

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA  
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA  
PART II EXAMINATIONS – MARCH 2022**

**PUBLIC SECTOR ACCOUNTING  
(GHANA VERSION)**

**Time Allowed: 3 hours**

**SECTION A:        PART I MULTIPLE-CHOICE QUESTIONS        (30 Marks)**

**ATTEMPT ALL QUESTIONS**

**Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements**

1. Which of the following is **NOT** true about cash basis of accounting?
  - A. Depreciation is charged on non-financial assets
  - B. Assets are not disclosed in the statement of financial position
  - C. The resulting accounting system is very simple
  - D. Understandability of the information increases
  - E. Assets are written off in the year of acquisition
  
2. The following are the responsibilities of the Principal Spending Officer **EXCEPT**
  - A. Ensure the regularity and proper use of money
  - B. Manage the resources received or held by or on account of a covered entity
  - C. Authorize commitments for the covered entity within a ceiling set by the Minister
  - D. Monitor the performance of the public financial management systems of the public sector
  - E. Manage the resources disposed off by or on account of a covered entity
  
3. The Supreme Audit Institution is
  - A. Auditor-General
  - B. Audit Service
  - C. State Enterprise Audit Corporation

- D. Internal Audit Agency
  - E. Controller and Accountant General's Department
4. Business Accounting uses the proprietary concept, while public sector accounting is based on
- A. Fund Accounting
  - B. Budgetary Accounting
  - C. Accrual Basis
  - D. Cash Basis
  - E. Modified Accounting
5. The qualitative characteristic of information that allow users to place their confidence in the information is
- A. Understandability
  - B. Faithful Representation
  - C. Verifiability
  - D. Relevance
  - E. Reliability
6. The two main known bases of accounting in public sector accounting are
- A. Accrual and Modified Accrual Basis
  - B. Cash and Accrual Basis
  - C. Accrual and Modified Cash Basis
  - D. Modified Cash and Modified Accrual Basis
  - E. Cash and Mixed Basis
7. The collection of import duties is the responsibility of
- A. Ministry of Finance
  - B. Ghana Revenue Authority
  - C. Controller and Accountant General
  - D. Covered Entities
  - E. District Assemblies

8. Which of the following is **NOT** a Social Benefit?
- A. Medical Refund
  - B. Staff Welfare Expenses
  - C. National Health Insurance Scheme
  - D. Grants to Household
  - E. School Feeding Programme
9. The objective of expenditure control is to
- A. Approve expenditure accordingly
  - B. Ensure that public resources are spent as intended
  - C. Control Budget
  - D. Enforcement of strict spending mechanisms
  - E. Avoid leakage
10. The approval of the financial estimates (budget) of the executive and ensuring strict compliance to the budget approved is a form of financial control exerted by
- A. Legislature
  - B. Judiciary
  - C. Treasury
  - D. Ministeries
  - E. Executive
11. A unified structure of Government accounts that gives a consolidated view of Government cash resources is
- A. Consolidated Fund
  - B. Treasury Single Account
  - C. Bank Account
  - D. Common Fund
  - E. General Fund Account
12. A sum of cash advanced to a public officer to meet payments which are otherwise inconvenient to dispense through the normal payment procedure is
- A. Loan

- B. Advance
  - C. Imprest
  - D. Cash
  - E. Credit
13. Monies lent out from the public funds on condition of repayment within a period longer than one year is
- A. Advances
  - B. Loan
  - C. Imprest
  - D. Cash
  - E. Credit
14. Which of the following is **NOT** a Value Book?
- A. Local Purchase Order
  - B. Passport booklets
  - C. Cheque books
  - D. Official receipts
  - E. Requisition book
15. Who is responsible for the efficient control of stock of value books of a covered entity?
- A. Controller and Accountant General
  - B. Principal Spending Officer
  - C. Principal Accounts Holder
  - D. Minister of Finance
  - E. Head of Department
16. Which of the following does **NOT** constitute inventory in the public sector?
- A. Stocks of unissued currency
  - B. Consumable stores
  - C. Plant and Equipment
  - D. Maintenance materials
  - E. Stocks of stationery

17. The amount owed to creditors/lenders which are non-resident of the country is termed as
- A. Internal Debt
  - B. External Debt
  - C. Multilateral Grant
  - D. Bilateral Grant
  - E. Grant
18. Borrowing between the Republic of Ghana and other recognised sovereign nations is
- A. Bilateral Debt
  - B. Multilateral Debt
  - C. Grant
  - D. Internal Debt
  - E. External Debt
19. The process by which Government sets levels to efficiently collect revenue and allocate the spending of resources among all sectors to meet national objective is
- A. Planning
  - B. Budgeting
  - C. Fiscal Strategy
  - D. Public Financial Management
  - E. Public Allocation
20. Which of the following is **NOT** a key legislation on budgeting?
- A. PFM Act 2016, Act 921
  - B. 1992 Constitution of Ghana
  - C. PFM Regulation, 2019
  - D. Local Governance Act, 2016
  - E. Budget operation Manual (Ministry of Finance)
21. Who is required to cause an estimate of revenues and expenditures of government for the coming year?
- A. The Minister of Finance
  - B. Controller and Accountant General

- C. President
  - D. Principal Spending Officer
  - E. Speaker of Parliament
22. At which stage in budget cycle does the budget hearing takes place?
- A. Budget Formulation
  - B. Budget Authorization
  - C. Budget Implementation
  - D. Budget Monitoring
  - E. Evaluation and Control
23. A statement that shows the projected receipts and payment of an entity for a given period is
- A. Receipts and Payments
  - B. Cash flow Forecast
  - C. Cash flow Statement
  - D. Statement of Revenue and Expenditure
  - E. Statement of Income and Expenditure
24. The accounting standard for public sector issued by the IPSAS Board is
- A. International Financial Reporting Standards
  - B. International Public Sector Accounting Standards
  - C. International Accounting Standard
  - D. Public Sector Accounting Standard
  - E. International Standards for Public Sector
25. A unit within the entity that is dedicated to providing technical procurement services to the tender committee is
- A. Procurement Unit
  - B. Procurement Entity
  - C. Tender Evaluation Panel
  - D. Entity Tender Committee
  - E. Tender procurement committee

26. A procurement method that allows for offering contract to a single supplier to supply goods, works and services is
- A. Restricted Tendering
  - B. Single Source Procurement Method
  - C. Request for quotation
  - D. National Competitive Tendering
  - E. One-off Tender
27. Which procurement method allows only locally registered firms to participate in the procurement proceedings?
- A. National Competitive Tendering
  - B. International Competitive Tendering
  - C. Two- Stage Tendering
  - D. Request for Quotation
  - E. General Competitive Tendering
28. All of the following conditions are applicable to the use of a request for quotation, **EXCEPT**
- A. Where the goods are readily available
  - B. Where the goods could be obtained from one or few suppliers
  - C. Where there is an already established market for the goods
  - D. Where low cost of goods and services are required
  - E. Where competitive cost of goods and services are required
29. A security provided to the entity as a pledge against fulfilment of an obligation under a procurement contract is
- A. Contract Security
  - B. Tender Document
  - C. Tender Proposal
  - D. Tender Security
  - E. Security Document
30. Recommendations made by the Board of Survey are approved by
- A. Head of Procurement Entity
  - B. Procurement Committee
  - C. Head of Board of Survey

- D. Head of Procurement Unit
- E. Minister of Finance

## **SECTION A: PART II SHORT-ANSWER QUESTIONS (20 MARKS)**

### **ATTEMPT ALL QUESTIONS**

**Write the correct answer that best completes each of the following questions/statements.**

1. A General Purpose Financial Report is .....
2. The overall goal of Public Sector Accounting is .....
3. The Purpose of the District Assembly Common Fund is to provide resources to support the developmental activities of the local government. **TRUE/FALSE**
4. Two enhancing qualitative characteristics of a general purpose financial report are ..... and .....
5. The two versions of the International Public Sector Accounting Standard are Cash Basis IPSAS and .....
6. One objective of the Internal Audit Agency is .....
7. The Supreme Audit Institution in Ghana is the .....
8. .... appoints the Auditor General
9. A supplementary budget is .....
10. .... are compulsory levy imposed on the people of a country by a legitimate body or person
11. Two sources of Direct Taxes are ..... and .....
12. The entity responsible for tax administration in Ghana is .....
13. .... requires no repayment and no interest on the amount but loan requires repayment of the amount plus interest at the agreed rate
14. The general principle of sharing the District Assembly Common Fund is to uphold fairness and .....
15. Two principles of public procurement are ..... and .....



16. ....is an entity conducting procurement under the Public Procurement Act
17. One procedure for disposing store items in a covered entity is .....
18. Two sources of public debt are ..... and .....
19. The reallocation of funds within the budget from one budget line to another budget line without affecting the total amount appropriated is known as .....
20. One reason why government borrows is to .....

**SECTION B:            ATTEMPT ANY FOUR QUESTIONS            (50 MARKS)**

**QUESTION 1**

The following budget information relates to the Department of Works and Housing for the first quarter of 2020

- (i) A total of GH¢500,000 has been appropriated to the department. The amount will be released in the second and third month of the quarter in the ratio 1:2 respectively
- (ii) Goods and services committed for the quarter is GH¢26,000 and is to be shared equally in the months in the quarter. The payment will be made one month in arrears
- (iii) The department is yet to receive 100 computers worth GH¢100,000 from an NGO. This will be received in March 2020
- (iv) Consumption of Property, Plant, and Equipment for the quarter is GH¢12,000 and should be shared equally for January, February, and March
- (v) Fees expected to be collected by the department for the quarter is GH¢490,000. 60% of the fees will be collected in the month of service delivery. The remaining will be collected after the month of service delivery
- (vi) Cash and Cash equivalent available for the start of the quarter is GH¢34,000.

**Required:**

Prepare a Cashflow Forecast for the Department of Works and Housing for the first quarter of 2020.

**(Total 12½ Marks)**

## QUESTION 2

ICAG has adopted the IESBA Code of Ethics as issued by the IESBA for professional Accountants. Auditors for public sector entities are required to perform their professional duties in line with the Code of Ethics.

### Required:

- i. Explain **FIVE** principles of the Code of Ethics for Professional Accountants **(10 Marks)**
- ii. State **TWO** roles of the Auditor General **(2½ Marks)**

**(Total 12½ Marks)**

## QUESTION 3

The trial balance below relates to the Adonten Municipal Assembly for the year ended 31<sup>st</sup> December, 2021.

	<b>GH¢</b>	<b>GH¢</b>
Fees		800
Fines		1,200
Penalties		700
Rates		250
Grants		1,500
Cash	1,350	
PPE	18,000	
Loans and Advances	2,440	
Equity		
Investment	3,010	
Creditors		16,060
Compensation	9,100	
General Cleaning	720	
Office Utilities	1,300	
Secondment	2,590	
Assembly men Allowance	1,200	
Established Position	3,500	
Casual Labour	310	
Foreign Travels	120	
Travel Allowance	920	
Decentralised Transfer		23,000
Seminars and Conferences	1,810	

Repairs and Maintenance	730	
Receivables	3,000	
Payables		12,450
Fixed Deposit	760	
Consumption of fixed capital	1,100	
Accumulated Fund	<u>4,000</u>	<u>          </u>
	<u>55,960</u>	<u>55,960</u>

**Required:**

Prepare for the Municipal Assembly,

- i. A Statement of Revenue and Expenditure for the year ended 31 December, 2021
- ii. A Statement of Financial Position as at 31 December, 2021.

**(Total 12½ Marks)**

**QUESTION 4**

Revenue Management is the approval of revenues, collection of approved revenues and custody of the revenues collected.

**Required:**

- i. Explain **THREE** responsibilities of a public officer in charge of revenue collection **(8½ Marks)**
- ii. State **TWO** sources of revenues paid into the consolidated fund **(2 Marks)**
- iii. State **TWO** objectives of revenue management **(2 Marks)**

**(Total 12½ Marks)**

### QUESTION 5

The basis of accounting determines the extent of information that an accounting system can collect and therefore report.

**Required:**

Explain how the following items will be treated under the cash and accrual basis respectively.

- i. Non-Financial Assets
- ii. Consumption of fixed capital
- iii. Receivables
- iv. Provisions
- v. Payables
- vi. Contingent liabilities

**(Total 12½ Marks)**

### QUESTION 6

The Government of Ghana in 2009 launched the Ghana Integrated Financial Management Information System as part of Public Financial Management Reforms

**Required:**

- i. Explain **TWO** objectives of the GIFMIS **(4 Marks)**
- ii. Identify **TWO** tasks performed on the GIFMIS **(2 Marks)**
- iii. Explain **TWO** uses of the following GIFMIS Module
  - a. Accounts Payable
  - b. Cash Management **(6 ½ Marks)**

**(Total 12½ Marks)**

## **SOLUTION TO QUESTIONS**

### **SECTION A: MCQ**

1	A
2	D
3	B
4	A
5	C
6	B
7	A
8	B
9	B
10	A
11	B
12	B
13	B
14	B
15	B
16	C
17	B
18	A
19	B
20	D
21	C
22	B
23	B
24	B
25	A
26	B
27	A
28	B
29	D
30	A

## SECTION A: SAQ

1. General Purpose Financial Reports are financial reports intended to meet the information needs of users who are unable to require the preparation of financial reports tailored to meet their specific information needs.
2. According IPSASB, the overall goal of public sector accounting and reporting is to provide useful information for decision making and accountability purposes.
3. TRUE
4. Comparability, Understandability, Verifiability, Timeliness
5. Cash Basis IPSAS and Accrual Basis IPSAS
6. Objectives of Internal Audit Agency  
The objective of the Agency is to co-ordinate, facilitate and provide quality assurance for internal audit activities within the Ministries, Departments and Agencies and the Metropolitan, Municipal and District Assemblies
7. Ghana Audit Service
8. The President
9. Supplementary budget is a budget laid before Parliament and approved by Parliament in the course of the current fiscal year after the annual budget have been approved. It allows for the revision of the annual budget approved by Parliament.
10. Taxes
11. Personal income tax (PAYE) paid on employment income, Corporate taxes paid by Companies, Rent tax paid by landlords, Dividend taxes paid by shareholders
12. Ghana Revenue Authority
13. Grants
14. Equity
15. Competition , Accountability, Transparency, Fairness/non-discrimination, Economy, Efficiency ,Environmental sustainability, Social impact
16. Procurement entity
17. Sale by public tender to the highest bidder, subject to reserve price – Sale by public auction, subject to reserve price – Destruction, dumping or burying as appropriate.
18. Short term debt (payable within 1 year). E.g T-Bills, ways and means, etc  
• Medium term debt (payable within 2-5 years). E.g. Bonds, Bank loans etc  
• Long term debt (above 5years).Eg Bonds

19. Virement refers to the reallocation of funds within the budget from one budget line to another budget line without affecting the total amount appropriated.
20. Finance budget deficit; Invest in infrastructure; Stabilize the economy or Pay off existing debt

## **SECTION B**

### **QUESTION 1**

#### **Department of Works and Housing Cashflow Forecast for the first quarter of 2020**

	January GHc	February GHc	March GHc
<b>Inflows</b>			
IGF- Fees Received	294,000	176,400	105,840
IGF- Recieveable		196,000	117,600
GoG Releases		166,667	333,333
<b>Total Inflows</b>	294,000	539,067	556,773
<b>Outflows</b>			
Goods and Services		8,667	8,667
Non- Financial Assets			100,000
<b>Total Outflows</b>	-	8,667	108,667
<b>Balance</b>	<u>294,000</u>	<u>530,400</u>	<u>448,107</u>
<b>Add opening Cash balance</b>	<u>34,000</u>	<u>328,000</u>	<u>858,400</u>
<b>Closing Cash Balance</b>	<u>328,000</u>	<u>858,400</u>	<u>1,306,507</u>



## Workings

1. GoG Release		Feb	March
Amount Appropriated	500,000	166,667	333,333
2. Goods and Services	Jan	Feb	March
(26,000/3)		8,667	8,667
3. Internally Generated Fund	Jan	Feb	March
490,000	294,000	176,400	105,840
		196,000	117,600

## QUESTION 2

i)

- a. **Integrity:** An auditor should be straightforward and honest in all professional and business relationships
- b. **Objectivity:** An auditor should not allow bias, conflict of interest or undue influence of others.
- c. **Professional Behavior:** An auditor should comply with the relevant laws and regulations and should avoid any action that discredits the profession.
- d. **Professional Competence and Due Care:** An auditor has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional services based on current developments in practice, legislation and techniques.
- e. **Confidentiality:** An auditor should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose.

## ii. Roles of the Auditor General

- 1) The Auditor-General is thus required by the Constitution to audit annually the public accounts of Ghana and of all public offices including the Courts, Central and local government administrations, of the Universities, public institutions, corporations and companies or any body or organisation established with public funds
- 2) The Auditor-General is to report his findings and recommendations from audits undertaken by his Office to Parliament.

## QUESTION 3

### Adonten Municipal Assembly

Statement of Revenue and Expenditure for the year ended 31st December, 2021

Revenue	<b>GH¢</b>	<b>GH¢</b>
IGF		2950
Decentralized		
Transfer		23,000
Grant		<u>1,500</u>
Total Revenue		27450
Expenditure		
	16,42	
Compensation	0	
Goods and Services	5880	
Consumption of		
fixed Capital	1,100	
Grant	1,100	
Total Expenditure		<u>24,500</u>
Surplus		<u><u>2,950</u></u>

### Statement of Financial Position as at 31st December, 2021

Non-Financial Assets	GH¢	GH¢
PPE		16,900
Financial Assets		
Cash		1,350
Loans and Advances		2,440
Equity Investment		3,010
Receivables		3,000
Fixed Deposit		760
Total Assets		<u>27,460</u>
Liabilities		
Creditors		16,060
Payables		12,450
Accumulated Fund		
As per Trial Balance	(4,000)	
Surplus	<u>2,950</u>	<u>(1,050)</u>
		<u>27,460</u>

### Workings

#### Workings

1. IGF	
Fees	800
Fines	1,200
Penalties	700
Rates	250
	<u>2,950</u>
2. Compensation	
As per trial balance	9,100
Secondment	2,590
Travel Allowance	920
Established Position	3,500
Casual Labour	310
	<u>16,420</u>

3. Goods and Services	
Foreign Travels	120
Seminars and Conferences	1,810
Assemblymen Allowance	1,200
General Cleaning	720
Office Utilities	1,300
Repairs and Maintenance	730
	<hr/>
	<u>5,880</u>
4. PPE (18,000-1,100)	16,900

#### QUESTION 4

- i. Responsibilities of a public officer in charge of revenue collection
  - a. Issue an original receipt to the payer and treat the duplicate and triplicate in accordance with the requirements of the departmental accounting instructions
  - b. Issue a (GOG Counterfoil Receipt for collection of revenues
  - c. Crosses unclosed cheques issued in the in the name of GOG upon receipt
  - d. Pay all moneys collected into the public funds accounts.
- ii. Two sources of revenues paid into the consolidated fund
  - a. All revenues and other moneys receive for or on behalf of government
  - b. Trust monies received for or on behalf of government
- iii. Objectives of Revenue Management
  - a. To ensure revenues are approved
  - b. To ensure the collection of approved revenues
  - c. To ensure the safe custody of the revenues collected.

## QUESTION 5

Treatment of the following items under the accrual and cash basis respectively

	Accrual Basis	Cash Basis
Non- Financial Assets	It capitalizes Non-Current Assets	They are written off in the year they were paid
Consumption of Fixed Capital	It charges consumption of fixed capital	No Consumption of fixed capital is charged
Receivables	It recognizes receivables in the financial report.	It emphasizes on Cash receipts and not receivables
Provisions	It makes room for provisions	It makes no room for provision
Payables	It recognizes payables as liabilities in the statement of financial position	It emphasizes on cash payment and not payables
Contingent Liabilities	Contingent liabilities are disclosed in the notes to the account	No Contingent Liabilities

## **QUESTION 6**

### **i. Objectives of GIFMIS**

- a.** Promote efficiency, transparency and accountability in public financial management through rationalization and modernization of budgeting and public expenditure management of the Government.
- b.** Promote the timely dissemination of information for financial management.
- c.** Rationalize the financial Administrative Acts and Regulations.
- d.** Improve the efficiency and effectiveness of revenue collection.
- e.** Maximize payment and commitment control

### **ii. Tasks performed on the GIFMIS Platform**

- a.** Budgeting preparation
- b.** Budget execution
- c.** Revenue management
- d.** Expenditure management
- e.** Cash management
- f.** Assets management
- g.** Debt management
- h.** Payroll management
- i.** Accounting and financial reporting
- j.** Human resource management
- k.** Public investment management

### **iii. Uses of the following GIFMIS Modules**

- a.** Accounts Payable
  - It is used for preparing Payment Vouchers
  - It is used for tracking liabilities.
- b.** Cash Management
  - It is used for making Payments,
  - Making Bank Reconciliation
  - Used for cash forecasting