

**UNIVERSITY OF JOHANNESBURG
DEPARTMENT OF ACCOUNTANCY**

Governance and Control

GOC8X00/GAC8X00/RHR03X8

QUESTION 1

YOU ARE REQUIRED TO:		MARKS
(a)	Write a memorandum to the internal audit team in which you <ul style="list-style-type: none">• Describe the combined assurance model;• Identify and discuss the type of audit Mbokodo Inc. will be undertaking for Avios, and• Discuss whether internal audit reports being submitted to the audit committee, will enable Avios to “ensure that the internal audit status in the company is such that it is strategically positioned to achieve its objective”.	(20)
(b)	Identify and discuss the risk of material misstatement at the overall financial statement level with regard to Avios evident in the section head, “Background information”.	(20)
(c)	Discuss the controls that you would have expected to find during the implementation of the application system for Avios. Your answer must also briefly address the controls which should be implemented so that the company will be prepared in the event of any disasters occurring in the future.	(15)
(d)	Discuss the following in terms of the <i>Companies Act, 2008</i> (Act 71 of 2008): <ul style="list-style-type: none">• Whether the consolidated annual financial statements of Avios are required to be audited; and• Any matters to be considered with regard to the re-	(3)

	appointment of the current auditors of the company.	
(e)	<p>Write a report to the board in which you discuss any corporate governance and statutory issues arising from:</p> <ul style="list-style-type: none"> • Avios entering into a new business venture with Uber as was presented to and approved by the board of directors of Avios, • Audit committee feedback as presented in the minutes of the board meeting held on 15 September 2017. 	(25)
(f)	Discuss whether the board of directors of Avios has correctly applied the principles and recommended practices contained in the King IV Report on Corporate Governance for South Africa 2016, regarding the appointment of Ms Bentley-Cartier as chairman.	(7)
(g)	Describe the Guiding Principles and Content Elements that underpin the preparation of an integrated report as per the International IR Framework.	(15)
(h)	Describe the potential control weaknesses Avios is exposed to as a result of their customers only being able making bookings through the website.	(5)
(i)	Based on the information provided in workpaper C100, design controls, in addition to those already described in the workpaper, which should be in place to mitigate the risks of material misstatement related to its car rental revenue.	(25)
(j)	Design the controls that Avios should put in place to ensure that changes to the fixed assets register on the <i>SmartAccounts</i> system are valid, accurate and complete.	(10)
Communication skills – clarity of expression and layout Communication skills – precision and interpretation		(2) (3)
TOTAL MARKS		(150)