

AUE2602 – Assessment 1 (Semester 1, 2025)

Student Name: Muzikayise B. Mkize

Student Number: 59415983

Date: 27 March 2025

1.1 Corporate Governance

A. Governing Body

Observation	King IV Principle
The board is composed of 8 members, including 3 non-executive directors.	Majority of non-executive directors, and a significant number of independent directors. 3 of 8 is not sufficient, indicating potential non-compliance.
Some members have been in their positions for over 10 years.	Regular rotation for independence. Long tenure may impair independence.
Mr Simbane, who owns 7% of equity, is both Chair and Audit Committee Chair.	Chair should be independent and not lead key committees.
Ms Gordon recommended her successor (Mr Rhodes), and the board accepted without clear independent nomination.	Recommends a formal nomination process via the Nominations Committee to maintain objectivity.
Presence of executive-heavy board (CEO, CFO, COO, HR) creates dominance of management.	Board may lack necessary independence for oversight, contrary to best practices.

B. Chair of the board

Observation	King IV Principle
Committee includes Mr Simbane (not independent).	The Audit committee should comprise only independent non-executive directors.
He also chairs the Audit Committee.	Chair of the board should not chair the audit committee.
Long tenure (12 years) may reduce objectivity and independence.	Regular rotation is encouraged under to ensure fresh oversight.

C. Audit committee

Observation	King IV Principle
Committee includes Mr Simbane (not independent).	The Audit committee should comprise only independent non-executive directors.
Mr Pollack is a major customer (15% of revenue).	Creates a conflict of interest, undermining independence.
Mr McCoy proposed a personal community project funded by the company.	Independence compromised – potential undue influence or self-interest.
Overall composition lacks independence.	Undermines effective audit oversight.

1.2

1.2.1 Yes, the social initiative can be considered an example of **Ubuntu**. By approving to build a school and give textbooks, it is part of Ubuntu. Ubuntu is an african Philosophy that promotes humanness by realising you're not an island

1.2.2 Adopting an Ubuntu mindset would encourage me to act with integrity, respect, and empathy in the workplace and anywhere outside the workplace. As a senior employee, I will show ubuntu by adopting or helping our junior employees to become best at what their are doing.

1.3 Mr Maphaka's appointment as company secretary of Sell-Allot does not comply with the Companies Act requirements for the following reasons:

- A person who has been removed from an office of trust for dishonesty is disqualified from serving as a company secretary.
- Appointing someone with a known history of dishonesty reflects poor corporate governance and a failure in due diligence by the board.
- Company secretary must act with integrity and independence.
- Appointing a disqualified individual undermines trust and accountability — violating the spirit of ethical leadership

1.4

Identification	Component of Internal Control
Sell-Alot's code of ethics forms the foundation for ensuring an ethical culture.	Control Environment
Employee interviews are conducted to determine understanding of responsibilities.	Monitoring of Controls
Internal audit function is outsourced and reports regularly to the board and audit committee.	Monitoring of Controls
The IT risk and governance committee oversees IT frameworks, policies, and standards.	Control Activities