

THE INSTITUTE OF CHARTERED ACCOUNTANTS, GHANA
NOVEMBER 2015 PROFESSIONAL EXAMINATIONS QUESTIONS
PUBLIC SECTOR ACCOUNTING AND FINANCE (2.5)

QUESTION ONE

Below are the balances of the Consolidated Fund for the year ended December 31, 2014:

DETAILS	DEBIT GHC	CREDIT GHC
Tax Paid by Individuals		57,456,330
Tax Paid by Other Businesses		61,765,300
Miscellaneous Taxes for individuals and Other Businesses		5,000,600
General Taxes on Goods and Services		7,813,400
Excises		4,467,800
Customs and Other Import Duties		756,420
Taxes on Exports		9,121,950
Levies		224,567
Programme & Project Grants		338,720
Property income		171,202
Revenue from Sale of Goods and Services		43,330
Fines, Penalties and Forfeiture		41,500
Miscellaneous Non-Tax Revenue		5,550
Bilateral Loans Received		360,000
Multilateral Loans Received		430,250
Loans from External Commercial Institutions		789,520
Loan from Domestic Commercial Institutions		44,000
Proceeds from sale of shares in private companies		9,260,000
Bilateral Loan repayments	133,000	
Multilateral Loan repayments	111,150	
External Commercial Institutional loan repayments	167,520	
Domestic Commercial Institutional loan repayments	117,800	
Salaries & Wages -Established Positions	2,878,500	
Salaries & Wages- Non Established Posts	718,820	

Salary related allowances	133,760
Non Salary related allowances	228,540
Gratuities	144,370
End of Service Benefit (ESB)	100,100
Employer's Pension Contributions	467,650
Materials and Office Consumables	4,169,340
Utilities	472,040
General Cleaning	183,970
Rentals	150,766
Travel and Transport	1,937,910
Repairs and Maintenance	150,817
Training, Seminar and Conferences	4,425,869
Consultancy Expenses	4,001,540
Special Services	292,280
Other Charges and Fees	3,570,460
Emergency Services	36,625
Additions to Infrastructure, Plant & Equipment	136,239,510
Work In Progress - Constructions and Buildings	20,796,200
Consumption of Fixed assets for the year	5,600,046
Interest paid on domestic loans	888,555
Interest paid on external loans	987,226
Subsidies on Utility	1,438,200
Subsidies on Petroleum Products	922,460
Employer social benefits in Cash	1,370,600
Equity Investments in Companies & Public Corporations	3,450,000
Cash and cash equivalents (1/1/2014)	37,089,480
Cash and cash equivalents (31/12/2014)	4,494.341

Required:

- a) Prepare a Statement of Revenue and Expenditure of the Consolidated Fund for the year ended December 31, 2014. **(5 marks)**

- b) Prepare a Statement of Cash Flow on the Consolidated Fund for the year ended December 31, 2014. **(6 marks)**
- c) Prepare the relevant Notes and Schedules to the financial statements **(9 marks)**

(Total: 20 marks)

QUESTION TWO

The Government Finance Statistics (GFS 2001) was adopted by Ghana and used to develop the harmonised Chart of Accounts for MDAs and MMDAs.

- a) What is a Chart of Accounts (CoA) in Public Sector Accounting? Explain the uses of **FOUR (4)** Segments of the harmonized CoA public sector institutions adopted by the Government of Ghana. **(9 marks)**
- b) Public procurement is one of the high risk areas of public financial management in Ghana and the Public Procurement Act, 2003 (Act 663) was passed to regulate public procurement processes.

Required:

Explain the primary objective of the Public Procurement Board (PPB) and state **FIVE (5)** main functions of the PPB. **(7 marks)**

- c) Explain, with examples the differences between Specific and General Warrants in a Government contract acquired through Public Private Partnerships (PPPs). **(4 marks)**

(Total: 20 marks)

QUESTION THREE

In the 1992 Constitution and the financial laws of Ghana, certain key public institutions and individual are mandated to perform various functions and duties to ensure effective public financial management.

Explain **FOUR (4)** duties each of the following public officers and institutions towards effective public financial Management:

- a) The Controller and Accountant General (6 marks)
- b) The Auditor General (6 marks)
- c) Parliament (6 marks)

(2 marks shall be awarded for content and presentation)

(Total: 20 marks)

QUESTION FOUR

Fiscal Decentralisation is one of the key public financial management reform initiatives embarked upon by Ghana over the past decades to facilitate national development in a bottom up manner.

- a) Explain the concept of Fiscal Decentralization. (4 marks)
- b) Enumerate **FOUR (4)** factors that underpin successful Fiscal Decentralization in Ghana as a public sector financial management and public administration tool. (8 marks)
- c) Ghana has recently adopted the International Public Sector Accounting Standards (IPSAS). Explain **FOUR (4)** benefits of adopting Accrual Basis IPSAS for public sector accounting and reporting. (8 marks)

(Total: 20 marks)

QUESTION FIVE

The Ghana Integrated Financial Management Information System (GIFMIS) has been touted as a flagship system for improved public financial management (PFM) in Ghana.

- a) State **FIVE (5)** key PFM problems the GIFMIS seeks to address. **(5 marks)**

- b) Explain the functions of the following GIFMIS modules
 - i. Procure-to-Pay (P2P). **(4 marks)**
 - ii. Oracle Hyperion. **(4 marks)**
 - iii. Human Resource Management Information System (HRMIS). **(4 marks)**
 - iv. IPPD. **(3 marks)**

(Total: 20 marks)

SUGGESTED SOLUTIONS

Mark Allocation for Question One - (0.2 marks per tick)

a) Statement of Revenue and Expenditure	=	10 ticks x 0.2	=	2 mks
b) Cash Flow	=	14 ticks x 0.2	=	2.80 mks
c) Notes	=	46 ticks x 0.2	=	9.20 mks

Total marks for ticks (70 x 0.2) = 14 Marks

Remaining 6 marks to be allocated for questions 1.a and 1.b at 3 marks each.

QUESTION ONE

(a)

STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 2014

DETAILS	NOTES	AMOUNT (GHC)
REVENUE		
DIRECT TAX	1	124,222,230
INDIRECT TAX	2	22,384,137
GRANTS	4	338,720
NON-TAX REVENUE	5	<u>261,582</u>
TOTAL REVENUE		<u>147,206,669</u>
EXPENDITURE		
COMPENSATION OF EMPLOYEES	7	4,671,740
GOODS AND SERVICES	8	19,391,617
INTEREST	11	1,875,781
GOVERNMENT SUBSIDIES	12	2,360,660
SOCIAL BENEFITS	13	1,370,600
CONSUMPTION OF FIXED ASSETS	10	<u>5,600,046</u>
TOTAL EXPENDITURE		<u>35,270,444</u>
SURPLUS		<u>111,936,225</u>

(b)

STATEMENT OF CASHFLOW FOR THE YEAR ENDED DECEMBER 31, 2014

DETAILS	NOTES	AMOUNT (GHC)
CASH FLOW FROM OPERATING ACTIVITIES		
CASH RECEIPTS FROM OPERATING ACTIVITIES		
Taxes	3	146,606,367
Grants	4	338,720
Non-Tax Revenue	5	261,582
Total Receipt		<u>147,206,669</u>
CASH PAYMENT FOR OPERATING ACTIVITIES		
Compensation of Employees	7	(4,671,740)
Goods and Services	8	(19,391,617)
Interest	11	(1,875,781)
Social Benefit	13	(1,370,600)
Government Subsidies	12	(2,360,660)
Total Payment		<u>(29,670,398)</u>
Net Cashflow from Operating Activities		117,536,271
CASHFLOW FROM INVESTING IN NONFINANCIAL ASSETS		
Acquisition of non-financial assets	9	(157,035,710)
Disposal of Non-Current Asset		<u>-</u>
Net cashflow from investment in Non-Current Assets		<u>(157,035,710)</u>
CASHFLOW FROM INVESTING IN FINANCIAL ASSETS		
Acquisition of Financial assets		
Shares and other equity	15	(3,450,000)
Advances		<u>-</u>
Total Acquisition Financial Assets		<u>(3,450,000)</u>
Disposal/Recovery of Financial Asset		

Proceeds from sale of shares	16	<u>9,260,000</u>
Total Disposal/Recovery of Financial assets		<u>9,260,000</u>
Net cashflow from investment in financial assets		5,810,000
CASHFLOW FROM FINANCING ACTIVITY		
Inflow	6	1,623,770
Outflow	14	<u>(529,470)</u>
Net Cashflow from Financing Activities		<u>1,094,300</u>
NET CHANGE IN STOCK OF CASH		<u>(32,595,139)</u>
CASH AND CASH EQUIVALENT AT BEGINNING		<u>37,089,480</u>
CASH AND CASH EQUIVALENT AT CLOSE		<u><u>4,494,341</u></u>

(c)

NOTES TO THE ACCOUNTS

		2,014
1 DIRECT TAX		GHC
Tax Paid by Individuals		57,456,330
Tax Paid by Corporations		61,765,300
Miscellaneous Taxes		<u>5,000,600</u>
		124,222,230
2 INDIRECT TAX		
General Taxes on Goods and Services		7,813,400
Excises		4,467,800
Customs and Other Import Duties		756,420
Taxes on Exports		9,121,950
Levies		224,567

	<u>22,384,137</u>
3 Taxes	
Directs Taxes	124,222,230
Indirect Taxes	<u>22,384,137</u>
	<u>146,606,367</u>
4 GRANT	
Programme & Project Grants	<u>338,720</u>
	<u>338,720</u>
5 NON-TAX REVENUE	
Property income	171,202
Revenue from Sales of goods and services	43,330
Fines, penalties, and forfeiture	41,500
Miscellaneous Non-Tax Revenue	<u>5,550</u>
	261,582
6 LOANS RECEIVED	
Bilateral Loans received	360,000
Multilateral Loans received	430,250
Loans from External Commercial Institution	789,520
Loan from Domestic Commercial Institution	<u>44,000</u>
	<u>1,623,770</u>

7 COMPENSATION OF EMPLOYEES

Salaries & Wages -Established Position	2,878,500
Salaries & Wages- Non Established Post	718,820
Salary related allowances	133,760
Non Salary related allowances	228,540
Gratuities	144,370
End of Service Benefit (ESB)	100,100
Employer's Pension Contributions	<u>467,650</u>

4,671,740

8 GOODS AND SERVICES

Materials and Office Consumables	4,169,340
Utilities	472,040
General Cleaning	183,970
Rentals	150,766
Travel and Transport	1,937,910
Repairs and Maintenance	150,817
Training, Seminar and Confer	4,425,869
Consultancy Expenses	4,001,540
Special Services	292,280
Other Charges and Fees	3,570,460
Emergency Services	<u>36,625</u>

19,391,617

9	NON-FINANCIAL ASSETS	
	Infrastructure, Plant & Equipment	136,239,510
	Work In Progress - Constructions and Buildings	<u>20,796,200</u>
		157,035,710
10	Consumption of fixed assets	5,600,046
11	INTEREST PAYMENTS	
	Interest paid on domestic loans	888,555
	Interest paid on external loans	<u>987,226</u>
		<u>1,875,781</u>
12	GOVERNMENT SUBSIDIES	
	Utility	1,438,200
	Petroleum Products	<u>922,460</u>
		<u>2,360,660</u>
13	SOCIAL BENEFITS	
	Employer social benefits in Cash	<u>1,370,600</u>
	Total Expenditure	<u>1,370,600</u>
14	LOAN REPAYMENTS	
	Bilateral Loans	133,000
	Multilateral Loans	111,150
	External Commercial Institution	167,520

	Domestic Commercial Institution	<u>117,800</u>
		<u>529,470</u>
15	Financial Assets (Equity Investment)	
	Investment in Companies & Public Corporations	<u>3,450,000</u>
		<u>3,450,000</u>
16	Proceeds from Sale of Shares	9,260,000

QUESTION TWO

The Government Finance Statistics (GFS 2001) was adopted by Ghana and used to develop the harmonised Chart of Accounts for MDAs and MMDAs.

- a) **What is a Chart of Accounts (CoA). Identify and explain the uses of four (4) Segments of the harmonized CoA for MDAs and MMDAs.**

Definition of CoA (1 mark)

CoA is a structured set of codes that provides a framework for Recording, Classifying, and Organising Budget Data and Accounting Transactions into Reports and Statements. It provides various perspectives of financial transactions and facilitates budgetary controls.

Segments of the harmonised CoA (2 marks per point, max 8marks)

- Institution Segment-** This segment is used for coding an Institutional Unit which stands as an economic entity. An institutional unit as defined in the GFS 2001 Manual “is an economic entity that is capable, in its own right, of owning assets, incurring liabilities, and engaging in economic activities and in transactions with other entities. These entities should be treated as separate government units if they maintain full sets of accounts, own goods or assets in their own right, engage in non-market activities for which they are held accountable at law, and are able to incur liabilities and enter into contracts.”

2. **Funding Segment** - The Funding segment provides a means to track the source of funding for expenditures within a consolidated reporting scheme. Expenditures are assigned against the appropriate funding code, independent from the organizational or program structure.
3. **Functional of Government (COFOG) Segment** – This segment provide coding for functional classification of expense to provide a strategic view of the allocation of budget resources between different sectors of the economy. This is based on the United Nations *Classification of Functions of Government* (COFOG). It is a detailed classification of the functions, or socioeconomic objectives (eg, health, education, defense, etc), that Government units aim to achieve through various programmes.
4. **Organisational Segment** - The Organizational segment provides the basis for establishing the responsibilities for the day-to-day administration of government business. The structure of the organizational hierarchy is reflected in the series of codes for ministries, departments and agencies (Cost Centres/ Spending Units) reporting under the Sector Ministries.
5. **Program and Sub-programme Segments** – These segments provide the basis for recording transactions associated with a specific program or sub-program that is operating under an organizational unit
6. **Activity Segment** – This segment provides classification of various activities related to specific programmes, sub-programmes or outputs.
7. **Location Segment** – Provides geographical location of an institution, organisation, programme, etc based on established political and administrative districts of Ghana.
8. **The Natural Accounts segment** – This is an Economic Classification which provides the basis for recording specific activity by the kind of transactions by which the Government performs its functions. This segment provides classification and coding for revenue, expenditure, liabilities, etc.

Uses of harmonized chart of accounts may also he explained as follows:

- i. Harmonization of accounts of MDAs and MMDAs;
- ii. Uniform classification of accounts in public financial management;
- iii. Control of accounts in public financial management;
- iv. Tracking of revenue and expenditure in public financial management;
- v. Efficiency and effectiveness in budgetary resource allocation; and
- vi. Design of audit trail

b)

Public procurement is one of the high risk areas of public financial management in Ghana and the Public Procurement Act, 2003 (Act 663) was passed to regulate the procurement process.

Explain the primary objective of the Public Procurement Board (PPB) and state five main functions of the PPB

Objective of PPB (2 marks)

The primary objective of the PPB is to harmonise the processes of public procurement in the public service to secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner.

Functions of the Board (1 mark per point, max 5 marks)

- Make proposals for the formulation of policies on procurement
- Ensure policy implementation and human resource development for public procurement
- Develop draft rules, instructions, other regulatory documentations on public procurement and formats for public procurement documentation
- Monitor and supervise public procurement and ensure compliance with statutory requirements
- Have the right to obtain information concerning public procurement from contracting authorities
- Establish and implement an information system relating to public procurement
- Publish a monthly Public Procurement Bulletin which shall contain information related to public procurement, including proposed procurement notices, notices of invitation to tender and contract award information
- Assess the operations of the public procurement processes and submit proposals for improvement of the processes
- Present annual reports to the Minister of Finance on the public procurement processes;
- Facilitate the training of public officials involved in public procurement at various levels
- Develop, promote and support training and professional development of persons engaged in public procurement, and ensure adherence by the trained persons to ethical standards
- Advise Government on issues relating to public procurement
- Plan and co-ordinate technical assistance in the field of public procurement
- Maintain a register of procurement entities and members of and secretaries to tender committees of public procurement entities

- Maintain a data base of suppliers, contractors and consultants and a record of prices to assist in the work of procurement entities
- Investigate and debar from procurement practice, suppliers, contractors and consultants who have seriously neglected their obligations under a public procurement contract, have provided false information about their qualifications, or offered inducements of the kind to public officers.
- Maintain a list of firms that have been debarred from participating in public procurement and communicate the list to procurement entities on a regular basis
- Hold an annual forum for consultations on public procurement and other related issues

c) **Explain, with examples, the differences between Specific and General Warrants. (4 marks)**

Warrants are issued by the Ministry of Finance to MDAs and MMDAs which represent the authority to commit government and spend from the national budget. Warrants are also issued at the MMDA level to support expenditure related to MMDA's budget approved by the Local Assembly.

Specific Warrant (SW) - As the name implies, Specific Warrants are issued for a specific item or project and cannot be used for a different expenditure item without prior approval by the Minister of Finance. Example, specific warrant issued for the construction office building cannot be used to purchase Vehicles and vice versa without prior approval by the Minister of Finance to that effect. SWs are normally issued for capital expenditure which are non-recurrent.

General Warrant (GR) - GRs on the other hand are not tie to specific expenditure items but must be used for items provided for in the approved budget. GRs are issued to MDAs and MMDAs to meet their operational expenses. These expenses are recurrent in nature. For instance, a bulk general warrant could be issued to an MDA for Goods and Services expenditure and the MDA has the flexibility to use the warrant for operational expenses such as utilities, stationery, conferences, travel and transports, etc provided all these expenses were actually budgeted for.

QUESTION THREE

In the 1992 Constitution and the financial laws of Ghana, some public institutions are mandated to perform key roles to ensure effective public financial management.

Explain the Four (4) duties of the following public officers through their respective institutions towards effective public financial Management:

a) The Controller and Accountant General's Department (CAGD)
(1.5 marks per point, max 6)

Statutory Duties

Section 3 (Financial Administration Act, 2003) Act 654

1. Responsible to the minister of finance for the custody, safety and integrity of the consolidated fund and other public funds under his care;
2. Responsible for compilation and management of the consolidated fund and other public funds;
3. He is the chief accounting officer of the government responsible for keeping, rendering and publishing statements of public accounts as required by law;
4. He is the chief advisor to the minister of finance and the government on accountancy matters;
5. He approves departmental accounting instructions and promotes the development of efficient accounting systems within departments;
6. He is responsible for receipt, secure custody of public moneys payable into the consolidated fund.
7. He authorizes the opening of bank accounts of MDAs and MMDAs
8. In consultation with the auditor general, he specifies for departments, the accounting basis, policies and classification system to ensure proper system of accounting;

Regulatory Control Duties

The regulatory control duties of the controller and accountant general in public financial management are as follow:

- Relating each spending department's requirements to the economic resources estimated to be available and to the total claims on them;
- Keeping public expenditure within total resources for the year;
- Advising departments on economic and financial policy, via treasury circulars;
- Controlling government expenditures through co-ordination and monitoring operations pf MDAs and MMDAs;
- Considering matters covered by the reports of the public accounts committee of parliament and co-operating to improve financial control;
- Initiating programmes to improve financial management, including the provision and guidance improvements, in public sector accounting;

b) The Auditor General (1.5 marks per point, max 6)

Statutory Duties:

1. Section 11, Audit Service Act, 2000 (Act 548)

The public accounts of Ghana and of all public offices, including the courts, the central and local government administrations, of the universities and public institutions of like nature, of a public corporation or other body or organization established by an act of parliament shall be audited and reported on by the auditor general.

2. Section 13- Examination Of Accounts

The auditor-general shall examine in such manner as he thinks necessary the public and other government accounts and shall ascertain whether in his opinion:

- a. The accounts have been properly kept;
- b. All public monies have been fully accounted for and rules and procedures applicable are sufficient to secure an effective check on the assessment, collection and proper allocation of the revenue;
- c. Monies have been expended for the purpose for which they were appropriated and the expenditures have been made as authorized;
- d. Essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public property; and
- e. Programmes and activities have been taken with due regard to economy, efficiency and effectiveness in relation to the resources utilized and results achieved.

Other Duties

Section 12 – audit of foreign exchange transactions

Section 14 – audit of statutory corporations;

Section 15 – examination of annual statement of public accounts prepared by controller and accountant general;

Section 16 – submission of special audit report to parliament;

Section 17 – disallowance of surcharge.

a. Parliament (1.5 marks per point, max 6)

- Scrutinisation and approval of national budget
- Scrutinisation, approval or disapproval of public expenditure, grants, loans, taxes, etc to ensure that government operates with the remits of the approved national budget or Appropriation Act.

- Scrutinsation of Auditor General’s reports on public accounts and interrogating public officials on the audit findings and recommendations
- Holding public officers accountable for financial losses to the state
- Promulgation of laws and legislative instruments to enforce financial accountability and transparency
- During budget execution, Parliament is mandated to receive in-year implementation reports through select committees.
- Parliament may also undertake direct monitoring of projects approved in the budget through visits to project sites to monitor project implementation or service delivery
- Parliament is part of the wider checks and balances in the PFM system, and help to create a demand for accountability:
- Parliament is mandated to approve International Business and other Financial Transactions. Article 181 of the Constitution provides that Parliament may, by a resolution, authorise the Government to enter into an agreement for the granting of a loan out of any public fund or public account.

NB: (award max of 2 marks for general and logical presentation)

(20 marks)

QUESTION FOUR

Fiscal Decentralization is one of the key public financial management reform initiatives embarked upon by Ghana over the past decades to facilitate national development at the local level.

a) Explain the concept of Fiscal Decentralization (max of 4 marks)

The Government of Ghana (GoG) in 1988 embarked upon the implementation of a comprehensive decentralization policy and local government reform program aimed at establishing efficient decentralized government machinery as a means to provide strong support for participatory development. This was further given a boost by Chapter 20 of the 1992 Constitution. Article 240 (1) of the Constitution provides that, ‘*Ghana shall have a system of Local Government and administration, which shall as far as practicable, be decentralized*’. The Constitution further provides that:

- Parliament shall formulate laws to enhance the capacity of Local Government Authorities to plan, initiate, co-ordinate, manage and execute policies in respect of matters affecting the local people within their areas.
- There shall be established for each Local Government unit a sound financial base with adequate and reliable sources of revenue.

- iii. To ensure accountability of Local Government authorities, people in particular local government areas shall, as far as practicable be afforded the opportunity to participate effectively in governance.

In order to operationalise the above, the Local Government Act, 1993 (Act 462) was passed to outline in practical terms the political, administrative and fiscal mandates of the Metropolitan, Municipal and District Assemblies (MMDAs) in their areas of jurisdiction.

Act 462 seeks to establish decentralized administration through the transfer of power, authority, functions, competence and means from the Central Government Ministries, Departments and Agencies (MDAs) to local government (LG) units, specifically i.e the Metropolitan, Municipal and District Assemblies (MMDAs) for improved service delivery to people.

In Ghana, Fiscal Decentralization seeks to ensure the transfer of adequate financial resources from central Government to Local Governments with sufficient autonomy to allocate these resources in the provision of socio-economic services.

b) Enumerate four (4) factors that underpin successful Fiscal Decentralisation (2 marks per point, max 8)

Fiscal decentralization is not only a question of transferring resources to the different levels of local government. It is also about the extent to which local governments are empowered, about how much authority and control they exercise over the use and management of devolved financial resources, measured in terms of their control over (i) the provision of local services for which they are mandated to perform; (ii) the level of local taxes and revenues (rates, fees, fines and other collections); and (iii) the Government to finance other projects.

Evidence has shown that effective Fiscal decentralization by itself may not be enough to practically empower MMDAs and local communities to achieve the needed development. While local power to mobilize and spend resources is important, successful fiscal decentralization requires the full complimentary support of other aspects of decentralization-political and administrative decentralization to make it whole.

- First, unless local governments are politically empowered by having democratically elected and practical representation in the MMDAs, local councils, local communities and citizens will not be able to hold their local governments accountable.
- Second, unless MMDAs in Ghana have administrative control over the services they are supposed to deliver (for instance, by having effective control over the local government staff that deliver local services),
- In addition, the creation of an enabling environment for MMDAs (of which fiscal decentralization is a core element) will often need to be complemented by support for

capacity development, for the strengthening of inclusive systems for local public expenditure management, and for robust accountability mechanisms.

- Finally, successful fiscal decentralization also requires a meaningful dialogue between local, regional and central governments, an appropriate set of legal and institutional arrangements for local government management, and a system of incentives.

b) 4 Factors That Underpin Successful Fiscal Decentralization (Summary)

i. Management Of Devolved Financial Resources

- Provision of local services;
- Level of local taxation and revenues (rates, fees, fines);
- Government's ability to finance other projects, especially capital projects;
- Resource mobilization.

ii. Public Accountability And Public Budgeting

- Resource allocation;
- Public debates or stakeholder consultation;
- Administrative /organisational system
- Answerability to communities.

iii. Financial And Budgetary Control

- Compliance to financial rules, laws and objectives of organization;
- Effective and efficient expenditure management;
- Judicious use of MMDA funds and other resources;
- Safeguarding of assets of assembly;

iv. Political Empowerment

- Administrative control;
- Capacity building;
- Economic development (local and national);
- Full complimentary and timely financial support by central government, donor;agencies, NGO's, etc.

c) Ghana has recently adopted International Public Sector Accounting Standards (IPSAS).

i. Explain Four (4) benefits of Accrual Basis IPSAS (2 marks per point, max 8)

- Better national/international comparability and consistency of financial information
- Transparency in government accounting and financial reporting which influences government's cost of refinancing
- Enhancement of accountability and oversight control
- Focus on public-sector-specific issues in financial reporting
- Better recognition of risks, opportunities, cost awareness and efficiency

- Improved government finance statistical information
- Better decision-making and improvement of assets and liabilities management

(20 marks)

QUESTION FIVE

The Ghana Integrated Financial Management Information System (GIFMIS) has been touted as a flagship system for public financial management (PFM) in Ghana.

a) **State five (5) key PFM problems GIFMIS seeks to address (5 marks)**

- Lack of integration between budget preparation and execution systems
- Inadequate budgetary controls
- Lack of interface between various PFM Systems across MDAs and MMDAs
- Undue delays in processing transactions due to cumbersome manual processes
- Poor record keeping on public financial transactions
- Lack of reliable data for effective fiscal planning
- Weak accounting and fiscal reporting system
- Lack of transparency in budget execution
- Delays in financial reporting

b) **Explain the functions of the following GIFMIS modules**

i. Procure-to-Pay (P2P) (4 marks)

P2P is an acronym of Oracle E-business suite application used for processing expenditure. It consists of Purchasing module, Accounts Payables module and Cash Management module.

- The **Purchasing** module is used for the preparation of Purchase Requisition, Purchase Order and Stores Receipts Advice.
- The **Accounts Payable module is used** for preparing Payment Vouchers, accounting for expenditure and tracking liabilities.
- **Cash Management** module is used for making Payments, Bank Reconciliation, cash forecasting

ii. Oracle Hyperion (4 marks)

Oracle Hyperion is a GIFMIS application being used by the Government for preparation of the national budget. The key components and their functions are explained below:

- **Hyperion Planning Plus** – is used for the Strategic Planning aspect of the Budget preparation process as well as analysis of the budget, e.g Sensitivity and what if analysis.
- **Hyperion Public Sector Planning and Budgeting** – is used for the Costing aspect of the budget process.
- **Hyperion Project Financial Planning** – is used for Project management including contract management

iii. Human Resource Management Information System (HRMIS) (4 marks)

HRMIS is under the GIFMIS is being used by the government for human resource management. The aim is to automate public sector HR Management processes to improve efficiency and provide timely and accurate information for human resource management decisions in the public sector. The key components include:

- **Employee Profile Management** - for maintenance of the main bio data of employees from appointment to attrition in the areas of Employee Appointment, Employee record maintenance and Employee promotion.
- **Establishment Management** - for the management of Organisations, Locations, organizational hierarchies, Grades, Jobs, Positions and position hierarchies. This facilitates position control where no public institution (MDA/MMDA) on the HRMIS will exceed the established/approved staffing levels without approval from their appointing authorities.
- **Employee Cost Management** - for managing compensation of employees at all MDAs/MMDAs to ensure budgetary control over payroll cost

iv. IPPD (3 marks)

IPPD stands for integrated personnel payroll database. It is used for processing and payment of wages and salaries for public sector employees (workers at MDAs and MMDAs) at the Controller and Accountant General's Department. It is also use for processing and payment of pension allowances for some retired employees of government.

(20 marks)