

KASNEB

CS PART III SECTION 6

GOVERNANCE AND SECRETARIAL AUDIT

FRIDAY: 27 November 2015

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question.

QUESTION ONE

The Board of Directors of ABC Ltd. are desirous of undertaking a governance audit and have requested your advice and guidance.

Required:

In relation to the above statement, advise the Board on the following:

- (a) The benefits of undertaking a governance audit. (6 mark)
 - (b) The key areas to focus on when undertaking the governance audit. (8 marks)
 - (c) Challenges that are likely to be encountered when undertaking the governance audit. (6 marks)
- (Total: 20 marks)**

QUESTION TWO

(a) You have been engaged by a multinational organisation to undertake a governance audit. In order to accomplish the assignment, establish the following:

- (i) The factors that could determine the amount of evidence required to ensure a comprehensive governance audit. (7 marks)
 - (ii) The limitations likely to be encountered when gathering the evidence for the governance audit. (7 marks)
- (b) Explain the importance of adhering to the professional code of ethics and conduct when undertaking a governance audit. (6 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Discuss four issues relating to boards that could be addressed in a governance audit. (4 marks)
 - (b) Analyse the factors that should be taken into account when carrying out a board performance evaluation. (7 marks)
 - (c) Outline the role of standards in governance audit. (6 marks)
 - (d) Discuss the legal provisions governing the use of a common seal. (3 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) As an expert in the area of governance audit, explain the matters that should be included in a governance audit strategy. (10 marks)
 - (b) Outline five steps that should be followed when preparing to carry out a secretarial audit. (5 marks)
 - (c) Outline five roles of the Audit Committee. (5 marks)
- (Total: 20 marks)**

QUESTION FIVE

Your firm has been engaged to carry out a secretarial audit in a blue chip company.

Explain the matters that you would expect to find in relation to the register of members on the aspects listed below:

- (a) Contents of the register of members. (3 marks)
 - (b) Changes and alterations to the register of members. (3 marks)
 - (c) Legal provisions on inspection of the register of members. (8 marks)
 - (d) Rectification of the register of members. (6 marks)
- (Total: 20 marks)**
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