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**CERTIFIED ACCOUNTING TECHNICIAN**  
**STAGE 3 EXAMINATIONS**  
**S3.6: PUBLIC FINANCIAL MANAGEMENT**  
**DATE: WEDNESDAY 29, NOVEMBER 2023**

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**INSTRUCTIONS:**

1. Time allowed: **3 hours**.
2. This examination has **three** sections: **A, B, and C**.
3. Section A has **10** multiple choice questions equal to 2 marks each.
4. Section B has **2** questions equal to 10 marks each.
5. Section C has **3** questions equal to 20 marks each.
6. All questions are compulsory.
7. The question paper should not be taken out of the examination room.



## **SECTION A**

### **QUESTION ONE**

On 23<sup>rd</sup> June 2023, The Minister of Finance and Economic Planning presented the national budget for fiscal year 2023/24 to the parliament on behalf of the Government of Rwanda. This FRW 4.6 trillion budget is to emphasize on the economic recovery and implementation of National Strategy for Transformation 1(NST1) key Projects whereby 58.5% of this budget is allocated to the economic pillar to scale up the agriculture productivity, create jobs, support private sector development and strengthen climate change mitigation measures. **This allocation represents the public expenditure in the areas of?**

- A General public services
- B Economic affairs
- C Social protection
- D None of the above

**(2 Marks)**

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### **QUESTION TWO**

**Which of the following statements is true about the budgeting framework in public sector?**

- A A budget is a plan of action and performance measurement tool which helps the public entity to plan revenue and expenditure for more than 1 year.
- B In Rwanda the Government budget is approved by the Cabinet.
- C A Medium-Term Expenditure Framework (MTEF) is an expenditure plan that helps to overcome the challenges of short-sighted annual budget plans.
- D MTEF and Budget cover same period of budgeting cycle.

**(2 Marks)**

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### **QUESTION THREE**

Various sectors are involved in the budgeting process and their roles are interdependent. **Which of the following is the role of chamber of deputies?**

- A To provide broad strategic objectives and priorities for budgetary policies which are outlined in the budget Framework paper.
- B To Coordinate all stakeholders in the planning and budgeting process, such as through the provision of policies, training, and technical support.
- C To summon members of Cabinet, chief budget managers or members of the Executive Committee of a decentralized entity and hold them accountable on the use of public resources.
- D To perform the audit of the utilization of the public funds and call heads of public entities to come before them and explain any policies, programs and utilization of their budget.

**(2 Marks)**

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#### QUESTION FOUR

The budget officer of Mugina district has prepared a budget for the year ending 30<sup>th</sup> June 2023 by adjusting the actual results of the year ending 30<sup>th</sup> June 2022 for inflation and other known changes. **Which of the following types of budgeting approach did the budget officer apply?**

- A Zero-based budgeting
- B Performance-based budgeting
- C Adjusted-budget approach
- D Incremental budgeting

(2 Marks)

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#### QUESTION FIVE

Governments use charges and fees to help fund respective services. When certain services provided especially benefit a particular group, then governments should consider charges and fees on the direct recipients of those that receive benefits from such services. **This statement is an example of?**

- A Service charges equity.
- B Service charges equality.
- C Service charges value.
- D All of the above.

(2 Marks)

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#### QUESTION SIX

Mr. Menara who is a VAT registered tax-payer has a business that intensively produces packed natural juices. His previous turnover amounted to FRW 45 million. **How much trading license is he supposed to pay?**

- A FRW 2,250,000.
- B FRW 60,000.
- C FRW 90,000.
- D Exempted.

(2 Marks)

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## QUESTION SEVEN

The digitalization of business process has become an increasingly important method of driving modern business organization. From this statement, **which of the following is considered as an impact of e-procurement?**

- A It promotes efficiency improvements, opens up the market to increased competition, and increase long-term costs.
- B It reduces transaction costs, promotes efficiency and reduces competition in the marketplace.
- C It drives efficiency, opens up the market to competition, and improves the ability to manage suppliers.
- D It opens up the marketplace to increased competition, but limits the ability to manage suppliers.

(2 Marks)

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## QUESTION EIGHT

Imara primary school recognizes that Cash is an easy-to-use resource but at high risk of being easily stolen, mislaid or misused with no trace. To control the flow of cash, once a student is registering, he will generate a reference number from the system, effect payment and present the payment proof to an accountant who will issue a gate pass to the student. The teacher will only allow a student in upon presentation of the gate pass not the bank slip. **This control used by Imara primary school is referred to as?**

- A Effective flow management.
- B Segregation of duties.
- C Accounting controls.
- D None of the above.

(2 Marks)

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## QUESTION NINE

**Which of the following statements is true about the quality of good financial information?**

- A Good financial information must be understandable by anyone who reads them.
- B Confirmatory value of relevant information refers to whether the information changes existing expectations of the decision makers.
- C Faithful representation refers to that financial information should be presented within the time-frame specified by the management.
- D Materiality of accounting information is not affected by the size and nature of the business.

(2 Marks)

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## QUESTION 10

While developing the Conceptual Framework, the International Public Sector of Accounting Standard Board (IPSASB) has specifically considered some unique characteristics of the public sector. **Which of the following is/are included in these characteristics?**

- A Significance of non-exchange transactions.
- B Regulatory role of public sector entities.
- C Longevity of the public sector.
- D All of the above.

**(2 Marks)**

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## **SECTION B**

### **QUESTION 11**

Budgeting process is part of the effective Public Financial Management (PFM) as it helps the Government to put in place the course of action to be implemented in a specific fiscal year.

#### **Required:**

- (a) Using a relevant example, **explain the concept of ring-fencing in the context of public sector budgeting cycle.** (2 Marks)
- (b) In the context of the Government of Rwanda, **clearly discuss about the process of budgeting cycle.** (8 Marks)

**(Total: 10 Marks)**

### **QUESTION 12**

Procurement is the key part of the budget execution for the effective Public Financial Management (PFM) and given the nature of public sectors organization, procurement decisions involve other aspects that simply the supply of goods and services.

#### **Required:**

Using relevant examples, **discuss the concept of sustainable procurement and highlight five potential benefits of sustainable procurement.** (10 Marks)

**(Total: 10 Marks)**

## **SECTION C**

### **QUESTION 13**

The government of Rwanda recognizes the importance of efficient Public Financial Management (PFM). The PFM cycle starts with the planning process which entails identification and prioritization of programs, projects and activities to achieve optimum balance of needs with the available resources.

#### **Required:**

- (a) Discuss three key instruments/tools that guide the PFM planning process in Rwanda.**  
(6 Marks)
  - (b) Discuss the seven stages of the PFM cycle and how they may be applied to a public sector organization of your choice.**  
(14 Marks)
- (Total: 20 Marks)**

### **QUESTION 14**

Mugera Technical Secondary School (TSS) is a community school owned by a municipality and it provides vocational trainings to neighboring community on full-time and part-time bases. Besides, it runs a canteen and generates additional incomes for the furtherance of its mandate. It has provided you the following cashflows information for the first 3 months of its year ending 31 March 2023:

1. The opening balance of the cash position was FRW 450,000.
2. Sales during three months (75% of the sales in cash and 25% in credit; credit period was 1 month). Jan -FRW 2,500,000, Feb-FRW 3,000,000 and Mar-FRW 4,000,000.
3. Raw material purchase (80% of the purchase is paid in cash and 20% in credit; credit period of 2 months): Jan-FRW 1,800,000; Feb-FRW 2,300,000; and Mar – FRW 3,100,000.
4. Labor charges are paid in cash. Jan-FRW 300,000; Feb-FRW 400,000; and Mar– FRW 500,000.
5. Other costs are paid in cash. Jan-FRW 100,000; Feb- FRW100,000; and Mar– FRW 200,000.

#### **Required:**

- (a) Define a cash flow plan and discuss its three advantages for Mugera TSS.** (5 Marks)
  - (b) In a columnar format, prepare a cash flow plan for each of the three months ending 30 March 2023.**  
(15 Marks)
- (Total:20 Marks)**



## QUESTION 15

The International Public Sector Accounting Standards 1 (IPSAS 1) is a key standard as it provides the basis for presenting general purpose financial statements in public entities with the aim that the financial statements prepared by public sector entities under IPSAS be comparable to prior periods and with other public sector entities.

### Required:

- (a) **Discuss five main elements of a complete set of financial statements in accordance with IPSAS 1.** (10 Marks)
- (b) **List five items that can be presented on the face of the statement of financial position.** (5 Marks)
- (c) **With use of examples, differentiate cash basis from accrual basis of accounting.** (5 Marks)

**(Total: 20 Marks)**

**End of question paper**