

QUESTION 1

(a) Explain the following:

- (i) Debt assumption
- (ii) Contingent contract
- (iii) Debt for-equity-swap

(6 marks)

(b) The Budget Committee of the District Assembly prepares a draft estimate based on inputs from heads of decentralized department and from sub-district structures and submits to the General Assembly for approval.

State **two (2)** reasons that may necessitate a budget revision at the District Assembly.

(4 marks)

(c) The Director of Budget shall release warrants prior to the commitment of any transaction by an Assembly.

Required:

i. Give **three (3)** reasons why warrants are important in public sector accounting.

(6 marks)

ii. Explain the following types of warrants

- (a) General Warrant
- (b) Specific warrant

(4 marks)

(Total: 20 marks)

QUESTION 2

- (a) The list of balances extracted from the books of Tayoo District Assembly as at 31st December 2012.

	GHC
Cash & Bank	5,181,992
Property rate	6,898,908
Penalties received	7,800
Licences & fees	3,308,592
Basic rate	1,600,000
Time Merchants Licence fees	1,400,000
Fines	928,500
Water rates	841,350
Market fees & rent	132,000
Sundry revenue	5,682,950
Construction of educational facilities	5,000,000
Repairs to market facilities	1,600,000
Parks and recreational costs	1,480,740
Wages & salaries	382,800
Remuneration to Assembly Members	7,520,000
Plant & equipment purchased	7,000,000
Interest on investments	1,000,000
Health and Welfare costs	2,191,260
Administration costs	3,010,500
Other recurrent expenditure	12,500,000
Trade earnings	800,000
Receipts from central government	20,000,000
Sundry expenses	29,640
Investments – fixed deposits	7,000,000
Staff & other advances	1,563,750
Creditors	957,500
Loans – Youth in agriculture	75,000
District Development Bond issued	1,800,000
Interest payments to Bondholders	200,000
Repairs & Maintenance of schools	1,500,000
District Assemblies Common Fund Receipts	4,000,000
Net accumulated results	6,877,182

Additional information

- (i) In June 2012, the District Assemblies Common Fund Secretariat purchased roofing sheets amounting to GHC875,000 and paid directly on behalf of Tayoo District Assembly for repairs and maintenance of schools. This has not been recorded in the books of the Assembly.
- (ii) Total vouchers amounting to GHC750,000 for Administrative Expenses are outstanding at the end of the year and not recorded in the books of the Assembly.

Required:

As the Head of Final Accounts working with the Assembly, prepare a Revenue and Expenditure Statement for 2012 and Statement of Financial Position as at 31st December 2012 (using Government of Ghana Main Accounts Classifications).

(14 marks)

(b) Explain the following terms as used in Public Sector financial management

- i. Provisional Estimate
- ii. International Competitive Tendering
- iii. General Budgetary Support

(6 marks)

(Total: 20 marks)

QUESTION 3

(a) A District Assembly has received an approved budget allocation to purchase stationery for its operations. Identify **five (5)** procedures involved in the procurement and receipt of the stationery. **(10 marks)**

(b) Explain each of the following modes of funding to MDAs.

- (i) Appropriation
- (ii) Grants
- (iii) Revenue Retention

(6 marks)

(c) Salaries of the employees of the Government of Ghana are managed by a computerized payroll system known as Integrated Personnel and Payroll Database (IPPD).

State **four (4)** objectives or importance for the introduction of IPPD into the Government of Ghana Expenditure Control System. **(4 marks)**

(Total: 20 marks)

QUESTION 4

(a) i. What is a “Common Fund” **(2 marks)**

ii. Describe **four (4)** functions performed by the District Assembly Common Fund Administrator. **(8 marks)**

(b) List **five (5)** factors that the government may take into consideration in increasing salaries/allowances of public servants. **(5 marks)**

- (c) Annual total expenditure of the District Assembly exceeds the annual total appropriation for almost all the items of expenditure. Obviously prudent fiscal management and cash control may be lacking in the District Assembly.

Give **five (5)** reasons why cash management is important in a government organisation.

(5 marks)

(Total: 20 marks)

QUESTION 5

When the Appropriation Act is passed by Parliament, Government Budget Statement becomes a public document. The Department of Social Welfare prepares a comparison of approved budget and actual expenditure as part of its Financial Statement in accordance with IPSAS I (Presentation of Financial Statement).

The approved estimates for annual expenditure of Department of Social Welfare are shown below. Also shown is the actual expenditure for the 1st quarter (January to March) of 2012.

	Approved Estimate for 2012 GHC	Actual expenditure for Jan – March 2012 GHC
Established Post	54,280	14,475
Non Established Post	13,416	3,534
Overtime allowance	2,088	294
Electricity charges	480	249
Water charges	480	159
Telecommunication	1,386	957
Postal charges	100	39
Stationery	8,076	2,262
Travel allowance	34,500	9,285
Maintenance of official vehicle	29,400	9,822
Car rental	936	453
Maintenance of equipment	12,000	5,175
Insurance	276	57
Bank charges	144	39
Training and conference cost	70,000	11,376
New building	<u>120,000</u>	<u>25,000</u>
	<u>350,650</u>	<u>84,160</u>

Note:

- (i) The budget for electricity was based on 100 units to be used at GHC1.00 per unit per quarter. The actual usage was 122.5 units at GHC1.70 per unit per quarter.
- (ii) The budget for water was based on 125 units at GHC0.80 per unit per quarter. Actual usage was 111.25 litres at GHC1.20 per unit per quarter.

You are required to:

- (a) Prepare a quarterly statement comparing the budget figures with the actual expenditure showing the variances between them.
- (b) How much of the total variance in electricity expenses was due to the price increase?
- (c) How much of the total variance in water charges was due to less water used?
- (d) Give **three (3)** possible reasons for the large variance in Telephone expenses.

20 marks