



Tutorial Letter 103/3/2018

Corporate Governance in Accountancy

AUE2602

Semesters 1 and 2

Department of Auditing

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



CONTENTS

	<i>Page</i>
1 INTRODUCTION	3
2 TEXTUAL AMENDMENTS AND ADDITIONS TO TOPICS IN YOUR STUDY GUIDE	3
3 QUESTIONS ON TOPICS IN YOUR MO001	3
4 INSIGHT EDUCATION WEBSITE QUESTIONS ON THE BUSINESS CYCLES	6
5 CONCLUDING REMARKS	7

1 INTRODUCTION

In this tutorial letter we present you with a number of questions dealing with topics in your study guide. 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 102.

For this purpose, you will be using the prescribed textbook *Graded Questions on Auditing* (2018) 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 study guide 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 STUDY GUIDE

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

3 QUESTIONS ON TOPICS IN YOUR MO001

The following questions apply to various topics in your study guide. Please attempt them after you have studied the particular topics and thereafter compare your solutions with the solutions given in Tutorial letter 102. Also keep in mind the time allocated to each question.

For this purpose, you will be using the prescribed textbook *Graded Questions on Auditing* 2018 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 questions from your prescribed textbook *Graded Questions on Auditing* (2018):

Question number	Topic	Marks
2.9	Requirements of sound corporate governance pertaining to the board of directors and board committees.	25 marks
2.23	Audit committee	20 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* (2018):

Question number	Topic	Marks
4.18	Components of internal controls	12 marks
4.29 (b)	General vs application controls, weaknesses in general controls	31 marks

Topic 3 Business Cycles

There are no questions for this topic.

The theory and principles within this topic is tested as part of the business cycles (Topics 4 - 8).

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* (2018):

Question number	Topic	Marks
8.2	Functions in the revenue and receipts cycle.	15 marks
8.9	Internal controls in various functions of the revenue and receipt cycle.	33 marks
8.13	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* (2018):

Question number	Topic	Marks
10.3	General vs application controls	12 marks
10.10	Weaknesses in the acquisitions and payments cycle	25 marks
10.13 (b, c, d)	Risks, internal controls and application controls relating to the acquisitions and payments cycle	40 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* (2018):

Question number	Topic	Marks
11.1(a,d)	Documents used in the inventory and production cycle. Objectives of internal controls in the inventory and production cycle	9 marks
11.8(b)	Weaknesses in a system of internal control in the inventory and production cycle.	20 marks
11.12(d)	Various matters relating to cycle counts	20 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* (2018):

Question number	Topic	Marks
9.8(1)	Risks in the payroll and personnel cycle	5 marks
9.9	Weakness and computerised controls in the payroll and personnel cycle.	45 marks
9.11(c, e)	Internal controls in the payroll and personnel cycle	17 marks

Topic 8 Finance and Investment Cycle

Supplementary Do questions on the finance and investment cycle

For the purposes of this topic, answer the following question from your prescribed textbook *Graded Questions on Auditing (2018)*:

Question number	Topic	Marks
12.8	Weaknesses and recommendations in the finance and investments cycle.	40 marks

4 INSIGHT EDUCATION WEBSITE QUESTIONS ON THE BUSINESS CYCLES

Topic 4 Revenue and Receipts Cycle

Question	Marks
1. According to the insight education video on the Sales Cycle, what information should be contained on the pre-numbered, internally compiled invoice?	6 marks
2. According to the Insight Education videos, what cycle has the highest risk of theft and why?	3 marks

Topic 5 Acquisitions and Payments Cycle

Question	Marks
1. According to the Insight Education video on the purchasing cycle, what does the ordering manager do when he/she receives an order form?	6 marks

Topic 6 Inventory and Production Cycle

Question	Marks
1. What are the six (6) principles demonstrated in the production cycle video (Insight Education) that can be generalized and are the same to all the processes functioning within a company?	9 marks

Topic 7 Payroll and Personnel Cycle

Question	Marks
1. According to the Insight Education video on the salaries and wages cycle, name the three stages (not functions) within the cycle.	4½ marks

5 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.