
**CERTIFIED ACCOUNTING TECHNICIAN
STAGE 3 EXAMINATIONS**

S3.6: PUBLIC FINANCIAL MANAGEMENT

DATE: WEDNESDAY 27, AUGUST 2025

INSTRUCTIONS:

1. Time allowed: **3 hours**.
2. This examination has **three** sections: **A, B, and C**.
3. Section A has **10** multiple choice questions equal to 2 marks each.
4. Section B has **2** questions equal to 10 marks each.
5. Section C has **3** questions equal to 20 marks each.
6. All questions are compulsory.
7. The question paper should not be taken out of the examination room.

SECTION A

QUESTION ONE

A Supreme Audit Institution (SAI) is a government entity whose external audit role is established by the constitution or supreme law-making body. In Rwanda, the following are the responsibilities of the Rwanda Supreme Audit Institution, except:

- A Holding accountable all government entities including calling them for public hearing over the use of public funds,
- B Auditing revenues and expenditures of government entities, government projects and other local administrative entities,
- C Auditing the finances of public sector and verify whether the expenditures were in compliance with the existing laws and regulations
- D Submitting the annual audit report to the chamber of parliament

(2marks)

QUESTION TWO

Which of the following statements is/are true about the characteristics of public sector?

- i) The primary objective is to deliver services to the general public and make profits as well returns to the government entities,
- ii) Public sector entities do not act to enhance the economic position of the entity, rather the focus is on public interest
- iii) Public sector entities operate within financial frameworks set by the legislation
- iv) Public sector entities participate in non-exchange transactions such as taxes, fines and social benefits.

- A (i) and (ii) only
- B (i), (ii) and (iii) only
- C (ii), (iii) and (iv) only
- D (i), (ii), (iii) and (iv)

(2 marks)

QUESTION THREE

The Office of Auditor General (OAG) has conducted the external audit of MINIPRO for the year end 30th June 2024 and has made the following opinion: “in my opinion, except for the effects of the matters described under the basis for qualified opinion, the accompanying financial statements give true and fair view of the financial position of MINIPRO as at 30 June 2024”. This is:

- A Compliance audit,
- B Financial audit report,
- C Value for money audit report,
- D Materiality audit

(2 marks)

QUESTION FOUR

The Government of Rwanda sets a national budget which splits the total planned expenditure across different priorities. **Which of the following are classified as recurrent public expenditure?**

- A Salaries for military defense forces, teachers' salaries, office consumables, costs for school construction
- B Cost for roads construction, salaries and wages for public servants,
- C Offices consumables, salaries and wages for public servants, water and electricity bills,
- D Cost of bridge construction, salaries for senators, utilities costs, construction of new office

(2 marks)

QUESTION FIVE

Your public institution has participated in the national planning consultation meeting organized by the line Ministry. National priorities have been discussed and agreed among the key stakeholders and National Medium Term Expenditure Framework (MTEF) covering a period of 3 years was drafted and communicated to the budget agencies. In line with the PFM cycle, **what will you do next as the Chief Budget Manager (CBM)**

- A Start preparing the procurement plan that shows the tenders to be awarded during the year to secure goods and services needed by the institution
- B Prepare the agency budget that shows the clear plan of expenditure allocations to different programmes and sub-programmes based on the institutional strategic priorities
- C Prepare a financial report of expenditure incurred during the year
- D Conduct an internal audit and decide on how to strengthen the internal controls

(2 marks)

QUESTION SIX

Integrated Financial Management Information System (IFMIS) is an information system that tracks financial events and summarizes financial information. **Which of the following are the characteristics of a well-designed IFMIS?**

- i) It is a management tool,
- ii) It provides a wide range of non-financial and financial information,
- iii) It is an integrated system,
- iv) It has positive impact on fighting corruption,

- A (i) and (iii) only
- B (ii) and (iv) only
- C (i), (ii), and (iii) only
- A (i), (ii), (iii) and (iv)

(2 marks)

QUESTION SEVEN

Which of the following statements is/are true about internal audit

- A Internal audit unit is a substitute for management ownership of risk,
- B Internal audit unit provides assurance through independent appraisal that internal control systems and processes are in place and effective,
- C In Rwanda, the internal audit of the public sector is headed by the Office of the Chief Internal Auditor (OCIA), which is also part of the Office of Auditor General (OAG).,
- D The Internal Audit Charter is published by MINECOFIN and it is applied to selected government entities

(2 marks)

QUESTION EIGHT

The Ministry of Finance and Economic Planning (MINECOFIN) has been establishing and implementing an IFMIS since 2009, as part of the wider PFM reforms.

Which of the following are risks associated to the implementation of IFMIS?

- i) It enables efficient resource allocation mechanisms and leads to improved management information for decision-making,
- ii) Complex redesigns which require fundamental changes and that may lead to staff resistance,
- iii) Lack of adequate staff capacity that may hinder the fast adoption of IFMIS,
- iv) Technical challenges which may prevent IFMIS to perform as envisioned

- A (i) and (ii) only,
- B (ii) and (iv) only,
- C (ii), (iii) and (iv) only,
- D (i), (ii), (iii) and (iv).

(2 marks)

QUESTION NINE

In order to be useful and meet its intended objectives, financial information must have the attributes of good information.

Which of the following is (are) element(s) of the Relevance characteristic of good information?

- i) Neutral
- ii) Confirmatory value
- iii) Free from error
- iv) Predictive value

- A (i) and (iii) only,
- B (ii) and (iv) only,
- C (ii), (iii), and (iv) only,
- D All of above

(2 marks)

QUESTION 10

Your institution has ordered office furniture on 12 March 2025 which was delivered by the supplier on 15 April 2025. The finance department has received the invoice on 18 May 2025 and effected payment on 15 June 2025.

Using accrual basis of accounting, in which monthly report would the institution accountant recognize the expenditure for office furniture?

- A March 2025,
- B April 2025,
- C May 2025,
- D June 2025

(2 marks)

SECTION B

QUESTION 11

In order to effectively collect tax, the government should set different tax bases and apply also taxes rates that are appropriate.

Required:

a) Using relevant examples, differentiate tax base from tax rate (6 Marks)

b) Despite the government setting appropriate tax bases and tax rates, some taxpayers will evade taxes. Highlight FOUR (4) practical actions that the government might take to reduce tax evasion (4 Marks)

(Total: 10 Marks)

QUESTION 12

a) Assume you have been appointed in the Ministry of Finance and Economic Planning (MINECOFIN) as a Treasury Single Account (TSA) Specialist and you are invited to make presentation during the trainings on the IFMIS revamp highlighting how centralization of cash balances can be achieved through a TSA.

Required:

Discuss THREE (3) ways through which payment systems can be implemented within a TSA? (6 Marks)

b) In many public organizations, the handling of cash can present challenges related to security, efficiency, and financial management. As technology advances, there are increasing opportunities to reduce cash usage and streamline financial processes.

Required:

Discuss FOUR (4) methods that public organizations can implement to minimize the use of cash (4 Marks)

(Total: 10 Marks)

SECTION C

QUESTION 13

a) In line with the public financial management., explain the FOUR (4) stages of the budget cycle in Rwanda and how each stage contributes to effective public financial management. (8 Marks)

b) You are the Budget Manager at the Ministry of Culture and Sports. For the financial year July 2024 – June 2025, a total annual budget of RWF 24 million was allocated for organizing and implementing various events under the budget heading “Cultural and related events”. One of the key events planned was the National Culture Week, scheduled to take place in November 2024. The full cost of this event was projected to be RWF 18 million. The remaining RWF 6 million was to be used for smaller monthly events spread evenly from January to June 2025.

At the end of December 2024, the actual expenditure stood at RWF 17 million, most of which was spent on National Culture Week activities. A preliminary budget monitoring report was generated without applying profiling.

Required:

i) Explain what is profiling and its THREE (3) advantages (5 Marks)

ii) Based on the information provided above, prepare a budget monitoring table for the period July to December 2024. Calculate and comment on the variance for the period (use equal monthly profiling) (7 Marks)

(Total: 20 Marks)

QUESTION 14

a) Taxation is a keyway which the government raises revenues and are payable irrespective of whether the individuals obtain benefit or not. There is no direct link between paying taxes and the benefit received from using public services. Services charges is another method through which government can obtain additional revenue by charging to individuals and organizations either for government provided goods and services or as a fine

Required:

Discuss THREE (3) advantages in supporting of charging for public services and 2 disadvantages of charging public services (10 Marks)

b) The government of Rwanda has put in place all necessary mechanisms to ensure the effective collection of taxes. However, with any tax enforcement, there is always the temptation for taxpayers to illegally avoid paying tax or at least use tax knowledge to reduce the amount of tax liability.

Required:

Assuming you have secured a consultancy for tax advisory services, discuss the 2 main ways through which taxpayers may escape taxes or minimize tax liability. (10 Marks)

(Total: 20 Marks)

QUESTION 15

A government department has prepared its annual revenue budget on an incremental basis for many years but it is now exploring whether alternative methods may be more appropriate. The government has strong taxation and social benefit regimes in place, including income tax payable on earnings and benefits paid for those looking for employment. Unemployment has increased to the highest level in a decade. The country is currently experiencing inflation at 16%, which is higher than expected. Services provided by the government department are typical for the public sector, with many statutory and qualitative objectives being set, such as public satisfaction.

The majority of staff within the government department have worked there for many years, with little experience outside the department. The department tends to be rather cautious and takes its time on matters. The current information system has been in place for many years and is rather simplistic but meets current requirements. Central government tends to have a hands-off approach, leaving the department to run itself.

Required:

a) Outline TWO (2) shortcomings of incremental budgeting and explain how the government department could apply other budgeting approaches to solve its problem.

(10 marks)

b) Explain the difference between revenue and capital budgets outlining the mechanisms for ensuring their effective integration.

(10 marks)

(Total: 20 Marks)

End of Question Paper