

PUBLIC SERVICE COMMISSION

PROFICIENCY EXAMINATION FOR CLERICAL OFFICERS

SEPTEMBER, 2022

PAPER CODE: 701

ACCOUNTS

DATE: THURSDAY, 22ND SEPTEMBER, 2022

TIME: 2.00 P.M. – 4.00 P.M. (2 HOURS)

INSTRUCTIONS TO CANDIDATES

1. This paper consists of two sections A and B.
2. SECTION A consists of twelve compulsory questions carrying 40 marks.
3. SECTION B consists of three compulsory questions carrying 20 marks each.
4. Answer all the questions in the answer booklet provided.
5. Calculators may be used.

SECTION A: ANSWER ALL QUESTIONS (40 MARKS)

1. State **four** rules of double entry book keeping. (4 marks)
2. List **four** accountable documents used in Government accounting. (4 marks)
3. State **two** factors that Government takes into consideration when developing financial statistics codes. (2 marks)
4. Explain **two** purposes served by a Government budget. (4 marks)
5. As a Clerical Officer deployed in the accounts section, you have been tasked to prepare a payment voucher for a supplier. State the prescribed format for recording amounts on payment vouchers in Government accounting. (2 marks)
6. Define the term “Appropriation in Aid” as used in Government accounting. (2 marks)
7. State **two** objectives of internal audit function in public sector accounting. (2 marks)
8. As a clerical officer deployed in the accounts unit, you have noted a credit balance in the bank columns of the cash book. Explain **two** possible causes of the credit balance. (4 marks)
9. Highlight **two** benefits of a bank reconciliation statement. (4 marks)
10. Differentiate between Appropriation Account and Revenue Account. (4 marks)
11. Enumerate **four** details that should be contained in an imprest warrant form. (4 marks)
12. Outline **four** access control measures that should be instituted to safeguard information contained in a financial management information system. (4 marks)

SECTION B: ANSWER ALL QUESTIONS (60 MARKS)

13. a) The following bank statement was received by a cashier in the public sector on 31st March, 2021.

	Debits (Kshs. '000')	Credits (Kshs. '000')	Balance (Kshs. '000')
Balance			16,800
Deposits		23,280	40,080
Deposits		3,490	43,570
Cheque No.816	14,400		29,170
Cheque No.817	2,720		26,450
Cheque No.819	6,800		19,650
Bank charges	100		19,550

Cheque No.821	5,680		13,870
Penalties	8,500		5,370
Deposits		7,200	12,570
Cheque No.818	9,700		2,870
Standing Order Rent	10,000		(7,130)
Deposit		5,000	(2,130)

The cashbook (bank column only) had the following entries for March 2021.

Cash Book (Bank Column Only)

	(Kshs.'000')		(Kshs.'000')
Balance b/f	16,800	Cheque No.816	14,400
Deposits	23,280	Cheque No.817	2,700
Deposits	3,490	Cheque No.818	9,700
Deposits	7,200	Cheque No.819	6,800
Deposits	8,570	Cheque No.820	5,220
		Cheque No.821	5,680
		Cheque No.822	6,360

Assuming that no error has been made in either the bank statement or the cash book;

- (i) Complete and balance the cashbook as at 31st March, 2021. (7 marks)
- (ii) Prepare a Bank Reconciliation Statement. (5 marks)

b) Highlight **four** benefits that would be realized if a cash book is maintained using a computer based information system. (8 marks)

14. a) The head of the accounts division of Wataalamu Ministry intends to carry out a standing imprest spot check. Highlight the procedure he/she should follow. (10 marks)

b) After perusing the bank statement and the department's cash book, an accounting intern has noticed the following differences:

- i) An amount of Ksh.500,000 recorded in the bank statement as a receipt was missing in the cash book;
- ii) Cheques dispatched by the department amounting to Kshs.2,000,000 had not been presented to the bank;
- iii) The bank had debited an entry of Ksh450,000 as Kshs.540,000;
- iv) The department cashier had omitted a cash payment to an employee of Kshs.100,000;
- v) The bank had debited Ksh.20,000 as bank charges.

Required

Explain how you would treat each of the above items for purposes of drafting your bank reconciliation statement. **(10 marks)**

15. a) The following details have been extracted from the books of a Semi-autonomous Government Agency for the year ended 30th June, 2021.

	Actual Receipts		Actual Expenditure
	Ksh.'000,000		Ksh.'000,000
Internally generated funds	650	Personal emoluments	595
Government grants (Recurrent Expenditure)	70	Board expenses	5
		Administration expenses	160
Foreign grants (Capital expenditure)	450	Repairs and Maintenance	125
Foreign grants (Recurrent expenditure)	130	Other Operating Expenses	63
Other Incomes	205	Finance cost	3
		Capital expenditure	<u>406</u>
	<u>1,505</u>		<u>1,357</u>

The depreciation of assets for the Agency for the year was Kshs.35,000,000.

Required

Prepare a Statement of Financial Performance for the Agency for the year ended 30.06.2021.

(12 marks)

- b) Highlight **four** financial controls adopted by the Kenya Government to ensure public funds are utilized efficiently.

(8 marks)