



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

UNIVERSITY EXAMINATIONS 2016

(SEPTEMBER-DECEMBER 2016)

**YEAR THREE FIRST SEMESTER EXAMINATIONS FOR BACHELOR OF BUSINESS
ADMINISTRATION WITH INFORMATION TECHNOLOGY**

(MAIN CAMPUS)

ABA 304: PUBLIC SECTOR ACCOUNTING

Date:

Time: 2Hours

INSTRUCTIONS

- 1.** Answer Question **ONE** and any other **TWO** Questions
- 2.** Question **ONE** carries **30** marks, the rest **20** marks each

QUESTION ONE

(a) The following discoveries were made by the sub-county accountant while carrying out a special check on the books of accounts of a sub-county.

(i) On 3rd April, 2015, the sum of kshs.315,000.00 was fraudulently withdrawn from Ministry of Interior and Internal Security and charged to Deposits account. The fraud was discovered on 13th February, 2016.

(ii) On 17th of January, 2015, an overpayment of kshs.1,050,00 was made to EKKAN Ltd in respect of supply of furniture to the new Government House built by the former administration. This was discovered on 21st September of the same year.

(iii) On 29th October, 2015 an amount of kshs.45,000.00 being the revenue accruable to the Government from rent of her property but never received was abandoned.

(iv) On 3rd of November 2015, an officer died while in active service and the aggregate of his pension and gratuity was kshs.77,605 while he had an outstanding motor vehicle advance of kshs.96,815.

(v). On 12th of November 2015, the sum of kshs.365,000.00 which was initially charged to correspondence advance had been abandoned.

Required:

Journalize the transactions and discoveries made above. (20 marks)

(b) Briefly explain county government responsibilities with respect to the management and control of public finance. (5 marks)

(c) Discuss IFMIS (Intergrated Financial management Information System) implementation in Kenya – successes and challenges (5 marks)

QUESTION TWO

The following information was submitted by the Sub-County Accountant of the ministry of Interior and Internal Security for the month ended May 30th 2016.

(i) 1.05.2016 The officer collected the second quarter allocation of kshs.3,000,000 in respect of stationeries.

(ii) 06.05.2016 Paid Kshs.150,000 for the purchase of fuel on P. V. No 3001 from Ndori Filling Station.

- (iii) 08.05.2016 Paid kshs 175,000 to Ajayi Bookshop for the supply of stencils and typing sheets on P. V. No 3002.
- (iv) 11.05.2016 Paid kshs 200,000 to Bondo Bookshop for biros, pencils, rulers, erasers and on P. V. No 3003.
- (v) 12.05.2016 Issued an LPO No 4001 to the tune of kshs.40,000 to CMC Motors Kisumu for the supply of vehicle batteries.
- (vi) 14.05.2016 Issued an LPO No 4002 to Okiki Ventures for the supply of computer accessories to the tune of 30,000.
- (vii) 15.05.2016 Abiola Books supplied the requested items worth kshs 23,000 as per their invoice and P. V. No 3004 was raised for payment.
- (viii) 19.05.2016 Paid the sum of 30 ,000 to Okiki Ventures for the supply of computer accessories on P. V. No 3006 .
- (ix) 21.05.2016 Paid the sum of 10,000 on P. V. No 3007 to Jaiye & Sons for the supply of Flat files and Arch files.
- (x) 27-05-2016 Issued an LPO No 4003 to Bondo Whole salers for the supply of sugar,milk and tea bags for office entertainment.

You are required to post the transactions in the Ministry's vote Book. Remember to show clearly column for commitments , payments and balances as at 30.5 .2016. (20 marks)

QUESTION THREE

- (a) The Senate and National Assembly budget committees are responsible for public finance matters. Discuss. (10 marks)
- (b) List and explain the responsibilities of the Cabinet Secretary and functions of the national government with respect to grants and loans. (10 marks)

QUESTION FOUR

- (i) The following information was submitted by the Sub-County Accountant for the Ministry of Education Bondo Sub-County for the month ended April 30th April 2016.
- a) The Sub-county cashier withdrew kshs.100,000 from the bank on 01.04.2016
 - b) 02.04.2016 Payment of kshs 56200 cheque no.01650 to Total Petrol Station Bondo
 - c) 07.04.2016 Receipt (OR No. 04360)for sale of vehicle GK A631W that was sold to Mr Thomas Otieno
 - d) 11.04.2016 Payment for two reams computer photocopying papers using cash kshs.1000
 - e) 04.04.2016 Recurrent quarterly allocation of kshs.300,000 received as direct credit at the Education ministry account at KCB Bondo branch.
 - f) Balance b/f of kshs.47600 and 315600 for cash and bank respectively.
 - g) 05.04.2016 Development expenditure quarterly allocation of kshs.400,000 received as direct credit at the Education ministry account at KCB Bondo branch.

- h) Paid Kshs.150,000 for the purchase of Hard Cover Notebooks on P. V. No 3001 from Bondo Bookshop.
- i) Issued an LPO No 4001 to the tune of kshs.39,000 to Alex Stationers for the supply of carbon papers, staple pins, perforators and gums,the paid the same amount voucher no.00176 after the goods were delivered.
- j) Paid the sum of kshs 70,000 to Maryann Ventures for the supply of computer accessories on P. V. No 3006.
- k) Issued an LPO No 4003 and subsequently paid using voucher no.00171 to Bondo Bookshop for the supply of Fine Art materials worth kshs.50,000.

Required:

Post the above transactions in the ministry's cashbook and balance off accordingly showing the debit and credit entries. (15 marks)

(ii)

The Senate and National Assembly budget committees are responsible for public finance matters. Discuss. (5 marks)

QUESTION FIVE

- (a) Siaya County 's bank statement for the ministry of Water dated Dec 31, 2015 shows a balance of kshs.240,594.72. The ministry's cash book records on the same date shows a balance of kshs.230,196.79. Following additional information is available:

The following cheques issued by the county treasury to its suppliers and employees are still outstanding:

No. 846 issued on Nov 29 Ksh 32000.00

No. 875 issued on Dec 26 Kshs.4900.00

No. 878 issued on Dec 29 Kshs.27500.00

No. 881 issued on Dec 31 Kshs.18600.50

A deposit of kshs. 4000.00 made on Dec 31 does not appear on bank statement.
dishonoured cheque of kshs.8500 was returned by the bank with the bank statement.
bank charged kshs.500 as service fee.The bank collected a note receivable on behalf of the department amount received by the bank on the note was kshs.550. This includes kshs.50 interest income. The bank charged a collection fee of kshs.100.A deposit of kshs.4300 was incorrectly entered as kshs.3400 in the department's cash book records.

Required:

Prepare a bank reconciliation statement using the above information. (10 marks)

- (b) Write short notes on The Modern Expenditure Budgeting System - The Medium Term Expenditure Framework (MTEF) and the benefits of the MTEF Concept (5 marks)
- (c) Briefly Discuss The Budget Cycle (5 marks)