

Chartered Secretaries – Southern Africa

CIS International Qualifying Scheme – Module outline and Syllabus

Programme 4 – CIS International Qualifying Board Examination

(Important Note: this programme is NOT registered on the NQF and is the final qualifying bench mark to determine academic eligibility for Membership of ICSA (CIS). It is pitched as a post-graduate qualifying scheme, at approximately **NQF level 7** **The equivalent National Certificate that has been registered at this level by ICSA has the ID number 50223**). It can ONLY be offered and conferred by the Institute. All applicants for Membership of the Institute MUST write and pass all four examinations – NO exemptions are provided for any other qualification. The Institute offers this *professional* course for admission to Membership ONLY. Candidates wishing to study towards a National, NQF-compliant qualification MUST ensure that their tuition provider is properly and correctly registered with the Department of Education and accredited with an appropriate ETQA).

Candidates who pass all subjects in the CIS Programme 4 to the satisfaction of the Institute examiners, are automatically Graduates of the Institute - GradICSA. GradICSAs may also apply for Fellow membership of the CIBM. The Membership certificate and the right to use the letters FCIBM will be valid only as long as the Member continues to renew Membership on an annual basis and pay the required subscription fee. Please refer to separate documentation on the criteria for and benefits of Membership of the CIBM.

Graduates of ICSA (GradICSAs) may then proceed to acquire the necessary work experience and on demonstrating the required levels of personal and professional integrity, may be admitted as an Associate Member of the CIS (ACIS). Only on admission as an Associate or a Fellow member of CIS (ACIS or FCIS), may one call oneself a Chartered Secretary and apply to the Institute to be eligible to practise as an Accounting Officer in terms of the relevant legislation as amended from time to time.

Please note that the **CIBM** is a different professional Institute from **ICSA (CIS)** – only membership of **ICSA (CIS)** can confer Chartered Secretary and Accounting Officer status.

14. Company Secretaryship (30 credits)

Macro-descriptor: Understand the relationship between the secretary, the board and members together as well as concepts of compliance, law & practice of meetings and share registration and apply this knowledge to the duties of a company secretary within a corporate environment

ELO 1 Demonstrate a sound knowledge of the different roles, responsibilities of the company secretary, the directors and members and their interaction within a corporate environment

Associated Assessment Criteria

- 1.1 *A description is given of the core duties, relationship with the board of directors and the pivotal role of the company secretary in company affairs*
- 1.2 *An explanation is given of the procedures relating to the appointment, resignation and removal from office of directors and the company secretary*
- 1.3 *The potential for liability that may be incurred by the directors and the secretary is explained with reference to legislation and JSE Rules*

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- 1.4 *The concept of the duty of care and of fiduciary duty of directors is elucidated in terms of legislation*
- 1.5 *The powers of directors are enumerated in terms of legislation together with the articles of association of the corporate entity*
- 1.6 *An explanation is given of the responsibilities of directors regarding loans to themselves and their duty of disclosure*
- 1.7 *The definition of members of different legal entities is given together with an enumeration of their rights through various classes of shareholding*

ELO 2 Explain the statutory requirements for the incorporation and running of a limited liability legal entity, the secretary's role in the financial year end process and in the application of best-practices relating to corporate governance

Associated Assessment Criteria

- 2.1 *An explanation is given to show the procedures required to create the different kinds of limited liability corporate entities*
[Range statement: close corporation, private & public companies and contrasting the benefits of these entities with sole proprietors and partnerships]
- 2.2 *An explanation is given to show the importance of the memorandum and articles of association of a company*
[Range statement: contrast the memorandum and articles with the founding statement of a close corporation]
- 2.3 *Knowledge is demonstrated of the statutory compliance by close corporations and companies*
[Range statement: annual and other returns to the registrar, statutory registers, retention of records]
- 2.4 *Appropriate actions are taken to ensure compliance with the Rules of the Johannesburg Securities Exchange*
[Range statement: listings, boards including ALTX, STRATE, SENS, takeovers and mergers, insider trading]
- 2.5 *An explanation is given of the purpose and presentation of the annual report and financial statements of a corporate entity and the role of auditors in this process*
[Range statement: interim, provisional and final results together with directors' reports, chairman's report]
- 2.6 *An understanding of the key concepts in corporate governance is demonstrated in terms of legislation and the King Report*
(Range statement: Corporate Governance is studied in greater detail as a subject in its own right)

ELO 3 Explain in detail the company secretary's role in ensuring that general and board meetings of a legal entity are lawful

Associated Assessment Criteria

- 3.1 *The law and regulations concerning the convening and holding of meetings are elucidated from a practical perspective*
[Range statement: types of meeting, authority, quorum, chairman, formal motions, points of order, adjournments, defamation, trespass, voting, minutes]
- 3.2 *An explanation is given of the role of the company secretary before, during and after general and board meetings*
[Range statement: involvement of third parties including JSE, Registrar of Companies, Master of the High Court]

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- 3.3 *The statutory requirements and effects of ordinary and special resolutions are enumerated with reference to resolutions of members*
[Range statement: amendments, counter-resolutions, resolutions in writing]

ELO 4: Demonstrate a thorough knowledge of the detailed work of the secretary as the company's share registrar
[Range statement: including the supervision of share transfer secretaries]

Associated Assessment Criteria

- 4.1 *An explanation is given of the importance of accurately maintaining the share register of the corporate entity*
- 4.2 *The means by which shares are acquired are elucidated to show the different requirements applicable to each*
(Range statement: issue of fresh shares, rights offers, capitalisation offers, share buy-backs, STRATE)
- 4.3 *The differences between shares and debentures are explained, together with the rights of their holders*
- 4.4 *An explanation is given of the share issue procedure for non-listed companies*
- 4.5 *The procedure for declaring and paying dividends on shares is explained in terms of legislation and JSE Rules*

15. Corporate Governance (30 credits)

Macro-descriptor: Understand the definitions and concepts of corporate governance and apply the key concepts associated with best governance practice within a corporate environment

Exit Level outcomes:

ELO 1: Demonstrate a sound knowledge of the history of corporate governance, its implications and application in a company environment

Associated Assessment Criteria

- 1.1 *A definition of corporate governance is given and an explanation is made the showing importance of good corporate governance*
- 1.2 *The evolution of corporate governance is demonstrated by reference to the King I and King II reports*
- 1.3 *An explanation is given of the key issues of corporate governance*
- 1.4 *The stakeholders in a company are identified to clarify their relationship to the organisation*
- 1.5 *The different approaches to good corporate governance are explained in terms of best-practice*
[Range statement: the shareholder value approach, the enlightened shareholder approach, the stakeholder or pluralist approach]

ELO 2: Demonstrate the functions, powers and duties of both executive and non-executive directors and the relationship between directors and shareholders

Associated Assessment Criteria

- 2.1 *The powers of directors of a company are explained in terms of current legislation and the recommendations of the King II report*
- 2.2 *The duties of directors are described in terms of legislation*
- 2.3 *The common law duties of directors are explained and a demonstration is given of how effective these duties are in protecting shareholders*

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- 2.4 *The rights of shareholders are elucidated and a demonstration is given of how, contrary to adverse actions by the directors, these rights may be used to protect shareholder interests*
[Range statement: pre-emptive rights, voting rights]
- 2.5 *An explanation is given of the use of regulatory and statutory measures against directors to protect shareholder interests*
[Range statement: restrictions on share dealings by directors, disqualification of directors]

ELO 3: Demonstrate a clear understanding of the company's financial statements and the role of the auditor thereon, as well as directors' remuneration

Associated Assessment Criteria

- 3.1 *An explanation is given of the importance of clear and truthful financial statements in good corporate governance practice and the ways in which financial statements can be misleading*
- 3.2 *The directors' responsibilities for the financial statements of their company are explained together with the meaning of a "going concern" statement*
- 3.3 *The role of the external auditors in the company and their appointment is explained in terms of legislation*
[Range statement: Contrast role of external auditor with that of internal auditor]
- 3.4 *The appointment of external auditors, their appointment and the determination of their audit fees, together with the purpose of the audit report, are explained in terms of legislation and the provisions of the King II Report*
- 3.5 *The need for external auditor's independence is discussed, together with threats to such independence and a demonstration is given of measures to reduce them*
[Range statement: the regulation of the audit profession]
- 3.6 *The roles of the audit and remuneration committees are explained and their functions are elucidated in terms of the King Reports*

ELO 4: Demonstrate a sound knowledge of risk management in a company environment

Associated Assessment Criteria

- 4.1 *An explanation is provided of the nature and the different categories of risk as applied to corporate governance best-practice*
- 4.2 *The principles of risk management are demonstrated in terms of the provisions of the King II Report*
- 4.3 *The role of the Board in risk management is explained in accordance with the provisions of the King II Report*
- 4.4 *The purpose of internal audit is described, together with the nature of internal audit activities, and an explanation is given of the need for independence in the internal audit function*
- 4.5 *The nature of an internal control system is explained with examples of internal controls*
- 4.6 *An explanation is given of the requirements of the King II Report with regard to making an annual statement on internal control*

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16. Corporate Administration (30 credits)

Macro-descriptor: Understand and apply the importance of strategic and functional administration within a corporate environment

Exit Level outcomes:

ELO 1: Demonstrate an understanding of the role players and their functions in corporate administration

Associated Assessment Criteria

- 1.1 *The scope of strategic and functional administration is explained together with its importance in a corporate environment*
- 1.2 *The activities of role-players in corporate administration are detailed with reference to the corporate hierarchy*
- 1.3 *A definition is given of the concept of best-practice relating to role-players in a corporate environment*
- 1.4 *An elucidation is given of the sources and application of guides to best-practice relating to role-players in a corporate environment*

ELO 2: Demonstrate the value of information as a corporate resource within the contemporary organisation

Associated Assessment Criteria

- 2.1 *Information is defined and its importance is explained in a corporate environment [Range statement: Data and information are differentiated.]*
- 2.2 *A description is provided of the means of obtaining data for corporate decision-making purposes*
- 2.3 *An explanation is given of the management, storage and security of information to ensure its integrity*
- 2.4 *The benefits and problems of continual technology changes are described with reference to their impact on the organisation*
- 2.5 *The need for and maintenance of information confidentiality is explained by taking cognisance of the provisions of the Freedom of Access to Information Act*
- 2.6 *An illustration is provided of the manner in which information is used to facilitate corporate decision making*

ELO 3 Assess the degree of compliance of the company with current employment law and practice

Associated Assessment Criteria

- 3.1 *An assessment is made of the efficacy of the human resources functions and processes with regard to job skills and ensuing recruitment and the alignment with company need, policies and procedures together with relevant legislation*
- 3.2 *An assessment is made of the extent to which the employer / employee contractual relationship has been properly established*
- 3.3 *A determination is made of the extent to which the rights of employers and employees have been recognised within the corporate environment*
- 3.4 *A report is compiled on the extent of company compliance with skills development, employment equity and associated legislation*

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- 3.5 *The implementation of health and safety provisions in the workplace is monitored to comply with legislation*
[Range Statement: Occupational Health & Safety Act and other applicable legislation]
- 3.6 *A report is compiled on the extent of implementation of company wellness policy*
[Range statement: Present topics include HIV/AIDS, depression and anxiety, stress and current communicable diseases]

- ELO 4 Explain how different forms of provision for retirement funding are implemented by companies / organisations
[Range statement: State pension, defined contribution and defined benefit schemes]

Associated Assessment Criteria

- 4.1 *An explanation is given of the purpose and functions of pension and provident fund schemes*
- 4.2 *The provisions of company pension and provident fund scheme policies are elucidated with reference to statutory law*
- 4.3 *An evaluation is provided of the administration of pension and provident fund schemes*

- ELO 5 Explain risk, its management and mitigation through insurance

Associated Assessment criteria

- 5.1 *Risk is defined and a demonstration is provided of the means of risk assessment and mitigation*
- 5.2 *An assessment is made of the internal and external threats to a company/organisation*
[Range statement: Fundamental, particular, pure and business risk]
- 5.3 *An explanation is provided of the principles and concepts of insurance*
[Range statement: insurable interest, disclosure, proximate cause, indemnity, subrogation and contribution]
- 5.4 *The different types of insurance used in a corporate environment are demonstrated within the range outlined below*
[Range statement: property, liability, goods-in-transit, motor vehicle, marine, aviation, personal]

- ELO 6: Monitor the compliance of the company with applicable taxation legislation

Associated assessment criteria

- 6.1 *An analysis is provided of the level of compliance regarding company taxation*
- 6.2 *An analysis is provided of the level of compliance regarding employee taxation*
- 6.3 *An outline is provided of the duties and responsibilities of the Public Officer*
[Range statement: Taxation matters]

- ELO 7 Explain the importance, management and protection of fixed assets, and how they contribute to an organisation's overall business objectives

Associated Assessment Criteria

- 7.1 *Fixed assets are defined with appropriate examples*
- 7.2 *An explanation is given of the ways in which assets are acquired, managed and physically protected*

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- 7.3 *A definition is given of facilities management; its functions in an organisation are identified and an explanation is given of its contribution to the overall business objectives*
- 7.4 *An explanation is given of the importance of business location together with the potential impact of relocation*
- 7.5 *An illustration is provided showing the importance of accommodation and space planning using appropriate sector examples*
- 7.6 *The potential role of outsourcing in facilities management is explained to illustrate the benefits and pitfalls of such action*

17. Corporate Financial Management (30 credits)

Macro-descriptor: Be knowledgeable and competent in the skills of corporate financial planning, and in understanding the impact of the fiscal environment on the organisation and its decision making.

ELO 1 Understand the financial requirements of an organisation and the financial sources available

Associated Assessment Criteria

- 1.1 *An analysis is provided of the financial requirements of the organisation*
- 1.2 *An analysis is provided of the financial sources available to the organisation*

ELO 2 Understand the role and efficiency of the capital markets
[Range statement: Johannesburg Securities Exchange, Industrial Development Corporation, Business Partners (Ex SBDC), DTI agencies, Banks]

Associated Assessment Criteria

- 2.1 *An elaboration is provided of the role played by the capital markets in raising funds*
- 2.2 *An analysis is provided of the capability of these entities in the raising of capital, its transferability and the realisation of investments*

ELO 3 Understand the nature and importance of capital structure and the cost of capital

Associated Assessment Criteria

- 3.1 *An analysis is made of the alternative methods of funding an organisation, distinguishing between equity and loan funding*
- 3.2 *A calculation is made of the costs of individual categories of finance, including the weighted average cost of finance*
- 3.3 *Relevant theories and methods are elucidated to enhance the understanding of alternative methods of valuing shares and debentures*
- 3.4 *An explanation is provided of appraisal techniques for capital funding
[Range statement: accounting rate of return, pay-back, net present value and internal rate of return]*
- 3.5 *Capital budgeting, including capital rationing, is applied to a practical example within an organisation*

ELO 4 Understand and apply the principles of working capital management

Associated Assessment Criteria

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- 4.1 *A determination is made of an organisation's working capital requirements to satisfy the cash flow cycle*
- 4.2 *Plans are drafted to show the funding of working capital, including expansion and contraction*
[Range statement: moderate, aggressive and conservative funding policies]
- 4.3 *Control measures are defined to manage working capital*

ELO 5 Analyse and interpret financial statements from an investor's perspective

Associated assessment criteria:

- 5.1 *Financial ratios are interpreted and explained to interested parties based on information provided*
[Range statement: profitability, performance, investment, liquidity, and solvency, going concern]
- 5.2 *Comparisons are made between organisations based on the industry and market-related ratios*

ELO 6 Understand the need for business restructuring and the implications to an organisation

Associated assessment criteria

- 6.1 *An analysis is provided of the effects of contraction and expansion and the financial implications on an organisation*
- 6.2 *An explanation is provided of the financial restructuring strategies available to an organisation*
- 6.3 *Recommendations are made on the alternative forms of divestment available to an organisation*

ELO 7: Understand the impact of global and multinational operations on corporate financial management

Associated assessment criteria

- 7.1 *An explanation is provided of the methods of financing foreign investments*
- 7.2 *An elaboration is provided of the implications of foreign exchange exposure and the management of associated risk*