity's system of internal control contains manual elements & often contains automated elements.

	<p>As per SA 315 characteristics of manual or automated elements are relevant to auditor's risk assessment & further audit procedures based thereon.</p> <p>Hence, view of audit team looks fine because without testing of internal control covering all types of control that is manual & automatic those controls can't be said to be operating effectively</p>
SA 315	Performing analytical procedure (SAP) is mandatory , as conclusion drawn from analytical procedures are corroborate conclusion formed during audit of individual component in F.S
SA 320	Performance materiality means the amount or amounts set by the auditor at LESS than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements EXCEEDS materiality for the financial statements as a whole.
SA 330	Auditor perform Risk assessment Then conduct the Audit procedure to gather evidence Then auditor shall again assess whether assessment of ROMM still remain appropriate ... Reason is to: To gain further insight into the ROMM due to fraud and decide if additional or different audit procedures are required

SA 400 Series:

SA 402	<u>Service organization (Outsourced company) is ISO certified & Its controls are regularly audited</u> : Still the Auditor should take the control audit report of S.O to review.

SA 500 Series:

SA 505	Rest of assertions may be conducted by auditor indirectly however to confirm existence , auditor is required to perform direct confirmation procedure & cannot rely on indirect confirmations.
SA 505	With the risk of material misstatement assessed to be low, the top 15 parties, comprising 5% of customers and 7% of vendors, were selected to obtain external confirmations → Sampling strategy is Inappropriate . Sample size appears to be insufficient. Method of sample selection does not allow each item in the population a chance of selection.
SA 510	Yes, new auditor is requiring to check opening balances (SA 510) as well as he may require subsequent data also (SA 560). Client can-not object
SA 530	A Evaluate the sample result: Consider both Qualitative & Quantitative factors while evaluating samples
SA 530	Increase in population will have negligible effect on sample size
SA 530	BLOCK SAMPLING : Means Selecting continuous Items <u>Example:</u> Select 50 consecutive cheque, rather than selecting 50 random cheque through out the year
SA 530	Sample selection is assessment of audit team, they can Increase no. of samples from past years samples, client cannot object
SA 530	Purchase reflected in P&L is Rs. 5 crore, CA has taken 50 samples of Rs. 10 lacs, ... it has detected 2 purchase invoice of Total Rs. 5000 has misstatement. Tolerable misstatement is Rs. 2 lacs. So, (5000rs/10 lacs)*5 Crore = Rs. 2.5 lacs ... means Projected misstatement is higher than Total misstatement, sample size should be increased for further testing.
SA 530	While testing controls in a sample of purchase orders for the acquisition of capital assets, he failed to notice a lack of adherence to certain established parameters for placing such orders ...it's a

	NON-SAMPLING RISK (Because Risk is not due to lower sampling number, it's due to Auditors has not checked samples correctly)
SA 540	Auditor conduct retrospective review of F.S. reg. mngt assumptions/Significant estimates of Last year reason is to determine whether there is a possible bias on the part of mngt in making significant a/cing estimate
SA 540	Judgments about the outcome of pending Litigation is considered as higher estimate uncertainty
SA 570 & 701	Matters relating to going concern may be determined to be key audit matters ,
SA 550	For RPT - Auditor can-not rely on Mngt representation only. Auditor has the responsibility to perform the audit procedures to identify, assess and respond to the risk of material misstatement arising from the entity's failure to appropriately account for related party relationships, transactions and balances
SA 550	<ul style="list-style-type: none"> Receivables for which balance confirmation is not received ... Auditor have to perform Alternate procedure <p>For remaining Balance confirmations also... auditor should take Direct confirmation from Receivable (It's not allowed that management is receiving confirmation from debtor, than they are submitting to auditor)</p>
SA 550	<ul style="list-style-type: none"> If There is <u>No requirements</u> of the applicable <u>FRF</u> for disclosing the related party transaction : Then Also Auditor need to obtain an understanding of the entity's related party relationships and transaction, to conclude whether the financial statements affected by those relationships and transactions achieve a true and fair presentation and are not misleading
SA 550	Divided the whole population of trade receivables balances to be tested in a few separate groups called 'strata': Stratified sampling.
SA 560	Mngt amends the FS, which were already issued , Auditors shall perform all of the following: <ul style="list-style-type: none"> ✓ Carry out the audit procedures necessary to gain SAAE over the event ✓ Extend the audit procedures to the date of the new auditors report. <p>Provide a new auditors report on the amended FS. The new auditors report shall not be dated earlier than the date of approval of the amended financial statements</p> <p>(Do not Modify the Audit report)</p>
SA 560	<ul style="list-style-type: none"> ✓ Fire After Year end date.... It cause loss of inventory ... it's a non-adjusting event (only disclosure require)
SA 560	When new FS is issued after audit report .. then Auditor audit report shall .. Original Date of audit report will remain unchanged and additional date will be included. Alternative available was to provide new or amended audit report by including an Emphasis of MaNer paragraph or Other MaNer(s) paragraph
SA 560	For subsequent event: Auditor shall NOT Perform additional procedures on matters which have already yielded satisfactory conclusions.
SA 570	AUDITOR SHALL REQUEST Mngt TO EXTEND GC ANALYSIS to ATLEAST 12 month)
SA 570	AUDITOR SHALL REQUEST MANAGEMENT TO EXTEND ITS GOING CONCERN ANALYSIS TO ATLEAST 12 months
SA 570	Blacklisted by Govt, Directors arrested by Police, auditor is not Convinced by forecast assumption used for preparing cash flow : Adverse opinion (Going concern issue)
SA 570	Non Declaration of dividend is Not a material uncertainty on Going concern
SA 570	When company sales or decreasing ... still in Cash Flow projection the Cash inflow has increased ... Auditor shall Check arithmetical accuracy of cash flow forecast, Make inquiry, Check whether any material payments left out in cash outflow ... (Do Not Accept increase in cash flow from sales)

SA 570	Sales of company has decreased, Old P&M, Litigations, loss: So Auditor shall NOT Check company's cash flow and profit of the previous years with the projected accounts. (Future cash Budget needs to be check)
SA 580	If WR are not reliable → <u>Disclaimer</u> of opinion
SA 580	<u>Date of W.R:</u> Shall be as near as practicable to the date of A.report, but not after , the date of the auditor's report on the FS
SA 580	<u>Period covered by W.R:</u> The WR shall be for all financial statements and period(s) referred to in the auditor's report
SA 580	Date of WR should be as near as to the date of auditor's report
SA 580	Case Study → Management gave a different Value of Machinery in W.R, however valuer Report showing a Different amount → so it will give doubt about management integrity: <ul style="list-style-type: none"> If auditor identified significant issue relating to mngrt integrity/competence etc. → but auditor still concluded that W.R are reliable → in such case → this Significant matter will be documented as per SA 230 → TRUE <u>If inconsistency between W.R & Audit evidence</u> → Perform audit procedures to resolve the matter (consider whether RAP remain appropriate, if Not, revise risk assessment & NTE of FAP) → TRUE fact that mngrt has provided reliable W.R. does affect the nature or extent of other audit evidence that the auditor obtains about the fulfillment of management's responsibilities, or about specific assertions. → FALSE (as it Does NOT affect)

SA 600 Series:

SA 610	The statutory auditors are not required to go to the extent of review of detailed working papers of internal auditors
SA 610	Prior to using internal auditors to provide direct assistance for purposes of audit, external auditor shall: <ol style="list-style-type: none"> Obtain written agreement that IA will be allowed to follow external auditor instructions Obtain written agreement from internal auditors that they will keep confidential
SA 610	Auditor is required to assess competence and professional care of work performed by Internal Auditor.
SA 610	<ul style="list-style-type: none"> If Inventory have high ROMM → Don't use Internal auditor Documentation of working paper responsibility of statutory auditor → Don't use Internal auditor evaluating significant accounting estimates → Not allow for IA assessing the ROMM → Not allow for IA assembling information necessary to resolve exceptions in confirmation responses → Allow Relate to work with which the internal auditors have been involved & which has already been, or will be, reported to mngrt or TCWG by the internal audit function; → NOT ALLOW Relate to work with which the internal auditors have been involved & which has NOT reported to mngrt or TCWG by the internal audit function → ALLOW
SA 620	auditor may involve his own expert for purpose of audit of fair valuation of forward contracts & property, plant & equipment . However as per SA 500 & SA 620 auditor cannot reduce his responsibility for audit opinion by referring to work of VALUER in his report
SA 620	If management appointed expert for machine valuation , so it is not mandatory that that expert should send the report to auditor independently, he can send it to management and then mngrt can send it to auditor, In both the cases, Auditor is required to examine report of consultant
SA 620	A Prospective CA, soon to join auditors firm as a partner can-not be auditors internal expert

SA 700 Series:

SA 700	As per SA 700 para ,If auditor concludes that possible effects on financial statements of undetected misstatements, if any, could be both material & pervasive so that a qualification of opinion would be inadequate to communicate gravity of situation, auditor shall withdraw from audit, where practicable & possible under applicable law or regulation. If withdrawal from audit before issuing auditor's report is not practicable or possible, report matter to Registrar of Companies
SA 700	Its mandatory to insert Auditors responsibility & management responsibility in auditors report
SA 700	The auditor report should describe the management responsibility in a section with heading " responsibility of management for financial statements ". That Preparation of F.S is Management responsibility.
SA 701	Revenue can be KAM
SA 701	mandatory in case of audit of listed entities
SA 701	If adverse opinion is given > then report in KAM Para: No other KAM "except matters describe in basis of adverse opinion section, no other KAM to communicate in our report
SA 701	In Key Audit matter para, Following Matters need to cover: ✓ Reference to related disclosures, if any, in the financial statements ✓ How the matter was addressed in the audit. ✓ Why the matter was considered to be one of most significance in the audit and therefore determined to be a key audit matter (Not require to cover : Explanation on the matter given by management)
SA 701	Unless required by law or regulation → Not include a Key Audit Matters as per SA 701 in case of <u>Disclaimer of Opinion</u>
SA 701	Not KAM : Areas of high risk as assessed and reported by management's expert (Because for KAM, risk shall be assessed by Auditor)
SA 701	KAM applies only to audit of complete set of general-purpose FS of a listed entity (Not on Quarterly Limited review Ind AS 34 SEBI)
SA 705	management has intentionally made material misstatements.. o deceive the users of the financial statements: Adverse Opinion: opinion statinng that FS 'do not give a true and fair view'. The auditor should also include a 'Basis for Adverse Opinion' paragraph below the opinion paragraph
SA 706	Prior period FS not audited > Other matter paragraph, Further The auditor will be responsible for obtaining SAAE that opening balance so not contain any material misstatement.
SA 706	EOM paragraph on a matter can be added if auditors opinion is neither qualified/ nor adverse in respect to that particular matter and the matter is fundamental to the user's understanding of financial statements
SA 710	<u>Auditor obtains audit evidence w.r.t. existence of material misstatement in prior period F.S. on which unmodified opinion was issued:</u> Express qualified/ adverse opinion on current F.S. w.r.t. Corresponding figures Only
SA 710	<u>Provision was not made last year (modified opinion was issued)</u> , In current year also <u>Provision was not made</u> → So in Current year → Will Have to / Shall Have to modify the report for BOTH current & previous year figures of financial statement. (Wrong Option → Can modify the report for current & previous year figures of financial statement)
SA 720	<u>In case of audits of listed entities, other information section</u> is required in auditor's report when <u>at the date of auditor's report</u> : Auditor has obtained or expects to obtain the other information
SA 720	<u>In case of audits of unlisted corporate entities</u> , other information section is required in auditor's report when <u>at the date of auditor's report</u> : Auditor has obtained some or all of the other information
SA 720	Board report was not provide to auditor till Audit report is issued → after then When it's issued → Then also The Board Report should be considered by Auditor , since auditors' responsibility in relation to Other Information is uniform <u>irrespective of the point of their availability</u>

	<p>Inclusion of EOM para will Not Affect Auditor's Opinion,</p> <p>An Emphasis of Matter paragraph is not a substitute for:</p>
SA 705:	A modified opinion in accordance with SA 705, when required by the circumstances
SA 570:	Reporting in accordance with SA 570, when a material uncertainty exists relating to events or conditions that may cast significant doubt on an entity's ability to continue as a GC
FRF Disclosure:	Disclosures in FS that the applicable FRF requires management to make, or that are otherwise necessary to achieve fair presentation

SA 800 Series (Special Purpose, Single FS, Summary FS):

SA 800	In the case of special purpose FS, management may agree with the intended users on a threshold below which misstatements identified during the audit will not be corrected or otherwise adjusted. The existence of such a threshold does not relieve the auditor from the requirement to determine materiality in accordance with SA 320 for purposes of planning and performing the audit of the special purpose FS.
SA 800	<p><u>auditor must obtain an understanding of any significant interpretations of the contract that management made in the preparation of those FS.</u></p> <p>An interpretation is SIGNIFICANT when adoption of another reasonable interpretation would have produced a material difference in the information presented in the FS ("Significant" word was Blank space by ICAI) ... (means ... agar contract ka interpretation hard h.. alag alag interpretation ho sakta h .. to interpretation ko Significant kahenge)</p>
SA 800	Special purpose framework to mean a FRF designed to meet the financial information needs of specific users. The FRF may be a fair presentation framework or a compliance framework .
SA 800	Distribution and use of the auditor's report on special purpose FS are RESTRICTED (not Limited)
SA 800	EOM Para : alerting users of the auditor's report that the FS are prepared in accordance with a special purpose framework and that, as a result, the FS may not be suitable for another purpose
SA 800	"OM Para" : To restrict the users of FS prepares as per special purpose framework . (<u>Ambiguous</u> → in 2 different-Different MCQ's → ICAI Gave Different-Different Answer → One time ICAI mentioned this in EOM & one time in OM Para)
SA 800	Financial statements prepared in accordance with a special purpose framework may be the <u>only FS</u> an entity prepares. In such circumstances, those <u>FS may be used by users other than those for whom the FRF is designed</u> . Despite the <u>broad distribution</u> of the financial statements in those circumstances, the FS are still considered to be " special purpose F.S. " (Not considered as General Purpose)
SA 800	In the case of an auditor's report on special purpose financial statements, the auditor's report shall also describe the PURPOSE for which the financial statements are prepared. (it's purpose .. not Intend)
SA 805	When the auditor considers it necessary to express an adverse opinion or disclaim an opinion on the financial statements as a whole, the auditor's report shall not include an unmodified opinion on single element / Single FS.
SA 805	If Full FS set contain Adverse/Disclaimer opinion .. then .. Single set of FS can be Modified opinion, Adverse, Disclaimer (Not Unmodified)
SA 805	SA 805 does not apply while auditing historical financial info. contained in complete set of F.S.
SA 810	Who can be appointed as Auditor of Summary FS ? Auditor of the historical FS

SA 810	Auditor does not accept the engagement to report on summary financial statements.. because criteria being unacceptable .. Auditor shall Accept and report on summary FS Only if required by law or regulation
SA 810	If summary FS are not accompanied by audited FS . Evaluate whether summary financial statements describe clearly from whom or where the audited FS are available or the law or regulation that specifies that the audited FS need not be made available to the intended users of the summary FS and establishes the criteria for the preparation of the summary FS

SRS (Related Service) (4400- Agreed Procedure, 4410 Compilation):	
SRS 4400	<u>Wrong Statement for Agreed Upon procedure</u> : The users are unlikely to draw their own conclusions from report of CA Y in this regard. (Because users are likely .. means they have to draw their own conclusion)
SRS 4400	In the report of agreed-upon procedures under SRS 4400, the practitioner's report shall NOT include description of areas where improvements needed & Suggestion
SRS 4400	<u>False statement</u> : A listing of the procedures to be performed as agreed-upon between the parties is not an essential part of such an engagement. (because agreed procedure are essential)
SRS 4400	Agreed upon procedure report shall include statement that: if had additional procedures been performed as in an audit or a review, other matters might have come to light that would have been reported.
SRS 4410	<u>Compilation engagement</u> : Document File: (it's not 60 days) Final engagement file should be assembled on a timely basis after the engagement report has been finalized in accordance with the time limits set by the firm.
SRE 4410	In compilation engagement, Practitioner do not obtaining any assurance on that information
SRS 4410	In compilation engagement also Quality control is applicable
SRS 4410	<u>False statement for Compilation engmnt</u> : The practitioner is Not in a position to propose amendments to management in compilation engagement. (Because, he can propose amendment)
SRS 4410:	Compilation engagement do not provides any assurance

SRE (Review): (2400 - Review of FS, 2410 - Review Interim FI					
SRE 2400	For review of Historical FS, Reviewer have not found anything wrong/MMS, So he shall not perform "Sending external confirmations" (because reviewer can perform Inquiry/ Analytical procedure)				
SRE 2400	If auditor unable to complete review: He shall do both, Communicate in writing to appropriate level of management & consider whether it's appropriate to issue a report				
SRE 2400	If auditor's preliminary knowledge indicates inability to complete review due to limitation on scope of the auditor's review imposed by mgmt, the auditor: Should not accept the review engmnt.				
SRE 2410	<table border="1"> <tr> <td>In case of Listed Co.</td> <td>Presumed that users of IFI will have access to the latest audited financial statements</td> </tr> <tr> <td>Other Case:</td> <td> <ul style="list-style-type: none"> Auditor discusses with Mngt > to include statement > that IFI is to be read in conjunction with the latest audited FS. In Absence of such Statement > auditor may consider that whether IFI may be misleading & Implication for review report </td> </tr> </table>	In case of Listed Co.	Presumed that users of IFI will have access to the latest audited financial statements	Other Case:	<ul style="list-style-type: none"> Auditor discusses with Mngt > to include statement > that IFI is to be read in conjunction with the latest audited FS. In Absence of such Statement > auditor may consider that whether IFI may be misleading & Implication for review report
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SRE 2410	Reviewer of Interim FS shall : ordinarily, not necessary for him to send an inquiry letter to company's lawyer for corroborating inquiries about company's ligations
SRE 2410	While performing review of financial information of a client it would not be necessary for him to : make a statement that auditor is responsible for expressing an opinion on interim financial info. based on a review in review report

SAE (Assurance): (3400 - Prospective, 3402- S.O, 3420- Prospectus Comp.)	
SAE 3400	Hallmark of reporting in SAE 3400: A statement of negative assurance
SAE 3402	Criteria shall be Suitable and available to user entities and their auditors also.
SAE 3402	If service auditor has used Internal auditor work , to issue Type 2 report ... then in while preparing Type 2 report ... generally it's describe reg. <u>description of service auditors test of control and the results</u> , But now, it shall <u>also includes a description of the internal auditors work and of the service auditors procedures</u> with respect to that work.
SAE 3420:	He can report in respect of examination of evidence supporting the assumptions in such financial information but not on accuracy of projections .

Chapter 3 - Other MCQ's (Planning/Strategy/Execution)

	Engagement letter can be signed without including fees clause.
	Most persuasive evidence regarding ownership of property is " Registration documents of property "
	Audit team can revise materiality & plans even without consulting partner, it is not waste of time
	Audit team must document ORIGINAL audit program at the time of planning only , Further if any change > Document it with
	First Modify the audit strategy and thereafter , prepare the audit plan according to the modified strategy.
	Auditor Checking revenue of rental properties based on occupancy of premises, considering rent fixed for different types of apartments and other similar considerations to detect material misstatements at level of revenue assertion pertaining to rents: He cannot choose to solely rely upon above procedures described in situation.
	Engagement team can consult previous year's engagement team during the course of their planning

Chapter 4 Other MCQ's & Some Misc.MCQ's

	There is an INVERSE RELATIONSHIP between materiality and degree of audit risk
	There is <u>INVERSE Relationship Between ROMM & Acceptable Detection Risk</u>
	For the 1st year of engagements, issue of questionnaire is necessary .
	For subsequent years: May request client to confirm whether any change in the nature and scope of business has taken place (however <u>make practice to issue Questionaries</u> after specific time period <u>even if no change, lets say 3 yrs</u>)
	COSO: 20 basic principles, 5 components
	Test of Control: When auditor has expectation that CONTROLS pertaining to revenue are operating effectively. > Then Auditor Shall He should design and perform tests of controls that provide him with MORE persuasive audit evidence.
	Test of Control: Auditor can test IC on a selective basis, but plan testing in such manner that all the important areas are covered in Period of 3 Yrs .
	The assessment of audit team is wrong for this company Because audit team decided to Not to assess inherent risk only will take due care of the control risks
	Entity passed 10% discount to auditor for purchase of goods, However its normal practice of that entity ... as it had also passed 10% discount to other 50 customers also... so he is NOT DISQUALIFY to be an auditor, as transaction is at arm's length price
	MANAGEMENT is WRONG: auditors started the risk assessment and requested the management to share their documentation for the same on which the management said that they don't have any risks & denied to give any doc.
	Even if it is private company, Risk-control matrices need to be properly documented (Should not be in draft format)
	Subsidiary company is also require to maintain documentation on changes in processes and activities as any resultant impact of the same on management controls if IFC is applicable on them (Mngt can't say that it is maintained by parent company)
	IF INTERNAL AUDITOR IDENTIFIED FREQUENT CHANGES IN BANK ACCOUNT & OTHER MASTER DETAILS OF SUPPLIER , After that Management Agrees to develop the process of monthly review the change in master details: IT IS DETECTIVE CONTROL (Not preventive)
	To evaluate I.C on Purchase > Auditor is NOT required to check whether company make monthly Bank reco .
	If Internal auditor found that employee suddenly increase the claim amount of medical expense (reimbursement), Then Internal auditor should recommend that claim should be reduced & clear guidelines to all employees with disciplinary action
	Effective IC fails when: Abuse by process owner
	Documentation can be in a mix of both soft and hard copy
	approach of audit team to obtain detailed understanding of the company & company IT system before starting with the audit procedures is absolutely fine
	Its allow that company can maintain MANUAL as well as AUTOMATED control simultaneously (Auditor can't say that they should either maintain automated control or either manual)
	Auditor is allowed to use audit tools (CAAT) - Mngt can't refuse to give data
	User ID & Password required to access application : Its PREVENTIVE CONTROL (Not Application control)
	During current FY, Company found that they have missed to account for certain transactions in PY financial statements, so they want to revise PY financial stat. as per sec 130 > No its not correct to revise FS. (As Ind AS/AS provided the accounting of errors in PY F.S. ... they should correct it in Current FY)

	<p>In PY some deficiency in IC was found > In the current year's communication may repeat the description from previous communication or simply reference the previous communication (i.e., In CY also Auditor should refer PY IC Deficiency if its not corrected by mngrt)</p>																								
	<p><u>Fixed deposit Books Amount V/s Bank confirmation amounts Differ , But management also showed the Fixed deposit certificate matching with books amount :</u></p> <p>Don't directly qualify report > Consider both the difference & Apply alternate procedure</p>																								
	<p>Amount Payable to XYZ Ltd (As per our books): 58 lacs, However Amount payable to XYZ Ltd (As per confirmation received from XYZ Ltd) : 80 lacs, As there is dispute because defective goods which were returned on 30th March 2021 -</p> <p><u>So, Auditor should perform below two task because of above difference :</u></p> <ul style="list-style-type: none"> ✓ Review post year-end credit notes for evidence of acceptance of return ✓ Inspect pre year-end goods returned note in respect of the items sent back to the supplier. <p>(NOT CHECK : "Inspect post year-end cash book for evidence that the amount has been settled" because management is itself accepting that amount is unpaid)</p>																								
	<p>Acceptable detection risk should be low in order to reduce audit risk to an acceptably low level.</p>																								
	<table border="1"> <thead> <tr> <th>Customer</th><th>Balance as per sales ledger ₹</th><th>Balance as per customer confirmation ₹</th><th>Comment</th></tr> </thead> <tbody> <tr> <td>AM</td><td>225</td><td>225</td><td></td></tr> <tr> <td>AN</td><td>350</td><td>275</td><td>Invoice raised on 29th March 2021</td></tr> <tr> <td>AO</td><td>620</td><td>480</td><td>Payment made on 30th March 2021</td></tr> <tr> <td>AP</td><td>535</td><td>535</td><td>A balance of ₹45 is currently being disputed by AP</td></tr> <tr> <td>AR</td><td>178</td><td>No reply</td><td></td></tr> </tbody> </table>	Customer	Balance as per sales ledger ₹	Balance as per customer confirmation ₹	Comment	AM	225	225		AN	350	275	Invoice raised on 29th March 2021	AO	620	480	Payment made on 30th March 2021	AP	535	535	A balance of ₹45 is currently being disputed by AP	AR	178	No reply	
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AR	178	No reply																							
	<p>Which of the following statements in relation to the results of the trade receivables circularisation is TRUE?</p> <ol style="list-style-type: none"> (a) No further audit procedures need to be carried out in relation to the outstanding balances with AM Co. and AP Co. (b) The difference in relation to AN Co. represents a timing difference and should be agreed to a pre-year-end invoice. (c) The difference in relation to AO Co. represents a timing difference and should be agreed to pre-year-end bank statements. (d) Due to the non-reply, the balance with AR Co. cannot be verified and a different customer balance should be selected and circularized. 																								
	<p>Only Practicing CWA/CMA can be appointed as cost auditor (Not CA), Further company auditor can-not be appointed as cost auditor of company</p>																								
	<p>To check correctness of account payable balance, <u>Inspect the invoices issued supplier and the payments made</u></p>																								
	<p>Company has changed its payroll system software, now the new software is calculating wrong income tax, It is <u>Loss of IT General Controls</u>.</p>																								
	<p>Adequate design and effective implementation of Internal Controls may not lead to the identification of: Abuse by Process Owners.</p>																								

	COBIT : best practice IT governance and management framework published by Information Systems Audit and Control Association (ISACA). It provides the required tools, resources and guidelines that are relevant to IT governance, risk, compliance and information security
	To test Understatement of Trade Payable , auditor should not test the recorded & refinanced accounts payables on a sample basis, as these procedure are to check overstatement

Chapter 4: Points to Note (For MCQ's & Case scenerios)

- An auditor's judgement of > what is SAAE > is affected by degree of risk of misstatement.
- Obtain A. Evidence through TOC > to support any assessment of control risk which is less than high
- The lower the assessment of control risk, > more the evidence auditor should obtain that accounting and IC systems are suitably designed and operating effectively.
- Deviations from prescribed controls may be caused by such factors as changes in key personnel, significant seasonal fluctuations in volume of transactions and human errors. When deviations are detected the auditor makes specific inquiries regarding these matters, particularly, the timing of staff changes in key internal control functions. The auditor then ensures that TOC appropriately cover such a period of change or fluctuation.
- Based on TOC Result (If Deviation), evaluate whether IC's are designed & operating as contemplated in the preliminary assessment of control risk. > deviations may result in the auditor concluding that > assessed level of control risk needs to be revised. > In such cases, the auditor would modify the NTE of planned substantive procedures.
- Different controls used at different times during the period > whether the IC were in use throughout the period > the auditor would consider each separately > breakdown in IC's for a specific portion of period requires separate consideration of the NTE of the audit procedures to be applied to the transactions and other events of that period
- When to review I.C.: Deciding the point of time appropriate for undertaking the review of the I.C. is a matter for individual judgement of the auditor (based on Size & complexity of operation), because of his continuing relationship he may just review the changes that have taken place in the intervening period > Can do comprehensive review in 3 Yrs
- I.C Operating Good assumption: The auditor's preliminary evaluation of I.C should be made on the assumption that the controls operate generally as described and that they function effectively throughout the period of intended reliance.

AUDIT REPORT

Withdrawal not possible: [LISTED Co.]	For Listed Companies: As per SEBI LODR, not permit withdrawing from engagement without issuing audit / review report:	
	Case:	Then Auditor Shall Before such resignation,
	If the auditor resigns within 45 days from the end of a quarter of FY:	Issue the limited review/ audit report for such quarter
	If the auditor resigns after 45 days from the end of a quarter of a FY:	Issue the limited review/audit report for such quarter as well as the next quarter
	if the auditor has signed the limited review/ audit report for the first 3 quarters of a FY:	Issue the limited review/ audit report for the last quarter of such FY as well as the audit report for such FY

- 1) **Management intentionally manipulated FS of the company** : The auditor would issue an **adverse audit opinion** stating that financial statements 'do not give a true and fair view'. The auditor should also include a 'Basis for Adverse Opinion' paragraph below the opinion paragraph.
- 2) 25% of total asset (Inventory) was missing & 10% of total sales was fake: Auditor should issue ADVERSE REPORT
- 3) When auditor is qualifying report, then management shall explain the **management view in notes to accounts**, However don't hold the audit report even if they are not explaining their view in Notes to a/c's
- 4) **Agro Business (Outside GST)...** 75% of sale was in Cash , Auditor was not able to verify the same: Disclaimer .. and change heading from "financial statements have been audited" to "auditor was engaged to audit financial statements".
- 5) **Rs. 50 crore Litigation on Company** (Past year 1 case decision was in favour and 1 was in against the company), No disclosure is given in F.S So ... It amounts to non-disclosure of a material contingent liability by the company. Qualified opinion needs be expressed by auditor
- 6) **Not able to perform inventory count/other procedure** on INR 1 crore inventory (out of Total 10 crore inventory), Express Qualified Opinion.
- 7) Auditor already issued two Qtr's **Limited review report**, now resigned in 3rd qtr on 15th Nov → so require to issue Qtr-3 report also → then require to issue full yr report also

So, Even if **mngt imposed limitation** in Q-3, It's **mandatory to withdraw** from engmnt, but he will not be able to withdraw → so Disclaim it.

But if auditor is eligible to withdraw (Unlisted company) → then he **have to mention clear reason** as of above (Can-not mention that "pre-occupation is the reason for the resignation" in resignation letter)

CARO 2020

- 1) **CARO 2020:** Is applicable if Borrowing of company exceed Rs.1 crore **at any point of time during the financial year**
- 2) For **Applicability of Small company**, check the Turnover & Capital of Immediately preceding year (Not current year),
However, Be careful, It should not be Holding/Subsidiary.. otherwise it shall not be small company (The company has acquired all shares of a company based in Hong Kong during the year 2023-24 .. means it's not a Small company)
- 3) One case Study in brief:
 - If Working Capital loan (Short tem borrowing) is > Rs. 5 Crore, Then **any difference in Statement submitted to Bank Vs. Actual books**: Should be reported
 - **Any loan defaulted** by company shall be reported in CARO, along with period of default is required to be reported (even if it's not became NPA)
 - **TDS payable on B/S date**, but they are not overdue for more than 6 month, Hence no need to report it.
 - **Only CASH Losses** are needed to report in CARO of Current & Last year, (So again Add depreciation & Non Cash Expenses in Net Profit/Loss... To Find out Cash Loss)
- 4) One case Study in brief:
 - All the **Disputed Statutory dues** needs to be reported in CARO (income tax appeal, EPF appeal, Municipal corporation)

- For PPE, auditor responsibility also extended to reporting on maintenance of records for Right-of-use assets and intangible assets & duty to report on physical verification by management also extends to Right-of-use assets.
- For Cost Record: The auditor is required to report whether prescribed cost accounts and cost records have been so made and maintained.
- Physical inventory vs Books: Shall be reported if a class of Inventory have 10% difference, (Example: Raw Material 1000 VS 1020 Rs, Finished Goods: 2000 Vs 2290 Rs, WIP: 200 Vs 220, Stores: 150 Vs 120)
- Auditor is required to report the fraud committed by employees on company. Even if the amount is less than 1 crore .. even If it's recovered by employee again.

5) The company has obtained a **license from the CG for itself to promote the sport of hockey** in the rural areas of India, profit would not be distributed as dividend to the shareholders, however, it would be applied towards its objective of promoting sports: **CARO Not Applicable** (U/S 8 company)

6) **Revenue of previous yr was wrong** → corrected in current Year, by re-stating comparative FS as per GAAP → this was due to deficiency in I.C. (then IC modified) → so opinion on Sec 143(3)(i) of IFC need to be modify as material weakness in IC

7) **Clause 3 of CARO (Loan & Advance given)** → it generally do not include Normal advance given to Creditor for purchase of goods → However if any un-usual advance is given to creditor (extra amt) for providing financial support → it's covered in this clause 3.

8) **Clause 7** → Undisputed Statutory dues paid Before Audit report date (But O/s on Balance sheet date for more than 6m) → So still needs to be reported

9) **Clause 7** → Company consistently follows the method of payment in respect of ESI collection, some round off difference is there .. which they adjust in next month payment → as per materiality concept, it will be considered as regularly deposited → no reporting

DIGITAL AUDIT (Chp 12)

- 1) **More Risks arising use of IT when:**
 - Volume or complexity of **automated application controls** is **higher**
 - **Mngt placing greater reliance on those controls** for effective processing of transactions or the effective maintenance of the integrity of underlying information
- 2) **Robotic process automation** Example: **Health insurance company** automated claim process by : Customer have option to upload docs on website, Auto process of docs/Info.
- 3) **Company uses CRM system to punch the sales orders** in the system, all the sales orders are transferred from CRM to SAP for further executing the delivery, What is IT dependency here:
"Interfaces" (Interface is a programmed logic that transfer data from one IT system to another.. so Here from CRM to SAP)
- 4) "Macros & scripts" are not a example of **next generation technology** (It's Metaverse, Drone, AR, VR)
- 5) Which is not the **access control monitoring**: "Development, testing and production environments are appropriately segregated" (because it shall be User ID shall be terminated for terminated users, Access rights to application etc.)
- 6) **Correct Sequence of Cyber Risk stage:** 1) Assessing the cyber risk 2) Impact of cyber risk 3) Managing the cyber risk

- 7) Main challenge in **Digital audit technology implementation**: Data Security
- 8) Full-form of RPA: **Robotic Process Automation**
- 9) **3 stages of understanding the IT environment**: Understand - Identify - Assess
- 10) form of spoofing where an attacker impersonates a known business or person with fake website or domain to fool people into the trusting them: **Domain Spoofing**
- 11) What is **not an advantage** of auditing digitally: **Reluctance to change** (as it's disadvantage)
- 12) Which is **Not a challenge in adapting Digital Audit**: Improved Risk Assessment (as it's Targeting the right processes, Governance and data security, Know what benefits the organization)
- 13) cyberattack that **leverage domain name system queries and responses to bypass traditional security** measures and transmit data and code within the network. Select the correct option of cyber-attack from the following: **DNS Tunneling**
- 14) cyber-attack which overwhelm the target system so it **cannot respond to legitimate requests**, flooded with illegitimate service: **Denial-of-service or Distributed denial-of-service**
- 15) **Mr. Z is a former employee**, his termination was not timely executed, had the direct access to the company network, sensitive data and information : **Insider Threat**
- 16) automated tool that is based on **decentralised and distributed ledger, creating a block of information**: **Blockchain**
- 17) 3-D digital space technology which uses **Augmented Reality & Virtual Reality**, personal and business experiences online: **Metaverse**
- 18) Which **control is NOT a part of "change management domain"** : Batch jobs scheduled are monitored for failures and access is restricted
(Because it includes: Changes are adequately tracked and recorded, Emergency changes are approved, Segregation of duties are maintained between developer and implementor)

[**Author's Note: What is Change Management?** : It's a structured approach of managing change, means in every organization there is "change management team" & "Change management control", they have main of Identify where change is needed, where will people resist change, how to easily do transition)

- 19) In **Cyber security framework**: one stage is "**Protect the risk**", it includes "**DAAI**" (**Data Security, Access Control, Awareness and Training, Information Protection Processes and Procedures**)
(**But it Does not Includes, Recovery Planning**)
- 20) **Company is heavily dependent upon IT**, Auditor found that, ransomware attacks by sending phishing emails. These attacks were not targeted directly at the company's financial system. Further, these attacks were not successful and were thwarted. Still **It is a business risk**, so Auditor shall consider **impact upon assessing audit risk**. (he should not ignore this)
- 21) cyber-attack using sophisticated AI tools. Investigation further revealed that the **video call to the CFO was fake and made from the laptop not owned by the company**. The hackers had gained access to the CFO's laptop and have obtained bank details and its authorization information. The company filed a police complaint and reported the incident to the appropriate authorities → **It's SPOOFING**
- 22) In addition to above Spoofing, During the risk assessment process, the auditor of the company determined that the IT environment poses a significant risk. The auditor assessed that the principal financial systems used in the preparation of the financial statements were compromised during the cyber-attack → So Report as a **Key Audit Matter** since the cyber incidence was of most significance in the audit of the financial statements of the current period.
- 23) the statutory auditor can accept the assignment of system audit, provided it did not involve any scrutiny/review of financial data and information

Due Diligence, investigation & Forensic Audit

DUE DILIGENCE:

- 1) **Due Diligence:** Review of FS - the trading results for the past 4 to 5 years are compared and the trend of normal operating profit arrived at.
- 2) due diligence covers assessment of business feasibility as well.
- 3) **Location of office** should be checked for evaluating business feasibility
- 4) Reviewer can demand working papers from tax consultant (Expert) of company and can declare his advice as wrong, because reviewer needs to have independent assessment of legal tax cases.
- 5) **Accounting Information System** NOT included in Scope of Financial Due diligence (it includes cash flow, accounting policies, brief history of target etc.)
- 6) **Initial decided price** will be changed due to new Hidden liability or contingent liabilities
- 7) In case of **merger due diligence**, also need to check **Financial projection**
- 8) **Initial decided price will be change** due to new Hidden liability or contingent liabilities
- 9) **Letter of Comfort:** Yes, the objective of due diligence exercise will be to look specifically for any hidden liabilities or over-valued assets and since, letter of comfort given to banks is a hidden liability, it should be reviewed.
- 10) The reviewer needs to have independent assessment of legal/ tax cases and any outcome needs to be discussed with the management
- 11) Management of company can-not deny to give promoter information to person who is doing diligence.

INVESTIGATION:

- 1) **Investigation > On behalf of bank giving Loan:** The history of growth and development of the company and its performance during the past 5 years
- 2) **Investigation:** Only INDIVIDUAL can be appointed as inspector under companies act for investigation (Not Companies/Firm etc.)
- 3) Which among the following is NOT an instance of where the Central Government may order an investigation into the affairs of the company under section 210? >>> On a request from creditors to investigate the affairs of the company. (other options were, Public interest, Special resolution by company, registrar report)
- 4) Yes investigator can take help of Expert (SA 620 is not applicable in case of Investigation)
- 5) If investigator wants to seek audit evidence from outside India : An application is to be made to the competent court in India by the inspector and such court may issue a letter of request to a court or an authority in such country for seeking evidence

FORENSIC AUDIT:

- 6) Management must share Forensic audit report to statutory auditor also if they bear on financials.

PSU AUDIT

- 1) **C&AG** shall hold office for a term of **6 years** or upto the **age of 65 years**, whichever is earlier . Resignation submitted to **President**
- 2) **C&AG** may get involved in the audit of Govt co.
- 3) **C&AG** may order **test audit** as per the requirements of the Companies Act 2013.
- 4) The **C&AG** may conduct **Performance audit of electricity company** (i.e., Govt co), however, the notice for conducting such type of audit should give reasonable time to the management to prepare themselves.
- 5) Auditor can change **performance audit program** (Its allow), But with the approval of competent authority and discussion with management
- 6) **C&AG** can order **performance audit** of Govt Co. & notice for conducting such type of audit should give reasonable time to the management to prepare themselves.
- 7) **Direct reporting engagement** > Not include > Financial audit
- 8) Audit report of PSU > Reviewed by → **Committee on Public undertaking**
- 9) **PSU: I.T. AUDIT OF PSU i.e.**
 - Are separate ID-Password assigned?
 - Change in password ensure?
 - Data backup maintain

It is Compliance audit

10) Which committee is responsible for:

- To examine accounts audited by **C&AG** → **Public account committee (PAC)**
- To examine the estimates to report what economies, improvement consistent with estimate → **Estimate committee**
- Examine autonomy & efficiency of public undertaking and to see whether they are being managed in accordance with sound business principles → **COMMITTEE on PUBLIC UNDERTAKING**
- To examine public enterprises through comprehensive appraisal of undertaking, thorough examination → **COMMITTEE on PUBLIC UNDERTAKING**

11) Audit Design Matrix → Not Include → "AUDIT PROGRAMME" (it includes Following):

Audit Objective	Audit Questions	Audit Criteria	Evidence	Data Collection and Analysis Method

About Faculty

By- CA Hemant Somani | AIR 46

Academics

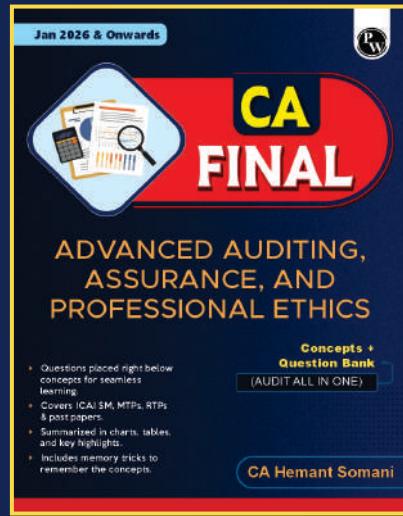
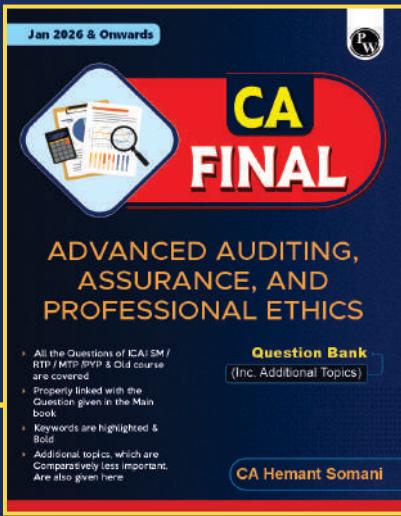
- Secured All India Rank (AIR)- 46 in CA Final Examination
- Top 15 rank in India in CPT
- Exemption in 7 Papers out of 8 Papers (Including Audit)
- All India Ranks in Many Exams (ICAI Wizard, IIT Guwanati talent search etc.)

Professional

- Worked in PwC in the Field of Statutory Audit for 3 Years
- Served at Many MNC's in the field of Finance & Audit
- Served in UAE & Africa in the field of Finance & Audit
- Having exposure of doing Audit in India, Dubai & Africa.

Some of My Students achievements are— AIR4, AIR 6, AIR 10, AIR 14, AIR 14 AIR 15, AIR 16, AIR 18, AIR 20, AIR 27, AIR 29, AIR 29, AIR 41, AIR 47, AIR 48, AIR 50

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