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DECLARATION:

I, Dorathea Rachel Engelbrecht, declare that this assignment, submitted by myself, is my own work and that I have referenced all the sources that I have used.

By submitting this AUE2602 assignment, I declare that:

- I have read the Unisa Student's Disciplinary Code.
- I know what plagiarism is, that plagiarism is wrong and that disciplinary steps can be taken against me if I am found guilty of plagiarism.
- My assignment for AUE2602 is my own work, and that I have referenced all the sources that I have used.
- I have not allowed any other student to copy my work.
- I know that if I am found to be in violation of this declaration I will receive 0% for this assignment.

NOTE: *Each question is answer on a new page*

Answer to Question 1:

Reference: King IV Report (2016:55–56)

1. In terms of the King IV Report, the audit committee should comprise of at least three members. MobileMob Limited has six members and complies with the King IV Report in this section of this principle.
2. All members should be independent non-executive directors. Three members of the committee are not independent non-executive directors:
 - The marketing director, G du Plessis are involved in the day-to-day running of the business, as he is the Marketing director and is an executive officer.
 - L Maharaj is an executive director, and
 - AC de Villiers as the CEO.Therefore doesn't comply with the King IV Report in this section.
3. Given the strategic and operational role of AC de Villiers as the CEO, and to prevent too much power vesting in one person, this appointment should be separate from that of the chair of the governing body. Therefore AC de Villiers being the Chief Executive officer, MobileMob Limited complies with the King IV Report of this principle as he is appointed as the CEO.
4. The chair L Maharaj should be an independent non-executive member of which the person is not. This person is an executive officer therefor MobileMob Limited doesn't comply with the King IV Report of this principle (principle 7.31).
5. The governing body should attain the appropriate balance of knowledge, skills, experience, diversity and independence (principle 7)
6. The governing body should comprise a majority of non- executive members, most of whom should be independent members (L Rabada, S Domingo and I Amla are the only ones) and therefore does not comply with the King IV Report in this section of this principle (principle 7.8).
7. There should be a minimum of two executive members: one should be the CEO (AC de Villiers) and the other may be the chief finance officer (I Amla (CA(SA))) (principle 7.9). Since I Amla is a Non-executive director they do not comply with the King IV Report of this principle.
8. The board should have a charter setting out its role, responsibilities, membership requirements and procedural conduct (principle 6.2). The functions of the board are listed under principle 6.1 of the King IV Report.

Answer to Question 2:

Name of committee	Function of committee
Remuneration committee:	The function of this committee is to assist the governing body in setting remuneration policies and administering these policies. (principle 8.65)
Nomination committee:	The function of this committee is to process, nominate, elect and appointing members of the governing body. It includes succession planning in respect of governing body members and to evaluate the performance of the governing body. (principle 8.60)
Risk committee:	The function of this committee is to consider the risk management policy, and plan and monitor the risk management process. (principle 8.62 and principle 11.6)
Social and Ethics committee:	The function of this committee is overseeing and reporting on: <ul style="list-style-type: none">- organisational ethics,- responsible corporate citizenship,- sustainable development, as well as- Stakeholder relationships. (principle 8.68)

Answer to Question 3:

Since MobileMob Ltd is listed on the New York Stock Exchange they need to adhere to the Sarbanes-Oxley Act ("SOX"). The main purpose of SOX is to protect shareholders from unlawful and unethical representations of the company's financial statements. Investors need to know that the financial information they rely on is reliable, truthful, and that an independent third party has approved of its accuracy.

Answer to Question 4:

Processing receipts from debtors:

Due to the large volume of daily transactions that occur at MobileMob Ltd, the bank statement of MobileMob Ltd should be retrieved every working day so that payments received from debtors, and any other items on the bank statement can be processed promptly to the necessary ledgers. Individual debtors should be allocated promptly so that the debtors' ledger is right up to date.

Debtors should be regularly reminded to clearly reference their EFT payments when they make a payment of their account to MobileMob Ltd. (A comment can be added to the Customer Statements to be reminded of this request). This should preferably be a number and not a name. If possible, the invoice numbers should be used as reference to which the payment refers.

Debtors should also be requested to submit a remittance advice (preferably electronically via email) to the debtors department for the correct allocation of the payments processed.

When processing the receipts reflected on the bank statement, the senior debtors' clerk can make use of the references on the bank statement and the remittance advices that has been electronically received.

Since there are various ways of processing the receipts, the invoice number will usually be the "hook". On entering an invoice number, the system will match the invoice number and amount to the file of unpaid invoices and if it finds a match, the debtors account to which the invoice is linked, will come up on the screen the debtors clerk will select the enter option, and the system will update the debtors account in the debtors Masterfile and cash book records, as well as the file of unpaid invoices.

Potential problems includes:

- The senior debtors' clerk cannot identify which invoice is being paid and without a match to the unpaid invoice file, the system cannot process the receipt from the debtor.
- The invoice number matches, but the amount does not, because the debtor has reduced the amount paid by taking an early discount settlement. Again the system will not process the receipt.

Any receipt for which there is a match to an invoice number, but the amount does not match will be written to "a receipt pending file" the credit controller should access the file on a daily basis to determine whether the discount were or can be approved. The authority to approve will be restricted to the credit controller in the normal manner. If the discount is approved, the receipt will be processed immediately and the debtor's ledger will be up to date.

Answer to Question 5:

Since shareholders are concerned about the risk of the loss of data, and the continuity of MobileMob's operations due to a recent online security threat, I suppose that a disaster recovery plan should be implemented and backup strategies should be included.

Controls included for the disaster recovery plan are implemented to minimise interferences as a result of some disaster which prevents processing and/or destroys/corrupts programmes and data.

The disaster recovery plan should be a written document which lists the procedures which should be carried out by each employee in the event of a disaster. This plan should be widely available so that there is no frantic searching if a disaster occurs. Time is usually precious, so the plan should address priorities i.e. The order in which files or programmes should be reconstructed, with the most important being allocated the highest priority, as well as where backup data, programmes, hardware etc. may be obtained.

When this plan is implemented, it should be tested to ensure that it is functional, and should detail alternative processing arrangements which have been agreed upon in the event of a disaster, e.g. using a bureau.

Backup strategies includes:

- Backups are copies of all or parts of files, databases, programmes taken to assist in reconstructing systems or information, should they be lost or damaged.
- Back up of all significant accounting and operational data and programme files should be carried out frequently and regularly.
- At least three generations of backups should be maintained.
- The most recently backed up information should be stored off-site.
- All back up should be maintained in fireproof safes.
- On-site backups should be stored away from the computer facilities.
- Critical data and programmes can be copied in real time to a "mirror site", so that it is possible to switch processing to the mirror site in the event of a disaster.
- Copies of all user and operations documentation should be kept off-site.

Answer to Question 6:



Risk	Internal control(s)
<p><i>Risk 1:</i></p> <p><i>There is a risk that employees can clock in and then leave the premises.</i></p>	<ul style="list-style-type: none"> • Entry and exit points to the work area should be limited (preferably one); • Entry and exit points to the work area should be protected by a "turnstile" type of mechanism; • Entry and exit points to the work area should be supervised during clocking periods.
<p><i>Risk 2:</i></p> <p><i>There is a risk that an employee can clock a card for a fictitious employee.</i></p>	<ul style="list-style-type: none"> • At the end of a wage period, the section administration clerk should collect all clockcards for the period and agree the number of cards to the list of employees within the section. • At the end of the wage period, the section administration clerk should collect all clockcards for the period, divide the cards into workable batches (e.g. 25) and complete a batch control sheet. • Clockcards to be prepared by the personnel department, strictly in terms of the authorised employee list, and placed on racks at the entry points. • Entry and exit points to the work area should be supervised during clocking periods. • Entry and exit points to the work area should be limited (preferably one);
<p><i>Risk 3:</i></p> <p><i>There is a risk that employees clock in for absent fellow employees.</i></p>	<ul style="list-style-type: none"> • Entry and exit points to the work area should be limited (preferably one); • Entry and exit points to the work area should be protected by a "turnstile" type of mechanism; • Entry and exit points to the work area should be supervised during clocking periods.

<p><i>Risk 4:</i></p> <p><i>There is a risk that hours on the clockcard are incorrectly calculated for normal and / or overtime.</i></p>	<ul style="list-style-type: none"> • Before the batch of clockcards is transferred for payroll preparation, the section head should check and sign the batch control sheet; • At the end of the wage period, the section administration clerk should collect all clockcards for the period, divide the cards into workable batches (e.g. 25) and complete a batch control sheet. • Details of the batch should be entered in a batch register, which will accompany the clockcards to payroll preparation.
<p><i>Risk 5:</i></p> <p><i>There is a risk that normal hours can be counted as overtime hours (which have a higher pay rate).</i></p>	<ul style="list-style-type: none"> • At the end of the wage period, the section administration clerk should collect all clockcards for the period, divide the cards into workable batches (e.g. 25) and complete a batch control sheet. • At the end of the wage period, the section administration clerk should collect all clockcards for the period and calculate the ordinary time worked and the overtime worked. • Before the batch of clockcards is transferred for payroll preparation, the section head should check the calculations;

