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CS PART III SECTION 6

GOVERNANCE AND SECRETARIAL AUDIT

FRIDAY: 21 May 2021.

Time Allowed: 3 hours.

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

QUESTION ONE

PM & Associates is a Certified Secretaries firm where you are one of the partners. The firm was contracted by Queen Bee PLC, a publicly listed company to conduct a governance audit for the financial year ended 31 June 2020.

Required:

- (a) Explain the importance of the governance audit report that your firm prepared to the following interested parties:
- (i) Members of the board of Queen Bee PLC. (2 marks)
 - (ii) Shareholders of Queen Bee PLC. (2 marks)
 - (iii) Capital Markets Authority (CMA). (2 marks)
 - (iv) Queen Bee PLC bankers. (2 marks)
- (b) Sketch a matrix to demonstrate the parameters you used in determining the level of compliance to the Institute of Certified Secretaries (ICS) issued governance standards:
- (i) GS 001 - General Meetings. (4 marks)
 - (ii) GS 002 - Meetings of the Board. (4 marks)
 - (iii) GS 003 - Minutes. (4 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) Discuss four ways in which an in-house company secretary might help the board to strengthen governance practices using governance standards. (8 marks)
- (b) Maoni & Maono Certified Secretaries firm has three partners. The firm has just concluded a governance audit assignment and issued a qualified opinion. The audit opinion was signed in the name of the firm.

Required:

Examine three reasons which would make the client to question the audit opinion issued in the name of Maoni & Maono Certified Secretaries. (6 marks)

- (c) With reference to governance and secretarial audit, explain the following terms:
- (i) Forensic governance audit. (2 marks)
 - (ii) Peer review. (2 marks)
 - (iii) Expert's opinion. (2 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Evaluate the significance of a management letter in the governance audit process. (4 marks)
 - (b) Examine five key roles played by the Institute of Certified Secretaries (ICS) in the governance audit process. (10 marks)
 - (c) Outline six activities that the auditor should carry out during the planning stage of a governance and secretarial audit. (6 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) Working papers are integral in ensuring quality of a governance audit.
Required:
 - (i) With regard to the above statement, explain five other benefits contributed by working papers. (5 marks)
 - (ii) Highlight five contents of working papers. (5 marks)
 - (b) Assess five contents of a governance compliance checklist, citing a document to be reviewed for evidence in each case. (10 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) Explain the term "secretarial audit". (2 marks)
 - (b) Outline six general principles that each member of the engagement team is required to observe while carrying out a governance and secretarial audit assignment. (6 marks)
 - (c) With regard to governance control systems in an organisation, evaluate the role of the board in risk management. (6 marks)
 - (d) Analyse three challenges that a governance auditor might face while carrying out due diligence on a prospective client. (6 marks)
- (Total: 20 marks)**
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