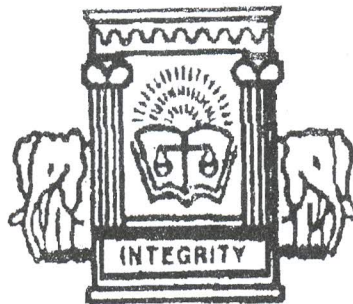


**THE INSTITUTE OF CHARTERED
ACCOUNTANTS (GHANA)**



**MAY 2010 EXAMINATIONS
(PROFESSIONAL)**

PART 3

**PUBLIC SECTOR ACCOUNTING
(Paper 3.2)**

Attempt ALL Questions

TIME ALLOWED:

Reading & Planning	-	15 Minutes
Working	-	3 Hours

QUESTION 1

- a) “A head of department is accountable for the government stores from the time of acquisition to the time of no further use or value to the Government. (FAA Section 35”).

Required:

State the **three (3)** conditions under which accountability of government stores is discharged. **(3 marks)**

- b) In estimating Consolidated Fund Revenue for a budget period, a head of department should consider certain factors, indicate **three (3)** of such factors as stated in the FAR. **(3 marks)**
- c) In estimating Consolidated Fund Expenditure for a budget period, a head of department should consider certain factors, indicate **three (3)** of such factors as stated in the FAR. **(3 marks)**
- d) Mention **four (4)** challenges currently facing the District Assemblies Common Fund (DACF) administration. **(4 marks)**
- e) Of late the Public Accounts Committee of Parliament has been examining the auditor General Report in Public. State the functions of the Public Accounts Committee of the Ghana parliament. **(7 marks)**

(Total: 20 marks)

QUESTION 2

Below is a Trial Balance produced by the Department of Parks and Gardens for the year ended 31st December 2009.

Prepare:

- a) A Receipt and Payment Account for the year ended 31st December 2009 using Government main Revenue Expenditure Classifications.
- b) A Balance Sheet as at 31st December 2009.

	Dr (GH¢)	Cr (GH¢)
Accumulated fund brought forward		60,266
Receipts from the Consolidated Fund:		
Personnel emolument		258,024
Administrative expenses		286,905
Service activity expenses		1,479,004
Investment activity expenses		262,101
Development partner support		286,560
Personnel emolument	258,024	

Administration Expenses:

Telecommunication	16,632
Postal charges	200
Office accommodation	17,006
Cleaning materials	697
Stationery	18,580
Office supplies	11,683
Refreshment	14,050
Purchase of publication	7,650
Vehicle maintenance/repairs	30,674
Fuel/lubricant	37,577
Running cost of official vehicles	11,006
Travel allowance	10,581
Residential building repairs	6,096
General equipment repairs	15,531
Office building repairs	6,418
Car maintenance allowance	5,320
Medical expenses	15,407
Other allowances	1,100
Insurance and compensation	12,559
Electrical repair	260
Overtime allowance	5,029
Salary Top-up	7,073
Commissioners allowances	33,276
Plant and machinery repairs	2,053
Fixtures & fittings maintenance	437

Service Activity Expenses:

Commissioners allowances	39,345
Hire of venue	50,070
Hotel accommodation	11,200
Recruitment expenses	990
Refreshment	2,345
Workshop/meeting expenses	581,345
Staff development	12,360
Training materials	380
Local consultancy fees	162,515
Stationery	36,342
Contract printing	29,730
Contract photocopying	559
Purchase of publication	257
Local travel cost	13,304
Fuel/lubricant	71,266
Foreign travel expenses	12,638
Other expenses	5,446
Cash and bank balances	305,794
DEVELOPMENT PARTNER SUPPORT	329,538
PROJECT (DF)	160,422

Investment activity:

Plant and Equipment	13,964
Motor vehicles	197,267

Furniture & Fittings	8,310	
Rehabilitation of vehicle	20,076	
Computers and Accessories	13,141	
Other assets	9,337	
	<u>2,632,860</u>	<u>2,632,860</u>

Note

1. It is the policy of the Department to write off Assets in the year of acquisition which is in line with government of Ghana Policy on Assets.
2. Show all workings.

20 marks

QUESTION 3

- a) Mention and explain one condition under which each of the following methods of procurement may be used by Public Sector Entities.
 - i. Single source procurement
 - ii. Two-Stage Tendering. **(5 marks)**
- b) Briefly explain the operations of the “Contingency Fund” as stated in the Financial Administration Act, 2003 (Act 654) **(5 marks)**
- c) Mention and explain **four (4)** merits of operating the Central Stores system in the Public Sector stores management systems. **(4 marks)**
- d) The Revenue Collection Agencies of the government of Ghana have failed to meet their revenue collection targets over the years, leading to government of Ghana deficit financing. Mention and explain **four (4)** major causes of such failures encountered by the Revenue Collecting Agencies. **(6 marks)**

(Total: 20 marks)

QUESTION 4

Governments in the developing countries find it difficult raising enough revenue to meet the annual cash requirements in their annual budget expenditure estimates due to lack of cash planning and poor budgetary control systems.

Required:

a) Mention and explain **five (5)** objectives of a good budgetary control system in the Ghanaian public sector.

(10 marks)

b) Explain the budget cycle in the Central Government budget and briefly state any **ten (10)** stages involved in the cycle.

(10 marks)

(Total: 20 marks)

QUESTION 5

One of the major difficulties facing the Economy of Ghana is the increasing rate of Inflation. A number of Economic sessions have been held locally and internationally to diagnose this problem and find solutions. One of the major causes identified as the motive force for Inflation has been government deficit financing. As a way forward the suggestion has been made for Budgetary Reforms with the introduction of Zero Base Budgeting (ZBB) in order to ensure fiscal discipline and reduce Government over spending due to the Incremental Budgeting System used previously.

Required:

a) Mention and explain **five (5)** major causes of deficit financing by the Government of Ghana.

(10 marks)

b) Explain the following terms in the context of Public Sector Budgeting:

i. Public Expenditure Survey.

(4 marks)

ii. Incremental Budgeting.

(3 marks)

iii. Appropriation Bill.

(3 marks)

(Total: 20 marks)