

Eastern University, Sri Lanka

Final Year First Semester Examination in Bachelor of Commerce Honours in Accounting and
Finance - 2018/2019 (August/September 2020)

(Proper/Repeat)

DAF 4023 Public Sector Accounting and Financial Regulations

No. of questions: 05

No. of pages: 06

Time: 3.00 hours

Answer all questions

01. (I) Write the appropriate answer on the script for the following multiple-choice questions.
- 1) After authorization of supplementary estimate by the Parliament,
warrant will be issued.
 - a. General
 - b. Advance
 - c. Requisition
 - d. Special
 - 2) Budget estimate shall be called as Appropriation bill.
 - a. after obtaining parliament approval
 - b. after approval of committee on development secretary at treasury
 - c. after approval of cabinet
 - d. after approval of relevant ministry
 - 3) Sri Lanka Public Sector Accounting Standards are applicable for all except; the
 - a. Government Business Enterprises
 - b. Local Authorities
 - c. All Statutory Boards (non-commercial)
 - d. Central Government and Provincial Councils
 - 4) Sri Lanka Public Sector Accounting Standards (SLPSASs) are issued by the;
 - a. Chartered Institute of Management Accountants
 - b. Institute of Chartered Accountants of Sri Lanka
 - c. Public Sector Accounting Standard Committee
 - d. Ministry of Finance and Planning
 - 5) Correct statement regarding special statutory funds except.
 - a. such funds are included in the General Estimates
 - b. such funds created by statutes enacted by the Treasury
 - c. such fund comprises all monies belonging to the Republic which are not allocated for specific purposes

- d. any provision in the annual estimates for those funds would be by contributions or grants
- 6) Section of the Constitution of the democratic of S describe of the subject of Finance.
- a. Chapter XII
 - b. Chapter XVII
 - c. Article 127
 - d. Article 172
- 7) Expenditure from the Consolidated Fund as per F.R 2 shall fall under
- a. Capital Expenditure, Recurrent Expenditure
 - b. Capital Expenditure, Recurrent Expenditure, Advance Account Activities
 - c. Supply Service, Special Law Service
 - d. Special Statutory Fund, Capital Expenditure and Supply Service
- 8) can be appointed as chief accounting officers.
- a. Secretary to the Ministries, Secretary to the Treasury, Secretary to the Cabinet
 - b. Secretary to the Ministries, Auditor General, Chairman Election Commission Sri Lanka
 - c. State Minister of Finance, Secretary to the Ministries, Deputy Secretary Treasury
 - d. Chairman Election commission of Sri Lanka, Government Agent, Auditor General, Secretary
- 9) Special Statutory Funds refers to
- a. the funds of the Republic not allocated by law to specific purposes.
 - b. the funds created by the Parliament by Law which prescribes the collection and disbursement of money.
 - c. the fund allocated for urgent and unexpected expenditure where no financial provision exists.
 - d. the fund allocated for special development projects with the approval of Parliament.
- 10) Similarity between small scale and large-scale project under the planning of Expenditure
- a. Both projects need to obtain two stage approval from the Parliament.
 - b. Both projects need to obtain final approval from the Cabinet.
 - c. Both projects are parts of the sectoral plan.
 - d. Both projects need to obtain preliminary approval from the Cabinet.

(II) Write whether following statements are True/False in the answer script.

- 1) Small Projects need to be included public investment programme in order to obtain budgetary support.
- 2) The funds of the Republic are not allocated by law to specific purposes shall form a special Statutory fund.
- 3) In case, there is a need for fund under emergency situations but there is no budgetary allocation, funds cannot be released from the Contingencies Fund.
- 4) Annual budget shall be presented by the Minister of Finance directly to the Parliament.
- 5) Consolidated Fund also include public investments as well as Approved Overseas Agents of the Republic.
- 6) Vice-Chancellor of a University will be considered as Chief Accounting officer.
- 7) "A" Class department are permitted to utilize their direct receipts as part of their Imprest.
- 8) Damage caused by floods to tank bunds, culverts, bridges, roads, railway tracks and buildings is also considered as a public loss.
- 9) When planning of expenditure, two stage approval is needed when the initial cost of capital is less than 3 million.
- 10) Warrant is a letter is issued by the Treasury to each department, stipulating the total amount of money that will be released by way of imprest.

(10 x 01 = 10 Marks)

(III) Write the appropriate F. R. Number given below for matching the following related items.

**FR 2, FR 3, FR 90, FR 91, FR 102, FR 125, FR 126, FR 134, FR 135,
FR 500, FR 525, FR 756**

- 1) Consolidated Fund _____
- 2) Advance Accounts Activities _____
- 3) Warrants issued by Minister of Finance to release money _____
- 4) Approval of sectoral plan _____
- 5) Definition of Loss in the Government Sector _____
- 6) Accounting Officers and Revenue Accounting Officers _____
- 7) Independence of Internal Audit _____
- 8) Treasury Supervision and Control _____
- 9) Delegation of Functions for Financial Control _____
- 10) Imprest Authority _____

(10 x 0.5 = 05 Marks)

- (IV) Write the appropriate answer by writing the letter indicating the department/officer in section II which matches the following for the key activities in section I.

Section I	Section II
1) Creation of Special Statutory Fund	A. Department of Treasury Operations
2) Work of his department is planned and carried out	B. Cabinet
3) Public fund management for the government of Sri Lanka	C. Parliament
4) Assisting Accounting Officer and the Progress/Monitoring Committee, in ascertaining the progress made on development works	D. Chief Accounting Officers
5) Granting Final Approval of Capital Project.	E. Accounting Officers
6) Management of public assets	F. Department of National Planning
7) Government Financial Information.	G. Department of Management Services
8) Financial administration of all the departments within the Ministry	H. Internal Audit
9) Formulation of national and sectoral policies	I. Department of Public Finance
10) Public sector cadre management	J. Department of State Accounts

(10 x 0.5 = 05 Marks)

(Total: 35 Marks)

02. (I) Assume that you have been working as a district planning officer for a particular district in Sri Lanka. The following proposals have been suggested in the development committee meeting.

Project A:

Construction of Public Market, Road Construction, Bridge Construction and one Hospital for a holistic development for a Village. The project duration is five-years with an estimated cost of Rs. 500M and operating cost is Rs.10M per year.

Project B:

Construction of a School for a village. The project duration is one-year with an estimated cost of Rs. 3.75M and operating cost is Rs.0.47M per year.

Project C:

Construction of Digital Library for a City in the district. The project duration is one-year with an estimated cost of Rs. 12M and operating cost is Rs.1.2M per year.

- a) Based on the above information identify the relevant categories which falls the above projects. Justify your answer with the appropriate Financial Regulations.
- b) Your planning assistant says that “all the projects have to adhere the same approval procedures in order to obtain budget allocation to implement these projects”. Do you agree this statement? Discuss.

(08 Marks)

- (II) “Sri Lanka has made a three-month mini-budget running from March to May 2020, using powers given to President after parliament was dissolved as the country remains gripped by Coronavirus”. Briefly discuss under what financial provisions the President allocate the fund during the above scenario.

(05 Marks)

- (III) The Government of Sri Lanka took several successful measures to safeguard the public from the COVID 19 pandemic issues. It is also one the key role of the government to provide protections to the Sri Lankan people from these kinds of unexpected catastrophe. Accordingly, assume that the new vaccination has been invented by the foreign country and it is available in the world market. The Government has planned to provide vaccine to all public to rescue and save the people life. The estimated cost for this vaccination is Rs.250 Million US dollars. However, there is no budgetary provision from the current Appropriation Act. Explain, how this problem shall be managed by Minister in charge for the subject of Finance. Also explain the necessary financial procedures and regulations that are need to be followed.

(07 Marks)

(Total: 20 Marks)

03. (I) Suppose purchasing officer in a government organization place an order to buy a multimedia projector as pressure given by his subordinate officers on emergency needs. After receiving the multimedia projector, the purchasing officer places a payment request to the accounting officer. As an accounting officer do you approve the payment request made by the officer?. Justify your answer.

(05 Marks)

- (II) “Passing of the Appropriation Act or Special Law by Parliament, or a resolution of Parliament, does not itself provide complete authority for expenditure of money from the Consolidated Fund unless the Minister in charge for finance issuing warrant”. Explain the different types of warrants that are issued by the Minister and their purposes.

(05 Marks)

- (III) A head of the department may use different type of Sub Imprest to manage his organization. What do you understand by the term of "Sub Imprests" and explain what are the types of imprest used by the Accounting Officer?

(05)

(Total: 15)

04. (I) You are working as an "Accounting officer" of a particular Department. Unfortunately, a computer was stolen from your department recently. As a superior officer, what are the steps you should take regarding to this incident?

(05)

- (II) Calculate maximum recoverable value regarding following losses.

Type of loss	Actual loss (Rs.)	Cost of Replacement (Rs.)
1. Loss of cash	50000	
2. Loss of stamps	15000	
3. Loss of laptop	165000 (Book value)	Rs.230000
4. Damage of office table	19500 (Book value)	Rs.28000
5. Loss of chicken	50 birds @ Rs 500 each	Rs.475 per birds
6. Depreciation of machinery	Depreciation @ 10% on book value of Rs.3500000	

Further information:

Assume custom duty is 10% and other government tax 5% on goods purchased
Transport cost incurred as follows:

Laptop - Rs.5000

Table - Rs.2000

Chicken- Rs.2600 (all chicken)

(05)

- (III) The Parliament of Sri Lanka operates with Financial Committees to deal with financial matters or issues pertaining to the public sector organizations in Sri Lanka. State the name of these committees and discuss the compositions and main functions of these committees.

(05)

(Total: 15)

05. Write short notes on any three from the following's aspects.

- (I) Budgetary process practiced in Sri Lanka
(II) Advance Account Activities
(III) Types of fund used by the Government for various reasons
(IV) Role of Internal Audit
(V) Role of Ministry of Finance and Parliament in Managing Public Fund

(Total: 03 x 05 = 15)