



CERTIFIED ACCOUNTING TECHNICIAN
STAGE 3 EXAMINATIONS

S3.6: PUBLIC FINANCIAL MANAGEMENT

DATE: WEDNESDAY 26, NOVEMBER 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

Due to the Russia–Ukraine war, fuel prices have been rising globally. For instance, in February 2022, a barrel of crude oil cost \$0.57; by the end of July 2022, the price had increased to \$0.97. As of September 2022, the retail price of a litre of petrol increased from FRW 1,460 to FRW 1,609 within a period of two months. Similarly, the price of diesel rose from FRW 1,503 to FRW 1,607. These price increases placed additional pressure on households and motorists, given that diesel is a key component in the basket of goods and services used to measure inflation. However, since July 2022, the Government of Rwanda has invested \$23 million in fuel subsidies to prevent further increases, which would have raised prices to FRW 1,757 per litre of diesel and FRW 1,767 per litre of petrol. **Which of the following best describe market interventions based on the scenario above?**

- A Cost-sharing
- B Political ideology
- C Economic Stabilization
- D Income redistribution

(2 Marks)

QUESTION TWO

In November 2021, the Ministry of Trade and Industry (MINICOM) announced new prices for potatoes, a staple food in Rwanda. This decision resulted from complaints by potato farmers who were incurring losses at the hands of middlemen who bought their produce at giveaway prices ranging between FRW 100 and FRW 120 per kilogram, and sold them in the City of Kigali at prices between FRW 280 and FRW 350, making a profit of more than 100%. The Ministry of Finance and Economic Planning (MINECOFIN) designated the Nzove site as the collection point for potato production from the Northern and Western Provinces before entry into Kigali City. At this site, one kilogram of potatoes would sell for between FRW 185 and FRW 255, depending on the type. The end consumer in Kigali would then buy potatoes at prices ranging between FRW 230 and FRW 300 per kilogram. **This is an example of which market failure that requires government intervention:**

- A Public Goods
- B Excessive Market Volatility
- C Merit and Demerit goods
- D Producer and Consumer protection

(2 Marks)

QUESTION THREE

Which of the following statements is/are true regarding the role of the National Bank of Rwanda (BNR) and The Ministry of Finance and Economic Planning (MINECOFIN):

- A The Monetary policy committee in BNR sets monetary policy rate which is used to signal the stance of monetary policy
- B The macroeconomic policy Unit (MPU) in MINECOFIN has the role of analyzing the implications of public expenditures in relation to fiscal policy
- C Both A&B
- D None of the above

(2 Marks)

QUESTION FOUR

Public Financial Management (PFM) is the system by which financial resources are planned, directed and controlled to enable and influence the efficient delivery of public services goals. **Which of the following statements is /are true in relation to the PFM cycle?**

- i) National Priorities are solely defined by the Ministry of Finance and Economic Planning (MINECOFIN) basing on the predictions made by the National Institute of Statistics of Rwanda
- ii) Medium-Term Expenditure Framework (MTEF) is derived from the national priorities and it provides the link between long term strategies and the shorter term annual budgeted expenditure
- iii) The budget call circular is the document through which the national MTEF is communicated to the budget agencies
- iv) In Rwanda, the budget execution starts on 1st June and ends on 31st July

- A i only
- B i, ii&iii only
- C ii, iii&iv only
- D ii&iii only

(2 Marks)

QUESTION FIVE

MTEF provide a way of overcoming the short-sighted weakness of the annual budget while many public sector programs cover several years. **This is because:**

- A MTEF is long-term in nature and it helps the government to achieve strategic objectives
- B Most MTEF will cover 3 or 4 years though this can vary by country.
- C The first year of the MTEF overlaps with the annual budget, as both are covering the same period
- D All the above

(2Marks)

QUESTION SIX

Various parties are involved in the budgeting cycle to ensure that government funds are not misused nor misappropriated. The following statements reflect the role of the legislature in the process, **EXCEPT:**

- A Preparation of the annual Budget Framework Paper and Draft Finance Law
- B Adoption of the annual budget, including any revision made after considering, debating and providing comments on the Budget Framework Paper, draft budget estimates and the draft finance law
- C Holding accountable the government on the use of public resources
- D Summoning members of Cabinet, chief budget managers or members of the Executive to come and explain any policies, programs and utilization of their budget

(2Marks)

QUESTION SEVEN

In budgeting process, the stage whereby money is allocated and ring fenced to be spent on specific activities is defined as:

- A Budget Formulation
- B Budget appropriation
- C Planning
- D Setting budgetary Reserves

(2Marks)

QUESTION EIGHT

Bilateral Aid is defined as:

- A Aid/assistance given by a government directly to the government of another country
- B Aid/assistance which is provided by non-government organizations (NGOs) directly to the government of another country
- C Aid/assistance provided by governments to international organisations like the United Nations, World Bank, and International Monetary Fund (IMF)
- D None of the above

(2Marks)

QUESTION NINE

Mr. Bikora has started a business that produces packed natural juices. He is charged 5% levied at the point of manufacture by considering the cost of production as taxable value. This is an example of?

- A Trading license
- B Excise duty
- C Customs duties and tariffs
- D Fines

(2Marks)

QUESTION 10

Which of the following types of tax describe where the amount of tax payable does not depend on the level of income or ability to pay of the consumer and which reflect that Low-income earners pay a higher amount of taxes compared to high-income earners?

- A Reactionary
- B Progressive
- C Proportionate
- D Regressive

(2Marks)

SECTION B

QUESTION 11

In July 2017, the Government of Rwanda and the World Bank signed a Program for Results (P for R) Financing Agreement in order to implement the Priority Skills for Growth (PSG) which is a project aiming at enhancing skills in the sector of energy, transport and logistics. This agreement is implemented through Agaciro Multi-Colleges (AMC) as implementing entity. One of the key deliverables was the hiring of a company that will supply and install smart learning equipment in different schools which is a tender of FRW 10 billion to be executed in 3 years.

Given the fact that this tender is strategic and critical as it requires new technologies and advanced skills in different areas (ICT, electronics, and academic skills) AMC requested the Rwanda Public Procurement Authority (RPPA) the exemption from using E-procurement system as there is a higher probability that the complexity of the tender should lead to lack of potential specialized bidders registered in the system; therefore, few numbers of potential bidders are on the market. However, RPPA denied the exemption request and promised AMC all the necessary support to ensure that this tender is launched through E-Procurement system.

Required:

Advise AMC by explaining FIVE reasons why they should adopt the use of e-procurement (10 Marks)

QUESTION 12

Jola Institute is a community college owned by a municipality and it provides vocational trainings to neighboring community on full-time and part-time bases. In addition, it runs a canteen and generates additional incomes for the furtherance of its mandate.

It has provided you the following information for the first half of its year which will end 31 December 2022:

Month	Total Sales	Total Purchases	Wages	Other Expenses
	(FRW,000)	(FRW,000)	(FRW,000)	(FRW,000)
January (Actual)	80,000	45,000	20,000	5,000
February (Actual)	80,000	40,000	18,000	6,000
March (Actual)	75,000	42,000	22,000	6,000
April (Budget)	90,000	50,000	24,000	6,000
May (Budget)	85,000	45,000	20,000	6,000
June (Budget)	80,000	35,000	18,000	5,000

Additional information:

- 1) 10% of purchases and 20% of sales are for cash
- 2) The trade receivables are collected half a month in the next month
- 3) The trade creditors are paid off in total regularly in the next month
- 4) Wages are paid 50% monthly and the balance is paid in the following month
- 5) There is also a fixed rent of FRW 500,000 which is paid monthly (was not included in other expenses).
- 6) Other expenses are paid monthly
- 7) Cash and bank balance on April 1 were FRW15,000,000

Required:

In a columnar format, prepare a cash flow forecast for the months of April, May, and June 2022 **Total (10 Marks)**

SECTION C

QUESTION 13

a) You have recently been appointed as a Budget Officer in the Ministry of Transport and have worked for five months, expecting to complete your probation period by the end of November 2022. One of the assessment criteria is to present to management how the budgeting process is carried out in the ministry.

Required:

As a budget officer, explain to the management of the Ministry of Transport the meaning of the budgeting cycle and its sequential stages as an essential part of Public Financial Management (PFM). (10 Marks)

b) Below is the extract of expenditures of MINITRAP for the year ended 30th June 2021:

Vote head	Details	FRW
010	Salaries and wages	23,200,000
020	Purchase of goods and services	79,500,000
030	Acquisition of equipment	41,000,000
040	Maintenance of KIGALI city roads	32,000,000
050	Construction of new roads	124,578,000
060	Training (transport and Logistics) costs	12,478,000
070	Water and Electricity	18,000,000

While preparing the budget for the year ending 30 June 2022, the management of MINITRAP provided the following additional information:

1. It is estimated that 10 new employees will be hired with the salary of FRW 150,000 per month each starting from 1 July 2021. It was also decided by the company to give an increment to the existing employees of 10%.
2. The purchase of goods and services will be incremented by 5% and it is agreed that the equipment reduce by 10%.
3. Existing roads will be maintained at a total cost of FRW 26,000,000 and MINITRAP will not fund any construction of new roads.
4. It is envisioned that MINITRAP will provide trainings at a cost of 5% higher than the previous year.
5. With the new construction that will be completed in March 2022, the water bill is expected to increase by 5% whereas the electricity bill, which was 60% of the total water and electricity bill will reduce by 5% because of new economical bulbs that will be acquired at a total cost of FRW 5,000,000 (to be recorded under vote head 080).

Required:

Using incremental budgeting approach, prepare the extract of the budget of MININTRAP for the year ended 30 June 2022

(10 Marks)

Total (20 Marks)

QUESTION 14

Effective audit framework is an essential element of a governments Public Finance Management (PFM) Arrangements and in Rwanda, Supreme Audit Institution (SAI) is one of the core audit structure.

Required:

- a) Discuss Any FOUR main responsibilities of Rwanda Supreme Audit Institution (SAI)** (8 Marks)
- b) The Ministry of Health has set a target of constructing 5 health centers in the Eastern Province for the year ending 30 June 2022.**

Required:

In accordance with ISSAI 300 (Performance Audit Principles), explain how the Rwanda Supreme Audit Institution (SAI) will audit the ministry of health clearly showing the key performance indicators (KPI) that will be assessed to ensure value for money.

(12 Marks)

Total (20 Marks)

QUESTION 15

The Government of Rwanda recognizes the critical linkage between domestic resource mobilization and sustainable economic development. In this line, it has embarked on several reforms which have contributed to widespread improvements across the tax-revenue system. However, it is perceived that the taxation system should be suitable to avoid any economic distortion.

Required:

- a) Discuss FOUR key considerations that the government of Rwanda should consider in determining the suitability of taxes while deciding on different taxes bases.** (8 Marks)
- b) With any tax that is due, there is obviously an incentive for individuals or companies not to pay. Discuss TWO main ways that individuals may use to escape tax or minimize tax liability.** (4 Marks)
- c) Mr. Glee is a VAT registered tax collector with a turnover of FRW 60 million and wishes to declare VAT on a quarterly basis. In January 2022 he has made sales of FRW 5,000,000 (VAT inclusive). In the same month, he has made total purchase of FRW 3,200,000 (VAT exclusive).**

- i) **What is the net amount of VAT will Mr. Glee declare for that period** (4 Marks)
- ii) **When will the output VAT and input VAT for the supplies related to the Month of October 2022 be declared and paid** (2 Marks)
- iii) **What is the amount of fine that Mr. Glee charged if his business that should register for VAT but he fails to register as required?** (2 Marks)

(20 Marks)

End of question paper