

SOLUTION 1

- (A) (i)
1. Cash and Bank balances increased about 233%.

Possible Reasons

1. Government not spending the borrowings
2. Increase in revenue and not spending

2. Advances reduced about 47%

Possible Causes

1. Effective recovery of advances
2. Government not grating advances in 2010

3. Loans Granted – Reduced about 0.5%

1. No loans were granted to public Institutions

4. Investments – reduced about 17.5%

Possible Cause

1. Government did not invest enough in financial assets.
2. Government should have invested the surpluses from Cash & Bank balances.

5. Public Debt – Increased about 32.46%

Possible Causes

1. Government is borrowing more and it should be controlled
2. Rapid increase in interest payments
3. Failure of future loan repayments by the Government and its associated problems.

6. Net Accumulated Results – Increased by 8.5%

Possible Cause

1. Over expenditure by Government
2. Deficit financing problems
3. Distortion in fiscal management

(ii) GROSS DEBT

It is the total debt a Government owes to outsiders that is issued as debt, usually through Treasury Bills or Bonds. Gross debt represents only a part of a Government's total liabilities.

TOTAL LIABILITIES

A Government's total liabilities represent all of the amount it owes to external parties, including Government employees. They include accounts payable, issued debt, employee pension and other retirement obligations, as well as other amounts owing to individuals and organizations outside of the government.

NET DEBT

In contrast, Net debt describes one indicator of government financial position. It is calculated as the difference between the sum of all Government's financial assets, and the sum of all of its liabilities.

(B) Users of public sector financial information

Users	Information Needs
Donor Community	Whether organizational objects are pursued, and plans and targets are attainable
Media	How Government financial information impacts on all aspects of society
Economic Planners	Whether Government financial information are adequate and received timely for planning purposes
Taxpayers	The consequences of Government spending, whether they will result in improvements in their living standards and/or increase taxation or inflation
Bankers and Lenders to Government	The financial position of government especially its ability to pay loans and interest thereon and Governments ability to borrow money.
Regulatory bodies	Whether Government spending meets legal requirements and whether financial controls are adhered to by spending agencies
Governments Economic Monitoring Authorities	Whether there is deficit or surplus on current accounts the quantum, and whether to borrow or mop up liquidity in the economy
Budget Analysts, Managerial Accountants and Investors	The trends of current monthly accounts and historical costs to help predict the future financial and economic position of the economy.

Revenue and other Finance related Agencies of Government	Monitor financial position of government as a basis for structuring managerial and employees rewards system, such as bonuses for staff
Controller and Accountant-General	Uses financial reports to develop and maintain a management information system, capturing real time, the past, present and emerging development and behaviour patterns of various Government organizations.
Auditor-General	Whether Government accounts have been properly kept and records properly reported on
The Government Trade Unions	Require financial information to be used in salary negotiations.
Contractors and suppliers of goods	Are there enough money to pay for Government contracts?
Non-Governmental Organisations	Want to know key areas of the state that require social or economic intervention.
The World bank, IMF, Multilateral and Bilateral Agencies and Foreign Governments	Wants to know the financial and economic performance of the country, where to assist, where to advise. They want to assess the effectiveness of spending on HIPC and Poverty Alleviation, the sustainability of Fiscal Policies, net debt, net wealth, contingent claims against the Government and obligations for government pensions.
Private Sector Business	Whether Government borrowing from the commercial banks would affect their business, and whether they can do business with the Government?

- (C)
- (i) Full disclosure of the financial results of department and agency activities;
 - (ii) Production of adequate financial information needed for department and agency management purposes;
 - (iii) Effective control over and accountability for all funds, property, and other assets for which each department and agency is responsible;
 - (iv) Reliable accounting reports to serve as the basis for preparation and support of department and agency budget requests to control the execution of the budget and to provide financial information;

- (v) Suitable integration of department and agency accounting with the central accounting and reporting operations of the Treasury Department.

SOLUTION 2

- (a)
 - (i) Ensure the acquisition, receipt, custody, control, issue and disposal of Government stores;
 - (ii) Ensure that acquisition of Government stores are made and applied to public purposes in the relation to the most economical way;
 - (iii) Ensure the accountability for the proper care, custody and use of the Government stores from the time of acquisition until they have been or otherwise disposed off in accordance with regulations;
 - (iv) Ensure that procurement of Government stores is made from only Value Added Tax registered persons or entities and departments that require an exemption for any specific case shall apply to the Minister with the necessary justification.
- (b) Purpose of the Road Fund
 - (i) The purpose of the Road Fund include:
 - (a) To finance routine, period maintenance and rehabilitation of public roads in the country.
 - (b) To assist the Metropolitan, Municipal and district Assemblies in the exercise of their functions relevant to public roads under the Act.
 - (ii) The expenditure that are lawfully chargeable and related facilities.
 - (a) Routine and periodic maintenance of roads and related facilities.
 - (b) Upgrading and rehabilitation of roads
 - (c) Road safety activities
 - (d) Selected road safety activities
 - (e) Such other relevant matters as may be determined by the Board.
 - (iii) Sources of Monies to the Fund:
 - (a) Government levy on Petrol, diesel and refined fuel.

- (b) Bridges, ferry and road tolls collected by the authorities.
 - (c) Vehicle licence and inspection fees
 - (d) International transit fees collected from foreign vehicles entering the country.
 - (e) Such moneys as the Minister for Finance in consultation with the Minister fo Roads may determine.
- (c) (i) COMMITMENT
It is the authorised commitment issue to public sector organization for them to incur on expenditure. It is recorded whn purchase orders are issued or contract signed fpr goods and services. When the actual expenditure occurs, this only is reserved and the actual expenditure is recorded.
- (ii) FUND BALANCES
It means the net financial assets, that is fund Financial Assets (ie cash, investment, receivables and other financial assets) less any fund related liabilities.
- (iii) ALLOTMENT
It is a periodic release of an appropriation. It helps keep departments from spebding entire budget early in the fiscal year.
- (iv) PROVISIONAL WARRANT
It is the authority issue by Minister of Finance for payments to be made in the first quarter of a year when budgets are not approved before the beginning of that year. It is based on Provisional Estimate.
- (v) REVOTE WARRANT
When there is undischarged commitment the MOFEP prepares a revote schedule and issue a Revote Warrant to meet these undischarged commitments.

SOLUTION 3

- (a) Capital assets include financial assets and non-financial assets.
 - i. Financial assets are Moneys paid from the Consolidated Fund for public purpose that requires the eventual repayment of the money into the Consolidated Fund and results in the acquisition of equity interest in any institution. Examples are cash in the Treasury Office or in bank accounts operated by the Treasury and Advances from the Consolidated Fund.

- ii. Non-financial assets are economic assets other than financial assets. Examples are fixed assets like buildings, machinery and equipment and inventories and valuables.
- (b) i. Low export receipts means that finding enough foreign currency to pay for Ghana's imports especially crude oil may lead to borrowing;
- ii. There is high domestic borrowing in Ghana to finance imports and development projects and also credit from bilateral sources leading to public debt;
 - iii. Unsteady export prices for Ghana's exports reflect on price fluctuations in the domestic market leading to local currency depreciation and borrowing to finance imports and capital projects;
 - iv. There is no synchronization between revenue and expenditure in the budget cycle, there is therefore the tendency to experience large budget imbalances and the need for domestic borrowing;
 - v. Low growth of the economy makes it difficult to close the deficit gap in the national budget through taxation.

(c) Functions of Procurement Agency

1. To make proposal for the formation of policies on procurement.
2. Ensure policy implementation and human resource development for public procurement.
3. Develop draft rules, instructions, other regulatory documentation on public procurement and format for public procurement documentation.
4. Monitor and supervise public procurement and ensure compliance with statutory requirement.
5. Right to obtain information concerning public procurement from constructing authorities.
6. Establish information system relating to public procurement.
7. Publish a monthly public procurement Bulletin which shall contain information to public procurement.
8. Assess the operations of public procurement processes and submit proposal for improvement.
9. Facilitate the Training of Public Officers involved in public procurement.
10. Advice Government on issues relating to public procurement.

(d) ENVIRONMENTAL ACCOUNTING

- i. It is process of incorporating environmental issues into the Government financial reporting systems.

Environmental accounting is often referred to as Green Accounting which incorporates environmental assets and their source and sinks functions into national accounts.

- ii. (a) Possible revenue generation may offset environmental costs.
- (b) Environmental costs and benefits may be overlooked or hidden in overhead accounts.
- (c) Possible significant reduction or elimination of environmental costs.
- (d) Benefiting from environmental products and services to the citizens.
- (e) Can support the development and running of an overall Environmental Management Systems (EMS) which may be required by regulation for some types of businesses.
- (f) Positive impact on human health by improving environmental conditions.
- (g) May result in more accurate costing or pricing of products and more environmentally desired processes.

SOLUTION 4

- (a) i. ADVANTAGES OF PRIVATISATION
 - 1. Privatisation leads to lower prices and greater supply
 - 2. It provides a one off cash boost for government to be used in other areas like schools, hospitals
 - 3. The government cannot be a player and an empire
 - 4. Private enterprises is more responsive to customer complaints and innovation
 - 5. Competition in privatisation increase differentiation
 - 6. Privatisation places the risk in the hands of business or private enterprises
 - 7. Save Taxpayers money.
- ii. DISADVANTAGES
 - 1. It is expensive and generate a lot of income in fees for specialist advisers e.g. Banks

2. Public monopolies have been turned into private monopolies with too little competition so consumers suffer.
3. The nationalised industries were sold off too quickly and too cheaply.
4. After purchase the buyers have sold off or closed down unprofitable parts of the business. e.g. Transport.
5. It creates unemployment e.g. lay offs after purchase.
6. Share ownership did not really happen as many small investors took their profits and did not buy anything else.

iii. REASONS WHY WE MEASURE PERFORMANCE IN THE PUBLIC SECTOR

1. It can form the basis for discharging accountability
2. It provides essential information to improve management within the public sector
3. As a basis for promotion
4. As a basis for increasing financial resources
5. To assess the impact of Government programs on society.
6. To assess the extent to which value for money has been achieved.

(b) THE MINISTER OF FINANCE AND ECONOMIC PLANNING

The Minister-MoFEP

- Develops and implements macro-economic and fiscal policy framework for the country;
- Supervises and monitors the finances of the country;
- Co-ordinates international and inter governmental financial and fiscal relation;
- Advises the government on the total resources to be allocated to individual programmes and activities within the sector;
- Develop preliminary ceilings by allocating total resources between sectors on the basis of government priorities. These ceiling are approved by Cabinet.
- Conducts budgets hearings, reviews and finalises budget statement;
- Presents to parliament, the fiscal policy of the government and a statement of the current and projected state of the economy (budget), not less than once a year.

SOLUTION 5

- (a)
- i. Temporarily they increase government reserves, which are eventually reduced again by repayments:
 - ii. Reduces inflows or amount of revenue payable into the Consolidated Fund;
 - iii. Increases inflows in to the Consolidated Fund;
 - iv. May lead to increase in outflows from the Consolidated Fund.
- (b)
- i. Identification of Transaction
Arranging transactions, events or things into groups according to predefined distinguishing characteristics allows for identification of type, quality, location, cost, nature, frequency of occurrence, sector of the economy and objectives of the national budget.
 - ii. Standardization of codes
One set of code e.g. item 1, 2, 3 or 4 common and used by all government units allows for the standardization of the budgetary system.
 - iii. Uniformity of Planning
For purposes of control and reporting it is important to have a uniform budgetary planning system, thus the importance of a uniform system of accounts classification.
 - iv. Structure of the Budget
Ghana has a unitary budgetary planning system. Therefore for case of allocation and apportionment of resources it is necessary that aggregations and analysis of data must include all variables within the system. This is difficult without expenditure.
 - v. Flexibility of the Budget
In order to allow for flexibility and co-ordination of activities of a multi-purpose national budget, it is important to allow for expression and capacity of accepting additions and deletion to the budget.
- (c)
- i. Freezing of Votes
Sometimes the Government may instruct the Treasury to cease the disbursement of public funds for a period. This allows the Government to build up enough revenue to meet its commitments.
 - ii. Quarterly Limits
Approved votes for the financial year are released quarterly instead of yearly. This allows the Government to limit expenditure to expected quarterly revenues.
 - iii. Warrants
Funds released by the Minister of Finance and the Controller and Accountant General to MDA's are subsequently disbursed through the use of warrants. This procedure enables the Minister of finance and the Controller and Accountant General to disburse funds within limits of the available revenue.

- iv. Across the Board Cuts
When the Government monitors expenditure against its budgeted revenue and revenue received has fallen far below target, the Government may impose a mandatory cut on all expenditures by a certain percentage.

(d) **Regulatory Role of Heads of MDA's and MMDA's (Spending Officers)**

Heads of MDA's

- Manage and operate the MDAs accounting systems, so as to ensure the accountability of all officers transacting such business and facilitate the efficient discharge of such business;
- Ensure that the department's accounting system has been approved by the CAG in consultation with the Auditor-General.
- Secure the efficient and effective use of appropriations under departmental control within the ambit of government policy, and in compliance with any enactment regulations or instructions issued under the authority of any enactment;
- Secure the duly and proper collection of government revenue collectable by the department within the terms of any enactment, or of instructions issued or approved by the Controller and Accountant-General;
- Requisition, commit, order, receive and make payments for department and in accordance with these regulations and any other enactment;
- Receive and order the disbursement of any trust monies for which the Head of Department has been appointed as administering authority by or under any enactment or agreement;
- Manage and reconcile the bank accounts authorised for the Department by the controller and Accountant-General;
- Preserve in good order, and secure the economical use of all equipment and stores used by the department;
- Transact any other financial business for which the Head Department is made responsible, by or under any enactment in accordance with the requirement of such authority or instruction issued or approved by the Minister;
- Prepare monthly accounts in a form prescribed, and for time periods set by the CAG in the Accounting Manual, and prepare, sign and submit within three months after the end of the year, to the Minister, the auditor-General and the CAGD annual departmental accounts in the form prescribed by CAGD in consultation with the Auditor-General;
- Answer such question as are raised by the Auditor-General in respect of the financial transactions and account of the Department; and
- Appear before the Public Accounts committee to make such explanations as required by the committee in respect of the annual department accounts.

(e) REASONS FOR PUBLIC INVESTMENT

1. Provision for social wants;
2. To influence future social, political, economic or financial environment for optimal growth of the economy;
3. To create jobs and reduce unemployment;
4. To invest in labour intensive industries;
5. To stimulate demand in the national economy;
6. To apply underutilised resources, plant, machinery and equipment to increased production in the nation economy;
7. To create or improve public infrastructure;
8. To keep pace with trends in changes in technology and innovations, and prevent obsolescence of plants, equipment, machinery, etc;
9. To develop new technologies;
10. To expand existing infrastructure;
11. To provide loans to the private sector of the economy;
12. To effect the distribution of national income among districts and regions;
13. To create and improve human capital in the national economy; and
14. To create and improve productivity.