

QUESTION 1

Stated below are the Government of Ghana actual results and Budget of the Public Accounts of the Consolidated Fund for the year ended 31st December 2012.

<u>REVENUE</u>	<u>BUDGET</u>	<u>ACTUAL</u>
Direct Tax	326,040	261,115
Indirect Tax	354,676	324,889
Grants	104,872	14,055
Other revenue	<u>86,803</u>	<u>25,464</u>
Total revenue	<u>872,391</u>	<u>535,523</u>
 <u>EXPENDITURE</u>		
Compensation of Employees	375,166	336,946
Use of Goods and Services	72,600	48,920
Interest	133,097	206,622
Social benefits	3,232	-
Other expenses	74,904	38,125
Consumption of fixed capital	<u>81,600</u>	<u>1,250</u>
	<u>740,599</u>	<u>631,863</u>
Excess of revenue over the Expenditure	<u>131,792</u>	<u>(96,340)</u>

From the above information, you are required to:

- (a) Assess the performance of the Government spending and Revenue Generation, stating **two (2)** possible reasons for the difference between the Actual and Budgeted results of each of the accounts headings from the Revenue and Expenditure Statement above.

(15 marks)

- (b) State **five (5)** reasons why budgeted figures and prior year figures are included in the Central Government financial statements.

(5 marks)

(Total: 20 marks)

QUESTION 2

- (a) Paragraph 189 of the FAR 2004 (L. I. 1807) provides for the submission of Revenue and Expenditure Returns to Controller and Accountant General by MDAs and MMDAs.

The quarterly Returns are expected to show;

- Warrant received for the quarter
- Previous warrants received
- Cumulative warrants

In addition, the Expenditure Returns must show;

- Payments/Expenditure for the quarter
- Previous payments/expenditure
- Cumulative payments/expenditure and
- Balances

The following were extracted from the books of an MDA.

Extract from the Accounting books of the MDA

1st Quarter

Item	Warrant Received (GHC)	Payments/Expenditure (GHC)
Compensation	1,200,000.00	1,400,000.00
Goods and Services	600,000.00	400,000.00
Assets	500,000.00	400,000.00
	2300,000.00	2,200,000.00

2nd Quarter

Item	Warrant Received (GHC)	Payments/Expenditure (GHC)
Compensation	1400,000.00	1350,000.00
Goods and Services	700,000.00	900,000.00
Assets	1000,000.00	750,000.00
	3100,000.00	3,000,000.00

3rd Quarter

Item	Warrant Received (GHC)	Payments/Expenditure (GHC)
Compensation	1,400,000.00	1,500,000.00
Goods and Services	700,000.00	500,000.00
Assets	800,000.00	1,200,000.00
	2,900,000.00	3,200,000.00

4th Quarter

Item	Warrant Received (GHC)	Payments/Expenditure (GHC)
Compensation	1,600,000.00	1,400,000.00
Goods and Services	300,000.00	200,000.00
Assets	1,200,000.00	800,000.00
	3,100,000.00	2,400,000.00

Required:

Prepare Expenditure Returns to be submitted to the Controller and Accountant General for the 4th Quarter of 2012 financial year.

(10 marks)

Note

Warrant Savings or Surpluses for a particular quarter could be rolled over to the subsequent quarter.

- (b) In an attempt to improve accountability and transparency in the use of petroleum revenues resulting from the discovery of crude oil in commercial quantities, the Petroleum Revenue Management Act 2011 (Act 815) was enacted in Ghana.

Required:

- (i) Mention **three (3)** sources of petroleum revenues in Ghana. **(3 marks)**
- (ii) List **two (2)** types of funds created under the Petroleum Revenue Management Act 2011 (Act 815) and **explain** the purpose of each of them.

(2 marks)

- (c) In recent years the call for governments all over the world to adopt and apply International Public Sector Accounting Standards (IPSAS) in the preparation of financial information and reports in the public sector is growing louder than ever.

Required:

State **five (5)** benefits Ghana stands to enjoy by adopting IPSAS in the preparation of public sector financial statements. **(5 marks)**

(Total: 20 marks)

QUESTION 3

- (a) Government fiscal policy is the use of taxation and other budgetary measures to regulate the national economy.

Required:

(i) State **three (3)** objectives of government fiscal policy. **(3 marks)**

(ii) State the use of **three (3)** fiscal policy instruments to regulate the national economy.

(3 marks)

- (b) The power to tax, borrow and create money to meet the aspirations of the Ghanaian public and raise their standard of living is based on the sovereign authority of the state.

Required:

State **four (4)** factors which the government takes into consideration before borrowing money.

(4 marks)

- (c) In the examination of accounts of MDAs, the Auditor-General is expected by laws to draw attention to certain principles of financial control in public financial management.

Required:

State **five (5)** of these principles of financial control in the public sector. **(5 marks)**

- (d) “A loss” may be defined as the deprivation of the Government of Ghana of the rightful use of public and trust monies, public property, stores or any other financial or physical asset.

Required:

State **four (4)** duties of a head of an MDA with regard to a loss of government stores.

(5 marks)

(Total: 20 marks)

QUESTION 4

- (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)

(c) (i) Briefly explain Government Business Enterprise (GBEs) as stated in the IPSAS. **(2 marks)**

(ii) State **three (3)** sources of revenue accruing to GBEs. **(3 marks)**

(d) In Public Sector Accounting, the Infrastructure, plants and Equipment Register must be kept in a memorandum form detailing records of assets owned by MDAs or MMDAs.

Required:

Outline **five (5)** importance of the infrastructure, plant and equipment register for MDAs and MMDAs.

(5 marks)

(Total: 20 marks)

QUESTION 5

(a) Government Financial Statements are prepared on a Modified Accrual Basis as a departure from the previous Commitment Accounting.

Required:

Briefly explain and differentiate between a “Committed Government expenditure” and “Government accrued expenditure”.

(5 marks)

(b) State **five (5)** procedures that must be followed before goods are received into government stores.

(5 marks)

(c) Explain the following terms or practices as used in public procurement.

(i) Tender security

(ii) Least-cost-selection

(iii) Tender evaluation panel

(iv) Board of survey

(v) Right to review

(10 marks)

(Total: 20 marks)