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UNIVERSITY OF RUHUNA**FACULTY OF MANAGEMENT AND FINANCE****Bachelor of Business Administration Degree Programme 4000 Level****Semester 1 Examination (February/March 2021)****Academic Year 2020/2021****ACC 4112 – Public Sector Accounting and Finance****Duration: 03 hours****The Question Paper contains five (05) questions.****Answer all questions.**

1)

Mr. Pfizer, the Accountant of Health Department was provided with following information with respect to the transactions taken place for the month ending 31st January 2021.

Description	Amount Rs.	Classification of transaction
Salaries & Wages (Net)	677,000	978-1-1-1210
Tender deposits	181,500	Deposit A/C
Re-imburement of petty cash imprest		
- Bandages & Plasters	750	978-1-1-1401
- Sanitizers and hand wash fluids	2,300	978-1-1-1402
- Washing uniforms	1,850	978-1-1-1404
Surcharges on overtime paid to Mr. Jayasumana	11,500	Surcharge A/C
Installation of a new P.C.R. machine	1,050,000	978-1-1-2300
Received a cheque from Department of Tourism for a settlement of a loan balance of Mr. Premadasa	32,000	A.P.O.A.A.
Advance given for fuel – Mr. Rambukwella	12,500	Advance A/C
Imprest received from the Treasury	1,800,000	Imprest A/C
Receipts of Registration fee from pharmaceutical companies for importing the Covishield Vaccine	1,450,000	20.03.10.15
Purchase of a new Antigen Testing machine	435,500	978-1-1-2304
Refund of tender deposits	77,000	Deposits A/C
Purchase of Dengue Bacteria from Cuba	755,000	978-1-1-2307
Annual subscriptions of registration from Private Hospitals	520,000	20.03.11.01

Training programme for the P.H.I.s	75,000	978-1-1-1501
Fuel expenses for Ambulances	98,500	978-1-1-1503
Expenses for purchasing Test kits and Syringes	827,000	978-1-1-1203
Sales of face masks produced by Osusala	581,500	20,03,10,15
Expenses for purchasing medicines	1,225,000	978-1-1-1203

Mr.Phyzer received following additional information for the month ending from 31st January 2021.

- a) Mrs. Wanniarachchi, the Secretary of the department had been given a sub imprest of Rs. 425,000 to pay for the air tickets for representing an official conference organized by the World Health Organisation in Geneva. She has bought "Economy Class Tickets" and was able to save some money. Mrs. Wanniarachchi submitted the balance to the accountant along with the relevant counterfoils of the air tickets as soon as she reported to the duty.
- b) Mr. Jasinghe, an Additional Director of the department had been given a sub-imprest of Rs. 175,000 for conducting an awareness programme on Covid-19 pandemic in Matara District. However, the actual expenses were higher than the estimation due to an unexpected number of participants for the programme. Accountant of the department approved the full cost submitted by Mr. Jasinghe and the balance was reimbursed.
- c) Total deductions of the Salaries & Wages represent W & O.P. Fund, Rents for quarters and Loan installments at 3: 2:1 ratio, respectively.
- d) The Opening balance of the Authorised Imprest Account of the department of Health was Rs. 1,825,000.
- e) Mr. Pfizer prepared the Vote Ledger of the Department correctly as follows.

Department of Health

Vote Ledger for the Month of January 2021

Description	Amount (Rs.)	Classification of Transaction
Installation of a new P.C.R. machine	1,050,000	978-1-1-2300
Re-imburement of petty cash imprest		
- Bandages & Plasters	750	978-1-1-1401
- Sanitizers and hand wash fluids	2,300	978-1-1-1402
- Washing uniforms	1,850	978-1-1-1404
Purchase of a new Antigen Testing Machine	435,500	978-1-1-2304
Purchase of Dengue Bacteria	755,000	978-1-1-2307
Training programme for the P.H.I.s	75,000	978-1-1-1501

Salaries & Wages for the month	803,000	978-1-1-1210
Conducting awareness programme on Covid-19 Pandemic - Mr. Jasinghe	193,500	978-1-1-1213
Air ticket expense to represent the WHO conference -Mrs. Wanniarachchi	398,000	978-1-1-1215
Expenses for purchasing Test kits and Syringes	827,000	978-1-1-1203
Fuel expenses for Ambulances	98,500	978-1-1-1503
Expenses for purchasing medicines	1,225,000	978-1-1-1203
Total Expenses for the month of January 2021	5,865,400	

Note: You are required to incorporate the Classification of Transactions (Codes) when preparing the Accounts.

You are required to prepare:

- I. The cash book of the Department of Health for the month of January 2021. (14 marks)
 - II. The Authorised Imprest Account in the Departmental Books. (08 Marks)
- (Total Marks 22)
2.
 - I. Article 148 of the Constitution of the Democratic Socialist Republic of Sri Lanka, 1978, states that “No tax, rate or any other levy shall be imposed by any local authority or any other public authority, except by or under the authority of a law passed by the parliament or any existing law”

Discuss the validity of this statement by paying special attention to the sustainability of financial management system in the public sector in Sri Lanka. (04 Marks)
 - II. How do you define “Government Business Enterprises” according to the Sri Lanka Public Sector Accounting Standard 1: Presentation of Financial Statements. State the differences between general purpose financial statements and special purpose financial statements. (04 Marks)
 - III. What is meant by “Supplementary Estimates”? Critically evaluate the impact of presenting number of supplementary estimates to the parliament on the stability of financial management of public sector in Sri Lanka. (04 Marks)
- (Total Marks 12)

3.

- I. The main issues pertaining to the performance auditing are whether a government is “doing the right thing” and doing this “in the right and least expensive way” to determine and to successfully achieve the pre-determined objectives.

Design a questionnaire including 10 questions to examine the extent of success a government has achieved the objectives of the performance auditing. Make sure to include at least three questions to measure each pillar of the performance auditing.

(04 Marks)

- II. According to the National Audit Act, No. 19 of 2018, the Auditor-General shall, within three months of the receipt of the approved annual financial statement of a public corporation or a public company, present a report to the Chairman of the governing body of such public corporation or company for publication in its annual report.

State five (05) specific things which are generally included in the Auditor-General’s Report pertaining to public corporations and public companies.

(04 Marks)

- III. Discuss the main differences of performance audit with compared to financial and compliance audits with suitable examples

(04 Marks)

(Total Marks 12)

4.

- I. It is argued that “it is very difficult and impractical to adopt International Public Sector Accounting Standards (IPSAS) directly to Sri Lanka due to the diversified and complex financial reporting practices in public sector in Sri Lanka”.

Explain these diversified and complex financial reporting practices with suitable examples.

(04 Marks)

- II. At present, the Sri Lankan government is adopting hybrid financial reporting system consisting with conventional cash basis accounting and accrued basis accounting due to numerous acceptable reasons and practical limitations.

You are required to do a comparative analysis on the advantages, disadvantages, and practical limitations of both systems with suitable examples

(04 Marks)

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- III. The Service Pledge declared in the Code of Conducts and Ethics issued by the Ministry of Finance in Sri Lanka states that “We will provide our services to the public with access, respect, responsiveness and effectiveness while ensuring transparency and accountability”

Briefly explain the basic legal framework in relation to public finance and discuss four main codes of conduct which are expected to be followed by the public servants serving at the Ministry of Finance and Planning.

(04 Marks)

(Total Marks 12)

5.

- I. The Financial Regulation (F.R.) 156 explains the responsibility for losses as “An officer shall be held personally responsible for any loss caused to Government by his own delay, negligence, fault or fraud and shall make good the loss”. However, the F.R. 113 describes the waiver as “abandonment or a cancellation of a claim due to Government”.

Discuss the differences of the meanings of these two F.R.s by further clarifying the types of waivers.

(04 Marks)

- II. F.R.104; **Inquiry and fixing of responsibility**, states that “As soon as a loss or damage occurs, inquiries should be instituted to ascertain the extent and causes of the loss, and to fix responsibility”.

Discuss the contents of **Preliminary report** and **Full report** which are used in making inquiries and fixing of responsibilities pertaining to the losses in the public sector.

(04 Marks)

- III. Briefly discuss the independency of internal auditors in public sector and state five (05) functions of the Internal Audit Units in relation to the financial operations of a governmental department.

(04 Marks)

(Total Marks 12)
