



**KASNEB**

*Providing globally competitive professionals*

**CERTIFIED SECRETARIES (CS)  
EXAMINATION**

**REVISED SYLLABUS  
(ADVANCE COPY)**

**JULY 2015**

## **SUMMARY OF THE CERTIFIED SECRETARIES (CS) EXAMINATION REVISED SYLLABUS**

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## **PART I**

### **SECTION 1**

#### **PAPER NO.1 ORGANISATIONAL BEHAVIOUR**

##### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to apply organisational behaviour concepts in management of an organisation

##### **1.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Demonstrate an understanding of organisational behaviour concepts
- Analyse the behaviour of individuals and groups in organisations
- Apply organisational behaviour knowledge and skills to real life management situations
- Analyse organisational culture and its effects on organisational behaviour
- Analyse the effect of technology on organisational behaviour.

##### **CONTENT**

##### **1.1 The nature of organisational behaviour**

- Understanding and managing human behaviour
- Factors influencing human behaviour
- The changing nature of work in organisations
- Roles of people in defining organisational behaviour

##### **1.2 Nature and context of organisations**

- Classification of organisations: formal and informal
- Components of an organisation
- Organisational goals
- Interaction with the environment

##### **1.3 Organisational development, culture and change**

- Organisational management
- Organisational culture
- Nature of organisational change
- Management of organisational change
- Resistance to change
- Overcoming resistance to change
- Employee commitment
- Managing diversity at the work place

##### **1.4 Organisational structure and design**

- Nature and importance of organisational structure
- Principles of organisation
- Levels of organisation
- Organisation chart
- Design of organisational structure
- Division of work and span of control

- 1.5 **Organisational control and power**
- Forms of control
  - Types of authority
  - Classification of control systems
  - Strategies of control in organisations
  - Characteristics of an effective control system
  - Delegations and empowerment
  - Sources of power
- 1.6 **Work groups and teams**
- Distinction between groups and teams
  - Types of group
  - Group values and norms
  - Formal and informal groups
  - Reasons for formation of groups
  - Characteristics of an effective workgroup
  - Role relations and conflicts
  - Quality circles
  - Negotiation and bargaining, steps in negotiation process
- 1.7 **Leadership and management**
- Leadership verses management
  - Theories of leadership
  - Approaches to leadership
  - Leadership styles verses management styles
  - Leadership and innovation
- 1.8 **Work and job satisfaction**
- Needs and expectations at work
  - Relevance theories of motivation to organisation behaviour
  - Job design
  - Job satisfaction
  - Job enrichment
  - Flexible working arrangements
  - Work life balance
- 1.9 **Conflict management**
- Forms of conflict
  - Causes of conflict
  - Consequences of conflict
  - Conflict management styles, strategies and techniques
- 1.10 **Current trends**
- Impact of information communication technology on organisation behaviour
- 1.11 **Emerging issues and trends**

## **PAPER NO.2 COMMERCIAL LAW**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply the principles and provisions of commercial law in various business environments

### **2.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Apply general principles of commercial law in business
- Identify the various dispute resolution mechanisms
- Demonstrate knowledge of legal personality
- Apply the law of contract in various scenarios

### **CONTENT**

#### **2.1 Introduction to Law**

##### **2.1.1 Nature, purpose and classification of law**

- Meaning, nature and purpose of law
- Classification of law
- Law and morality

##### **2.1.2 Sources of law**

- The Constitution
- Legislation
- Substance of common law and doctrines of equity
- African customary law
- Islamic law
- Judicial precedent
- General rules of international law and ratified treaties

##### **2.1.3 Administrative law**

- Meaning
- Doctrine of separation of powers
- Natural justice
- Judicial control of the Executive
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##### **2.1.4 The court system**

- Structure, composition and jurisdiction of courts
- Magistrate courts
- Courts martial
- Kadhis courts
- Tribunals

- The High Court
- Environment and Land Court
- Industrial Court
- Court of Appeal
- Supreme Court

#### 2.1.5 **Law of persons**

- Types of persons: natural person, artificial person
- Nationality, citizenship and domicile
- Unincorporated associations
- Corporations
- Co-operative societies

### 2.2 **Law of tort**

- Nature of tort
- Vicarious liability
- Strict Liability
- Negligence
- Nuisance
- Trespass
- Defamation
- Occupiers liability
- General defences in the law of tort
- Limitation of actions

### 2.3 **Law of contract**

- Definition and nature of a contract
- Classification of contracts
- Formation of a contract
- Terms of a contract
- Vitiating factors
- Illegal contracts
- Discharge of contract
- Remedies for breach of a contract
- Limitation of actions

### 2.4 **Sale of goods**

- Nature of the contract
- Formation of the contract
- Terms of the contract
- Transfer of property and title in goods
- Rights and duties of the parties
- Auction sales

- International contracts of sale: FAS, FOB, CIF, FCA, CPT, CIP, DAT, DAP, DDP, CFR, DAF, DES, DDU, Ex-works and Ex-ship

## 2.5 **General principles of consumer credit**

- Nature of the hire purchase contract
- Difference between hire purchase and conditional sale/credit sale
- Formation of the hire purchase contract
- Terms of the hire purchase contract
- Rights and duties of the parties
- Termination and completion of the hire purchase contract

## 2.6 **Indemnity and Guarantees**

- Nature of the contracts
- Rights and duties of the parties
- Advantages and disadvantages of guarantee as security
- Termination of contract of guarantee

## 2.7 **Partnership**

- Nature of partnership
- Relations of partners to persons dealing with them
- Relations of partners to one another
- Rights, duties and liabilities of existing, incoming, outgoing and minor partners
- Dissolution of partnership and its consequences

## 2.8 **Insurance**

- Nature of the contract
- Formation of the contract
- Principles of insurance
- Types of insurance

## 2.9 **Agency**

- Meaning, nature and creation of agency
- Types of agents
- Rights and duties of the parties
- Authority of an agent
- Termination of agency

## 2.10 **Negotiable instruments**

- Nature and characteristics
- Negotiability and transferability
- Types: cheques, promissory notes, bills of exchange
- Rights and obligations of the parties

### **2.11 The law of property**

- Definition of property
- Classification of property (real and personal, movable and immovable, tangible and intangible)
- Property in land: Private, Public and Community land
- Interests in land: estates, servitudes and encumbrances
- Intellectual property: plant breeder's patents, trademarks, copyrights and industrial designs

### **2.12 Resolving commercial disputes**

- Nature and problems associated with commercial litigation
- Arbitration
- Mediation
- Negotiation

### **2.13 Emerging issues and trends**



## **PAPER NO. 3 BUSINESS COMMUNICATION**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to communicate effectively in an organisation

#### **3.0 LEARNING OUTCOMES**

- Develop strategies for effective communication in an organisation
- Demonstrate skills in preparing and presenting reports
- Demonstrate effective communication skills
- Apply information technology in communication

### **CONTENT**

#### **3.1 Nature of communication**

- Definition of communication
- The communication process
- Formal and informal communication
- Internal communication
- External communication
- Principles of effective communication
- Methods of communication
- Communication systems
- Principles of interpersonal communication
- Barriers to effective communication

#### **3.2 Written communication**

- Rules of effective writing
- Business transactions documents: Catalogue, Invoices, purchase order, Good received note, debit note, credit note, etc.
- Memorandum
- Forms and questionnaire design
- Circulars and newsletters
- Notices and advertisements
- Publicity materials
- Graphic communication

#### **3.3 Business correspondences**

- Receiving mails
- Sorting and classification of mails
- Filing mails
- Storage and retrieval of mails
- Dispatch of mails
- Postal and courier services

#### **3.4 Oral communication**

- Meaning of oral communication
- Effective listening
- Interviews
- Interpersonal relationships
- Persuasion process
- Assertiveness

- 3.5 **Nonverbal Communication**
- Introduction to nonverbal communication
  - Importance of nonverbal communication
  - Elements of nonverbal communication
- 3.6 **Public speaking and Presentation**
- Presentation skills
  - Presentation aids
  - Selecting a topic
  - Testing the topic
  - Analysing the audience
  - Analysing the occasion
  - Researching on Topic
  - Public speeches
  - Organising and outlining the speech
  - Principles of organising speech
  - Patterns of organization
  - The speech introduction
  - Characteristics of good delivery and types of delivery of speeches
- 3.7 **Group and Team Communication**
- Groups communication skills
  - Communication networks
  - Public discussion format: panel discussion and symposium
  - Team communication
  - Meetings
- 3.8 **Report writing**
- Types of reports
  - Qualities of an effective report writing
  - Uses of reports
  - Format of written reports
  - Preparation of formal reports
  - Précis writing and executive summaries
- 3.9 **Proposal writing**
- Types of proposals
  - Uses of proposals
  - Contents of proposals
  - Preparation of formal proposals
- 3.10 **Information technology and communication**
- Communication networks: internet, Intranet and extranet
  - Teleconferencing and videoconferencing
  - Wireless technologies
  - Social media
- 3.11 **Ethics in communication**
- Ethical issues in communication
  - Significance of ethical communication
  - Factors influencing ethical communication
  - Ethical dilemmas in communication
  - Guidelines to handle communication ethics dilemmas
- 3.12 **Emerging issues and trends**

## SECTION 2

### PAPER NO. 4 ECONOMICS

#### GENERAL OBJECTIVE

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply the fundamental principles of economics in decision making

#### 4.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Apply basic mathematical and graphical techniques to analyse economic relationships and interpret the results
- Apply the knowledge of economics in decision making
- Analyse economic problems and suggest possible policy related recommendations
- Apply knowledge of economics in international trade and finance
- Apply economic principles in the development and implementation of policies in agriculture and industry
- Demonstrate an understanding of emerging economic issues.

#### CONTENT

#### 4.1 Microeconomics

##### 4.1.1 Introduction to economics

- Definition of economics
- Micro and macro economics
- The methodology of economics and its basic concepts
- Economic descriptions and analysis
- Scarcity, choice, opportunity cost and production possibility frontiers and curves
- Economic systems: free economy, planned economy and mixed economy
- Specialisation and exchange

##### 4.1.2 Demand, supply and determination of equilibrium

###### 4.1.2.1 Demand analysis

- Definition
- Individual demand versus market demand
- Factors influencing demand
- Exceptional demand curves
- Types of demand
- Movement along and shifts of demand curves
- Elasticity of demand
- Types of elasticity: price, income and cross elasticity
- Measurement of elasticity; point and arc elasticity
- Factors influencing elasticity of demand
- Application of elasticity of demand in management and economic policy decision making

###### 4.1.2.2 Supply analysis

- Definition
- Individual versus market supply
- Factors influencing supply

- Movements along and shifts of supply curves
- Definition of elasticity of supply
- Price elasticity of supply
- Factors influencing elasticity of supply
- Application of elasticity of supply in management and economic policy decision making

#### 4.1.2.3 Determination of equilibrium

- Interaction of supply and demand, equilibrium price and quantity
- Mathematical approach to equilibrium analysis
- Stable versus unstable equilibrium
- Effects of shifts in demand and supply on market equilibrium
- Price controls
- Reasons for price fluctuations in agriculture

#### 4.1.3 The theory of consumer behaviour

- Approaches to the theory of the consumer- cardinal versus ordinal approach
- Utility analysis, marginal utility (MU), law of diminishing marginal utility (DMU)
- Limitations of cardinal approach
- Indifference curve analysis
- Budget line
- Consumer equilibrium; effects of changes in prices and incomes on consumer equilibrium
- Derivation of a demand curve
- Applications of indifference curve analysis: substitution effect and income effect for a normal good, inferior good and a giffen good; derivation of the Engels curve
- Consumer surplus

#### 4.1.4 The theory of a firm

##### 4.1.4.1 The theory of production

- Factors of production
- Mobility of factors of production
- Production function analysis
- Short run analysis
- Total product, average and marginal products
- Stages in production and the law of variable proportions/ the law of diminishing returns
- Long run analysis
- Isoquant and isocost lines
- The concept of producer equilibrium and firm's expansion curve
- Law of returns to scale
- Demand and supply of factors of production
- Wage determination theories
- Trade unions: functions and challenges
- Producer surplus/economic rent

##### 4.1.4.2 The theory of costs

- Short run costs analysis and size of the firm's total cost, fixed cost, average cost, variable costs and marginal cost
- Long run costs analysis
- Optimal size of a firm
- Economies and diseconomies of scale

#### **4.1.5 Market structures**

- Definition of a market
- Necessary and sufficient conditions for profit maximisation
- Mathematical approach to profit maximisation
- Output, prices and efficiency of: perfect competition, monopoly, monopolistic competition, oligopolistic competition

### **4.2 Macroeconomics**

#### **4.2.1 National income**

- Definition of national income
- Circular flow of income
- Approaches to measuring national income
- Concepts of national income: gross domestic product (GDP), gross national product (GNP) and net national product (NNP), net national income (NNI) at market price and factor cost, disposable income
- Problems of measurement; uses of national income statistics and their limitations
- Analysis of consumption, saving and investment and their interaction in a simple economic model
- Determination of equilibrium national income
- Inflationary and deflationary gaps
- The multiplier and accelerator concepts
- Business cycles/cyclical fluctuations

#### **4.2.2 Economic growth, economic development and economic planning**

- The differences between economic growth and economic development
- Actual and potential growth
- The benefits and costs of economic growth
- Determinants of economic development
- Common characteristics of developing countries
- Role of agriculture and industry in economic development
- Obstacles to economic development
- The need for development planning
- Short term, medium term and long term planning tools
- Limitation of planning in developing countries

#### **4.2.3 Money and banking**

##### **4.2.3.1 Money**

- The nature and functions of money
- Demand and supply of money
- Theories of demand for money: The quantity theory, the Keynesian liquidity preference theory

##### **4.2.3.2 The banking system**

- Definition of commercial banks
- The role of commercial banks and non-banking financial institutions in the economy
- Credit creation
- Definition of central bank

- The role of the central bank; traditional and changing role in a liberalised economy, such as financial sector reform, exchange rate reform
- Monetary policy, definition, objectives, instruments and limitations
- Determination of interest rates and their effects on the level of investment, output, inflation and employment
- Harmonisation of fiscal and monetary policies
- Simple IS –LM Model
- Partial equilibrium and general equilibrium

#### 4.2.4 **Inflation and unemployment**

##### 4.2.4.1 **Inflation**

- Definition and types of inflation
- Causes of inflation: cost push and demand pull
- Effects of inflation
- Measures to control inflation

##### 4.2.4.2 **Unemployment**

- Definition of unemployment
- Types and causes of unemployment
- Control measures of unemployment
- Relationship between unemployment and inflation: the Phillips curve

#### 4.2.5 **International trade and finance**

- Definition of International trade
- Theory of absolute advantage and comparative advantage
- World trade organisation (WTO) and concerns of developing countries
- Protection in international trade
- Regional integration organisations, commodity agreements and the relevance to less developed countries (LDCs)
- Terms of trade, balance of trade, balance of payments (causes and methods of correcting deficits in balance of payments), exchange rates, types of foreign exchange regimes, factors influencing exchange rates, foreign exchange reserves
- International financial institutions: International Monetary Fund (IMF) and World Bank
- National debt management: causes and interventions
- Structural Adjustment Programmes (SAPs) and their impacts on the LDCs

#### 4.2.6 **Current developments**

- Factors affecting economic development: Informal credit markets, development index, growth of market structures, voting behaviour, technology transfer, democracy and development, environmental concerns.

#### 4.2.7 **Emerging issues and trends**

## **PAPER NO. 5 PRINCIPLES OF ACCOUNTING**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to prepare financial statements for different entities including non-complex group structures

### **5.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Prepare books of original entry and basic ledger accounts under double entry system
- Prepare basic financial statements of sole traders, partnerships, companies and manufacturing entities and not for profit organisations
- Comply with the regulatory framework in the accounting field
- Account for assets and liabilities
- Analyse financial statements by use of ratios and statement of cash flows
- Prepare financial statements for non-complex group structures

### **CONTENT**

#### **5.1 Introduction to Accounting**

- The nature and purpose of accounting
- Objectives of accounting
- Users of accounting information and their respective needs
- The accounting equation
- Qualities of useful accounting information
- Regulatory framework of accounting (regulatory bodies such as ICPAK, IFAC, IASB, Accounting standards (IAS/IFRS), their importance and limitations and professional ethics)
- Accounting concepts/principles

#### **5.2 Recording transactions**

- Source documents (quotations, purchases order, statement of account, remittance advice, receipts, petty cash vouchers, sales and purchase invoices, credit notes and debit notes, bank statements)
- Books of original entry; sales journal, purchases journal, returns inward, returns outward journal, cashbook, petty cashbook and general journal
- Double entry and the ledger; general ledger, sales ledger, purchases ledger
- The trial balance
- Computerised accounting systems- Role of computers, application and accounting softwares in the accounting process, benefits and challenges of operating computerised accounting systems

#### **5.3 Accounting for assets and liabilities**

##### **5.3.1 Assets**

- Property, plant and equipment – recognition, capital and revenue expenditure, measurement (depreciation and revaluation), disposal and disclosures – property, plant and equipment schedule
- Intangible assets – recognition, measurement (amortisation, impairment and revaluation), disposals and disclosures.

- Inventory – recognition, measurement and valuation using specific cost method (FIFO and weighted average cost)
- Trade receivables – bad debts and allowance for doubtful debts and receivables control accounts
- Accrued income and prepaid expenses
- Cash at bank – cashbook and bank reconciliation statement
- Cash in hand – cash book and petty cash book

### 5.3.2 Liabilities

- Bank overdraft – cash book and bank reconciliation
- Trade payables – payables control accounts
- Loans – accounting treatment of repayment of principal and interest
- Prepaid income and accrued expenses

### 5.4 Correction of errors and suspense account

### 5.5 Financial statements of a sole trader

- Income statement
- Statement of financial position

### 5.6 Financial statements of a partnership

- Partnership agreement
- Distinction between current and fixed capital
- Income statement
- Statement of financial position

### 5.7 Financial statements of a company

- Types of share capital – ordinary shares and preference shares
- Issue of shares (exclude issue by instalment and forfeiture)
- Types of reserves – share premium, revaluation reserve, general reserves and retained profits
- Income tax -Accounting treatment and presentation (exclude computation)
- Financial statements – Income statement and statement of financial position
- Published financial statements –description of a complete set of published financial statements only

### 5.8 Financial statements of a manufacturing entity

- Features of a manufacturing entity
- Classification and apportioning costs between manufacturing and selling and administration
- Financial statements – manufacturing account, income statement and statement of financial position

### 5.9 Financial statements of a not- for- profit organisation

- Features
- Types of funds and their accounting treatment
- Income and expenditure account
- Statement of financial position



#### **5.10 Group accounts**

- Consolidated income statement and consolidated statement of financial position (simple group structures comprising a holding company and one subsidiary company and/or one associate company)
- Consolidated statement of cash flow

#### **5.11 Analysing financial statements**

- Statement of cash flows (categories of cash, methods of preparing statement of cash flows and the importance)
- Financial ratios – definition, categories, analysis and interpretation, application and limitations

#### **5.12 Financial statements of public sector entities**

- Features of public sector entities (as compared to private sector)
- Structure of the public sector (National and county governments, state corporations and other agencies)
- Regulatory structures and oversight [IPSASB, PSASB (establishment, mandate and functions), Director of Accounting Services, National Treasury, Parliamentary Committees, Accounting Officers at national and county levels)
- Objectives of public sector financial statements
- Objectives of IPSAS
- Accounting techniques in public sector (budgeting, cash, accrual, commitment and fund)  
(Preparation of financial statements should be excluded)

#### **5.13 Emerging issues and trends**

## **PAPER NO.6 PUBLIC FINANCE AND TAXATION**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply public financial management regulations and taxation concepts and principles in practice

### **6.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Comply with the regulatory framework in public financial management (PFM)
- Compute tax for various entities
- Manage the budgetary process, public revenue and control public expenditure in national and county governments
- Apply the written tax law in addressing various tax issues
- Manage non-complex public financial management issues in public entities

### **CONTENT**

#### **6.1 Introduction to Public Financial Management Legal Framework**

- General overview of Public Financial Management as envisaged by the Constitution
- Overview of the Public Financial Management Act
- Financial regulations
- Treasury Circulars; meaning and application
- Process of developing county government finance bills

#### **6.2 The operations of the national and county governments on management and control of public finance**

- Establishment of National and County Treasuries
- Responsibility of National and County Treasuries with respect to public funds
- Establishment, purpose and composition of intergovernmental budget and economic council
- The Process of sharing revenue
- The role of the Commission on Revenue Allocation (CORA)
- The role of the Council of Governors in County financial management

#### **6.3 Establishment of public funds in the public sector**

- Provision of establishing public funds
- Rationale of creation of public funds
- The Consolidated Fund
- The establishment and administration of contingency funds
- The establishment and administration of equalization funds

#### **6.4 Supply chain management in public entities**

- Definitions and terminologies
- General overview of Public Procurement and Disposal (PPD) Act
- Procurement guidelines as envisaged by PPD Act
- Committees responsible for procurement
- Procurement process by National, County and other Public entities
- Tendering process and selection of Suppliers in public sector
- Concept of E-procurement

#### **6.5 Oversight function in public finance management**

- The role of National Assembly

- The role of Senate
- The role of County Assembly
- The role of Auditor General
- The role of Internal Audit
- Role of Controller of Budget in relation to disbursement of public Funds as envisaged by the Constitution and PFM Act, 2012

#### 6.6 Introduction to taxation

- History and purposes of taxation
- Principles of an optimal tax system
- Single versus multiple tax systems
- Classification of taxes and tax rates
- Impact incidence and tax shifting, tax shifting theories
- Taxable capacity
- Budgetary and fiscal policy tools: General definition of budgets terms ,Budget surplus and deficits
- Role of budget officers in budget preparation and execution
- Responsibilities of the national and county treasury in relation to budget preparation
- Budget process for both national, county and Public entities
- Revenue Authority – History, structure and mandate

#### 6.7 Taxation of income of persons

- Taxable and non taxable persons
- Sources of taxable incomes
- Employment income:
  - Taxable and non taxable benefits
  - Allowable and non allowable deductions
  - Tax credits (Withholding tax, personal and insurance relief etc)
  - Pension Income
- Business income:
  - Sole proprietorship
  - Partnerships (excluding conversions)
  - Incorporated entities (excluding specialised institutions)
  - Turnover tax
- Income from use of property- rent and royalties
- Farming income
- Investment income
- **Capital gains tax**

#### 6.8 Capital deductions

- Rationale for capital deductions
- Investment deductions: ordinary manufacturers
- Industrial building deductions
- Wear and tear allowances
- Farm works deductions
- Mining allowance
- Shipping investment deduction
- Other deductions

#### 6.9 Administration of income tax

- Overview of the income tax act
- Identification of new tax payers
- Assessments and returns

- Operations of PAYE systems: Preparation of PAYE returns, categories of employees
- Notices, objections, appeals and relief of mistake
- Appellant bodies
- Collection, recovery and refund of taxes
- Offences, fines, penalties and interest
- **Application of ICT in taxation: iTax, Simba system**

#### 6.10 **Administration of value added tax**

- Introduction and development of VAT
- Registration and deregistration of businesses for VAT
- Taxable and non taxable supplies
- Privileged persons and institutions
- VAT rates
- VAT records
- Value for VAT, tax point
- Accounting for VAT
- VAT returns
- Remission, rebate and refund of VAT
- Rights and obligations of VAT registered person
- Offences fines, penalties and interest
- Enforcement
- Objection and appeals: Requirements and procedure
- Challenges in administration of VAT

#### 6.11 **Customs taxes and excise taxes**

- Customs procedure
- Import and export duties
- Prohibitions and restriction measures
- Transit goods and bond securities
- Excisable goods and services
- Purposes of customs and excise duties
- Goods subject to customs control
- Import declaration form, pre-shipment inspection, clean report of findings
- Other revenue sources

#### 6.12 **Emerging issues and trends**

## **PART II**

### **SECTION 3**

#### **PAPER NO.7 COMPANY LAW**

##### **GENERAL OBJECTIVES**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply the provisions of company law in the formation, composition, operations and dissolution of a company

##### **7.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Apply legal principles relating to formation of companies
- Evaluate the rights and obligations of members and shareholders
- Comply with the legal principles governing corporate insolvency and restructuring
- Comply with the legal principles relating to companies incorporated outside Kenya
- Ensure books of account are prepared in compliance with the law

##### **CONTENT**

##### **7.1 Nature and classification of companies**

- Types of companies
- Nature and characteristics of a company
- Classification of companies
- Principle of legal personality and veil of incorporation
- Distinction between companies and other forms of business associations

##### **7.2 Formation of companies**

- Promoters and pre-incorporation contracts
- Process of forming a company
- Memorandum and articles of association
- Certificate of incorporations
- Legal consequences of incorporation

### **7.3 Membership of a company**

- Acquisition of membership
- Register of members
- Rights and liabilities of members
- Cessation of membership

### **7.4 Shares**

- Classes of shares
- Variation of class rights
- Share warrants and certificates
- Issue and allotment
- Transfer and transmission
- Mortgaging and charging of shares

### **7.5 Share capital**

- Meaning and types of share capital
- Raising of share capital
- Prospectus/Information memorandum
- Maintenance and Alteration of capital
- The purchase by a company of its own shares
- Financial assistance by a company for purchase of its shares
- Dividends

### **7.6 Debt capital**

- Borrowing powers of a company
- Debentures
- Charges
- Registration of charges
- Remedies for debenture holders

### **7.7 Company meetings**

- Nature and classification of company meetings
- Essentials of meetings
- Proceedings at meetings
- Voting
- Resolutions
- Minutes

## **7.8 Directors**

- Qualification and disqualification
- Appointment of directors
- Powers and duties of directors
- Removal and vacation of office
- Register of directors
- Loans to directors
- Compensation for loss of office
- Disclosure of director's interest in contracts
- The rule in Turquand's case/Indoor Management rule
- Insider dealing

## **7.9 The company secretary**

- Qualification, appointment and removal
- Powers and duties of the company secretary
- Liability of the company secretary
- Register of secretaries

## **7.10 Auditors**

- Qualification, appointment and removal
- Remuneration of auditors
- Powers and duties
- Rights and liabilities

## **7.11 Company accounts, audit and inspection**

- Books of accounts
- Form and content of accounts
- Group accounts
- Director's report
- Auditor's report
- Investigation of company affairs
- Appointment and powers of inspectors
- Inspector's report
- Annual returns

## **7.12 Corporate Restructuring**

- Need for restructuring
- Mergers, Take-overs and Acquisition
- Post Merger Reorganisation

- Schemes of Arrangement and Compromises
- Reconstruction

#### **7.13 Corporate insolvency**

- Meaning of Insolvency
- Types of winding up
- Appointment, powers and duties of liquidators
- Release of liquidators
- Rights of parties in winding up
- Distribution of assets
- Offences relating to liquidation

#### **7.14 Companies incorporated outside Kenya**

- Process of registering a company in Kenya
- Certificate of registration
- Power to hold land
- Registration of charges
- Accounts of foreign companies
- Service of process and notices on foreign companies
- Returns
- Cessation of business
- Penalties

#### **7.15 Emerging issues and trends**



## **PAPER NO. 8 FINANCIAL MANAGEMENT**

### **GENERAL OBJECTIVES**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply financial management techniques in business

### **8.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Analyse the sources of finance for an organisation
- Evaluate various investment decision scenarios available to an organisation
- Appraise the performance of a business using financial tools
- Evaluate the current developments in business financing strategies
- Formulate the capital structure for a firm
- Determine the future value of a firm

### **CONTENT**

#### **8.1 Overview of financial management**

- Nature and scope of finance
- Role of finance manager.
- Finance functions
- Goals of the firm
- Agency theory concept, conflicts and resolutions
- Measuring managerial performance, compensation and incentives

#### **8.2 Source of funds**

- Factors to consider when selecting source of funds
- Long term and short term sources of funds
- External and internal sources of funds.
- Sources of funds for small business enterprises.

#### **8.3 Financial markets**

- Nature and role of financial markets
- Classifications of financial markets :primary markets and secondary markets;  
Money market and capital market
- The stock exchange listing and cross listing
- Market efficiency: Efficient market hypothesis
- Stock market indices
- The financial institutions and intermediaries
- The role of capital market authority
- The central depository system (CDS)

#### **8.4 Time value of money**

- Concept of time value of money
- Compounding techniques
- Discounting techniques
- Loan amortisation schedule

### 8.5 **Valuation concepts in finance**

- Concept of value: Market value, book value, replacement value, intrinsic value
- Valuation of fixed income securities
- Valuation of shares
- Valuation of companies
- Valuation of unit trusts
- Valuation of mutual funds

### 8.6 **Cost of capital**

- The concept and significance of cost of capital
- Factors influencing cost of capital
- Components costs of capital
- Weighted average cost of capital (WACC)
- Marginal cost of capital(MCC)
- Capital structure and financial risk
- Factors influencing capital structure decisions

### 8.7 **Capital investment decisions under certainty**

- Nature of capital investment decisions
- Categories of capital projects
- Capital budgeting techniques under certainty : Non discounted cash flow techniques(Accounting rate of return(ARR) ,payback period,);discounted cash flow techniques(net present value (NPV), internal rate of return (IRR), discounted payback period, and profitability index (PI) ; NPV profile; comparison of the NPV and IRR methods when evaluating independent and mutually exclusive projects; problems associated with each of the evaluation methods
- Expected relations among an investment's NPV, company value, and share price
- Determination of cash flows for investment decision
- Incremental approach for cash flows estimation
- Capital rationing :evaluation of capital projects and determination of the optimal capital project in situations of capital rationing for a single period rationing

### 8.8 **Measuring business performance**

- Users of financial statements and their informational needs.
- Nature of financial ratio analysis
- Types of financial ratios
- Limitations of ratios analysis
- Common size statements
- Financial planning and forecasting

### 8.9 **Working capital management**

- Introduction to working capital management
- Importance of working capital management
- Factors affecting working capital needs
- The working capital cycle.
- Working capital policies

- Management of cash, inventory, debtors and creditors.

#### 8.10 **Dividend policy**

- Forms of dividends
- Dividend policies and factors influencing dividend policies
- Dividend theories

#### 8.11 **Islamic finance**

- Justification for Islamic Finance; history of Islamic finance; capitalism; halal; haram; riba;gharar; usury
- Principles underlying Islamic finance : principle of not paying or charging interest, principle of not investing in forbidden items e.g. alcohol, pork, gambling or pornography; ethical investing; moral purchases
- The concept of interest (riba) and how returns are made by Islamic financial securities
- Sources of finance in Islamic financing: muhabaha, sukuk, musharaka, mudaraba
- Types of Islamic financial products: -sharia-compliant products: Islamic investment funds; *takaful* the Islamic version of insurance Islamic mortgage ,murabahah, ; Leasing- ijara; safekeeping-Wadiah; sukuk-islamic bonds and securitisation; sovereign sukuk; Islamic investment funds;Joint venture - Musharaka, Islamic banking, Islamic contracts, Islamic treasury products and hedging products, Islamic equity funds; Islamic derivatives
- International standardisation/regulations of Islamic Finance: Case for standardisation using religious and prudential guidance ,National regulators, Islamic Financial Services Board

#### 8.12 **Emerging issues and trends**

## **PAPER NO. 9 PRINCIPLES AND PRACTICE OF MANAGEMENT**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to apply the principles of management in practice

### **9.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Demonstrate understanding of management principles and techniques
- Apply knowledge of management theories in organisations
- Demonstrate entrepreneurship skills as part of the management process
- Apply management competencies in response to emerging trends in management

### **CONTENT**

#### **9.1 Introduction to management**

- Importance of management
- Principles of management
- Management as a science, an art or a profession
- Levels of management and managerial skills
- Qualities of a manager
- Management, administration and leadership

#### **9.2 Theories of management**

- Pre-industrial revolution management theories
- Classical theories and neo-classical theories
- Contemporary theories

#### **9.3 Functions of management**

##### **9.3.1 Planning function**

- Meaning and importance of planning
- Types of plans
- Planning process
- Management by objectives
- Decision making

##### **9.3.2 Organising function**

- Meaning and importance of organising
- Principles of organising
- Process of organising
- Organisational structures

##### **9.3.3 Staffing function**

- Meaning and importance of staffing
- Recruitment and selection
- Training and development

#### **9.3.4 Directing function**

- Meaning and importance of directing
- Leadership
- Authority responsibility and power
- Motivation
- Communication
- Group dynamics and conflict management

#### **9.3.5 Controlling function**

- Meaning and importance of control
- Steps in control process
- Types of control systems
- Tools of control
- Essentials of an effective control system

#### **9.4 Enterprise management**

- Meaning and concepts in entrepreneurship
- Entrepreneurial development
- Creativity and innovation
- Methods of generating business ideas
- Introduction to business plan
- Business incubation
- Protection of intellectual properties

#### **9.5 Project management**

- Project management concepts
- Characteristics of a project
- Importance of projects
- Features of projects and baseline surveys
- Project life cycle
- Project planning and scheduling
- Project resources and costing
- Project completion and evaluation

#### **9.6 Marketing management**

- Marketing management orientation/philosophies
- Development of marketing information
- Importance of marketing
- Marketing mix
- Marketing strategies
- Marketing research and intelligence
- International marketing and e-commerce

#### **9.7 Operations/production management**

- Design of operations objectives
- Layout design
- Product design

- Importance of production management
- Types of production
- Value chain management
- Inventory management and control
- Production/operations scheduling and sequencing
- Performance management – benchmarking, balanced score card and key performance indicators.
- Quality management and operations improvement - quality circles, total quality management, business process re-engineering and ISO certification
- Business process outsourcing
- Business continuity planning

#### 9.8 **Decision making**

- Importance and limitations of rational decision making
- Developing of alternatives
- Evaluation of alternatives
- Selecting an alternative
- Decision making under: Certainty, uncertainty, and risk.
- Committees and group decision making

#### 9.9 **Emerging issues and trends**

## **SECTION 4**

### **PAPER NO. 10 CORPORATE SECRETARIAL PRACTICE**

#### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to effectively undertake corporate secretarial practice duties

#### **10.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Demonstrate knowledge of the process of registration and incorporation of companies
- Prepare statutory returns
- Apply corporate secretarial principles in corporate restructuring and winding up processes
- Demonstrate an understanding of the administration of executorships, retirement benefits and estates.

#### **CONTENT**

##### **10.1 Company formation and conversion**

- Incorporation of companies limited by guarantee and unlimited companies
- Formation of not for profit organisations
- Conversion/reconversion of one form of business to another
- Re-registration
- Procedure relating to foreign companies carrying on business

##### **10.2 Company constitution**

- Memorandum and Articles of Association
- Form of memorandum and articles
- Procedure for alteration of Memorandum and restriction thereon
- Procedure for alteration of Articles of Association
- Effects of alteration of Articles of Association

##### **10.3 Seal and authentication of documents**

- The seal
- Official seal for use abroad
- Authentication of documents

##### **10.4 The Role of the company secretary**

- Meaning and legal position of a secretary
- Professional qualifications, appointment and vacation of office

- Qualities of a secretary
- Rights, statutory and contractual obligations of a company secretary
- Role of company secretary as statutory officer, coordinator and administrative officer
- The company secretary as advisor to the chairman and the board

#### **10.5 Directors and Chief Executive**

- Procedure and practice in respect of appointment, reappointment and tenure
- Remuneration
- Rotation, retirement and disqualification
- First meeting of the board of directors
- Business at subsequent board meetings
- Board evaluation
- Filling of the casual vacancy of directors and chief executive.
- The statutory provisions relating to powers, rights, duties, civil and criminal liabilities of directors and chief executive

#### **10.6 Drafting resolutions and minutes**

- Procedure and practice of drafting ordinary and special resolutions covering different aspects of corporate matters
- Preparation of minutes of meetings
- Circulation of minutes of meetings
- Approval and confirmation of minutes of meetings

#### **10.7 Annual reports, registers and returns**

- Types of registers
- Types of returns
- Maintenance of statutory books and registers
- Statutory and filing requirements
- Chairman's statement
- Directors report
- Statement on corporate governance and corporate social responsibility
- Penalties for non compliance

#### **10.8 Dividends**

- Types of dividends
- Recommendation and declaration of dividends
- Payment and taxation of dividends
- Declaration of dividends out of reserves
- Restriction on distribution
- Closure of register of members
- Unclaimed dividends



#### **10.9 Employee share schemes**

- Share incentive plans
- Savings related schemes
- Profit sharing schemes
- Company share option plans
- Administering an employee share scheme

#### **10.10 Retirement benefits and estate management**

- Types of retirement benefits
- Pension schemes
- Provident funds
- Trust deeds and rules
- Executorships
- Administration of estates
- Organisation for Economic Cooperation and Development guidelines on pension fund asset management

#### **10.11 Take-overs and mergers**

- Take-over procedure
- Obligation of offeror and offeree in relation to offers
- Information required to be included in the offeror's statement
- Information required to be included by the offeror in a take-over offer document
- Information required in the circular issued by the offeree to its shareholders
- Information and statements required to be included in an independent adviser's circular
- Post merger re-organisation

#### **10.12 Emerging issues and trends**

## **NO. 11 MANAGEMENT INFORMATION SYSTEMS**

### **PAPER GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply information communication technology (ICT) to enhance business and other operations

#### **11.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Effectively use ICT facilities in an organisation
- Apply the knowledge of ICT strategy and its role in facilitating competitive advantage in business
- Use data communication networks, the Internet and e-commerce in optimising business opportunities
- Implement information systems' security, controls and social ethical issues required in a business environment
- Implement ICT governance and risk management principles in business

### **CONTENT**

#### **11.1 Introduction to information communication technology (ICT)**

- Overview of computer systems
- Computer hardware
- Computer software
- Programming languages
- ICT personnel and information communication technology hierarchy
- Role of ICT in business environments
- Information centres
- Factors that impact on ICT

#### **11.2 ICT governance**

- Corporate governance and ICT governance
- Monitoring of controls and risks
- Policies and procedures
- ICT management practices
- Impact on ICT compliance with professional standards and codes

#### **11.3 Systems development**

- General systems theory
- Role of management in systems development
- Systems development approaches
- Systems development life cycle
- Rapid applications development
- Business process re-engineering
- Systems development constraints
- Acquisition of ICT assets

#### **11.4 Information systems in an enterprise**

- Components of an information system
- Types of information systems
- Systems in a functional perspective
- Enterprise applications and the business process integration
- Outcome measurement of ICT infrastructure

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- 11.5 **Information systems architecture**
  - Nature and types of information
  - Attributes of information
  - Files and file structure
  - File organisation methods
  - Database management systems
  - Characteristics, importance and limitations of database systems
  - Data warehousing
  - Transaction processing phases in business systems
  - File processing modes
- 11.6 **Data communication and computer networks**
  - Principles of data communication and computer networks
  - Data communication devices
  - Data transmission characteristics
  - Types of networks
  - Network topologies
  - Network/internet protocols
  - Benefits and challenges of networks in an organisation
  - Limitations of networks in an organisation
  - Cloud computing
  - Internet of things
- 11.7 **e-Commerce**
  - Impact of the internet on business
  - Models of e-commerce
  - E-commerce enabling software
  - Business opportunities in e-commerce
  - Challenges of e-commerce
  - Mobile computing
- 11.8 **Information systems strategy**
  - Overview of business strategy hierarchy
  - The strategic process and information systems planning
  - Development of information systems strategy
  - Aligning information systems to the organisation's corporate strategy
  - Managing information systems strategy
  - Information systems for competitive advantage
- 11.9 **ICT Risk management**
  - Risk management overview
  - Risk assessment and analysis methodologies
  - Controls and countermeasures
  - Risk monitoring and communication
  - Disaster recovery and business continuity planning
  - Information systems security management
- 11.10 **Legal, ethical and social issues in management information systems**
  - Management information systems ethical and social concerns
  - The moral dimension of management information systems
  - The legal issues in management information systems
- 11.11 **Emerging issues and standards**

**GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to prepare and manage meetings in both public and private sectors

**12.0    LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Demonstrate an understanding of the law and procedure of meetings
- Plan and manage meetings in various environments including at county levels
- Support the Chairman undertake his/her responsibilities during the meeting
- Relate with various stakeholders during meetings

**CONTENT**

**12.1    Meetings in general**

- Meaning of a meeting
- Types of meetings
- Distinction between private and public meetings
- Rights and restrictions on meetings
- Maintaining order at meetings
- Police powers in relation to meetings
- Meetings held in public places
- Meetings held in private places
- Use of Information Communication Technology in meetings

**12.2    Conduct and management of meetings**

- Convention, constitution and conduct of meetings
- Notice
- Quorum
- Agenda
- Motions
- Voting
- Resolutions
- Elections
- Adjournments
- Minutes
- Standing orders

**12.3    The Chairperson**

- Qualifications and Appointment
- Powers, duties and privileges
- Removal of chairperson

#### **12.4 Meetings of directors**

- Meaning and necessity of board of directors
- Meaning of board meeting
- Powers of boards
- Restrictions on directors' powers and validity of their acts
- First board meeting
- Subsequent board meetings and meetings of committees of directors

#### **12.5 Conduct and management of board meetings and committees**

- Requisites of valid board meetings and committees of directors' meetings
- Legal provisions regarding convening and managing of board meetings and committees of directors' meeting (including audit committee )
- The role of the secretary before, during and after board meeting and committees of directors' meeting
- Resolutions
- Minutes
- Validation of acts of directors

#### **12.6 Company meetings**

- Meaning, nature and scope of company meetings.
- Statutory meeting
- Annual general meeting
- Extra-ordinary general meeting
- Class meetings
- Meetings of debenture holders
- Duties of the secretary before, during and after general meeting

#### **12.7 Law of Defamation relating to Meetings**

- Nature and scope of Law of Defamation relating to the meetings
- Defamatory statements
- Defences
- Remedies available under the law

#### **12.8 Meetings in corporate insolvency**

- Voluntary winding up
- Winding up by the court

#### **12.9 Meetings of National Assembly**

- Meetings of the House
- Swearing in of members and election of Speaker
- Sittings and Adjournment of the House
- Quorum of the House
- Order of Business

- Motions and Amendments
- Divisions
- Rules of Debate
- Limitations of Debate

#### **12.10 Meetings of County Assembly**

- Appointment of County Secretary
- Swearing in of members and election of speaker
- Sittings and adjournments of the Assembly
- Quorum of the Assembly
- Order of business
- Motions
- Voting and divisions
- Rules of debate

#### **12.11 Emerging issues and trends**

## **PART III**

### **SECTION 5**

#### **PAPER NO. 13 HUMAN RESOURCE MANAGEMENT**

##### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to manage human resources in a dynamic organisation

##### **13.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Develop and execute a human resource plan
- Appraise staff performance
- Assess training needs of staff
- Develop a human resource strategy
- Address contemporary issues in human resource management

##### **CONTENT**

##### **13.1 Nature of human resource management**

- Definition of human resource management
- Importance of human resources management
- Features of human resources management
- The strategic roles of human resources
- Formulating the human resources strategy
- The link between human resources strategies and business strategy
- Evolution and models of human resources management
- Structure and functions of the human resources department
- Personnel management versus human resources management versus human capital

##### **13.2 Theories of human resource management**

- Abraham Maslow's - Hierarchy of Needs
- Douglas McGregor- Theory X and Theory Y
- Frederick Herzberg's - Two factor theory
- Expectancy Theory
- Equity Theory
- Goal Theory
- Reinforcement Theory

##### **13.3 Employee resourcing strategy**

- Human resources planning
- The labour market
- Job analysis and design
- Recruitment and selection
- Placement and induction
- Retention strategy

##### **13.4 Performance management**

- The performance management process
- The impact of strategic human resources to Organisational performance
- Strategies for performance management
- Characteristics of performance management
- The performance appraisal process
- Impact of performance management to human resources
- Challenges of performance management
- Performance contracting

### **13.5 Reward management**

- Job evaluation
- Characteristics of reward strategies
- Developing a reward strategy
- Market compensation rates analysis
- Pay structures and wage systems
- Performance related pay
- Non-financial rewards and benefits
- Salary administration and statutory payroll deduction

### **13.6 Learning and development strategy**

- Objectives of human resources development
- Learning organisation strategy
- Individual learning strategies
- Training needs assessment
- Developing and implementing a training programme
- Evaluation of training and development
- Knowledge management
- Talent management
- Knowledge management

### **13.7 Human resources administration**

- Employment contracts
- Human resources records management
- Human resources management information systems
- Employee welfare services
- Health and safety policies and procedures

### **13.8 Employee relations**

- Role of trade unions
- Collective bargaining and negotiation
- Dispute and grievance handling procedures
- Industrial relations
- Employee participation and empowerment
- Labour laws

### **13.9 Separation strategy**

- The separation process
- Redundancies
- Dismissals and discharge
- Retirement
- Resignation
- Terminal benefits

### **13.10 Contemporary issues in human resources management**

- Succession planning
- Human resources innovation and technology
- Globalisation challenges to human resources management
- Managing diversity
- Ethics and social responsibility
- Equal opportunities and affirmative action
- Work life balance
- Virtual working
- Outsourcing

### **13.11 Case studies in human resource management**

### **13.12 Emerging issues and trends**



## **PAPER NO.14 FINANCIAL MARKETS LAW**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to comply with the laws and regulations governing financial markets

### **14.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Comply with the legal provisions relating to financial markets
- Comply with the licensing regulations of the securities exchange
- Comply with the guidelines and rules of the central depository system
- Identify the offences and penalties relating to trading in securities
- Demonstrate an understanding of the processes and law of anti money laundering
- Maintain securities registers, accounts and records

### **CONTENT**

#### **14.1 Regulation of financial services**

- Need for regulation
- Regulatory strategies in financial services
- Financial regulators
- Central Bank of Kenya
- Capital Markets Authority
- Deposit Protection Fund
- Insurance Regulatory Authority
- Retirement Benefits Authority
- Sacco Societies Regulatory Authority
- Professional bodies in financial services
- Regulations in the international financial markets
- The International Organization of Securities Commissions principles for self regulation

#### **14.2 Regulation of capital markets**

- Capital Markets Authority
- Investor Compensation Fund Board
- The Capital Markets Tribunal
- The Capital Markets Fraud Investigations Unit
- The International Organization of Securities Commissions principles relating to the regulator

#### **14.3 Central depository system**

- The Central Depository and Settlement Corporation
- Establishment of the central depository

- Duties of a central depository
- Central depository agents
- Duty to maintain secrecy
- Security measures
- Disclosure of information by central depository agents
- Central Depository Guarantee Fund

#### 14.4 **Immobilisation and Dematerialisation**

- Meaning
- Prescription of securities for immobilization
- Transfer to a central depository or nominee company
- Operation of securities account
- Restriction of trade in eligible securities

#### 14.5 **Regulation of financial services intermediaries**

- Stockbrokers
- Stock dealers
- Investment banks
- Investment advisers
- Fund managers
- Credit rating agencies
- Collective Investments Schemes
- Custodians
- Venture Capital Funds
- Savings and Credit Co-operative Societies
- Micro Finance Institutions
- The International Organization of Securities Commissions principles for credit rating agencies, collective investment schemes and market intermediaries

#### 14.6 **Raising capital in the securities market**

- Private offers
- Public offers
- Prospectus and information memorandum
- The International Organization of Securities Commissions principles relating to the issuer

#### 14.7 **Securities exchange**

- Establishment
- Membership
- Rules of the securities exchange
- Listing requirements
- Self Listing of the exchange
- Insider trading
- Cross border listing

#### **14.8 Securities transactions**

- Book entry of transactions and prohibition
- Records of depositors
- Suspended securities
- Charging or mortgaging of securities
- Bonus and rights issue
- Prohibition of dealings in book entry securities
- The International Organization of Securities Commissions principles for enforcement of securities regulation

#### **14.9 Securities registers, accounts and records**

- Definition of interests in securities
- Restrictions in securities transactions
- Register of interests in securities
- Maintenance of records
- Accounts statements
- Record of depositors
- Audit of accounts, records and registers

#### **14.10 Corporate governance**

- Application of corporate governance principles in financial markets
- International Organisation of Securities Commissions principles for cooperation in regulation

#### **14.11 Prevention of money laundering**

- Meaning of money laundering
- Processes of money laundering
- Anti money laundering legislation
- The Assets Recovery Agency
- Criminal Assets Recovery Fund
- Prevention of terrorism regulations
- Counter Financing of Terrorism Inter-Ministerial Committee: objectives, functions and powers
- The Financial Reporting Centre: objectives, functions and powers
- Due diligence requirements
- Wire transfers

#### **14.12 Emerging issues and trends**

## **PAPER NO. 15 GOVERNANCE AND ETHICS**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to practice good governance and comply with ethical principles

#### **15.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Apply leadership principles in the context of good governance
- Practise the tenets and principles of good governance
- Uphold ethical principles
- Manage risks in the context of governance

### **CONTENT**

#### **15.1 Introduction to governance**

- Principles of good governance
- Importance of governance
- Best practice in good governance
- Codes of corporate practices and conduct in public and private sectors

#### **15.2 Theories of good governance**

- Agency Theory
- Stewardship Theory
- Stake holder Theory
- Resource dependence Theory
- Legitimacy Theory
- Political Theory

#### **15.3 Promoting good corporate governance**

- Rights of shareholders and responsibilities to stakeholders
- The chairman, board of directors and management
- The secretary
- Duties and responsibilities of auditors
- Investor education
- Internal and external corporate governance controls

#### **15.4 Composition and appointment of directors**

- Mix of skills and competencies of directors
- Executive and non-executive directors
- Committees of the Board
- Qualification, appointment, removal, retirement and reappointment
- Director's remuneration
- Directors training and development
- Directors' liabilities and insurance indemnity
- Framework for performance evaluation of the board of directors

### **15.5 Duties and responsibilities of directors**

- Statutory and fiduciary duties
- Directors as agents of shareholders
- Roles of independent director in enhancing good corporate governance
- Conflict of interest and disclosure
- Code of good boardroom practice
- Reserved matters: for the board and shareholders

### **15.6 Enterprise risk management**

- Identification of business risks and threats
- Importance of enterprise risk management
- Strategies of managing business risks
- Establishment and role of the risk management committee
- Objective and components of enterprise risk management
- Board's role in enterprise risk management
- Best practice in risk management

### **15.7 Corporate social responsibility (CSR)**

- Overview of corporate social responsibility
- Arguments for and against corporate social responsibility
- Application and benefits of corporate social responsibility
- Environmental management
- Ethical issues in corporate social responsibility
- Model policy on corporate social responsibility
- Creating and Registering foundations to manage CSR
- Social audit

### **15.8 Professional values and ethical principles**

- Professional judgment
- Confidentiality
- Ethics: definition, theories and principles on ethics
- Ethical norms, morality and values
- Code of ethics
- Standards of conduct and personal integrity
- Ethics in business

### **15.9 Management of conflict of interest and insider trading**

- Definition of terms: conflict of interest, insider trading
- Conflict of interest and market manipulation
- Disclosure of interest
- Communication of the conflict of interest
- Whistle blowing
- Conflict of interest register

### **15.10 Corporate Governance Reporting and Best Practices in governance**

- Format of the 'Report on Corporate governance' in the Annual Report
- Suggested list of items to be included in the report on corporate governance in the annual report of companies
- Board and committee charter
- Board and committee evaluation
- Board succession planning
- Policy and guidelines on payments and gifts

### **15.11 Case studies in corporate governance**

### **15.12 Emerging issues and trends**

## **SECTION 6**

### **PAPER NO.16 STRATEGIC MANAGEMENT**

#### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to effectively undertake strategic management responsibilities in an organisation

#### **16.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Demonstrate an understanding of the strategic management process
- Develop and implement a strategic plan
- Analyse the environment and its impact on strategic decisions
- Formulate a strategic plan evaluation framework
- Effectively react to and incorporate emerging issues in strategic management

#### **CONTENT**

##### **16.1 Nature of strategic management**

- Meaning of strategy, management and strategic management
- Scope of strategic management
- Levels of strategic management
- Benefits of strategic management
- Limitations of strategic management

##### **16.2 Strategic management process**

- Components of strategic management
- Steps in the strategic management process
- Strategic management models
- Types of strategies
- Players in the strategic management process

##### **16.3 Environmental analysis**

- Purpose of environmental analysis
- Internal environment analysis
- External environment analysis

##### **16.4 Strategy formulation**

- Organisational vision and mission
- Organisational goals and objectives
- Development of corporate strategy and business strategy
- Strategic options
- Strategy formulation constraints
- Competitive advantage

### **16.5 Strategy implementation**

- Organisation structure
- Resource allocation
- Organisational culture
- Impact of leadership on implementation
- Innovation and knowledge management
- Constraints to strategy implementation

### **16.6 Monitoring and evaluation of strategy**

- Purpose and role of strategic monitoring and evaluation
- Process of strategic monitoring and evaluation
- Tools of strategic monitoring and evaluation
- Role of management information systems
- Performance indicators
- Features of good strategic monitoring and evaluation systems
- Review and feedback
- Continuous improvement

### **16.7 Strategic change leadership**

- Strategic leadership
- Managing strategic change
- Implementing change
- Managing organisation power and politics
- Business excellence model
- Learning organisation
- Lean management and benchmarking

### **16.8 Case studies on strategic management**

### **16.9 Emerging issues and trends**

## **PAPER NO. 17 PUBLIC POLICY AND ADMINISTRATION**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to formulate, interpret, administer and evaluate public policies

### **17.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Apply the constitutional framework on public administration
- Apply management theory to public administration
- Use appropriate tools to make sound public policies
- Involve various institutions of government and wider society in public policy making.

### **CONTENT**

#### **17.1 Nature and Content of public administration**

- Concepts of Public Administration
- History of Public Administration
- Public Administration versus Private Administration
- Public Administration versus Politics
- Theoretical perspectives of Public Administration
- Salient Administrative Principles
- Challenges in the Public Sector
- Structure: devolution, decentralization and deconcentration, elective and appointive bodies
- Leadership, Integrity and National Values in Public Service

#### **17.2 Structure of Government, Composition, appointment and functions**

- National Government; Executive, Legislature and Judiciary Constitutional Commissions and Government Owned Entities
- Independent Offices
- County Governments: County Executive, County Assembly, County Public Service Boards, Urban and Cities, County Government Entities, Ward and Village Administration
- Relationship between national and County governments
- Role of National and County Governments in development

#### **17.3 Certified Secretaries in National and County Governments**

- Secretary to County Public Service Board; Appointment, qualification, Roles, Liabilities, removal and vacation of office
- Secretary to Urban and Cities Boards; Appointment, qualification, Roles, Liabilities, removal and vacation of office
- Secretary to Government owned entities: Appointment, qualification, Roles, Liabilities, removal and vacation of office
- Management of Political Environment

#### **17.4 Public Policy and Policy making Process**

- Definition of public policy
- Sources of public Policy
- Policies and policy types

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- Stages of a policy process in government and other public institutions,
- Roles of the various institutions of government and society in public policy making
- Policy design formulation, implementation, monitoring and evaluation

#### **17.5 Public policy analysis**

- Basic tools in public policy analysis
- Public policy analysis models
- Stakeholders analysis (the political and ideological contexts of public policy making and implementation),
- Research in public policy
- Data collection and analysis

#### **17.6 Social and Institutional Context of Public Policy**

- Elements of the policy making system:
  - Policy process as a system (structural system, social system, political system, economic system) of inputs (electoral results, public opinion, communication to electoral officials and public managers, interested group activity, news media) and outputs (laws, oversight and evaluation);
- Institutions and processes by which public policy is made, accounted for and evaluated:
  - Political institutions such as the executive, legislature, electoral systems, political parties;
  - Official actors and their roles in public policy;
  - Unofficial actors and their roles in public policy;
- Agenda setting/power and interest groups

#### **17.7 Effect of Public Administration and Public Policy on Development**

- Development linkages to Public Administration and Public Policy
  - Nation's development plans and policies and other blue prints,
  - Issues in planning and development
- The rise and fall of Development Administration Movement
  - Development administration, bureaucracy and change in developing countries; the environment of development; decentralization and devolution

#### **17.8 Policy and resource allocation**

- Budget as a policy instrument
- Resource mobilization, revenue and debt
- Budgeting and Budgetary process in devolved governance
- Allocation and utilization of resources for delivery of goods and services (including public procurement management)
- The Link between Economic Policy Goals and Public Expenditure Management

#### **17.9 Public Policy and Policy making Process**

- Nature of public policy
- Sources of public Policy
- Types of Public Policies

- Policy design, formulation, implementation, monitoring and evaluation
- Public policy analysis
- Social and Institutional Context of Public Policy
- Impact of Public Policy on Development

#### **17.10 Government Owned Enterprises**

- The nature of Government Owned Enterprises
- Regulatory and legal environment of Government Owned Enterprises;
- Role of Government Owned Enterprises in economic development;
- Performance contracting in Public Service
- Social obligations
- Relationship between Government Owned Enterprises and the National Government
- Relationship between Government Owned Enterprises and the County Governments
- Privatisation

#### **17.11 Public Procurement and Disposal Procedures**

- Meaning of public procurement and disposal
- Objectives of public procurement and disposal
- Legal and regulatory framework on public procurement and disposal
- Roles and Responsibilities of procuring agencies

#### **17.12 Public Private Partnerships**

- Nature and types of Public Private Partnerships
- Legal and regulatory framework on public private Partnership
- Process of Public Private Partnerships
- Role of Public Private Partnerships in economic development
- Public Private Partnerships Versus Procurement

#### **17.13 Policy and resource allocation**

- Stakeholders involvement
- Budget as a policy instrument
- Resource mobilization, revenue and debt
- Budgeting and Budgetary process in devolved governance
- Allocation and utilization of resources for delivery of goods and services
- National and County development plans
- The Link between Economic Policy Goals and Public Expenditure Management

#### **17.14 Emerging issues and trends**

## **PAPER NO. 18 GOVERNANCE AND SECRETARIAL AUDIT**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to plan and conduct a governance and secretarial audit

### **18.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Identify the objectives and scope of governance and secretarial audits
- Design and implement a governance and secretarial audit strategy
- Prepare and interpret various governance and secretarial audit reports
- Analyse the various check-lists/work sheets for governance and secretarial audits
- Conduct board evaluations

### **CONTENT**

#### **18.1 Introduction to Governance Auditing**

- Nature, purpose and scope of the governance audit
- Authority and responsibility of the governance auditor
- Users of governance audit reports
- Advantages and disadvantages of governance audit
- Types and timing of governance audits
- Professional framework of governance audits

#### **18.2 Governance control and compliance**

- Management control systems in corporate governance
- Objectives and importance of Governance control systems
- Management of information in governance audit
- The importance of governance control in risk management

#### **18.3 Governance Auditor Engagement**

- Appointment, qualification, rights, duties and dismissal of governance auditors
- Proposal writing
- Acceptance procedures
- Governance audit engagement
- Agreed upon procedures
- Soliciting for clients and advertising

#### **18.4 Conduct of governance audit**

- Governance audit strategy
- Developing governance audit plan and programme
- Reviewing the governance and internal control systems
- Documentation of the governance audit
- Coordination in the conduct of governance audit.
- Governance Compliance Checklists
- Client satisfaction survey
- Performance appraisals
- Social and Environmental audits and reporting
- Group governance audits
- Role of in-house Corporate Secretary, Internal Auditor, External auditor, Audit Committee, Regulatory oversight bodies and other governance assurance functions

#### **18.5 Forensic governance audit**

- Meaning of governance forensic auditing

- Categories of fraud in an organisation
  - Investigations
  - Reporting findings
  - Court proceedings
- 18.6 Governance Audit evidence**
- Nature and sources of governance audit evidence
  - Types of governance audit evidence
  - Techniques of gathering governance audit evidence
  - Limitations in gathering governance audit evidence
  - Types of governance audit tests
  - Governance Audit sampling
  - Using the work of experts
- 18.7 Governance Audit review**
- Management representations
  - Post governance audit events and subsequent events
  - Management letter
- 18.8 Governance Auditor's report**
- Purpose of governance auditor's report
  - Contents and elements of governance auditors' report
  - Types of governance audit report
  - Consequences of various governance audit reports
  - Review of statutory reports, returns and other governance documents
  - Legal liability
  - Governance audit reports
- 18.9 Board Evaluation**
- Board evaluation Framework
  - Board Evaluation Tool
  - Conduct of Board Evaluation
  - Board Evaluation Reports
  - Board evaluation guide
- 18.10 Secretarial firms**
- Certified Secretary in Practice and Advisory services
  - Recognitions and areas of practice
  - Exploring new horizons and carving fresh niches.
  - Setting up of Professional Practice
  - Structure of a professional secretarial firm
  - Required knowledge, skills and competencies
- 18.11 Certification of documents under various corporate and securities law**
- Pre-certification of documents
  - Certification and carrying out due diligence.
  - Preparation of documents related to incorporation of companies and commencement of business
  - Filing of annual return
  - Search and status report
- 18.12 Securities Audit**
- Meaning, need and scope
  - compliance with provisions relating to issue and transfer of securities

- Providing mechanism for compliance and instilling professional discipline
- appraisal of share transfer work
- maintenance of Registers of members and debenture holders
- processing dividend/interest warrants
- Certification of securities transfer in compliance with listing agreement with securities exchange

#### **18.13 Audit of Depository Participants**

- Logistics of depository system
- Role of depository participants
- Agreements to which depository participant is a party
- Scrutiny and records maintained by participants
- Audit of branches of depository
- Check-list for carrying out internal audit

#### **18.14 Compliance Certificate**

- Concept and need,
- Appraisal of governance and secretarial compliances
- Preparation of specimen compliance certificate

#### **18.15 Secretarial and governance auditing standards**

- General Meetings
- Board of Directors Meetings
- Use of the Company Seal
- Circular Resolutions
- Minutes
- Registers and Records
- Shares Transmissions
- ICPSK Code of Governance
- Role of standards in governance audit
- Professional Judgement
- Transactions with insiders/related party transactions
- Professional code of conduct and ethics
- The role of the Institute of Certified Secretaries (ICS) in governance and secretarial auditing

#### **18.16 Emerging issues and trends**