



CHRISTIAN SERVICE UNIVERSITY COLLEGE
KUMASI
DEPARTMENT OF ACCOUNTING AND FINANCE
BACHELOR OF BUSINESS ADMINISTRATION
End of Second Semester Examination, 2018/2019 Academic Year
Level 400

CSBA 416: PUBLIC SECTOR ACCOUNTING AND FINANCE

May 17, 2019

Time: 3 HOURS

[100 MARKS]

INSTRUCTIONS TO CANDIDATES:

There Are Two (2) Sections, Section "A" And "B"

Attempt Five (5) Questions In All

- **There Are Six (6) Questions In All, Compulsory Section "A" And Four (4) Other Questions In Section B**

Write your index number and also sign on all the leaflets on the question paper

Section A
This Section Contains Only One (1) compulsory Question

The following balances were extracted from the relevant books of accounts of the Controller and Accountant General Department at the end of December, 2015.

	GHS
Foreign Investments	64,780.50
Taxes on Domestic Goods	40,000.00
Taxes on International Transaction	94,500.00
Contingent Guarantees	11,250.00
Personal Emolument	160,000
Domestic short term loan	6,750.00
Domestic medium and loan term loan	42,750.00
SSF Contribution	21,200.00
Pension & Gratuity	18,300.00
Taxes on Income & Properties	155,600
Contingency Fund balance	67.50
Local Investment	5,750.00
Value Added Tax	142,300.00
Administrative Expenses	100,000.00
Education Trust Fund	14,300.00
Sinking fund (Development fund)	337.50
Road Fund Arrears	32,000.00
Non Road Fund Arrears	11,770.95
Grants	29,300.00
District Assembly Common Fund	119,600.00
Divestiture Proceeds	36,500.00
Foreign Loan	825.75
Cash in hand	1,375.00
Counterpart fund	5,280.75
Other Revenue receipt	21,800.00
Interest payment on loan	700.00
Service Expenditure	14,000.00
Loan (Advance)	9,900.00
Advances	6,615.00
Excise duties (estimated)	12,150.00
Trust fund	4,954.95
Unpaid bills	900.00

You are required to prepare the

- i. The government trial balance as at 31 December, 2015
- ii. The revenue and expenditure account of the government for the year ended 2015
- iii. Government statement of financial position as at 31 December, 2015

This is Section B
There Are Five (5) Questions in All of Equal Marks
You Are To Attempt Four (4) Questions In All

QUESTION ONE

(a) External debt servicing has been a burden to the Government of Ghana and therefore a drain to the little revenue generated by the Government.

Required:

State five (5) steps or actions that can be taken by the Government to reduce the burden of external debt
(5 marks)

(b) The Integrated Personnel and Payroll Data (IPPD) has two main units responsible for capturing data into the system. These are the payroll processing division of the CAGD and the Personnel Process Sections (PPS) stationed in the MDAs. The PPS have restricted access to the IPPD.

Identify five (5) entries, updates or corrections that could be made by the PPS on the IPPD system.
(5 marks)

a) The Public Financial Management (PFM) Act 2016, Act 921 applies to a covered entity and a public officer responsible for receiving, using, or managing public funds. The PFM Act, Act 921 provides for the creation of a sinking fund by the Minister to be used to redeem specific debt obligations of Government.

Required:

i) What is “**Public Funds**” as defined by the PFM Act 2016, Act 921?
(2 marks)

c) There are two main basis of accounting in the public sector and these are cash basis and accrual basis. These two basis differ in many respects though there are some similarities.

Required.

Contrast cash basis and accrual basis of accounting in the public sector in terms of:

- i) Recognition of revenue
- ii) Recognition of expenditure
- iii) Disclosure of Non-financial assets
- iv) Notion of depreciation

(8 marks)

(Total: 20 marks)

QUESTION TWO

a) The objective of enactments relating to public financial management, among others, is to safeguard the public funds from plunder. One way to achieve this objective is by making specific provisions on the modalities for making payment from the Consolidated Fund (Article 178 of 1992 Constitution). The law requires that all payments from the Consolidated Fund should be authorized and the payment should comply with certain general rules.

Required:

i) Identify and explain **THREE** ways of authorising payments out of the consolidated fund.
(6 marks)

ii) Identify and explain **FOUR** statutory payments permissible by law in the public sector
(4marks)

b) Public Private Partnership (PPP) is one of the strategies governments can adopt to bridge infrastructure gap in the developing countries. To account effectively for a PPP arrangements, best practices are recommended in executing the arrangements.

Required:

- i. Discuss **FOUR (4)** best practices that ensure effective PPP arrangements in the public sector. (8 marks)
- ii. Identify **TWO financial risks** in PPP arrangements. (2marks)

QUESTION THREE

a) Good corporate governance is an important way of ensuring accountability and value for money in the public sector.

Required:

i) State and explain **FOUR (4)** corporate governance problems in the public sector of Ghana.
(4 marks)

ii) Discuss **FOUR (4)** principles of corporate governance that ensure effective accountability and value for money in the public sector. (6 marks)

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. (2 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)

(Total: 20 marks)

QUESTION FOUR

a) According to the Conceptual Framework for General Purpose Financial Reporting (GPFR) for Public Sector Entities issued by IPSASB, GPFR of public sector entities are developed primarily to respond to the information needs of the primary users who do not possess the authority to require a public sector entity to disclose the information they need for accountability and decision-making purposes. It adds that the objectives of financial reporting are therefore determined by reference to the users of GPFRs, and their information needs.

Required:

i) In relation to the Conceptual Framework, which category of users is regarded as primary users of the GPFRs of public sector entities? **(2 marks)**

ii) When preparing financial reports for the Consolidated Fund of Government, identify **THREE (3)** primary users and their **information needs** you would endeavour to meet. **(3 marks)**

b) Public sector entities have downplayed the role of quality financial reporting in public financial management. In recent times, the government has been encouraged by its developing partners to ensure effective financial management and reporting in the public sector by investing in people and processes. The developing partners have touted financial reporting as a major solution to public financial management requirements of developing countries.

Required:

Explain **FOUR (4)** objectives of financial reporting in public financial management.

(4 marks)

c) One main difference between public sector and private sector entities is that their objectives are different. The objective of public sector entity is to deliver public goods and services to all citizens in order to maximize their welfare. However, the principal objective of the private sector entity is to make profit on the goods and services they produce and sell in the market.

Required:

Explain **FOUR (4)** reasons why these differences are important.

(6 marks)

d) A public sector organisation is an entity which is owned and operated by government for non-profit goals. The public sector is made up of different organizations, and as such requires effective accounting framework to ensure transparency and accountability.

Required:

Explain **FIVE (5)** reasons why **Public Sector Accounting** is useful in any national economy.

(5 marks)

(Total: 20 marks)

QUESTION FIVE

a) One of the key performance indicators (KPI) in the private sector is to determine the profitability of a business. This is because businesses exist to make profit. However in the Public Sector, the objective of governments is to provide public goods and as such, satisfy the needs of the citizens. Citizens are invariably dissatisfied with government performance at the end of its term of office. This is because most of the objectives of government is social in nature and as such it becomes very difficult to match government revenues and expenditure to determine profit or loss as a basis of measuring its performance.

Required:

Discuss the **basis for measuring Public Sector performance** and justify why governments can be assessed at the end of their tenure of office. **(4 marks)**

b) The Public Financial Management (PFM) Act, 2016 (Act 921) was introduced to ensure that Public Funds and resources are properly safeguarded and are used economically, efficiently, effectively and with due propriety.

Required:

State and explain **FOUR (4)** ways in which public financial resources can be safeguarded under the PFM Act 2016. **(8 marks)**

c) Section 22 of the Public Procurement Act 2003, as amended by Act 914 of 2016 requires tenderers to possess certain qualifications.

Required:

State and explain **FOUR (4)** qualifications of Tenderers under the Public Procurement Act 2003. **(8 marks)**

(Total: 20 marks)