

AUE 2602 – EXAMINATION PREPARATION – UNISA 2015:

STUDY : JACKSON & STENT

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|----|--|---|
| 1. | Corporate Governance : | Chapter 4 & Homework 1 |
| 2. | Internal controls Controls: | Chapter 5/ 3- 9, Chapter 7/9 – 13 & H 2 |
| 3. | General and Application controls – computer s: | Chapter 8/ 1 - 38 H 3 |
| 4. | Cycles: | Chapters 10 – Chapter 14, Astrid's notes & H4 |

GENERAL: Study

- **Study Guide** - Do **ALL** the **Activities** in your study guide.
- Go over **Assignment 1 again & do Assignment 2.** (Tutorial letter 101)
- Do the Other Assessment Methods (**Mock exam** in Tutorial letter 101 pg 27-30)
- **Tutorial letter 102.** - Do **ALL** the questions
- **NB!! Learn all Solution to Q's in Tut 103**
- **CYCLES : Astrid's notes and Homework exercises**
- Do the **May 2013 & October 2013. June 2014, Oct 2014, and June 2015 Exam paper (5 papers)**
- Keep in mind, that when UNISA prepares the exams, they use:
 - the Study Guide,
 - Assignments and
 - Textbook too, therefore, cannot and will not ask you anything that you have not been exposed to in some or other format.
- **NB! If you are asked to answer in a specific format – you normally get presentation marks.**

EXAM PAPER weighting: 2014 (Check MYUNISA for 2015 update!)

The following table is a guideline which indicates the main topics in the study guide, together with the approximate percentage of marks allocated to each in the final paper:

Number	Topic	Percentage - 2014
Topic 1	Corporate Governance and Statutory matters	25% Compliance and non-compliance of King 111 requirements in a scenario
Topic 2	Internal controls	15% - 20%
Topic 3	Business Cycles	Theory applied to all cycles
Topic 4	Revenue Receipts Cycle	10% - 15%
Topic 5	Acquisition and Payment Cycle	10% - 20%
Topic 6	Inventory and Production Cycle	0% - 8%
Topic 7	Payroll and Personnel Cycle	18% - 28%
Topic 8	Finance and Investment Cycle	0%

PAST EXAMINATION QUESTIONS June 2013 - June 2015

	Topic	Questions	J 201 3	O 201 3	J 201 4	O 201 4	J 201 5
		Part A					
1	Corporate Governance	* Board Directors : Composition and Appointments -	x		x		x
	(25 – 28 marks)	* Explain Executive, Non executive Directors & CEO				x	
		* Board: Meetings	x		x		
		* Audit Committee: Composition and Appointments	x		x	x	x
		* Audit Committee: Chairperson & Meetings	x		x		
		* Audit Committee: Functions			x		
		* Risk Committee: Composition and Appointments	x		x		x
		* General remarks & Issues in scenario given:	x		x	x	x
		* Secretary	x			x	
		* Remuneration & Nomination Committee- functions				x	
		* NB!! Most of above covers: <i>Compliance and Non-compliance in a scenario</i>					
		All the short questions total	25	14	25	25	19
		Part B					
		* Internal Audit Department's - Duties		12.5			
		* Remuneration Committee – Composition & Function					3
		* Explain term "combined assurance model"					2
		TOTAL MARKS IN THIS SECTION	25	28	25	25	24
2	Internal Controls General and Application	* General Physical Access controls to the computer- (Internet banking software)	15		6		
		* Access Controls - to protect accounting system					
		* Password controls – Logical access controls – prevent theft of money – NB!! only password controls asked!!!	10		14		
		* Controls over passwords - LAN					
		* Know components of Internal controls (J5/6) - ISA315- and indicate which component the control relates to in a scenario					15
3	CYCLES						
3.1	Revenue/Receipt cycle	* For each Function in Credit Sales transactions – Identify Weaknesses in internal controls		20			
		* Debtors Masterfile – Amendments to be entered		15			
		* Manual controls - Recording cash receipts from debtors			12		
		* Indicate the Function under which each Internal Control procedure relates to					8
3.2	Acquisition/Payment Cycle	* Ordering of Goods - Manual internal controls to mitigate weaknesses	15				
		* Creditors MASTERFILE – Controls over NEW Creditors master-file in Computerized environment	15				
		* Match – documents to different functions			18		
		* Goods receiving Department:				8	
		- 5 Risks associated in the Goods receiving Department				12	
		- Internal controls – manual					
		- Limitation of Internal control / explanation in different scenarios				<u>15</u>	
						35	

		* Payment preparation and payment- : scenarios a-f - Identify weaknesses and explain					16
			J 201 3	O 201 3	J 201 4	O 201 4	J 201 5
3.3	Inventory/ Production Cycle	* Physical year-end count – Manual procedures	20				
		* Physical controls – Inventory in warehouse to prevent damage, loss & theft – Manual system		15			
		* Planning the Count: * Planning and preparation * Design of stationery * Written Instructions				11 6 8 25	
		* Explain “ Net Realizable value ”					3
		* Inventory valuation methods					2
		* Name two or three cost formulas to value inventory ito IAS2					3
		* List the cost price of inventory should consist of					5
		* Indicate which given costs must be included or excluded from valuation of inventory					7
3.4	Payroll Cycle	* Wage packet Preparation & Pay-out and Unclaimed wages – Manual controls		18			
		* Alternative for cash payout		1.5			
		* Examples of Biometric Data and advantage		2.5			
		* 4 Risks regarding the workforce – Migrants etc			6		
		* Describe Internal controls - Unclaimed wages			9		
		* Describe controls – Update existing employees Masterfile			10		
		* Describe 8 internal controls – valid changes – employee Masterfile					12
		* List 4 Input controls (application) – that the details of new employees are recoded accurately					6
3.5	Investment/ Finance cycle	* Internal controls – safeguard - Acquisition of Equipment against theft				15	

TOPIC 1 - CORPORATE GOVERNANCE: (25%) (CHECK on MYUNISA for update)

- You'll have a similar question to Question 1.1 of the May exam paper, where a scenario is given and you'll have to state whether the **company complies / don't comply** to the requirements of King III.
- **When you study Topic 1**, for the Board of Directors, the Audit Committee, the Risk Committee, the Nomination Committee and the Remuneration Committee, concentrate on:
 - Who can be the **Chairman of the board / committee**
 - Who may **be members of the board / committee**
 - How **many members should the board / committee** have
 - How **many times should the board / committee meet**
 - What **are the functions of the board / committee**
 - What is the **appointment procedure** (E.g. should the board appoint a member / the shareholder etc.)
 - The **company secretary and his / her duties**
- Always give your overall opinion – e.g.
“Overall, the company complies / do not comply with the requirements of the King III Report on good corporate governance.”
Depending on the difficulty level of the question, you may / or may not receive a mark for such a comment.
You **need not specify the principle**; however **you need to refer to King III Report**.
- You **need not spend too much time on Study Unit 1.2**
- **Study Unit 1.3 is very important.** Nice questions to do is:
 - ♣ Study unit 1.3.2 - Activity 10.
 - ♣ Study unit 1.3.3 - Activity 11.
 - ♣ Study Unit 1.3.7 - Activity 16.
 - ♣ **NB!!! 2014 –**
Do **Additional Question In Tut 102 –and Astrid handout) UNISA says –**
Keep the notes for quick reference before the exam!!!
 - ♣ Do previous Exam papers (2013) Corporate Governance questions

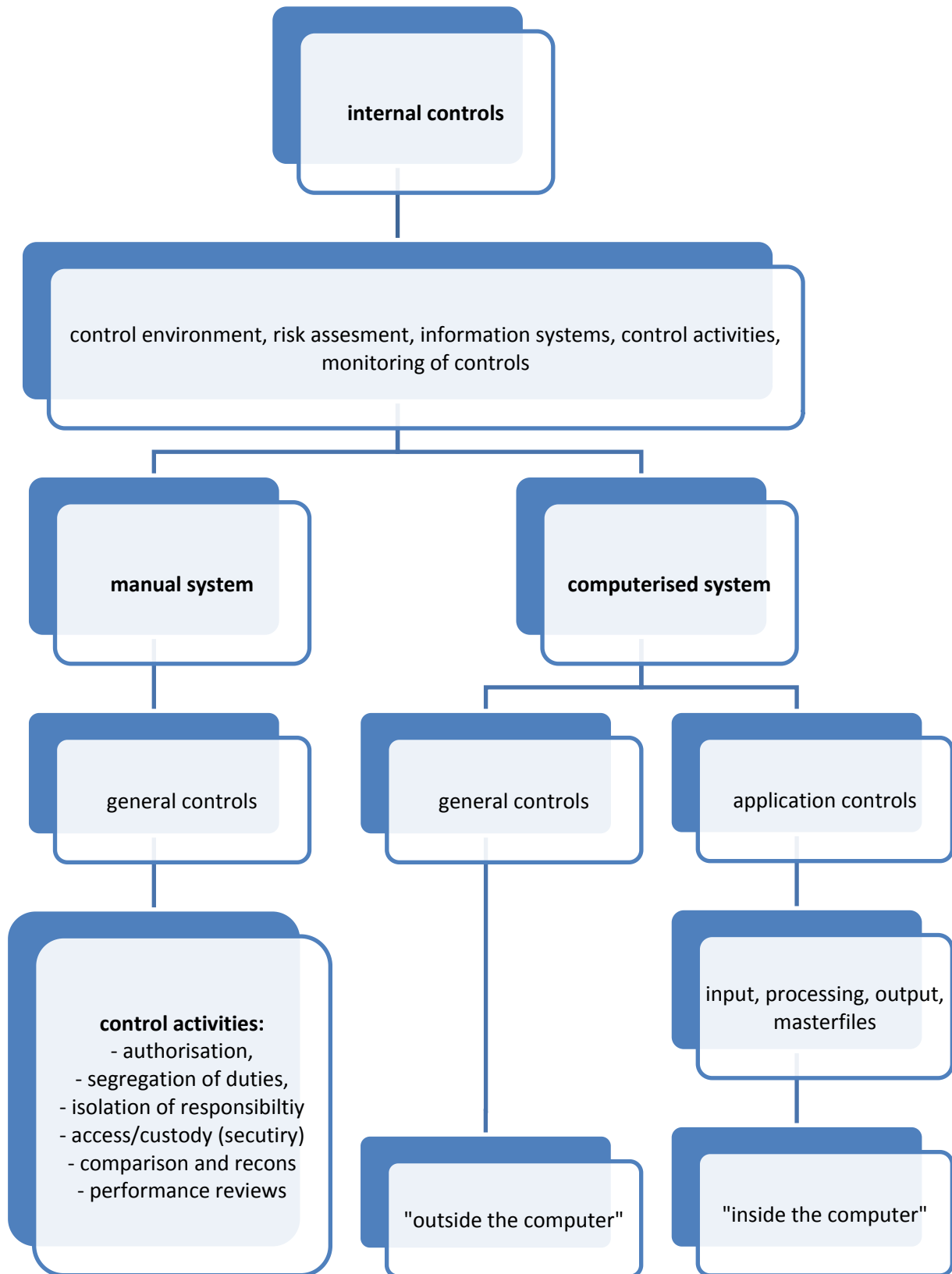
TOPIC 2 – INTERNAL CONTROLS (15% - 20%)

- You need not spend too much time on Study Unit 2.4
- I've said this before, I'll say it again, **Masterfiles are very important** 😊
- **ACCESS Controls** – Physical and Logical
- **Password Controls**
- **Do Study Unit 2.3.2 - Activity 11**
- **Do all Questions in Tutorial letter 102** (Solutions Tut Letter 103)

Especially GOWER:

UNISA says - Keep the notes for quick reference before the exam!!!

INTERNAL CONTROLS: DIAGRAM



TOPIC 3 – BUSINESS CYCLES

- You will not be examined on this topic.
- **Just know in which cycle you are in:**

GENERAL for ALL TOPICS 4 – 8

1. Determine in which cycle you are in:

- **When you answer a question in the exam regarding risks and internal controls: you must determine in which cycle you are in:**

This can be found in the first section of each of topics 4 - 8 (Activities and functions)

1. Revenue Receipt Cycle (Topic 4)
2. Acquisition and Payments Cycle (Topic 5)
3. Inventory and Production (Topic 6)
4. Payroll and Personnel (Topic 7)

2. Determine in which function you are in:

- **This can be found in the first section of each of these Topics. (Activities and Functions)**
- (This will help you to “Answer the Question” e.g. in the previous exam, controls were asked when **ordering goods**, but many students “wandered off” and stated controls of **receiving of goods**.)
- Know how to identify **weaknesses (risks) from a system description, explain the risks, provide internal controls to mitigate risks.**
- Remember that you need to be specific: Example:
 - The **Document** should be signed by **two senior personnel**. – Will not earn a mark but rather
 - “The **Debtor’s Masterfile amendment Form (MAF)** should be signed by two senior personnel for example, **the credit controller and Senior assistant**” is correct.

NB!!!

3. Activities for all cycles:

When you do the **Activities in Topics 4 – 8**, see if you can do the same question based on various functions and or / cycles.

Example:

- SU 4.1.1 – Activity 1 – Place the **functions in the** correct order- You should be able to do this for All the Cycles
- SU 4.1.2 – Activity 2 - Match **the documents** to the correct function – you should be able to do that for all the cycles.
- SU 4.1.3 – Activity 5 – Give a **System description** – you should be able to do that for all the cycles

TOPICS 4 - REVENUE RECEIPT CYCLE – (10% - 15%)

♣ Here you should **identify Cash vs Credit Sales**. (SU4.1 and SU4.2)

Do the questions from **Tutorial 102 - Graded Questions on Auditing (2015)** :

♣ **Nice questions for you to do:**

- * Do Study Unit 4.1.2 - **Activity 2**
- * Do Study Unit 4.1.4 - Activity 6
- * Do Study Unit 4.1.4 - Activity 8 & **Activity 9**

TOPIC 5 - ACQUISITION AND PAYMENT CYCLE (10 % - 15%)

Do the questions from **Tutorial 102 - Graded Questions on Auditing (2015)** :

Try to answer the question as you would in an exam - i.e. 1.2 minutes per mark (e.g. 10 marks x 1.2 minutes = 12 minutes). If you get stuck, refer to your study material while answering the question

Only after you've done the question, mark it by referring to the answer in **Tutorial letter 103** - mark yourself very sternly, and ~~make notes where you did not obtain marks - explain why you did not receive a mark and how you should have answered.~~

Keep these notes for quick reference before the exam.

• **Nice questions for you to do:**

- * Do Study Unit 5.1.3 - **Activity 4** *
- * Do Study Unit 5.1.4 - **Activity 5**

TOPIC 6 - INVENTORY AND PRODUCTION (0% - 8%)

Here you should identify **warehousing vs production**. (SU6.1.3 and SU6.1.4)

Do the questions from **Tutorial 102 - Graded Questions on Auditing (2015)**

• **Nice questions for you to do:**

- * Do Study Unit 6.1.3 - **Activity 3 and Activity 4**
- * Do Study Unit 6.1.7 - Activity 6

TOPIC 7 – PAYROLL and PERSONNEL (18% - 28%)

NB!!! 2015

Do the questions from **Tutorial 102 - Graded Questions on Auditing (2015)**

- **Nice questions for you to do:**

- Do Study Unit 7.1.3 - **Activity 3**
- Do Study Unit 7.1.3 - Activity 4 *
- Do Study Unit 7.1.4 – **Activity 5**

** These questions will help you to learn how to identify weaknesses and explain them.*

** You should also try to describe internal controls that could mitigate these risks.*

TOPIC 8 – Finance / Investment cycle (0%)

Do the questions from **Tutorial 102 - Graded Questions on Auditing (2015)**

They say = 0% but then they say do SU 8.1.2 – Activity 2. ???

Asked a Question in Oct 2014

NB!!! ...MANUAL INTERNAL CONTROLS and Incorporate Computerized Controls