



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION: BACHELOR OF PUBLIC MANAGEMENT	
QUALIFICATION CODE: 24BPMA	LEVEL: 7
COURSE CODE: PSA712S	COURSE NAME: PUBLIC SECTOR ACCOUNTING
SESSION: NOVEMBER 2018	PAPER: THEORY & PRACTICAL
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER

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INSTRUCTIONS

1. Answer ALL the questions.
2. Write clearly and neatly.
3. Number the answers clearly.
4. The question paper is made up of six (6) questions.
5. Answer ALL the questions in blue or black ink.
6. Start each question on a new page in your answer booklet.

THIS QUESTION PAPER CONSISTS OF 5 PAGES (Including this front page)

Question 1 [25 Marks]

- A. What are the effects of the following financial transactions of government agencies on the Consolidated Fund Accounts?
- i. Lodgement of Deposit into the Consolidated Fund.
 - ii. Refund of revenue collected in previous years.
 - iii. Recoveries of overpaid salaries.
 - iv. Payment of monies to contain to deliver office stationery. **(4 marks)**
- B. State and explain FOUR (4) reasons why it is important to classify the accounts of government. **(4 marks)**
- C. Identify and explain THREE (3) methods used by government to control public expenditure. **(5 marks)**
- D. List FOUR (4) responsibilities of an Accounting officer in the public service. **(4 marks)**
- E. State THREE (3) reasons why the government of Republic of Namibia should incur public investment expenditure. **(3 marks)**
- F. Give FIVE (5) reasons for keeping a Vote Book. **(5 marks)**

Question 2 [12 Marks]

There are two groups of users of Government Accounting information. These are internal and external users. Name THREE (3) users under each group and briefly state their need for this information.

Question 3 [20 Marks]

- (a) Describe the terms “domestic debt and “external debt.” **(8 marks)**
- (b) Explain three sources of each of the above two types of debt available to the government. **(12 marks)**

Question 4 [24 Marks]

a) The Windhoek Central Hospital (WCH), is a public hospital under the Ministry of Health and Social Services. The hospital is a subsidised organisation that finances its operations from Internally Generated Revenues (IGR) and government subsidies. In order to forecast for the first quarter of 2018/2019 you are provided with the following information on revenues and expenditure projections of the Hospital for the fourth quarter of 2017/2018 and first quarter of 2019.

Months Fiscal Year 2017/2018	IGR N\$'000	Subsidies N\$'000	Donations N\$'000	Non-established Posts N\$'000	Goods & Services N\$'000	financial assets N\$'000	Other expenditure N\$'000
January	2 000	8 000	200	300	700	1 200	120
February	2 400	-	-	310	740	-	240
March	2 500	-	100	400	900	1 000	125
April	3 000	10 000	500	600	800	-	130
May	3 200	-	-	700	820	1 600	150
June	3 400	-	900	800	840	-	290

Additional useful information for the forecasting exercise.

- 1) The cash and bank balance of the Hospital as at March 2018 was a deficit of N\$500,000.
- 2) The breakdown of the IGR is as follows:
 - PSEMAS Customers constitute 60% of the IGR, who are expected to pay their claims two months after service has been rendered.
 - Corporate customers constitute 20% of the IGR. They are granted one-month credit term.
 - Cash Customers constitute remaining 20% of the IGR.
- 3) The experience shows that the government subsidy for each quarter is actually released in two equal instalments in the second and third month of that quarter respectively.
- 4) The donations are from creditable partners so they are always received on time. However, the donation for June 2018 amounting to N\$900,000 will be received 40% in cash and 60% in kind.
- 5) Non-established post refers to wages and salaries paid to casual workers and those on contract appointment. They are paid in the month in which they are incurred.
- 6) Goods and service will be paid for as follows: 40% in the month it was incurred and 60% one month in arrears.
- 7) Non-financial assets bought are paid for in FOUR equal instalments, starting from the month in which the asset was bought. Consumption of fixed capital is to be charged at 20% annually.
- 8) Other expenses are paid for as and when incurred.

Required:

- i) Prepare a cash forecast for the Hospital for the first quarter of 2018/2019, showing the forecast for each month and that of the quarter as a whole. (Show all workings) **(22 marks)**
- ii) On the basis of the cash forecast in (i) above, advise management on the financing options available to them for the 2019 fiscal year. **(2 marks)**

Question 5 [9 Marks]

Complete the table below with the differences between public- and private-sector accounting.

S/No.	Feature	Public Sector Accounting	Private Sector Accounting
1	Accounting Basis		
2	Performance measurement		
3	Source of capital		
4	Capital expenditure		
5	Asset depreciation		
6	Costs		
7	Main summary of accounts		
8	Legal basis		
9	Objective		

Question 6 [10 Marks]

Choose only one (1) correct answer from the below:

1. Which of the following would be classified as the objective of Public Sector Accounting?
 - (i) Ascertaining the propriety of transactions and their conformity with established rules, giving evidence of financial accountability and serving as a basis for planning, controlling, decision making and appraisal of performance.
 - (ii) Evaluating the economy, efficiency and effectiveness with which resources are managed.
 - (iii) Finding out how capital expenditure is financed.
 - (A) (i) only
 - (B) (ii) only
 - (C) (i) and (ii) only
 - (D) (iii) only
 - (E) (i), (ii) and (iii)

2. Difference between the balance in the cash book and that of the bank statement may arise due to
 - (i) Wrong postings on the cash book
 - (ii) Standing order given to the bank for payment of insurance premium
 - (iii) Bank charges and direct lodgements
 - (A) (i) only
 - (B) (ii) only
 - (C) (i) and (ii)
 - (D) (ii) and (iii)
 - (E) (i), (ii) and (iii)

3. A basis under which financial transactions are recorded only when cash is received or paid is known as
 - (A) Modified Cash Basis
 - (B) Modified Accrual Basis
 - (C) Cash Basis
 - (D) Accrual Basis
 - (E) Commitment Basis

4. One of the following is NOT a method of preparing a public sector organisation's annual budgets?
 - (A) Line Item Method
 - (B) Traditional Method
 - (C) Incremental Method
 - (D) Rolling Plan System
 - (E) Planning, Programming and Budgetary System

5. The coordinated actions which have to be taken to ensure that funds available are adequately controlled and effectively utilised are known as
 - (A) Revenue Control
 - (B) Cash Control
 - (C) Expenditure Control
 - (D) Payment Control
 - (E) Budgetary Control

6. Which one of the following is NOT true of a Cash Budget?
- (A) It shows the funds generated and how they have been applied.
 - (B) It assists in determining the amount of cash available to pay creditors.
 - (C) It helps to determine what to invest in marketable securities.
 - (D) It monitors when the establishment is likely to be short of cash.
 - (E) It confirms the availability of liquid resources for capital projects.
7. Which of the following is NOT an internal audit objective when investigating a suspected fraud?
- (A) To collect sufficient evidence to prove or disprove the suspicion of fraud.
 - (B) To provide evidence admissible for a disciplinary hearing and/or criminal proceedings. To curb fraud.
 - (C) To minimise possible losses to the organisation, where a fraud is suspected to be on-going.
 - (D) To implement appropriate control measures to ensure that similar frauds do not occur in the future.
8. An audit which checks the relevance and adequacy of documents that support a transaction is called
- (A) Verification Audit
 - (B) Management Audit
 - (C) Final Audit
 - (D) Vouching Audit
 - (E) Interim Audit
9. Which of the following financial statements, is normally not prepared by a not-for-profit public enterprise?
- (A) Trading, Profit or Loss Accounts
 - (B) Income and Expenditure Accounts
 - (C) Cash Flow Statement
 - (D) Value-Added Statement
 - (E) Balance Sheet
10. Maintaining independence and objectivity is vital to effective reporting of internal audit findings. With this objective in mind, place the following four options for internal audit reporting in order of preference from most to least preferred.
- A) The operational manager whose service has been audited;
 B) The Chief Executive of the organisation;
 C) The Finance Director of the organisation;
 D) The audit committee.
- (A) A, B, C, D.
 - (B) D, C, B, A.
 - (C) D, B, C, A.
 - (D) B, D, A, C.

END OF QUESTION PAPER