



# UGANDA MANAGEMENT INSTITUTE

POSTGRADUATE DIPLOMA IN PUBLIC ADMINISTRATION (DPAM) KLA;  
MRA; GULU, MBL: (WKD)

## SECOND SEMESTER EXAMS 2017/2018

MODULE: PUBLIC SECTOR FINANCIAL MANAGEMENT

Date: Monday 1 October 2018

Time: 09.00 AM – 12.00 NOON

### INSTRUCTIONS

1. Answer FOUR Questions.
2. Question ONE of Section A is compulsory and carries 40 marks.
3. Answer any other THREE Questions from Section B. Each question carries 20 marks.
4. Write clearly and legibly.
5. Do not write anything on the question paper.
6. Do not take Mobile Phones into the examination room.
7. Follow the instructions of the Examination Supervisor.
8. Indicate questions answered on the Answer Sheet in the column of Questions.

This paper consists of 6 printed pages.

***-GOOD LUCK-***

## SECTION A:

## COMPULSORY

(40 MARKS)

**QUESTION ONE**

- A. Why should a public sector organization prepare financial statements? [10 marks]
- B. Which challenges are faced by an organization that migrates from cash basis to accrual basis of accounting? [10 marks]
- C. Given below is the Trial Balance of Bosco Municipality Council as at 30<sup>th</sup> June 2018

Account name	Debits (UGX)	Credits (UGX)
Land at cost	30,000,000	
Buildings at cost	380,000,000	
Accumulated Fund (capital)		900,000,000
Long-term loan		200,000,000
Furniture at cost	75,000,000	
Bank	383,000,000	
Uncollected parking fees	50,000,000	
Parking Fees income year		400,000,000
Grant from Government		270,000,000
Council Lorry at cost	170,000,000	
Income from hire of Council lorry		24,000,000
Income from hire of District Hall		100,850,000
Property Taxes		52,150,000
Market fees		22,000,000
Payment to Councilors	12,300,000	
Payment for stationery	34,000,000	
Staff salaries and allowances	350,000,000	
Repair of council lorry	13,000,000	
Fuel and lubricants for council lorry	22,000,000	
Umeme expenses	46,000,000	
Water expenses	11,000,000	
Income from rental of space for AIRTEL mask		65,000,000
Office expenses	100,000,000	
Local service tax		20,000,000
inventory	53,700,000	

Cash	30,000,000	
Motor Cycles at cost	294,000,000	
	2,054,000,000	2,054,000,000

Additional notes, at end of financial year:

- water expenses amounting to UGX20,000,000 remained unpaid;
- Market fees totaling UGX 20,000,000 is yet to be received by Council
- Depreciate buildings, council lorry and furniture at 20% on cost.
- A valuer contracted by Council has recently revalued land to UGX80,000,000.

**Required:**

Using accrual basis of accounting and international public sector accounting standards (IPSAS), prepare the statement of financial performance for Bosco Municipal Council for year ended 30<sup>th</sup> June 2018 and a Statement of Financial Position as at that date.

[20marks]

**SECTION B: ANSWER ANY THREE QUESTIONS FROM THIS SECTION**

**QUESTION TWO**

The law mandates local governments to collect taxes to finance operations. However this revenue is still insufficient.

**Required**

- Comment on the challenges Local Governments face in revenue generation. (5 Marks)
- Make recommendations to (a) above. (5 Marks)
- Comment on the best practices of revenue mobilization. (5 Marks)
- Identify 5 major sources of Local Revenue collected Local Governments. (5 Marks)

**QUESTION THREE**

In reference to Uganda Public Sector;

**Required**

- (a) Define fiscal decentralization and mention the forms it might take. **(4 Marks)**
- (b) Using relevant examples examine how intergovernmental fiscal transfers have tried to alleviate poverty. Highlight successes and challenges. **(10 Marks)**
- (c) Discuss the role of Local Government finance commissions and Local Government in fiscal decentralization. **(6 Marks)**
- (TOTAL 20 MARKS)**

**QUESTION FOUR**

- (a) Using examples examine characteristics of public sector financial management. **(5 Marks)**
- (b) In the context of Local Government examine tools used in budgeting. **(5 Marks)**
- (c) Discuss four principles of taxation. **(4 Marks)**
- (d) Using examples examine what you understand by charging policy and clearly explain rationale for charging policy. **(5 Marks)**

**OR**

- (e) Using examples examine the roles of auditor General and Internal auditor in Public sector Organisations. **(5 Marks)**
- (TOTAL 20 MARKS)**

**QUESTION FIVE**

- a) Examine the role of Budget desk in Urban Council Budget cycle. **(5 Marks)**
- b) Analyse tools used in Local Government Budget exercise. **(5 Marks)**
- c) Briefly discuss the key steps in local Government Budgeting process. **(10 arks)**
- (TOTAL 20 MARKS)**

**QUESTION SIX**

The bank account extract from the cashbook of a UPE school Bobi School in Oyam District. For the month of February 2018 and the bank statement received from the bank for the same month appear below:

**BANK ACCOUNT (cash book)**

DR

CR

Receipts			Payments		
Date	Particulars	Amount (UGX)	Date	Particulars	Amount (UGX)
Feb 1	Balance b/fw	2,350,000	Feb 3	Gulu Bookshop	3,000,000
Feb 2	UPE cheque	6,000,000	Feb 4	Sports Teacher	500,000
Feb 5	PTA Collection	1,200,000	Feb 6	Salaries/wages	2,600,000
Feb 15	Exam fees	1,700,000	Feb 7	UMEME -Electricity	65,000
Feb 23	Cheque from parent A Odong	2,300,000	Feb 7	NWSC-water	100,000
Feb 25	SFG fund	5,000,000	Feb12	Aristoc-Books	2,800,000
Feb 29	Cheque from parent -Maria	500,000	Feb 20	MOES-Exam fee	1,700,000
			Feb 28	Builders Co Ltd.	3,000,000
			Feb 29	Balance c/d	5,335,000
		<b>19,000,000</b>			<b>19,000,000</b>

March 1 Balance b/d 5,335,000

Bank statement for month of February 2018

Date	Particulars	DR (UGX)	CR (UGX)	Balance (UGX)
Feb 1	Balance b/fw			2,350,000 Cr
Feb 6	UPE cheque		6,000,000	8,350,000 Cr
Feb 6	Salaries/wages	2,600,000		5,750,000 Cr
Feb 7	Bank charges	15,000		5,735,000 Cr
Feb 8	Gulu Bookshop	3,000,000		2,735,000 Cr
Feb 10	Sports Teacher	500,000		2,235,000 Cr
Feb 11	PTA Collection		1,200,000	3,435,000 Cr
Feb 12	NWSC	50,000		3,385,000 Cr
Feb 20	Aistoc Bookshop	2,800,000		585,000 Cr

Feb 21	Exam fees		1,700,000	2,285,000 Cr
Feb 22	NIC standing order	200,000		2,085,000 Cr
Feb 26	SFG fund		5,000,000	7,085,000 Cr
Feb 26	A Odong -parent		2,300,000	9,385,000 Cr
Feb 26	MOES Exam fee	1,700,000		7,685,000 Cr
Feb 29	Builders Co Ltd	3,000,000		5,685,000 Cr
Feb 29	Unpaid cheque A Odong-parent	2,300,000		4,385,000 Cr
Feb 29	Musa-parent paid direct to Bank		700,000	5,085,000 Cr

### Required

1. Prepare a bank reconciliation statement as at 29<sup>th</sup> February **[10 marks]**
2. Comment on the usefulness of bank reconciliation statements **[5 marks]**
3. Outline reasons why a cashbook and bank statement might not be in agreement. **[5 marks]**

**END**