



**CS**  
**Certified Secretaries**  
**Examination Syllabus**

**August 2018**

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## 1.0 **BACKGROUND INFORMATION ABOUT kasneb**

### 1.1 **Historical Background of kasneb**

The history of kasneb dates back to 1964, immediately after Kenya attained independence. At that time, the Government identified a number of policy objectives, which took cognisance of the fact that:

- 1.1.1 In order for a country to develop, it was necessary to create a pool of trained personnel in the various fields of national economy;
- 1.1.2 The right direction had been taken in other fields such as medicine, agriculture, law and engineering and it was also a natural corollary that professions of accounting, finance, administration and management should follow suit;
- 1.1.3 Although the people of Kenya had benefited greatly from training in foreign countries, it was obvious that other countries could not afford to place unlimited facilities for training of foreign personnel, nor could Kenya rely entirely on other countries for the training of her personnel.

### 1.2 **Legal Foundation and Status of kasneb**

kasneb was established as a state corporation under the National Treasury by the Government of Kenya on 24 July 1969. The establishment and operations of kasneb are governed by the following main Acts:

- (a) The Accountants Act, No. 15 of 2008 (which repealed the Accountants Act, Cap 531 of 1977).
- (b) The Certified Public Secretaries of Kenya Act, Cap 534 of 1988.
- (c) The Investment and Financial Analysts Act, No. 13 of 2015.

### 1.3 **Partner Institutions**

#### 1.3.1 **Institute of Certified Secretaries (ICS)**

ICS is established under Section 3 of the Certified Public Secretaries of Kenya Act (Cap. 534) of the Laws of Kenya. One of the functions of ICS is to advise kasneb on matters relating to examination standards and policies.

#### 1.3.2 **Registration of Certified Public Secretaries Board (RCPSB)**

RCPSB is established under Section 11 of the Certified Public Secretaries of Kenya Act (Cap. 534) of the Laws of Kenya. One of the functions of RCPSB is to register eligible persons as Certified Secretaries.

#### 1.3.3 **Institute of Certified Public Accountants of Kenya (ICPAK)**

ICPAK is established under Section 3 of the Accountants Act, No. 15 of 2008. One of the functions of ICPAK is to advise kasneb on matters relating to examination standards and policies. The Act also makes provisions for the establishment of a Registration and Quality Assurance Committee (Registration Committee) under Section 13. One of the functions of Registration Committee is to register eligible persons as Certified Public Accountants.

#### 1.3.4 **Institute of Certified Investment and Financial Analysts (ICIFA)**

ICIFA is registered under the Investment and Financial Analysts Act, No. 13 of 2015 of the Laws of Kenya. One of the functions of ICIFA is to advise kasneb on matters relating to examination standards and policies. The Act also makes provisions for the establishment of a Registration Committee under Section 13. One of the functions of the Registration Committee is to register eligible persons as Certified Investment and Financial Analysts.

#### 1.3.5 **Institute of Credit Management Kenya [ICM (K)]**

ICM (K) is registered under the Societies Act, (Cap.108) of the Laws of Kenya.

### 1.4 **Functions of kasneb**

Section 17(1) of the Accountants Act, 2008 of the Laws of Kenya defines the functions of kasneb. These functions are:

- (a) To prepare syllabuses for professional, diploma and certificate examinations in accountancy, company secretarial practice and related disciplines;
- (b) To make rules with respect to such examinations;
- (c) To arrange and conduct examinations and issue certificates to candidates who have satisfied examination requirements;
- (d) To promote recognition of its examinations in foreign countries;
- (e) To investigate and determine cases involving indiscipline by students registered with the Examinations Board;
- (f) To promote and carry out research relating to its examinations;
- (g) To promote the publication of books and other materials relevant to its examinations;
- (h) To liaise with the Ministry of Education, Science and Technology in accreditation of institutions offering training in subjects examinable by the Examinations Board, and
- (i) To do anything incidental or conducive to the performance of any of the preceding functions.

## 2.0 EXAMINATIONS OF kasneb

kasneb offers the following examinations:

- 2.0.1 **Certificate in Accounting and Management Skills (CAMS) Examination;** for persons who wish to qualify and work as entry level accounting and management personnel in small and medium enterprises, non-governmental organisations (NGOs), public sector entities and related areas.
- 2.0.2 **Certified Secretaries (CS) Examination;** for persons who wish to qualify and work or practice as corporate secretaries, policy formulators and consultants in governance, compliance, administration at county and national levels, business management and related areas in both public and private sectors.
- 2.0.3 **Certified Public Accountants (CPA) Examination;** for persons who wish to qualify and work or practice as professional accountants, auditors, finance managers, tax managers and consultants in related areas in both public and private sectors.
- 2.0.4 **Certified Information Communication Technologists (CICT) Examination;** for persons who wish to qualify and work or practice as information and communication technology (ICT) professionals in various areas including systems development, programming, database management, network administration, mobile applications and software engineering.
- 2.0.5 **Certified Investment and Financial Analysts (CIFA) Examination;** for persons who wish to qualify and work or practice as investment, securities and financial analysts, portfolio managers, investment bankers, fund managers, consultants on national and global financial markets and related areas.
- 2.0.6 **Certified Credit Professionals (CCP) Examination;** for persons who wish to qualify and work or practice in various fields of credit management including credit analysis, debt management and recovery, corporate lending and related areas in both formal and informal sectors.
- 2.0.7 **Accounting Technicians Diploma (ATD) Examination;** for persons who wish to qualify and work as middle level accountants providing technical support to professional accountants, auditors, tax practitioners and related areas.
- 2.0.8 **Diploma in Information Communication Technology (DICT) Examination;** for persons who wish to qualify and work as technical support personnel in computer applications, systems development, programming, networking and other ICT related areas.
- 2.0.9 **Diploma in Credit Management (DCM) Examination;** for persons who wish to qualify and work as middle level credit managers, credit assessors and other related areas in both formal and informal sectors.
- 2.0.10 **Examination for holders of foreign accountancy qualifications (FAQs)**  
In consultation with the Council of ICPAK under Section 26 Sub-Sections (2) and (3) of the Accountants Act, 2008, kasneb examines holders of foreign accountancy qualifications who have applied for registration as Certified Public Accountants (CPAs) of Kenya and they are required to demonstrate their knowledge of local law and practice.

#### 2.0.11 **Examination for holders of foreign secretaries qualifications (FSQs)**

In consultation with the Council of ICS under Section 20 Sub-Sections (2) and (3) of the Certified Public Secretaries of Kenya Act, Cap 534, kasneb examines holders of foreign secretaries qualifications who have applied for registration as Certified Public Secretaries (CPSs) of Kenya and they are required to demonstrate their knowledge of local law and practice.

#### 2.0.12 **Examination for holders of foreign investment and financial analysts qualifications (FIFAQs)**

In consultation with the Council of ICIFA under Section 16 Sub-Sections (2) and (3) of the Investment and Financial Analysts Act, No. 13 of 2015, kasneb examines holders of foreign qualifications who have applied for registration as Certified Investment and Financial Analysts (CIFA) and they are required to demonstrate their knowledge of local law and practice.

### 2.1 **Aims and Objectives of the Examinations of kasneb**

The aims and objectives of the examinations of kasneb are to produce:

- (a) Qualified corporate secretaries capable of advising on matters relating to corporate secretarial practice, governance, ethics, compliance and administration including at national and county levels.
- (b) Qualified accountants, auditors and tax practitioners with competency to present, analyse and interpret financial information for both public and private sector entities in oral and written forms.
- (c) Information communication technology professionals who are capable of designing, developing, implementing, maintaining and safeguarding modern information systems.
- (d) Competent professionals with the ability to analyse and advise on matters relating to investments, securities and other areas of finance.
- (e) Competent professionals who are able to make sound decisions in credit management in both formal and informal sectors.
- (f) Qualified managers with the ability to make sound managerial decisions.
- (g) Professionals who uphold high ethical standards and professional values in the discharge of their duties.
- (h) Professionals who are creative, innovative and able to communicate effectively and to adapt to the dynamic environment **both in the public and private sectors**.

### 2.2 **The Certified Secretaries (CS) Examination**

The CS examination is held twice yearly in May/June and November/December. The examination is divided into three parts of two sections each. Each section consists of three papers. A candidate may attempt two sections in a part together or separately in ascending order but before proceeding to the next part, a candidate must pass the lower part.

The examination is rigorous and standards are high and therefore a candidate is advised to devote approximately the equivalent of twelve months of full time study for each part of the examination. Ideally, a student should be able to complete the CS examination in a period not exceeding three years.

Students taking the CS examination are advised to look for ways and means of acquiring practical experience so that they can match progress in the examination with competence in performance in the work environment. The practical experience may be acquired during or after the qualification process.

Upon completing the CS examination, the graduates are eligible to register with the Institute of Certified Secretaries of Kenya (ICS) in order to be recognised as Certified Secretaries (CSs).

In addition, the CS graduates are eligible for admission to pursue masters and other higher degrees in reputable universities, both in Kenya and foreign countries.

### **2.2.1 Aim of the CS Examination**

The aims of CS Examination include to:

- (a) Produce a certified secretary with expertise in corporate secretarial practice, governance and compliance, public policy and administration and related areas.
- (b) Impart professional values and ethics, communication skills, creativity, innovation and ability to generate new ideas.

### **2.2.2 Aims of CS Part I Examination**

The aims of CS Part I examination include to:

- (a) Provide the candidate with knowledge and skills in organisational behaviour management and the legal environment in which businesses operate.
- (b) Enable the candidate to apply the principles of public finance and taxation in practice.
- (c) To provide a basis for further progression to CS Part II.

### **2.2.3 Aims of CS Part II Examination**

The aims of CS Part II examination include to:

- (a) Equip the candidate with knowledge and skills on management practice.
- (b) Enable the candidate to apply the principles of corporate secretarial practice and manage meetings in accordance with the law.
- (b) To provide a basis for further progression to CS Part III.

### **2.2.4 Aims of CS Part III Examination**

The aims of CS Part III examination include to:

- (a) Produce a professional with knowledge and expertise in corporate secretarial practice including governance and compliance as applicable in both the public and private sectors.



- (b) Provide a basis for the corporate secretary to apply the acquired knowledge to undertake the following, among other responsibilities:
- Undertake governance and secretarial audits
  - Ensure compliance with financial markets laws and regulations
  - Manage human resources
  - Formulate and implement public policies
  - Practice the tenets and principles of good governance
- (c) Ensure the professional is competent to be registered as a Certified Secretary with high regard to professional values and ethics demanded of a corporate secretary.

### 3.0 **EXAMINATION RULES AND REGULATIONS**

#### 3.1 **Registration Requirements**

A person seeking to be registered as a student for the CS examination must show evidence of being a holder of one of the following qualifications:

- 3.1.1 Kenya Certificate of Secondary Education (KCSE) examination with an aggregate average of at least grade C plus (C+).
- 3.1.2 kasneb technician, diploma or professional examination certificate.
- 3.1.3 A degree from a recognised university.
- 3.1.4 Such other certificates or diplomas as may be approved by kasneb.

Persons intending to take the November/December examinations must register as students not later than 15 September while those intending to take the May/June examinations must register as students not later than 15 March.

kasneb reserves the right to refuse to register any applicant who in its opinion is not fit and proper to be registered as a student. Similarly, kasneb reserves the right to cancel the registration of any student who in its opinion is not fit and proper to be a student of kasneb.

#### 3.2. **Exemptions**

Exemptions may, on application, be granted to registered students who are holders of certain degrees and diplomas recognised by kasneb. Exemptions will be granted on a paper by paper basis.

#### 3.3 **Retention of Credits**

There are six sections in the CS examination. Each section has three papers. Papers taken and passed in a section shall be retained as credits for the candidate provided that the candidate fulfils the requirements set out below:

- 3.3.1 The candidate must enter and attempt all the papers in a section unless the candidate is exempted from some papers in the section or has earned credits in previous attempts.
- 3.3.2 A candidate who is awarded one or two credits in a section must enter and pass the failed paper(s) in the section within two and a half (2½) years or five (5) consecutive sittings failure to which the candidate will be required to resit all the papers in the section.

### 3.4. Progression Rule

- 3.4.1 A candidate must attempt and pass the CS Part I examination before proceeding to the CS Part II examination.
- 3.4.2 A candidate must attempt and pass the CS Part II examination before proceeding to the CS Part III examination.
- 3.4.3 A candidate will not be allowed to enter a higher section in a part before completing the lower section unless the candidate has been referred in the higher section or has entered the two sections simultaneously.

### 3.5. Duration of Registration as a Student of kasneb

- 3.5.1 A registered student of the CS examination will be required to complete the examination within a period of nine years provided that the candidate shall complete:
  - 3.5.1.1 The CS Part I examination by the end of the third year since registration.
  - 3.5.1.2 The CS Part II examination by the end of the sixth year since registration.
  - 3.5.1.3 The CS Part III examination by the end of the ninth year since registration.
- 3.5.2 kasneb reserves the right to cancel the registration of a student who fails to complete the examination within the stipulated time. A student whose registration is cancelled under the rules in this paragraph may not be eligible for re-registration.

However, kasneb reserves the right to vary or amend the regulations.

### 3.6. Registration Renewal

- 3.6.1 A registered student must renew the studentship registration annually on the first day of July provided that newly registered students will be required to renew their registration on the first day of July following the examination sitting to which they are first eligible to enter.
- 3.6.2 A student who without good cause fails to renew the registration within three months of the renewal date will be deemed to have allowed the registration to lapse and may thus forfeit the right to write the examination until the renewal position is regularised. The registration number of a student who fails to renew the registration for three consecutive years will be deactivated, that is, removed from the register of students and will thus not be able to book for examinations until the registration number is reactivated.
- 3.6.3 A student whose registration number is deactivated for failure to renew the registration may apply for reactivation provided that if the application is accepted, the student shall:
  - (a) Pay the registration reactivation fee.
  - (b) Pay three years of registration renewal fees.

### 3.7. Examination Entries

Examination entries, which must be on the prescribed forms, are accepted from registered students only. The closing date for the receipt of entries for the November/December examinations is 15 September and for the May/June examinations, the 15 March.

### 3.8 Rules Governing the Conduct of Students in the Examination Room

3.8.1 Candidates should present themselves for the examination at least **30 minutes** before the scheduled time for the commencement of the examination they are taking.

3.8.2 A candidate who arrives half an hour or later after the commencement of the examination will not be allowed to take the examination nor will a candidate be permitted to leave the examination room until after the end of the first half hour since the commencement of the examination.

3.8.3 Each candidate is assigned a registration number upon registration as a student of kasneb. The candidate must sit at the place indicated by that number in the examination room. The registration number must be entered in the space provided at the top right hand corner of each answer sheet.

3.8.4 The name of the candidate **must not** appear anywhere on the answer sheet.

3.8.5 Each answer sheet has a serial number indicated on the top, left hand side of the answer sheet. Each candidate must indicate the serial number of the answer sheet(s) used for each examination paper in the signature register.

3.8.6 Examination stationery will be provided in the examination room, but candidates must bring their own blue or black ink pens, pencils, and rulers.

3.8.7 **Mobile phones are strictly not allowed in the examinations room.**

3.8.8 No stationery whatsoever may be removed from the examination room.

3.8.9 Candidates **must not** carry the examination question papers from the examination room.

3.8.10 Candidates are allowed to use calculators provided that such calculators are noiseless, cordless and non-programmable.

3.8.11 Candidates will be required to positively identify themselves to the chief invigilator by producing their student identification cards and the national identity cards. Non-Kenyan candidates will be required to produce other relevant identification documents such as passports.

3.8.12 Strict **silence** must be observed during the entire duration of the examination.

3.8.13 Candidates **must not** possess any notes, printed paper or books in the examination room, but must leave any such material with the chief invigilator. Candidates using clipboards must ensure that such clipboards have no writing on them whatsoever.

3.8.14 Smoking is **not** allowed in the examination room.

- 3.8.15 Candidates **must not** collude in the examination room by exchanging notes or keeping the answer booklet in such a way that another candidate can read or copy from the booklet.
- 3.8.16 Impersonation in the examination room is not only a serious offence but also a criminal offence.
- 3.8.17 During the course of the examination, no candidate may leave the examination room without permission from the chief invigilator. Any candidate who does so will not be allowed to return to the examination room.
- 3.8.18 Candidates who finish the paper before the chief invigilator announces the end of the examination and wish to leave the examination room while the examination is in progress must inform the invigilator and hand in their scripts to the invigilator before leaving the examination room. However, no candidate will be allowed to leave the examinations room during the last fifteen (15) minutes of the examination.
- 3.8.19 Candidates **must not** leave the examination room with any answer booklet or answer sheets.
- 3.8.20 Candidates **must not** leave the examination room before their answer booklets are collected by the invigilators.
- 3.8.21 Candidates **must not** write notes on the examination timetable (Authority to sit the Examination).
- 3.8.22 Candidates with confirmed disabilities may apply to kasneb to be allowed extra time during examinations. Such application should be made at least two months prior to the examination.
- 3.8.23 Candidates must produce the timetables (Authority to sit the Examination) in order to be allowed to take the examination. Candidates may download their timetables (Authority to sit the Examination) from the kasneb website. The downloaded timetables may be used as authority to sit the examination.

### 3.9 **Action for Breach of Examination Rules and Regulations**

- 3.9.1 kasneb is mandated by the Accountants Act, 2008 under Section 17 (1)(e) to investigate and determine cases involving indiscipline by students registered with kasneb. Section 42 of the Act further defines examination offences that are punishable under the law and the applicable penalties.
- 3.9.2 Disciplinary action will be taken against candidates who breach the examination rules and regulations of kasneb. A breach of the examination rules and regulations of kasneb shall include but is not limited to the following:
- (a) Deficiency in identification.
  - (b) Impersonation.
  - (c) Collusion.
  - (d) Possession of a mobile phone in the examinations room.
  - (e) Possession of notes in the examination room.
  - (f) Taking away answer booklets.
  - (g) Writing of names on the scripts.
  - (h) Possession of mobile phones in the examination room.
  - (i) Carrying the examination question papers from the examination room.

- 3.9.3 The action for breach of the examination rules and regulations of kasneb shall include but not limited to the following:
- (a) De-registration as a student of kasneb.
  - (b) Cancellation of registration number.
  - (c) Nullification of candidate's results.
  - (d) Prohibition from taking examinations of kasneb.
  - (e) Written reprimand and warning.
- 3.9.4 Certain breaches of the rules and regulations amount to breaches of the law. In such cases, candidates will be handed over to the police for investigations and appropriate legal action.

Section 42 of the Accountants Act, 2008 provides that a person who:

- (a) gains access to examinations materials and knowingly reveals the contents, whether orally, in writing or through any other form, to an unauthorised party, whether a candidate or not;
- (b) wilfully and maliciously damages examinations materials;
- (c) while not registered to take a particular examination, with intent to impersonate, presents or attempts to present himself to take the part of an enrolled candidate;
- (d) presents a forged certificate to a prospective employer or to an institution of learning with intent to gain employment or admission; or
- (e) introduces unauthorised materials into the examinations room, whether in writing or in any other form, whether a candidate or not,

commits an offence and is liable on conviction to imprisonment for a term not exceeding three years, or to a fine not exceeding one hundred thousand shillings, or to both.

## 4.0 SUMMARY OF THE CERTIFIED SECRETARIES (CS) EXAMINATION SYLLABUS

### Part I

#### PART I

##### Section 1

Paper No.1	Organisational Behaviour
Paper No.2	Business Law
Paper No.3	Business Communication

##### Section 2

Paper No.4	Economics
Paper No.5	Principles of Accounting
Paper No.6	Public Finance and Taxation

#### PART II

##### Section 3

Paper No.7	Company Law
Paper No.8	Financial Management
Paper No.9	Principles and Practice of Management

##### Section 4

Paper No.10	Corporate Secretarial Practice
Paper No.11	Management Information Systems
Paper No.12	Law and Procedure of Meetings

#### PART III

##### Section 5

Paper No.13	Human Resource Management
Paper No.14	Financial Markets Law
Paper No.15	Governance and Ethics

##### Section 6

Paper No.16	Strategic Management
Paper No.17	Public Policy and Administration
Paper No.18	Governance and Secretarial Audit

## PART I

### SECTION 1

#### PAPER NO.1 ORGANISATIONAL BEHAVIOUR

##### GENERAL OBJECTIVE

This paper is intended to equip the candidate with the knowledge, skills and attitudes 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 Nature of organisational behaviour

- Meaning and concept of organisational behaviour
- Understanding and managing human behaviour
- Factors influencing human behaviour
- Individual dimensions of organisational behaviour
- Models of organisational behaviour

##### 1.2 Nature and context of organisations

- Meaning and concept of an organisation
- Characteristics of organisations
- Classification of organisations: formal and informal
- Organisational goals
- Organisational environments

##### 1.3 Foundations of organisational behaviour

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

**1.4 Organisational development, culture and change**

- Meaning and concept of organisational development
- Organisational development process
- Organisational development interventions
- Organisational culture
- Organisational change
- Management of organisational change
- Resistance to change
- Overcoming resistance to change

**1.5 Organisational structure and design**

- Nature and importance of organisational structure
- Process of organisation
- Principles of organisation
- Components of an organisation
- Design of organisational structure
- Division of work and span of control
- Delegation and empowerment
- Centralisation and decentralisation
- Organisation charts and manual

**1.6 Organisational control and power**

- Overview of the control process
- Forms of control
- Types of authority
- Classification of control systems
- Strategies of control in organisations
- Characteristics of an effective control system
- Power and politics

**1.7 Work groups and teams**

- Reasons for group formation
- Distinction between groups and teams
- Types of groups
- Group behaviour
- Group decision making
- Group values and norms
- Characteristics of and effective workgroups
- Group dynamics

**1.8 Leadership and management**

- Meaning and importance of leadership
- Leadership versus management
- Theories of leadership
- Approaches to leadership



- Leadership styles
- Relevant theories of motivation
- Contemporary issues in leadership

#### 1.9 **Work design and work stress**

- Needs and expectations at work
- Factors in work design
- Job satisfaction
- Work design options including job enrichment
- Work schedule options including job sharing
- Work stress
- Causes of work related stress
- Cost of work related stress
- Impact of work related stress
- Management of work related stress

#### 1.10 **Conflict management**

- Nature of conflicts
- Forms of conflict
- Causes of conflict
- Consequences of conflict
- Conflict management styles.

#### 1.11 **Emerging issues and trends**

## **PAPER NO. 2 BUSINESS 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 of legal system and business law in various environments.

### **2.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Demonstrate knowledge of essential elements of the legal system
- Demonstrate knowledge of legal personality
- Apply law of contract and tort in various scenarios
- Apply general principles of business law in practice.

### **CONTENT**

#### **2.1 Elements of the legal system**

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

- Meaning of law
- Nature of law
- 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 of administrative law
- Functions of administrative laws
- Doctrine of separation of powers
- Principles of natural justice
- Judicial control of the Executive

##### **2.1.4 The court system**

- Establishment, structure, composition and jurisdiction of courts
- Supreme Court
- Court of Appeal
- High Court

- Employment and Labour Relations Court
- Magistrates Court
- Court Martial
- Kadhi's Court

#### 2.1.5 **Alternative dispute resolutions**

- Nature of alternative dispute resolutions (ADR)
- General principles of ADR
  - Mediation
  - Negotiation
  - Conciliation

### 2.2 **Law of persons**

- Natural persons
- Nationality, citizenship and domicile
- Artificial person
- Unincorporated associations
- Incorporate associations
- Co-operative societies

### 2.3 **Law of tort**

- Nature of tort
- General defences of tort
- Negligence
- Vicarious liability
- Strict Liability
- Defamation
- Limitation of actions

### 2.4 **Law of contract**

- Definition of contract
- Classification of contracts
- Essentials of a valid contract
- Terms of a contract
- Vitiating factors
- Illegal contracts
- Discharge of contract
- Remedies for breach of a contract
- Limitation of actions

### 2.5 **Sale of goods**

- Nature of the contract
- Formalities of the contract
- Terms of the contract
- Implied terms by statute
- Rights and duties of the parties
- Auction sales
- International contracts of sale: FAS, FOB, CIF, FCA, CPT, CIP, DAT, DAP, DDP, CFR, DAF, DDU, Ex-works and Ex-ship

- 2.6 Hire purchase contracts**
- Nature of the hire purchase contract
  - Difference between hire purchase and conditional sale/credit sale
  - Formalities of the hire purchase contract
  - Implied Terms of the hire purchase contract
  - Rights and duties of the parties
  - Termination and completion of the hire purchase contract
- 2.7 Agency**
- Meaning and nature of the agency contract
  - Types of agents
  - Creation of agency
  - Authority of an agent
  - Rights and duties of the parties
  - Termination of agency
- 2.8 Partnerships**
- Nature of partnership
  - Types of partnerships
  - Rights, duties and liabilities of existing, incoming and minor partners
  - Management of partnerships.
  - Dissolution of partnerships and its consequences
- 2.9 Indemnity and guarantees**
- Nature of the contracts
  - Rights and duties of the parties
  - Termination of the contract.
  - Remedies for breach of contract
- 2.10 Insurance**
- Nature of the contract
  - Formalities of the contract
  - Principles of insurance
  - Types of insurance
  - Termination of the contract
- 2.11 Negotiable instruments**
- Nature and characteristics
  - Negotiability of the instrument
  - Types: cheques, promissory notes, bills of exchange
  - obligations of the parties
- 2.12 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
- 2.13 Emerging issues and trends**

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

### **GENERAL OBJECTIVE**

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

#### **3.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

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

### **CONTENT**

#### **3.1 Introduction to communication**

- Definition of communication
- Objectives of communication
- Principles of effective communication
- Barriers to effective communication
- Methods of communication
- Formal and informal communication
- Communication systems
- Communication devices

#### **3.2 Written communication**

- Effective writing skills
- Business transaction documents: catalogue, invoices, purchase orders, others
- Memorandum
- Form design and questionnaires
- Circulars and newsletters
- Notices and advertisements
- Publicity materials
- Graphic communication

#### **3.3 Business correspondence**

- Handling mail
  - Incoming mail
  - Outgoing mail
- Sorting and classification of mail
- Storage and retrieval, retention of records
- Filing systems
- Postal and courier services
- Mail handling equipment

#### **3.4 Oral communication**

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

- 3.5 **Non-verbal communication**
- Meaning and importance of non-verbal communication
  - Forms of non-verbal communication
  - Effective non-verbal communication
- 3.6 **Public speaking and presentations**
- Effective presentation skills
  - Presentation aids
  - Selection and preparation
  - Language and style
  - Context in public speaking
  - Writing and delivery of public speeches
  - Public discussion format: public discussion and symposium
- 3.7 **Group team communication**
- Group communication skills
  - Communication networks
  - Team communication
  - Interpersonal relationship
  - Principles of interpersonal communication
  - Meetings
- 3.8 **Report writing**
- Types of reports
  - Effective report writing
  - Uses of reports
  - Preparation of formal reports
- 3.9 **Proposal writing**
- Types of proposals
  - Uses of proposals
  - Contents of proposals
  - Preparation of formal proposals
- 3.10 **Information communication and technology**
- Communication networks: internet, intranet and extranet
  - Teleconferencing and videoconferencing
  - Wireless technologies
  - Social media
  - Video telephony: skype, other applications
- 3.11 **Ethics in communication**
- Ethical issues in communication
  - Significance of ethical communication
  - Factors influencing ethical communication
  - Ethical dilemmas in communication
  - Guidelines to handle ethical dilemmas in communication
- 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.

#### CONTENT

##### 4.1 Microeconomics

###### 4.1.1 Introduction to economics

- Definition of economics
- Basic economic concepts: economic resources, human wants, scarcity and choice, opportunity cost, production possibility curves/frontiers
- Scope of economics: Micro and macro economics
- Methodology of economics: positive and normative economics, scientific methods, economics as a social science.
- Economic systems: free market economy, mixed economy, consumers' sovereignty.

###### 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; Indifference curve and 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 /Marshallian 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
- 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/Marshallian surplus

#### 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
- Methods/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
- Difficulties in measuring national income
- Uses of income statistics
- 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
- Challenges to economic 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 organization (WTO) and concerns of developing countries
- Protection in international trade
- Regional integration organizations, 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

#### 4.3 **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 and interpret financial statements for different entities.

### **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.

### **CONTENT**

#### **5.1 Introduction to accounting**

- The nature and purpose of accounting
- Users of accounting information and their respective needs
- Accounting Standards and their purposes
- Regulatory framework (ICPAK, IASB, IAESB, IPSASB)
- Professional ethics
- Principles; concepts and conventions underlying the preparation of accounting statements

#### **5.2 Accounting procedures and techniques**

- Double entry book-keeping
- The cash book; two and three column including cash journal
- The ledger and their role in recording and summarising, classifying accounting data
- Books of original entry
- Petty cash book
- Balancing accounts and preparing the trial balance
- Introduction to simple statements of financial performance
- Statements of financial position

##### **5.2.1 Computerised accounting**

- Different accounting packages
- Rationale for computerised accounting system
- Components of a computerised accounting system
- Selecting a good computerised accounting system
- Challenges of a computerised accounting system
- Current trends in computerised accounting software

### 5.3 **Preparation of financial statements and year-end adjustments**

- Depreciation of non-current assets including their disposal (by part exchange; ordinary sale; accident)
- Methods and reasons of providing for depreciation
- Preparation of movement of property, plant equipment (as per International Financial Reporting Standards)
- Trade receivables, bad debts write-offs and provision for bad and doubtful debts
- Accruals, prepayments, reserves and provisions
- Necessary adjustments in statements of financial performance to record increase and decrease in provision for bad and doubtful debts

### 5.4 **Confirming and correcting mechanism**

- Bank reconciliation statements
- Control accounts

### 5.5 **Errors and correction of errors**

- Errors affecting and not affecting the agreement of the trial balance
- Use of the suspense accounts
- The effect of errors on statement of financial performance and statement of financial position

### 5.6 **Sole traders accounts**

- Income statements
- Statements of financial position

### 5.7 **Partnership accounts**

- Basic contents of a partnership agreement
- Provisions of the Partnership Act
- Partnership statement of financial performance and appropriation account
- Partners current account and statement of financial position
- Financial statements to reflect elementary changes in partnership such as admission, retirement and dissolution

### 5.8 **Introduction to simple company accounts**

- Share capital and reserve
- Issue of shares at par; premium; discount
- Over and under subscriptions
- Allotment and calls on shares, forfeiture of shares
- Preparation of statements of financial performance and appropriation account and the statement of financial position
- Published accounts: Components of a complete set of published financial statements only

### 5.9 **Manufacturing accounts**

- Elements of cost and cost behaviour
- Preparation of manufacturing accounts, statement of financial performance and statement of financial position
- Accounting treatment of manufacturing profit or loss and unrealised profit on closing stock

**5.10 Financial statements of a not-for-profit organisation**

- What non-profit making organisations are
- Receipts and payments accounts
- Income and expenditure accounts and statement of financial position

**5.11 Incomplete records and single entry book keeping**

- Why incomplete records
- Preparation of statement of affairs
- Preparation of financial statements

**5.12 Analysis of financial statements  
Introduction to accounting ratios**

- Profitability ratios
- Revenue ratios
- Liquidity ratios

**5.12 Preparation of cash flow statements (International Accounting Standard 7)**

**5.13 Public sector accounting**

- Features of public sector entities (as compared to private sector)
- Structure of the public sector and examples of entities in public sector
- Objectives of public sector financial statements
- Users of public sector financial statements and officers (treasury, accounting officers, public accounts committee, auditor general)
- IPSAS on inventory, property, plant and equipment and intangible assets (the ledger accounts of central and county governments are not examinable)
- Accounting techniques in public sector (budgeting, cash, accrual, commitment and fund)

**5.14 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 comply with and implement public financial management regulations and compute taxes for various entities.

#### **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**

- Nature and scope of public finance
- General overview of public financial management as envisaged by the Constitution
- Role of the national and county treasuries
- Overview of the Public Financial Management Act
- Financial regulations
- Treasury circulars; meaning and application
- Process of developing national and county government finance bills
- Role of budget officers in budget preparation and execution
- Responsibilities of the national and county treasuries in relation to budget preparation
- Budget process for both national, county and public entities

#### **6.2 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 equalisation funds
- County revenue sources

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

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

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- Concept of e-procurement
- 6.4 **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
- 6.5 **Introduction to taxation**
  - History of taxation
  - Types of taxation
  - Principles of an optimal tax system
  - Single versus multiple tax systems
  - Classification of tax systems
  - Tax shifting
  - Factors that determine tax shifting
  - Tax evasion and tax avoidance
  - Taxable capacity
  - Fiscal policies
  - The Revenue Authority; history, structure and mandate
- 6.6 **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, others)
    - Incomes from past employment
  - **Business income:**
    - Sole proprietorship
    - Partnerships (excluding conversions)
    - Incorporated entities (excluding specialised institutions)
    - Turnover tax/presumptive tax
  - Income from use of property- rent and royalties
  - Farming income
  - Investment income
  - **Miscellaneous taxes and other revenues**
    - Stamp duty
    - Catering levy
    - Motor vehicle advance tax
    - Capital gains tax
- 6.7 **Capital deductions**
  - Rationale for capital deductions
  - Investment deductions: ordinary manufacturers
  - Industrial building deductions



- Wear and tear allowances
- Farm works deductions
- Shipping investment deduction
- Other deductions

#### 6.8 **Administration of income tax**

- Registration and deregistration of tax payers
- Assessments and returns
- Operations of PAYE systems: Preparation of PAYE returns, categories of employees
- Statutory deductions (NSSF and NHIF)
- Notices, objections, appeals and relief for mistakes
- Tax decisions; objections and appeals
- Collection, recovery and refund of taxes
- Administrative penalties and offences
- Application of ICT in taxation: iTax

#### 6.9 **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
- Changes to be notified to the commissioner
- Offences fines, penalties and interest
- Enforcement
- Objection and appeals: Requirements and procedure

#### 6.10 **Customs taxes and excise taxes**

- Customs procedure
- Import and export duties
- Prohibitions and restriction measures
- Transit goods and bond securities
- Purposes of customs and excise duties
- Goods subject to customs control
- Import declaration form, pre-shipment inspection, clean report of findings
- Excisable goods and services
- Application for excise duty (licensing)
- Use of excise stamps
- Offences and penalties
- Excisable goods management system

#### 6.11 **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 and comply with the provisions of company law in relevant circumstances and environments.

**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 liquidation of corporates and restructuring
- Comply with the legal principles relating to companies incorporated outside the country
- Ensure books of account are prepared in compliance with the law.

**CONTENT**

**7.1 Nature and classification of companies**

- Nature and characteristics of a company
- Types of companies
- Principle of legal personality and veil of incorporation
- Distinction between companies and other forms of business associations, sole proprietorships, partnerships and cooperative societies.

**7.2 Formation of companies**

- Promoters and pre-incorporation contracts
- Process of forming a company
- Memorandum and articles of association
- Certificate of incorporation
- Effects 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 certificates

- Issue and allotment
  - Transfer and transmission
  - Transfer of shares under central depository system
  - Mortgaging and charging of shares
- 7.5 **Share capital**
- Meaning and types of share capital
  - Raising of share capital
  - Prospectus/information memorandum
  - Maintenance of capital
  - Alteration of capital
  - 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 a valid meeting
  - Voting
  - Resolutions
- 7.8 **Directors**
- Qualifications, appointment and disqualification
  - Powers and duties of directors
  - Removal and vacation of office
  - Register of directors
  - Remuneration 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 investigation**

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

**7.12 Corporate restructuring**

- Need for restructuring
- Mergers,
- Post merger reorganisation
- Takeovers and acquisitions
- Schemes of arrangement and compromises
- Reconstruction

**7.13 Receivership and liquidation of companies**

- Meaning of receivership
- Appointment and vacation of office
- Powers and duties of a receiver
- Termination of receivership
- Meaning of liquidation
- Types of liquidation
- Appointment, powers and duties of liquidators
- Discharge of liquidators
- Distribution of assets and dissolution of companies

**7.14 Companies incorporated outside the country**

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

**7.15 Emerging issues and trends**

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

### **GENERAL OBJECTIVE**

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

#### **8.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Analyse the sources of finance for an organisation and evaluate various financing options
- Evaluate various investment decision scenarios available to an organisation
- Evaluate the performance of a firm using financial tools
- Make appropriate capital structure decisions for a firm
- Value financial assets and firms
- Make appropriate liquidity and dividend decisions for a firm
- Evaluate current developments in business financing strategies.

### **CONTENT**

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

- Nature and scope of finance
- Finance functions
- Goals of a firm; financial and non-financial objectives, overlaps and conflicts among the objectives
- Agency theory, stakeholder's theory and corporate governance
- Measuring managerial performance, compensation and incentives
- Ethical issues in financial management
- Corporate social responsibility (CSR) and financial management

#### **8.2 The financing decision**

- Nature and objectives of the financing decision
- Factors to consider when making financing decisions
- Sources of finances for enterprises; internally generated funds and the externally generated funds, long term sources, medium term and short term sources of finance
- Evaluation of financing options
- Methods of issuing ordinary shares - public issue, private placement, bonus issue, employee stock option plans (ESOPS) and rights issues

#### **8.3 Financial institutions and markets**

- Nature and role of financial markets
- Classification of financial markets: primary and secondary securities market, money and the capital markets, over-the counter and organised market, derivatives market, mortgage market, forex market
- The security exchange listing and cross border listing
- Market efficiency - efficient market hypothesis
- Stock market indices
- The financial institutions and intermediaries: commercial banks, savings and loans associations and co-operative societies, foreign exchange

bureaus, Unit trusts and mutual funds, insurance companies and pension firms, insurance agencies and brokerage firms, investment companies, investment banks and stock brokerage firms, micro-finance institutions and small and medium enterprises (SMEs)

- The role of regulators in financial markets
- Central depository system and automated trading system
- Timing of investment at the securities exchange - Dow theory and Hatch system of timing

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

- Concept of time value of money
- Relevance of the concept of time value of money
- Time value of money versus time preference of money
- Compounding techniques
- Discounting techniques

#### 8.5 **Valuation models**

- Concept of value; book value, going concern value, substitution value, replacement value, conversion value, liquidation value, intrinsic value and market value
- Reasons for valuing financial assets/business
- Theories on valuation of financial assets; fundamental theory, technical theory, random walk theory and the efficient market hypothesis
- Valuation of redeemable, irredeemable and convertible debentures and corporate bonds
- Valuation of redeemable, Irredeemable and convertible preference shares
- Valuation of ordinary shares; net asset basis, price earnings ratio basis, capitalisation of earnings basis, Gordon's model, finite earnings growth model, Super-profit model, Marakon model, Walter's model, Discounted free cash flow, residual income model
- Use of relative measures such as Economic Value added (EVA) and Market Value Added (MVA)
- Valuation of unit trusts and mutual funds
- Valuation of private companies: income and market based approaches

#### 8.6 **Cost of capital**

- Firms capital structure and factors influencing capital structure decisions
- Factors influencing firms cost of capital
- Relevance of cost of capital
- Component costs of capital
- The firm's overall cost of capital
- Weighted average cost of capital (WACC)
- Weighted marginal cost of capital (WMCC)
- Introduction to break-points in weighted marginal cost of capital schedule
- Operating and financial leverage - degree of operating leverage and operating risk; degree of financial leverage and financial risk
- Combined leverage - degree of combined leverage and total risk

## 8.7 Capital budgeting decisions

- The nature and importance of capital investment decisions
- Capital investment's cash flows - initial cash outlay, terminal cash flows and annual net operating cash flows, incremental approach to cash flow estimation
- Capital investment appraisal techniques
- Non-discounted cash flow methods - payback period and accounting rate of return
- Discounted cash flow methods - net-present value, internal rate of return, profitability index, discounted payback period and modified internal rate of return (MIRR)
- Strengths and weaknesses of the investment appraisal techniques
- Expected relations among an investment's NPV, company value and share price
- Capital rationing - evaluation of capital projects and determination of optimal capital budget in situations of capital rationing for a single period rationing
- Capital investment options - timing option, strategic investment option, replacement option and abandonment option
- Problems/difficulties encountered when making capital investment decisions in reality

## 8.8 Financial analysis and forecasting

- Users of financial statements and their information needs
- Ratio analysis; nature of financial ratios, classification and calculation of financial ratios and limitation of financial ratios
- Common size statements - Vertical and horizontal analysis
- Financial forecasting; cash budgeting and percentage of sales method of forecasting

## 8.9 Working capital management

- Introduction and concepts of working capital
- Working capital versus working capital management
- Factors influencing working capital requirements of a firm
- Importance and objectives of working capital management
- Working capital operating cycle; the importance and computation of the working capital operating cycle
- Working capital financing policies aggressive, conservative and matching financing policy
- Management of stock, cash, debtors and creditors

## 8.10 Dividend decision

- Forms of dividend
- How to pay dividends and when to pay dividends
- How much dividend to pay
- Firms dividend policy and factors influencing dividend decision
- Why pay dividends
- Dividend relevance theories; Bird in hand, Clientele effect, Information signaling theory, Walter's model, Tax differential theory, Modigliani and Miller dividend irrelevance theory

### 8.11 Introduction to risk and return

- Risk-return trade off/relationship
- Distinction between risk free and risky assets
- Expected return of an asset
- Total risk of an asset
- Relative risk of an asset
- Expected return of a 2 asset-portfolio
- The actual total risk of a 2-asset portfolio

### 8.12 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 such as 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
- 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

### 8.13 Emerging issues and trends



## **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitudes 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**

- Nature of management
- Importance of management
- Levels of management
- Skills of management
- Roles of management as advocated by Henry Mintzberg
- Qualities of an effective manager
- Management, administration and leadership

### **9.2 Evolution and development of management thought**

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

### **9.3 Functions of management**

#### **9.3.1 Planning function**

- Foundations of planning
- Planning process
- Types of plans
- Approaches to planning
- Relationship between planning
- Decision making
- Contemporary issues in planning

#### **9.3.2 Organising function**

- Meaning and importance of organising
- Process of organising
- Principles of organising
- Factors affecting the organising function
- Organisational structures
- Contemporary organisational designs

#### **9.3.3 Staffing function**

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- Meaning and importance of staffing
- Function
- Factors that affect the staffing function
- Components of the staffing function; recruitment and selection

#### 9.3.4 **Directing function**

- Meaning and importance of directing
- Leadership
- supervision
- Motivation
- Coordination
- Communication

#### 9.3.5 **Controlling function**

- Meaning and importance of control
- Steps in the control process
- Types of control
- Tools of control
- Contemporary issues in control
- Essentials of an effective control system

### 9.4 **Enterprise management**

- Meaning and concept of entrepreneurship
- Intrapreneurship in organisations
- Entrepreneurial development
- Enhancing creativity and innovation in organisations
- Methods of generating ideas
- Introduction to business plan
- 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**

- Meaning and importance of marketing
- Marketing management orientation/philosophies
- Marketing mix
- Developing of marketing information
- Marketing strategies
- Marketing research and intelligence
- International marketing and e-commerce

### 9.7 **Decision making**

- Importance of decision making
- Decision making process
- Decision making models/approaches
- Types of decisions
- Decision making under different conditions
- Challenges in decision making
- Problem solving skills

**9.8 Emerging issues and trends**

**SECTION 4**

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

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitudes 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 of various forms of organisations
- Demonstrate knowledge of carrying out corporate secretarial services; governance and compliance services and corporate advisory services
- Demonstrate an understanding of the administration of executorships, retirement benefits and estates.

### **CONTENT**

#### **10.1 Introduction to corporate secretarial practice**

- Definition of key terms
- Evolution of the corporate secretarial profession (Global perspective and Case study of Kenya)

#### **10.2 Professional framework of the corporate secretarial profession**

- Legal and regulatory framework
- Role and mandate of corporate secretarial professional bodies
- Governance Guideline on Professional Ethics and Conduct (GG 001)
- Continuous professional development
- Registration and deregistration procedures
- Disciplinary procedures

#### **10.3 Governance standards**

- GS 001: General Meetings
- GS 002: Meetings of the Board
- GS 003: Minutes
- GS 004: Resolutions
- GS 005: Board papers
- GS 006: Registers and records
- GS 007: Filing annual returns
- GS 008: Common seal
- GS 009: Forfeiture of shares

#### **10.4 Corporate secretary and corporate secretarial firms**

- Legal, regulatory and professional provisions on the office of the corporate secretary
- Appointment and removal of the secretary
- Professional qualifications and qualities of a secretary
- Rights, statutory and contractual obligations of a corporate secretary
- Governance Guideline on the Role of the Certified Secretary (GG 002)

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- Role of the Corporate Secretary in mergers and acquisition
- Role of Corporate Secretary in Corporate liquidation
- Vacation of office of the Secretary
- Professional framework for practicing Certified Secretaries
- Corporate Secretarial Services
- Governance and Compliance services
- Corporate Advisory Services
- Setting up of professional practice
- Required knowledge, skills and competencies
- Managing sustainable corporate secretarial firms
- Professional engagement and clearance as a Corporate Secretary
- Role of the Companies Registry and Business Registration Service Board in facilitating Corporate Secretarial Services

#### **10.5 Formation of business organisations and other entities**

- Incorporation of companies (limited by shares, limited by guarantee, unlimited)
- Registration of business names
- Formation of not for profit organisations
- Registrations of sacco societies
- Registration of other incorporated and unincorporated organisations
- Conversion/reconversion of one form of business to another
- Re-registration
- Registration of branches for foreign companies
- Memorandum and Articles of Association
- By-laws and other constitutive documents for various forms of organisations
- Procedure and effects of altering Memorandum and Articles of Association and other constitutive documents
- Shareholders agreements

#### **10.6 Seal and authentication of documents**

- Approval of Common Seal
- Form and content of Common Seal
- Authority and mode of affixation
- Register of documents executed under common seal
- Custody of Common Seal
- Official seal for use abroad
- Authentication of documents
- Legal, regulatory and professional requirements

#### **10.7 Statutory reports, registers and returns for business organisations and other entities**

- Meaning of statutory reports, registers and returns
- Types of statutory reports, registers and returns
- Content and form of statutory reports, registers and returns
- Maintenance of reports, registers and returns
- Legal and regulatory requirements on filing of of statutory reports registers and returns for various types of organisations

- Penalties for non-compliance

#### 10.8 **Management of share registration services**

- Issue of shares at par/premium/discount
- Letters of offer, allotment letters renunciation
- Call on shares
- Rights and bonus issues
- Shares with different differential rights
- Issue and redemption of shares
- Immobilisation of share certificates
- Shareholder rights
- Share ownership registration
- Maintenance of registers of members and debenture holders
- Manual and electronic share registers
- Shares transfer and shares transmission
- In house and outsourced share registry service
- Managing unclaimed shares
- Role of the Secretary in share registration

#### 10.9 **Management of dividends**

- Types of dividends
- Management of dividends
- Procedure in dividends payment
- Payment and taxation of dividends
- Declaration of dividends out of reserves
- Restriction on distribution
- Closure of register of members
- Managing unclaimed dividends
- Role of the Secretary in dividends payment

#### 10.10 **Employee share schemes**

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

#### 10.11 **Board development**

- Content and form of Board induction
- Content and form of Board training calendar and program
- Content and form of Board Manual (Board Charter and policies)
- Content and form of Board annual work plan
- Meaning and importance of Board evaluation
- Approaches to Board evaluation
- Board Evaluation Tool
- Conduct of Board Evaluation
- Board Evaluation Report
- Role of Corporate Secretary in Board evaluation process

#### 10.12 **Corporate communication**

- The Corporate Secretary as the Board Communicator

- Corporate communication policies
- Communication with the Board, management and shareholders
- Stakeholder's engagement
- Disclosure of information
- Managing confidential information

#### 10.13 **Retirement benefits and estate management**

- Overview of the legal and regulatory framework in 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 (OECD) guidelines on pension fund asset management

#### 10.14 **Emerging issues and trends**

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

## **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply information systems effectively in solving business problems and decision making.

### **11.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Investigate on existing technologies about software and hardware to solve problems
- Display proficiency in decision making using contemporary Information systems tools
- Apply the principles of information systems development
- Use various information systems in an organisation
- Apply the knowledge of information systems for competitive advantage
- Use data communication networks, the Internet and e-commerce in optimising business opportunities
- Implement information systems' governance and risk management principles in business
- Implement information systems legal, ethical and social issues.

## **CONTENT**

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

- Overview of ICT
- Introduction to computer systems
- Computer hardware
- Computer software
- Programming languages and tools
- Information systems personnel and hierarchy
- Role of ICT in business environments
- Information centres
- Impact of ICT in business

### **11.2 ICT governance**

- Corporate governance and ICT governance
- Policies and procedures
- ICT management practices
- Monitoring of controls and risks
- 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 (SDLC)
- Rapid Applications Development (RAD)
- Systems development constraints



- 11.4 **Information systems in an enterprise**
- Overview of Information Systems
  - Components of an information system
  - Types and characteristics of information systems
  - Systems in a functional perspective
  - Enterprise applications and the business process integration
  - Management information systems resources
- 11.5 **Enterprise Data Management**
- 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
  - Role of data professionals in an organisation
  - Business Intelligence and analytics
- 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 architecture protocols
  - Benefits and challenges of networks in an organisation
  - Limitations of networks in an organisation
  - Network security
  - Cloud computing concepts, features and models
  - Internet of things (IoT)
- 11.7 **e-Commerce**
- e-commerce concepts and features
  - Models of e-commerce
  - Impact of the internet on business
  - E-commerce enabling software
  - Business opportunities in e-commerce
  - E-commerce infrastructure and platforms
  - E-commerce payments methods
  - Challenges of e-commerce
  - Securing e-commerce transactions
  - M-commerce and applications
  - Digital marketing methods

**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
- Measuring organisational information systems performance
- Business process reengineering

**11.9 Information systems risk and security 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 trends**

## **PAPER NO.12 LAW AND PROCEDURE OF MEETINGS**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitudes 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; private and public
- Maintaining order at meetings
- Police powers in relation to public and private 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
- Requisite of a valid meeting motions
- Voting
- Resolutions
- Elections
- Adjournments and postponement

#### **12.3 The Chairperson**

- Qualifications, qualities and appointment
- Powers, duties and privileges
- Removal of chairperson

#### **12.4 Board and committee meetings**

- Meaning and importance of board of directors
- Powers of boards
- Restrictions on directors' powers
- First board meeting
- Subsequent board meetings and meetings of committees of directors
- Requisites of valid board meetings and committees of directors' meetings
- Legal provisions regarding convening and management of board meetings and committees of directors' meeting (including audit committee )

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- The role of the secretary before, during and after board meeting and committees of directors' meeting
- Resolutions
- Minutes
- Validation of acts of directors

#### 12.5 **Company meetings**

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

#### 12.6 **Law of defamation relating to meetings**

- Nature and scope of law of defamation relating to the meetings
- Defamatory statements
- Defences
- Legal remedies

#### 12.7 **Meetings in company liquidation**

- Voluntary winding up
- Winding up by the court

#### 12.8 **Meetings of National Assembly**

- Standing orders
- 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

#### 12.9 **Meetings of County Assembly**

- 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

#### 12.10 **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

##### 13.1 Introduction to human resource management (HRM)

- Meaning and importance of HRM
- Scope of HRM
- Features of HRM
- Evolution of HRM
- Roles and responsibilities of HR practitioners
- Structure and functions of the HR department
- Personnel management versus human resource management

##### 13.2 Theories of human resource management

###### 13.2.1 Foundational theories of HRM

- Commitment
- Organisational behaviour
- Motivation
- Ability, motivation and opportunity (AMO)
- Resource dependence
- Resource-based
- Institutional
- Transaction costs
- Human capital
- Agency
- Contingency

###### 13.2.2 Motivation Theories of HRM

- 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**

- Meaning of employee resourcing
- Human resources planning
- The labour market
- Job analysis and design
- Recruitment
- Selection
- Placement and induction
- Managing employee retention and engagement

### 13.4 **Performance management**

- The performance management process
- Techniques for appraising 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**

- Meaning of reward management
- Characteristics of reward strategies
- Developing an effective reward strategy
- Market compensation rates analysis
- Pay structures and wage systems
- Performance related pay
- Non – financial rewards and benefits

### 13.6 **Training and development strategy**

- Objectives of training and Development
- The learning organisation
- Training needs assessment
- Training design
- Implementing a training programme
- Evaluation of training and development
- Knowledge management
- Talent 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 Labour relations and employee bargaining**

- The labour movement
- Role of trade unions
- The collective bargaining process
- Negotiation
- Dealing with disputes and grievances
- Employee discipline
- Employee participation and empowerment

### **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
- Global HRM
- Managing equality and diversity
- Ethics, employee relations and fair treatment at work.
- Work life balance
- Virtual working
- Outsourcing
- Employee counselling

### **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 attitudes 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**

- Historical development of law and regulation governing financial markets.
- 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
- Institute of Certified Investment and Financial Analysts (ICIFA)
- Professional bodies in financial services
- Regulations in the international financial markets
- The International Organisation of Securities Commissions (IOSCO) 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 Organisation of Securities Commissions principles relating to the regulator



#### 14.3 Regulation of financial services intermediaries

- Stockbrokers
- Stock dealers
- Investment banks
- Investment advisers
- Fund managers
- Credit rating agencies
- Collective Investments Schemes
- Custodians
- The International Organisation of Securities Commissions principles for credit rating agencies, collective investment schemes and market intermediaries

#### 14.4 Central depository system

- The Central Depository and Settlement Corporation
- Establishment of the central depository
- Duties of a central depository
- Central depository agents
- Penalties for breach of duty
- Security measures
- Disclosure of information by central depository agents
- Central Depository Guarantee Fund

#### 14.5 Immobilisation and dematerialisation

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

#### 14.6 Raising capital in the securities market

- Private offers/private placements
- Public offers
- Prospectus /information memorandum
- The International Organisation of Securities Commissions(IOSCO) principles relating to the issuer

#### 14.7 Securities exchange

- Establishment
- Membership
- Rules of the securities exchange
- Listing requirements
- Self listing of the exchange
- 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
- Insider trading
- The International Organisation of Securities Commissions (IOSCO) principles for enforcement of securities regulation

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

- 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**

- Meaning of corporate governance
- Application of corporate governance principles in financial markets
- Role of capital market authority in enforcement of corporate governance
- International Organisation of Securities Commissions (IOSCO) principles for cooperation in regulation

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

- Meaning of money laundering
- components 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 the 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 and ethics
- Explain the tenets and principles of good governance and ethics
- Describe the role and functions of the board of directors
- Demonstrate adherence to ethical principles in the organisation
- Understand the best practices required to be adopted in good governance

### **CONTENT**

#### **15.1 Introduction**

- Definition of governance and ethics
- Importance of governance and ethics
- Principles of good governance
- Types of governance
- Evolution of corporate governance

#### **15.2 Theories of governance and ethics**

- Agency theory
- Stewardship theory
- Stakeholder theory
- Resource dependence theory
- Legitimacy theory
- Political theory
- Transaction cost theory
- Deontology theory (consequence based)
- Utilitarianism theories (duty based)
- Rights theory (contract based)
- Virtues Theory (character based)

#### **15.3 Board governance models**

##### **15.3.1 Nonprofit governance models**

- Advisory board
- Patron governance model
- Cooperative model
- Management team model
- Policy board model
- Fund raising board model

### 15.3.2 Corporate governance models

- Traditional Model
- Carver board model
- Cortex board model
- Consensus board model
- Competency board model

### 15.3.3 Family owned businesses

### 15.3.4 Independent offices and constitutional commissions

## 15.4 The Board of Directors

- Appointment, composition and size
- Role and functions
- The Role of the Chairperson
- Executive, non-executive and independent directors
- Committees of the Board
- Board meetings
- Board work plan
- Board induction and continuous skills development
- Board manual and charter
- Board performance evaluation
- Board remuneration
- Term limits for non-executive Board members
- Succession planning
- Liability and insurance indemnity
- Appointment of the Chief Executive Officer
- Appointment of the Certified Secretary
- Separation of roles
- Role of the Board in performance management

## 15.5 Accountability, risk management and internal control

- Financial reporting
- Integrated reporting
- Strategies and processes in enterprise risk management
- Board's role in enterprise risk management
- Internal controls
- Internal auditor
- Audit Committee
- External auditor
- Internal audit charter and work plan
- Procurement process

## 15.6 Sustainability and social investment

- Sustainability goals and strategy
- Triple bottom line
- Social responsibility investments
- Corporate social responsibility

- Environmental management
- Ethical issues in CSR
- Strategies and policies on CSR
- Creating and registering foundations to manage CSR
- The impact of CSR on shareholder value
- Social audit
- Corporate reputation and image

#### 15.7 **Ethics and corporate disclosure**

- Ethical norms, morality, values and ethical culture
- Role of the board in promotion of ethical conduct
- Professional judgement
- Code of ethics
- Standards of conduct and personal integrity
- Ethical dilemmas
- Ethics committee
- Ethics training
- Conflict of interest and related party transactions
- Insider trading
- Policy and guidelines on payments and gifts
- Corporate disclosure policy and strategy
- Benefits of disclosures and transparency
- Disclosure barriers
- Financial and non-financial disclosures
- Whistle blowing

#### 15.8 **Stakeholders management**

- Stakeholder groups
- Shareholders and stakeholder rights and interests
- Shareholders and stakeholder obligations
- Minority shareholders
- Stakeholders engagement
- Stakeholders dispute resolution
- Shareholders association and education
- The Role of institutional investors in corporate governance
- Institutional investors' relationship with investee companies

#### 15.9 **Compliance with laws and regulations**

- Overview of the legal and regulatory framework on governance and ethics
- Constitutional provisions on governance and ethics
- Compliance strategy
- Legal and compliance audit
- Role of professional and regulatory bodies in promoting governance and ethics

**15.10 Contemporary issues in governance and ethics**

- Convergence of corporate governance
- Role of ICT
- Virtual organisations/cyber company model
- Governance audit

**15.11 Case studies in governance and ethics**

**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 attitudes 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;

- Explain the concepts of strategy, strategic management and strategic management process
- Analyse an organisation's environment and its impact on strategic decisions
- Develop and implement a strategic plan
- Demonstrate an ability for critical and strategic thinking
- Effectively react to and incorporate emerging issues in strategic Management

#### CONTENT

##### 16.1 Concept of strategy and strategic management

- Meaning ,essence, nature and scope of strategy
- Characteristics and importance of strategy
- Henry Mintzberg's 5p's of strategy
- Levels/hierarchy of strategy
- Criteria for effective strategy
- Strategic decisions
- Meaning, key terms, aspects and tasks
- Management versus strategic management
- Scope of strategic management
- Components of strategic management
- Strategists – their roles and levels

##### 16.2 Strategic management process

- Key terms in strategic management
- The nature and value of strategic management
- Steps in the strategic management process
- Benefits of strategic management
- Limitations of strategic management

##### 16.3 External Analysis

- The concept and characteristics of environment
- Purpose of environmental analysis
- Meaning and components of the external environment
- Micro environmental analysis
- Macro environmental analysis

#### 16.4 **Strategic management tools and techniques**

- SWOT analysis
- Gap analysis
- PESTEL
- Porter's five forces model
- Strategic groups
- Strengths, opportunities, aspirations and results (SOAR)
- BCG matrix
- Balance scorecard

#### 16.5 **Internal analysis**

- Meaning and components of the internal environment
- Significance of internal analysis
- Competitive advantage
- Value chain
- Value system
- Core competency

#### 16.6 **Strategy formulation/ strategic planning**

- Meaning of strategy formulation/strategic planning
- Types of strategy
- Organisational vision and mission
- Organisational goals and objectives
- Steps in strategy formulation
- Development of corporate strategy and business strategy
- Development of functional strategies
- Strategic options
- Strategy formulation constraints
- Competitive advantage

#### 16.7 **Strategy implementation**

- What strategy implementation involves
- The relation between implementation and formulation of strategy
- Plans, programs and budgets
- Steps for effective strategy implementation
- Resource allocation

#### 16.8 **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



### 16.9 **Management of strategic change**

- Levels at which change occurs
- Major types of strategic change - reengineering, restructuring and innovation
- Stages in the strategic change process
- Strategic leadership
- Managing organisation power and politics
- Business excellence model
- Learning organisation
- Lean management and benchmarking

### 16.10 **Global Strategic Management**

- Theoretical foundations of global strategic management
- International business environment crafting a global strategy
- Internationalisation of business
- Foreign market selection
- Foreign market entry and operations strategy
- Globalisation of business
- Multinational corporations (MNC's )

### 16.11 **Case studies on strategic management**

### 16.12 **Emerging issues and trends**

## **PAPER 17: PUBLIC POLICY AND ADMINISTRATION**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitudes that will enable them to manage organisations and people in addition to effectively formulating, interpreting, evaluating and implementing public policies.

### **17.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to;

- Discuss the history, scope and environment of public administration
- Articulate the basic theories and concepts relevant to the field of public administration.
- Apply requisite knowledge to manage public sector organisations
- Apply relevant skills in policy-making processes in implementation
- Develop analytical and conceptual skills in critical evaluation of major policy issues
- Apply democratic principles of public participation in decision making.

### **CONTENT**

#### **17.1 Nature of public administration**

- Concepts of public administration
- History of public administration
- Public administration versus management
- Relationship between public administration and politics
- Theoretical perspective of public administration
- Principles of public administration
- Challenges of traditional public administration in the public sector
- Leadership, integrity and national values in public service

#### **17.2 Structure and organisation of government**

- Structure of the national government
- Structure of the county government
- The three arms of government
- Separation of powers/checks and balances
- Independent Commissions and Offices
- Objects and principles of the devolved government
- Role of county executive
- Role of the county assembly
- The County Public Service Board
- County administration structures
- Inter-government relations

#### **17.3. Role of Certified Secretaries in government**

- 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 the political environment
- 17.4 The concept of public policy**
- Definition of public policy
  - Sources of public policy
  - Typology of public policies
  - Stages of a policy process in government and other public institutions
  - Policy design formulation, implementation, monitoring and evaluation
  - Benefits of public policy
- 17.5 Public policy making process and analysis**
- Tools of public policy analysis
  - Policy analysis models
  - Stakeholders analysis (the political and ideological contexts)
  - Research in public policy
  - Data collection and analysis
- 17.6 The context of public policy**
- Elements of the policy making process
  - Actors in policy making
  - Role of official (institutional) actors (executive, legislature, judiciary and administrators)
  - Roles of non-official (non-institutional) actors (political parties, interest and pressure groups)
  - Roles of private citizens
  - Factors that affect policy implementation
- 17.7 Impact of public policy on development**
- Linkage of public administration and public policy
  - National development and National and County plans and policies
  - Stakeholder's involvement
  - National and county development plans
  - Characteristics of good/effective policies
  - Challenges of public policy formulation and implementation
- 17.8 Role of policy in resources allocation**
- Budgeting as a policy instrument
  - Role of budgeting in governance
  - Resources mobilisation, revenue and debt
  - Allocation and utilisation of resources for delivery of goods and services (including public procurement management)
  - The link between economic policy goals and public expenditure management

### **17.9 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 of state owned enterprises
- Relationship between government owned enterprises and the national governments
- Privatisation

### **17.10 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

### **17.11 Public Private Partnerships**

- Nature and types of public private partnerships
- Legal and regulatory framework on public private partnerships
- Process of public private partnerships
- Role of public private partnerships in economic development
- Public private partnerships versus procurement
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### **17.12 Public participation in governance**

- The concept of public participation
- Rationale for public participation
- Legal framework for public participation
- Principles of public participation
- Benefits of public participation in government decision making
- Challenges of public participation

### **17.13 Case studies in public administration and policy**

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

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

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to effectively 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 Professional framework for governance audits**

##### **18.1.1 Governance Audit Guidelines and Tools**

- GG 003: Governance Audit Guidelines
- GG 004: Governance Audit Peer Review Mechanism
- Governance audit tools
- Engagement letter
- Management letter
- Management representations

##### **18.1.2 Codes of Governance**

- Code of Governance for State Corporations ( Mwongozo) 2014
- Code of Corporate Governance Practices for Issuers of Securities to the Public
- Code of Governance for Private Organisations

#### **18.2 Introduction to governance auditing**

- Nature, purpose and scope of the governance audit
- Authority and responsibility of the governance auditor
- Advantages and disadvantages of governance audit
- Types and timing of governance audits
- Legal framework for governance audit
- General principles of governance audit
- Governance audit criteria
- The role of ICS in governance and secretarial auditing

#### **18.3 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

#### 18.4 **Governance auditor engagement**

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

#### 18.5 **Planning for governance audits**

- Preparing for a governance audit
- Governance audit strategy
- Developing governance audit plan and programme
- List of documents to be reviewed for the governance audit process

#### 18.6 **Conduct of governance audit**

- Reviewing the governance and internal control systems
- Documentation in governance audit
- Coordination in the conduct of governance audit
- Governance compliance checklists
- Group governance audits
- Role of in-house corporate secretary, internal auditor, external auditor, audit committee, regulatory oversight bodies and other governance assurance functions
- Process of governance audit
- The governance audit cycle
- Governance audit tools
- Scoring methodology
- Data analysis
- Communication between governance auditor and client organisation

#### 18.7 **Governance audit evidence and review**

- 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

#### 18.8 **Post governance audit**

- Nature and scope of subsequent events
- General guidelines on subsequent events

#### 18.9 **Peer review mechanism**

- Purpose, scope and types of peer review
- Responsibilities of parties in peer review
- Peer review mechanism stages
- Quality management and assurance measures
- Confidentiality requirements

#### 18.10 **Governance auditor's report**

*Certified Secretaries (CS) Examination Syllabus – July 2018*

- Purpose and users of governance auditor's report
- Contents and elements of governance auditors' report
- Types of governance audit reports
- Consequences of various governance audit reports
- Review of statutory reports, returns and other governance documents
- Types of governance audit reports
- Filing governance audit reports with relevant authorities

#### **18.11 Governance Audit Report**

#### **18.12 Governance Awards in practice**

- The ICS Governance Awards, other regional governance awards
- Parameters evaluated in the governance awards
- Award evaluation tool and scoring
- Governance Index

#### **18.13 Case Studies**

#### **18.14 Emerging issues and trends**