

May/June 2013 Exam Memo references

QUESTION 1

1.1: Requirements of sound corporate governance

1: Board of Directors: composition and appointments

Refer to King III Report Principle 2.16, 2.18, 2.18 point 73, 2.19 point 80
(maximum 6 marks/4 comments)

2: Board of Directors: Meetings

Refer to King III Report Principle 2.19 point 83 and principle 2.1 point 1
(maximum 3 marks/2 comments)

3: Audit Committee: composition and appointments

Refer to King III Report Principle 3.2 point 9, principle 3.2 point 10 and principle 3.2 point 12
(maximum 4.5 marks/3 comments)

4: Audit Committee: meetings

Refer to King III Report Principle 3.1 point 7, principle 3.1 point 8
(maximum 4.5 marks/3 comments)

5: Risk Committee: composition and appointments

Refer to King III Report Principle 2.16 point 45.4, principle 4.3 point 21 and principle 4.3 point 20
(maximum 3 marks/ 2 comments)

6: General remarks

Refer to King III Report Principle 2.21 point 95, principle 2.23 point 129-130, principle 4.1
(maximum 3 marks/2 comments)

2 Presentation marks were awarded if your question was structured under the headings provided in the question. This is easy marks – if you receive 48% for your exam and did not present the answer in the format asked for, you'll kick yourself.

Remember to answer all corporate governance questions by stating the theory, application and conclusion to ensure you receive maximum allocated marks for each statement.

1.2: General physical access controls to the computer in a computerized environment

Refer to Jackson & Stent pages 8/17 - 8/18

Common mistakes: Here students also included application access controls, for which they received no marks, and wasted precious time.

Remember: to read your questions carefully and to limit your answer to the required.

- General controls are “outside” the computer program, therefore, could still be computerised, but not specific to the program. E.g. The computer requires a user name and password (general control), but the masterfile requires a different user name and password. (application control)
- This question asked for **physical** general access controls – therefore, no computerised controls. For example: The door of the room, where the computer with access to banking software is stored, should be locked.

1.3: Password controls to prevent unauthorized access to bank accounts in computerized environment

Refer to Jackson & Stent page 8/20

Comment: Students did fairly well in this question, as it is a straightforward theory question.

QUESTION 2

2.1: Internal controls over ordering of goods in a manual system

Refer to Jackson & Stent page 11/9

Remember: that the internal controls should relate to the specific function. Limit your answer to what was asked.

2.2: Application controls over suppliers' master file

Refer to Jackson & Stent page 11/17 – 11/18

Important: regarding the screen aids and programme controls, give an example/explanation to show you know what it means for example: Screen formatting: the screen should be laid out like to hard copy master file amendment form (MAF)

2.3: Procedures to follow when conducting a physical inventory count at year end

Refer to Jackson & Stent page 12/12 – 12/13

Comment: Students did fairly well in this question, as it is a straightforward theory question. Remember that the procedures to be conducted before the count of inventory are also very important.