

**NOVEMBER 2016 PROFESSIONAL EXAMINATIONS  
PUBLIC SECTOR ACCOUNTING & FINANCE (PAPER 2.5)  
CHIEF EXAMINER'S REPORT, QUESTIONS & MARKING SCHEME**

**STANDARD OF QUESTIONS**

The choice of questions, their interpretation and quality were geared strictly towards the confines and relevance of the syllabus and standards of previous examinations. This approach was meant to avoid a mismatch between the syllabus and the actual comprehension of candidates of questions that were set. There were hardly any typing errors in the question scripts and the questions were generally devoid of ambiguities. The weighting principle was used in allocating marks in order to avoid wide variations in marks allocation.

**GENERAL PERFORMANCE**

Scripts that were marked and moderated indicated poor performance in some centres and good performance in other centres. This may be due to better teaching facilities available in some centres and the absence or non availability of teaching facilities in other areas throughout the country.

**Strengths & Weaknesses of Candidates**

Generally most candidates fared better in question I, that is, Preparation of Financial Statements. The weaknesses of many candidates were exhibited in the theory questions. This shows that there is a poor understanding of the subject-matter of Public Sector Accounting. For example, there were several deviations in the answers of theory questions which indicate that many candidates did not understand the context and content of the syllabus.

It is difficult to provide a complete assessment of areas where most candidates were ill-prepared for the examination. The topics that were poorly answered include: Public Accountability, Budgetary Control, Budget Hearing and Management of public expenditure. But, in general, almost all questions could not be handled with adequate skill.

However, one can also explain that candidates sitting for Public Sector Accounting and Finance have a peculiar handicap – that is, the absence of a comprehensive manual that covers all topical areas of the syllabus. Without a comprehensive manual issued by the Institute of Chartered Accountants, Ghana there is the tendency for candidates to drift in their answers to questions. A comprehensive manual will provide authoritative solutions and a good reference to specific questions in the learning phase of the candidates. It will help candidates to avoid anomalies, errors, deviations and inconsistencies that undermine the value of the answers provided by candidates in the Public Sector Accounting and Finance Examination.

## PUBLIC SECTOR ACCOUNTING & FINANCE QUESTIONS

### QUESTION ONE

Below is the Trial Balance of the Consolidated Fund for the year ended 31 December, 2014.

	<b>Debit</b>	<b>Credit</b>
	GH¢'million	GH¢'million
Established post salaries	6,762	
Non-establish post salaries	2,008	
Casual labour cost	234	
Administration cost	3,352	
Conferences and seminars	1,255	
Foreign travel cost	745	
Direct taxes		6,941
Indirect taxes		7,716
Non tax revenues		1,156
Grants	825	1,258
Subsidies for consumption	641	
Subsidies for production	361	
Social benefits	38	
Domestic debt interest	1,453	
External debt interest	1,741	
Purchase of motor vehicle	247	
Purchase of equipment	42	
Purchase of ship	367	
Construction of infrastructure	560	
Equity and security investment	560	
Loans and advances	980	
Cash and bank	67	
Gold and other reserves	860	
Treasury bills		11,120
Bonds on GSE		13,462
Euro bonds		7,456
Bilateral and multilateral debt		17,422
Trust fund and deposits		2,235
Other expenditures	910	
Accumulated fund	44,758	-
	<b><u>68,766</u></b>	<b><u>68,766</u></b>

**Additional Information:**

- i) It is the policy of Controller and Accountant General to adopt accrual basis of preparing the public accounts of the Consolidated Fund for the first time in compliance with the Financial Administration Regulation 2004 and the International Public Sector Accounting Standards (IPSAS). The effective date is 31 December 2014.
- ii) The current Chart of Accounts based on the GFS 2001 is used in the classification of revenues and expenditures.
- iii) Consumption of fixed capital charged on cost for the year has been computed as GH¢156, 000,000.
- iv) Direct tax revenues due to government but were not received at 31<sup>st</sup> December 2014 amounted to GH¢49, 000,000.
- v) An established post salary in arrears as a result of salary increment in the fourth (4<sup>th</sup>) quarter of 2014 was GH¢56,000,000 and goods and services outstanding at the end of the year amounted to GH¢12, 000, 000.
- vi) The grant shown in the trial balance as expenditure represents statutory transfer to the District Assembly Common Fund (DACF). Any arrears in the DACF should be treated as payable. The current rate of transfer is 7.5% on the amount received.
- vii) Public debt interest of GH¢14,000,000 was due to creditors but was not paid as at 31 December 2014.

**Required:**

- a) Prepare in a form suitable for publication and in accordance with the relevant Financial Laws and IPSAS:
  - i) Statement of Financial Performance of the Consolidated Fund for the year ended 31 December 2014.
  - ii) Statement of Financial Position of the Consolidated Fund as at 31 December 2014.  
**(Show all workings clearly)**

**(18 marks)**
- b) Disclose any **TWO** significant accounting policies as part of the notes to your accounts, as much as the information provided will permit.

**(2 marks)**

**(Total: 20 marks)**

**QUESTION TWO**

- a) **Competitive tendering** is a method of public procurement that seeks tenders from all potential suppliers or contracts in order to achieve value for money in public procurement. Competitive tendering is carried out in accordance with the competitive tendering procedures under the public procurement law.

**Required:**

- Explain **FOUR** procedures involved in carrying out national competitive tendering for the procurement of goods, services and works. **(6 marks)**
- b) State and explain **FOUR** key financial management provisions in the 1992 Constitution. **(6 marks)**
  - c) Explain **FOUR** modalities for making payments out of the Consolidated Fund. **(4 marks)**

- d) In Ghana the government has enacted the Financial Administration Act, 2003 and the Financial Administration Regulations (L.I. 1802) to ensure that public funds and resources are properly safeguarded and are used economically, efficiently, effectively and with due propriety.

**Required:**

Identify **TWO** essential provisions of the Financial Administration Act and Regulations meant to protect public funds and safeguard public resources and property. (4 marks)

(Total: 20 marks)

**QUESTION THREE**

- a) Budget hearing is a critical activity in the budget process which is conducted to review strategic plans and estimates of the departments in order to ensure that these plans and estimates are in accordance with government's macroeconomic policy framework.

**Required:**

Explain **FOUR** significant principles of Budget Hearing that ensures that Ministries, Departments and Agencies (MDAs) prepare their budget proposals in accordance with the government macroeconomic policy framework. (4 marks)

- b) The Controller and Accountant General or an officer appointed by him has the legal authority to reject a requisition submitted by Ministries, Departments and Agencies (MDAs) for payment.

**Required:**

Explain **FOUR** circumstances that will compel the Controller and Accountant General or an officer appointed by him to reject a requisition submitted by an MDA for payment. (4 marks)

- c) Public accountability requires clear definition of responsibilities of public officials and a clear understanding of relationships between public officials and stakeholders on the need for transparency and accountability.

**Required:**

Discuss **FOUR** policy objectives of government that ensures that government institutions adhere to the principles of public accountability. (4 marks)

- d) The budgetary control function ensures effective control over government units in public spending and accountability for all funds, property and other assets for which each department or agency is responsible.

**Required:**

Explain **FOUR** methods used by government to ensure that government entities comply with budgetary control regulations. (4 marks)

- e) In accounting for Government Stores, the head of department shall report annually on the value of stocks held by his department.

**Required:**

Identify **EIGHT** financial information that must be disclosed by a head of government department when accounting for government stores. **(4 marks)**

**(Total: 20 marks)**

**QUESTION FOUR**

- a) Discuss **FOUR** benefits that an MDA will derive if it follows the due process in public procurement. **(4 marks)**
- b) Resources of Local Government Authorities are very often limited. Therefore there is the need for the limited resources to be efficiently allocated in order that a greater output is achieved from the limited resources.

**Required:**

Identify **FOUR** policies that would influence the allocation of resources in a Local Government Authority. **(4 marks)**

- c) Explain **FOUR** challenges that the government will encounter if public sector accounts are not classified. **(4 marks)**
- d) As a means to ensure strong financial management in the public sector and citizen confidence in public institutions, the government has introduced a number of financial reforms including International Public Sector Accounting Standards (IPSAS) in public financial management.

**Required:**

Discuss **FOUR** methods used by government to ensure the success of these reforms. **(4 marks)**

- e) Effective management of public expenditure is an essential mechanism for the effective allocation and the use of public funds to achieve the nation's policy objectives.

**Required:**

Identify **FOUR** procedures necessary for effective management of public expenditure. **(4 marks)**

**(Total: 20 marks)**

**QUESTION FIVE**

- a) i) Explain the term *Revenue Management*.  
ii) Identify **THREE** procedures involved in Revenue Management. **(4 marks)**
- b) *IPSAS 1 Presentation of Financial Statements* identifies a complete set of financial statements (under the accrual basis) as a statement of financial position, statement of financial performance, statement of changes in net assets/equity, cash flow statement and accounting policies and notes to the financial statement.

**Required:**

Identify **FOUR** major disclosures that must be made in respect of the general government sector in the preparation of financial statements. **(4 marks)**

c) Explain the following terms used in tax administration in Ghana:

i) Tax Policy

ii) Tax Planning **(4 marks)**

d) In December 2009, the three tax revenue agencies, the Customs, Excise and Preventive Service (CEPS), the Internal Revenue Service (IRS), the Value Added Tax Service (VATS) were merged in accordance with Ghana Revenue Authority Act 2009, Act 791 to become the Ghana Revenue Agency.

**Required:**

Discuss **FIVE** benefits of the integration to Tax Payers and the Tax Administration in Ghana. **(5 marks)**

e) There shall be appointed in accordance with Article 195 of the 1992 Constitution, a Controller and Accountant-General who is responsible to the Minister of Finance”.

**Required:**

Discuss how the Controller and Accountant-General ensures public Accountability.

**(3 marks)**

**(Total: 20 marks)**

## MARKING SCHEME

### QUESTION ONE

#### Workings

<b>1. Direct tax</b>	GHC'M	<b>7. Non-financial assets</b>	GHC'M
Trial balance	6,941	Motor vehicle	247
Receivable	49	Equipment	42
	<u>6,990</u>	Aircraft	367
		Infrastructure	560
<b>2. Compensation for employees</b>			<u>1216</u>
Established post	6,762	Consumption of fixed capital	-156
Non-established post	2,008		<u>1060</u>
Casual labour	234		
Saary arrears	56	<b>8. Domestic Debt</b>	
	<u>9,060</u>	Treasury bills	11,120
		Bonds	13,462
<b>3. Goods and services</b>			<u>24,582</u>
Administrative cost	3,352		
Conferences and seminar	1,255	<b>9. External Debt</b>	
Foreign travel	745	Bilateral & Multilateral	17,422
Oustandings	12	Euro Bonds	7,456
	<u>5,364</u>		<u>24,878</u>
<b>4. Public debt interest</b>		<b>10. Payable</b>	
Domestic debt Interest	1,453	Salary	56
External debt interest	1,741	Goods and services	12
Interest outstanding	14	Interest	14
	<u>3,208</u>	DACF	274
			<u>356</u>
<b>5. Subsidies</b>			
Consumption	641	<b>11. Accumulated Fund</b>	
Production	361	Balance b/f	-44,758
	<u>1002</u>	Surplus	-3,717
			<u>-48,475</u>
<b>6. Grants</b>			
Grants paid	825		
DACF arrears	273		
DACF for the year )			
[ (6941+7716) x0.075	<u>1099</u>		

i) **Statement of Financial Performance of the Consolidated Fund  
for the year ended 31 December, 2014**

<b>Revenues</b>	GHC'Million	GHC'Million
Direct tax		6,990
Indirect tax		7,716
Non-tax revenue		1,156
Grants		1,258
		17,120
<b>Expenditures</b>		
Compensation for employees	9,060	
Goods and services	5,364	
Consumption of fixed capital	156	
Public debt interest	3,208	
Subsidies	1,002	
Grants	1,099	
Social benefit	38	
Other expenditures	910	20,837
<b>Deficit</b>		<b>- 3,717</b>

ii) **Statement of Financial Position as at 31 December 2014**

<b>Assets</b>	GHC'Million
Non financia asset (NBV)	1,060
Equity and security investment	560
Loans and advances	980
Gold and other reserves	860
Revenue receivable	49
Cash and Bank	67
Accumulated Fund	48,475
	<b>52,051</b>
<b>Liabilities and Fund</b>	
Payables	356
Domestic debt	24,582
External debt	24,878
	49,816
Trust Fund and Deposit	2,235
	<b>52,051</b>



(b)

**Notes on Accounting Policy include:**

- i) **Basis of Accounting**  
The accounts are prepared on accrual basis for the first time.
- ii) **Consumption of Fixed Capital/ depreciation policy**  
Depreciation is charged on non-financial assets acquired during the year. Infrastructure is depreciated at 5% per annum on cost and other PPEs are depreciated at 10% per annum on cost.
- iii) Accounts are prepared in compliance with the IPSAS and the Financial Laws of the country.

Mark allocation

<b>Basis of scoring</b>	<b>Tick/Mark</b>
a)	
Workings	31
Statement of financial performance	15
Statement of financial position	<u>12</u>
TOTAL TICKS	58
Score per tick	<u>@0.31</u>
Mark	18
b)	
1 mark each for two policies disclosed	<u>2</u>
TOTAL MARK	<b>20</b>

**EXAMINER'S COMMENTS**

This was generally fairly well answered by most candidates. Some candidates however performed very poorly in answering the question, showing that they were ill-prepared for the examination.

**QUESTION TWO**

- a) **Stages of national competitive tendering procedure are**
  - Invitation of tenders and prequalification
  - Submission of tenders
  - Evaluation and Comparison of tenders
  - Contract offer and administrations
- i) **Invitation of tenders and prequalification** is the first stage which involves:
  - Preparation of standard tender document in accordance with PPA requirements

- Preparation of invitation document which should contain all relevant information required by the Public Procurement Law. It must contain every information the tenderer needs in completing the tender document.
- Advertisement is made in national newspaper (or other approved media) for the supply of GSWs. The tenderers should be given at least two weeks to prepare and submit their tenders.

**ii) Submission of tenders**

- All Tenders shall be deposited in the designated locked tender box (or such other arrangements as stated in the Tender Document) until the Tender Opening.
- The Tender Document will have provided clear instructions to tenderers on the marking and sealing of Tenders and the procedures to be followed for submission.
- The closing date and time for submission of Tenders must be determined in advance and stated in the Tender Document.
- The tenderer who submits a tender should be given a receipt showing the date and time of delivery.
- A tender submitted after the deadline should be returned to the tenderer unopened.
- The tenderer may submit a tender security together with the tender document when required by the entity.

**iii) Evaluation and Comparison**

**Opening of tenders**

- Tender Opening shall commence immediately after the close of the tenders (as stated in the tender document).
- A Tender Opening Panel shall comprise at least 3 persons, including a member of the Entity Tender Committee.
- They shall ensure that minutes of the tender opening proceedings are duly written.

**Examination of tenders**

- Tenders submitted and opened should be examined to ensure that they meet the requirements of the tender document.
- A tender shall be considered responsive if it conforms to the requirements of the tender invitation documents.
- A tender should not be accepted such as if
  - the supplier is not qualified to tender
  - The tender is not responsive
  - The supplier refused to effect minor correction indicated
  - There is evidence of inducement from the supplier

## **Evaluation of tenders**

- Head of Procurement Entity shall constitute an Evaluation Panel Consisting of a minimum of three persons with the required expertise to conduct the evaluation.
- Procurement Entities must evaluate Tenders solely on the basis of the information provided in the respective Tenders and no changes in the Tender price or substance of a Tender will be permitted.
- Responsive tenders should be evaluated based on the set criteria in the tender invitation document.
- The Tender Evaluation Panel will prepare an evaluation report for submission to the Tender Committee.
- The evaluation report should be prepared using the standard format for the Evaluation of Goods.
- The appropriate review authority (Head of Procurement Entity, Tender Committee, District, Regional, Ministry or Central Tender Review Board) in accordance with the thresholds stated in the schedule, will review the evaluation report and recommendations presented in the Evaluation Report.
- The approval shall be 'One stop' only. i.e. concurrent approvals must be obtained.

## **Contract Offer**

- Following approval from the relevant review body, the contract will be awarded to the Tenderer who has submitted the lowest evaluated Tender.
- Before contacting the Tenderer, a formal commitment of the required funds against the budget of the Procurement Entity must be approved.
- Notice of the tender award shall be issued promptly to the successful Tenderer. The successful Tenderer shall be required to confirm in writing acceptance of the tender award and submit the appropriate Performance Security (if required).
- The Tenderer shall be invited to attend for contract signature, or where this is not practical, provided with all four copies of the Contract for signature and return of three signed copies of the Contract to the Procurement Entity.
- Failure of the Tenderer to confirm acceptance of the award, or to submit the Performance Security, or to sign the contract may constitute grounds for the annulment of the award and forfeiture of the Tenderer's Tender Security.
- In that event, the Procurement Entity may award the contract to the next lowest evaluated Tenderer, whose offer is substantially responsive and is determined to be qualified to perform the contract satisfactorily.

**(1.5 marks each for 4 Stages = 6 marks)**

**(b) Key Financial Management Provisions in the 1992 Constitution**

**i) Responsibility Accounting**

The constitution defines clearly the powers and responsibilities of financial stewards (individual office holders) and their precise roles and functions, for example, the appointment of the Auditor General, his roles and responsibilities.

**ii) Approval and Authorization Policies**

It defines clearly approval and authorization policies, for example, loans shall be approved by parliament

**iii) Revenue Policies**

In order to institute sound code of instructions to regulate the revenue function, the constitution has outlined revenue policies, for example, all revenues, receipts and trust monies shall be paid into the Consolidated Fund

**iv) Establishment of Public Funds**

The constitution establishes public funds for the efficient management of government business.

**v) Financial Management and Accounting Practices**

Public sector financial management practices established by the constitution include the following:

- Public debts shall be charged to the Consolidated Fund;
- Bank of Ghana is the central bank and shall issue currency and shall be in charge of monetary policy; and
- There shall be established public corporations.

**vi) Imposition of Taxes**

The right to impose taxes in Ghana is vested in parliament.

**(1.5 marks each for 4 points = 6 marks)**

**(c)**

**Modalities for making payments out of the consolidated fund.**

- i) Payments should be approved by parliament in the Appropriation Act in accordance with the purpose described and within the limits set by the item classification ;
- ii) Release of funds to government entities shall be in accordance with warrants issued by the Ministry of Finance and copied to Controller and Accountant General;

- iii) Before a payment is made a valid obligation must exist, that is supplier performs contract and submits invoices to institutions for processing and payment;
- iv) All payments must be certified by the head of department, that is, the officer in control and accountable for the use of the public monies or an officer deputizing for him;
- v) A competent person must certify that the goods have been received or that the service has been carried out as expected;
- vi) The invoice and other documents requesting payment are correct and suitable for payment and the creditor is correctly identified;
- vii) The approval process of the MDA have been fully followed.

**(4 marks for 4 points)**

**(d)**

**The Act and Regulations:**

- i) Establish the Consolidated Fund, the central mechanism for the control of public finances, outlining the principle by which funds are collected into the consolidated fund, kept and disbursed;
- ii) Establish the modalities for the collection of revenue;
- iii) Establish budgetary control over public finances related to revenue and expenditure and to receipts and payments. For example, it outlines government borrowing and lending, transactions in trust moneys and any other transactions occurring within the Consolidated Fund.
- iv) Describe the conditions under which appropriations are made. Government expenditure is subject to annual legislative appropriation;
- v) Establish the mechanism by which the Controller and Accountant General ensures that payments from appropriations are lawfully made. No payment must be made except in a manner provided by law. Specific enactments may give continuing authority for payments such as charged expenditure;
- vi) Establish principles under which Government Accounts are managed and kept, the preparation of government accounts and the reporting of final accounts of government;
- vii) Describe the management and accountability of Government stores;
- viii) Outlines the establishment and operations of revolving funds.

**(2 marks for 2 points = 4 marks)**

**(Total: 20 marks)**

**EXAMINER'S COMMENTS**

Question 2(a) was fairly well answered, but questions 2(b) and 2(c) were not well understood by many candidates. It will seem that the candidates who performed poorly in answering these two questions did not study or understand this part of the syllabus.

### QUESTION THREE

#### a) Principles of Budget Hearing

- The MDA budget should not be a new political proposal which will lead to incremental or radical changes in the government macroeconomic framework;
- There should be certainty in the budget outcomes of the MDA budget proposals;
- It is important to determine whether there are new commitments or there are alternative choices that do not conflict with government policies,
- All relevant costs in the MDA budget proposals must be captured so that incremental costs do not extend beyond one fiscal year;
- MDA budget proposals must not conflict with existing laws or legal rules of the nation;
- It is necessary to establish whether projects or programmes in MDA budget proposals will lead to variations of costs.

**(4 points for 4 marks)**

#### b) The Controller and Accountant General has the authority to reject a requisition:

- i) If a payment voucher is not properly authorised by the head of the department or a person appointed by him, for example his deputy or authorised spending officer;
- ii) If a payment voucher is not accompanied by all relevant documents and certification as approved by the Controller and Accountant-General;
- iii) If a payment voucher is not a lawful charge on an appropriation (vote) which has been authorised in the approved estimates;
- iv) If payment of the payment voucher would result in expenditure in excess of the appropriation;
- v) If payment of the payment voucher would reduce the balance available in the vote that it would not be sufficient to meet commitments charged against it.

**(4 points for 4 marks)**

#### c) Adherence To Principles of Public Accountability

- i) Government institutions must define their vision, mission and annual and longer term objectives and agree or establish plans to achieve them;
- ii) Government institutions must oversee the delivery of planned results by monitoring performance against strategic objectives and targets and ensure corrective action when necessary;
- iii) Government institutions must ensure that there is appointment, development and succession of their management staff;
- iv) Government institutions must ensure the formal approval and adoption of a monthly and annual report of the entity including the financial statements;

- v) Government institutions must protect all public property and control public resources entrusted to them. **(4 points for 4 marks)**

**(d)**

**Budgetary Control Function**

The budgetary rules exercise effective control over government units in public spending and accountability for all funds, property and other assets for which each department and agency is responsible. Compliance to spending rules is the basis for public accountability. **Methods used to demand budgetary accountability from government units include the following:**

- Adherence to fixed targets (expenditure ceilings)
  - Adherence to spending on intended purpose of programmes;
  - Reduction of spending overruns, that is, spending within legally binding appropriations;
  - Stricter prioritization to achieve objectives of public organizations;
  - Greater efficiency in spending to improve economic sustainability;
- Reduction of volatility of spending in order to create a degree of predictability in fiscal policy and making fiscal policy less stabilizing.

**e) Financial Information disclosed for Government Stores**

- Additions to Stores for the period
- Inventory Balances
- Stores to be disposed of in the coming year and already disposed.
- Re-order levels
- Maximum stock levels
- Payment lists
- Quantity of stock received during the period
- Minimum stock levels
- Budget of stores for the year and upcoming year
- Deteriorating lists

**(Any 8 points for 4 marks)**

**(Total: 20 marks)**

**EXAMINER'S COMMENTS**

Question 3(a) was very badly answered. Indeed only a handful of candidates answered the question well.

Question 3(b) answers were fair, though not too satisfactory. It gives the impression that many candidates have not studied the Finance Administration Regulations L.I. 1804 of 2004 well.

Questions 3(c) and 3(d) were very poorly answered. Most probably candidates had very scanty knowledge of the principles of Public Accountability and Budgetary Control.

Question 3(e), Accounting for Government Stores, is a fairly easy question. It is surprising however that many candidates messed up with the question. They had a very poor idea about the process of Accounting for Government Stores.

#### **QUESTION FOUR**

**(a)**

##### **Benefits of Due Process in Public Procurement**

- i) The entity will safeguard its public funds and assets;
- ii) It will improve its system of fiscal management through more efficient and effective use of public monies;
- iii) It will enhance transparency and accountability in its management and procurement processes;
- iv) It will be able to build public confidence in its financial activities;
- v) It will practice efficient use of resources through competitive bidding and value for money;
- vi) It will improve its financial planning system.

**(4 points for 4 marks)**

**(b)**

##### **Allocation of Limited Resources in a District Assembly**

- i) Ensure that utilization of resources are linked to the priorities of the Assembly;
- ii) Ensure that the Assembly's strategic plan lead to overall achievement of Assembly's stated objectives and outputs before committing limited resources;
- iii) Ensure that there is transparency and stakeholder participation in the use of resources;
- iv) Ensure that there is better planning information that will lead to policy predictability before committing resources;
- v) There is the need to persuade donors and other development partners to fund some of the Assembly's priority activities.

**(4 points for 4 marks)**

**(c)**

##### **Challenges of Accounts not classified**

It will be difficult to perform the following accounting functions without accounts classification:

- i) Harmonization of Accounts;
- ii) Uniform classification of Accounts;
- iii) Financial and budgetary control;
- iv) Financial Reporting;
- v) Computerization of large amounts of financial information;
- vi) Resource Allocation;
- vii) Expenditure / Revenue Tracking;



viii) Development of Audit Trail

**(4 points for 4 marks)**

**(d)**

**Introduction of Financial Reforms**

- i) Establishment of appropriate legal framework;
- ii) Orientation of stakeholders towards new reforms and technologies;
- iii) Capacity building of management and staff of public entities;
- iv) Structural changes to effectively and efficiently integrate new reforms into mainstream activities of MDA's;
- v) Strict enforcement of laws through monitoring, evaluation and sanctions;
- vi) Political support of government and development partners.

**(4 points for 4 marks)**

**(e) Procedures Required For Effective Management of Public Expenditure**

- i) There is the need for effective control of cash;
- ii) It is essential that the regulations and the instructions given by the Controller and Accountant General with respect to disbursement of public funds, are fully complied with;
- iii) Details of all payments must be properly authorised and captured;
- iv) An approving officer shall only approve a commitment where sufficient unspent and uncommitted warrant balance exists for the purpose of the commitment or where the Minister of Finance has approved a commitment extending beyond the current financial year;
- v) A payment from the MDAs account shall be made where an Approving Officer has duly authorised the payment and the Head of Finance has certified that the details of the payment are correct and the payment may be properly made;
- vi) All payments must be supported by a payment voucher which shall contain the particulars of the service works or goods being paid for by the MDA.

**(4 points for 4 marks)**

**(Total: 20 marks)**

**EXAMINER'S COMMENTS**

Question 4(a) was fairly well understood and answered. However for Questions 4(b), 4(c) and 4(d) many candidates could not give satisfactory answers.

**QUESTION FIVE**

**a) Revenue Management**

i) This is the recognition, measurement and accounting for revenue. It also involves the management of the potential and actual revenue of an organisation in such a way as to ensure that revenues due are properly collected and accounted for.

**ii) Procedures in the Management of Revenue**

- Identification and documentation of various sources of revenue available for the MDA;
- Provision of information to management on guidance and practices to promote the collection of such revenue;
- Establishment of management and accounting policies and procedures for revenue mobilization and collection;
- Establishment of internal control system for revenue management;
- Posting of key personnel to take charge of revenue management;
- Establishment of roles and responsibilities of revenue personnel;
- Revenue should be properly received and promptly paid in gross into the designated bank account of MDA.

**(4 marks)**

**b) Disclosures**

Disclosures made in respect of the general government sector shall include at least the following:

- a) Assets by major class, showing separately the investment in other sectors;
- b) Liabilities by major class;
- c) Net assets/equity;
- d) Total revaluation increments and decrements and other items of revenue and expense recognized directly in net assets/equity;
- e) Revenue by major class;
- f) Expenses by major class;
- g) Surplus or deficit;
- h) Cash flows from operating activities by major class.

**(Any 4 points for 4 marks)**

**c)**

**i. Tax Policy**

This includes simplicity, efficiency, fairness and ability to collect sufficient revenue.

**ii. Tax Planning**

This is to ensure that tax liability is not unduly high. It is also meant to lead to minimization of litigation, the ability to provide productive investment and the prevention of tax evasion and double taxation

**(4 marks)**

**d) Benefits of Integration of the Revenue Collecting Agencies**

- Reduced administrative and tax compliance cost
- Better service delivery
- Improved departmental information flow.
- Holistic approach to domestic tax and customs administration
- Enhanced revenue mobilisation

(5 points for 5 marks)

**e) How the Controller and Accountant-General ensures Public Accountability**

There shall be appointed in accordance with article 195 of the Constitution, a Controller and Accountant-General who is responsible to the Minister for the custody, safety and integrity of the Consolidated Fund and other public funds designated under the care of the Controller and Accountant-General.

- ✓ The Controller and Accountant-General is responsible for the compilation and management of the accounts prepared in relation to the Consolidated Fund and other public funds and for this purpose the Controller and Accountant-General may give general instructions to the Principal Spending Officers of departments which shall not be inconsistent with this Act or any regulations or instructions issued under this Act.
- ✓ The Controller and Accountant-General is the Chief Accounting Officer of the Government who has responsibility to keep, render and publish statements of public accounts as required by this Act or any other enactment.
- ✓ As Chief Accounting Officer, the Controller and Accountant-General is the chief adviser to the Minister and the government on accountancy matters and is the person who approves accounting instructions of departments and promotes the development of efficient accounting systems within departments.
- ✓ (The Controller and Accountant-General receives, disburses and provides secure custody for moneys payable into the Consolidated Fund and other funds and for this purpose shall establish such accounts with the Bank of Ghana and its agents as are considered necessary for the deposit of the moneys.
- ✓ A bank account shall not be opened for any department except under the authority of the Controller and Accountant-General and a bank shall not open an account for any department without the authority of the Controller and Accountant-General.
- ✓ Without limiting the generality of these duties, the Controller and Accountant-General shall
  - (a) in consultation with the Auditor-General, specify for departments, the accounting basis, policies and the classification system to be applied in public accounting and ensure that a proper system of accounting is established in each case; and
  - (b) ensure, in so far as is practicable, that adequate provisions exist for the safe custody of public money, securities and accountable documents.

(Any 3 points for 3 marks)

(Total: 20 marks)

**EXAMINER'S COMMENTS**

Perhaps Question 5 was among the questions that was best handled by majority of candidates. Answers that were given to Questions 5(a), 5(b), 5(c) and 5(d) were generally satisfactory.

However, Question 5(e) was not well understood by majority of candidates. Instead of emphasizing on the public accountability function of the Controller and Accountant General, they rather described his duties.