

# Tutorial Letter 102/3/2016

## CORPORATE GOVERNANCE IN ACCOUNTANCY

### AUE2602

### Semesters 1 & 2

### Department of Auditing

**IMPORTANT INFORMATION:**

This tutorial letter contains important information about your module as well as additional questions you should work through as part of your studies.

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## 1 INTRODUCTION

In this tutorial letter we present you with a number of questions dealing with topics in your MO001. These questions give you the opportunity to test your knowledge on the topics as well as to prepare yourself for the examination. Solutions to these questions are provided in tutorial letter 103.

For this purpose, you will be using the prescribed textbook *Graded Questions on Auditing* (2016) written by H Gowar and RDC Jackson (refer to Tutorial letter 101 for the list of prescribed textbooks). We are not allowed to give you copies of the questions since the authors have copyright over the questions. Please respect this request for ethical purposes. A complete set of solutions to *Graded Questions on Auditing* is unfortunately not made available to students and accordingly cannot be purchased.

It is important to note that these questions only cover certain aspects of the study material in the MO001 and prescribed books. These are additional questions only. **Please note** that all the study material covered in the various topics is equally important and not only the aspects covered in this tutorial letter.

### 1.1 HOW TO ATTEMPT THE QUESTIONS

Once you have mastered the study material, refer to the topic list in this tutorial letter. Identify the question, go to *Graded Questions on Auditing* and attempt the question **as if you are writing a test under exam conditions**. After writing the “test”, mark it and score yourself.

Please refrain from merely reading the question and then memorising the solution, it is important that you know how to apply your knowledge to a practical scenario and if you only memorise solutions you will not be in a position to apply the theory to a given scenario.

The recommended time for each question is set out in *Graded Questions on Auditing*. You will notice that 1.2 minutes are available to earn 1 mark. It is important that when you attempt a question you calculate at the start of the question how much time you have available to complete the question. For example, a question of 10 marks should be answered in a maximum time of 12 minutes. Remember that you will earn 1.5 marks for a valid point which is properly **described**. However, if we ask you to **list** a fact only one mark will be allocated.

## 2 TEXTUAL AMENDMENTS AND ADDITIONS TO TOPICS IN YOUR MO001

There are no textual amendments and additions to topics in your MO001.

## 3 QUESTIONS ON TOPICS IN YOUR MO001

The following questions apply to various topics in your MO001. Please attempt them after you have studied the particular topics and thereafter compare your solutions with the solutions given in Tutorial letter 103. Also keep in mind the time allocated to each question.

For this purpose, you will be using the prescribed textbook *Graded Questions on Auditing 2016* by Gowar & Jackson (refer to Tutorial Letter 101 for the list of prescribed textbooks). **Please do not email or phone requesting the questions and their solutions. Lecturers are not allowed to give you copies of the questions or the solutions thereto (with the exception**

of solutions to questions included in this tutorial letter), since the authors have copyright over the questions and their solutions. Please respect this request for ethical purposes. A complete set of solutions to *Graded Questions on Auditing* is unfortunately not made available to students and accordingly cannot be purchased.

## Topic 1 Corporate Governance and Statutory Matters

**Supplementary Do questions on corporate governance**

For the purposes of this topic, answer the following question from your prescribed textbook *Graded Questions on Auditing (2016)*:

Question number	Topic	Marks
2.14	Requirements of sound corporate governance pertaining to the board of directors and board committees.	33 marks
2.17	Roles of internal audit department	18 marks
2.23	Appointments to the audit committee	18 marks

## Topic 2 Internal Control

**Supplementary Do questions on internal control**

For the purposes of this topic, answer the following questions from your prescribed textbook *Graded Questions on Auditing (2016)*:

Question number	Topic	Marks
4.19	Components of internal control specifically control environment and control activities	27 marks
4.25	Internal control including password controls and screen aids and related features.	45 marks
4.27 (A)	Programme controls.	12 marks

## Topic 3 Business Cycles

There are no questions for this topic.

## Topic 4 Revenue and Receipts Cycle

**Supplementary Do questions on the revenue and receipt cycle**

For the purposes of this topic, answer the following questions from your prescribed textbook *Graded Questions on Auditing (2016)*:

Question number	Topic	Marks
8.2	Functions in the revenue and receipts cycle.	22½ marks
8.9 (a)	Weaknesses in the revenue and receipts cycle.	30 marks

## Topic 5 Acquisitions and Payments Cycle

**Supplementary Do questions on the acquisitions and payments cycle**

For the purposes of this topic, answer the following questions from your prescribed textbook *Graded Questions on Auditing (2016)*:

Question number	Topic	Marks
10.7	Internal controls in the payments and acquisitions cycle.	36 marks
10.9	Risks and internal controls in a system of internal control in the payments and acquisitions cycle.	30 marks
10.12	Weaknesses in a system of internal control in the payments and acquisitions cycle.	30 marks

## Topic 6 Inventory and Production Cycle

**Supplementary Do questions on the inventory and production cycle**

For the purposes of this topic, answer the following questions from your prescribed textbook *Graded Questions on Auditing (2016)*:

Question number	Topic	Marks
11.7	General vs application controls in the inventory and production cycle.	24 marks
11.9	Weaknesses in respect of an inventory count and costing of inventory.	30 marks

## Topic 7 Payroll and Personnel Cycle

**Supplementary Do questions on the payroll and personnel cycle**

For the purposes of this topic, answer the following questions from your prescribed textbook *Graded Questions on Auditing (2016)*:

Question number	Topic	Marks
9.2	Risks in the payroll and personnel cycle.	30 marks
9.6	General and application controls.	30 marks

## Topic 8 Finance and Investment Cycle

For the purposes of this topic, answer the following question from your prescribed textbook *Graded Questions on Auditing (2016)*:

Question number	Topic	Marks
12.16	Weaknesses and recommendations in the finance and investments cycle.	30 marks

## **4 CONCLUDING REMARKS**

We hope that by working through these questions, you have added value in the sense that you increased your knowledge regarding the subject and that you are now better equipped for the examination.