

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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