

# EXAMINATION INFORMATION GUIDE

## PUBLIC SECTOR ACCOUNTING AND FINANCE

### Structure of examination paper

The syllabus will be assessed in a 3 hours paper plus a 15 minutes reading time. The questions will be in two sections as follows:

#### Section A:

Section A will be a compulsory 40 marks scenario-based/case study question taken from section C, the core area of the syllabus, which comprises government accounting and financial reporting under cash basis and accrual basis IPSAs, including preparation of the Federation account, accounting for public sector organisations, and government business entities and public sector audit

#### Section B:

Section B will be five (5) questions of 20 marks each, out of which candidates will be required to attempt three (3) questions. The five (5) questions will be from sections A (Regulatory and conceptual frameworks of public sector accounting), B (Planning and budgeting) and D (Public finance) of the syllabus, based on the weight attached to each section in the syllabus.

### Detailed contents of the syllabus

#### A Regulatory and conceptual Frameworks of public sector accounting 20%

1. The constitutional and regulatory frameworks of public sector accounting
  - (a) Discuss the importance of the constitutional, legislative and regulatory context of Public Sector Accounting with specific emphasis on:
    - (i) The constitutional provisions on revenue, revenue allocation and public expenditure (Federal, States and Local Governments);
    - (ii) The provision of the Finance (Control and Management) Act of 1958(as amended); and
    - (iii) Financial regulations for Federal and State Governments, and the financial memoranda for Local Government Councils.
  - (a) Discuss the provisions of:
    - (i) Fiscal Responsibility Act, 2010 in relation to:
      - ❖ The medium term expenditure framework (MTEF);

- ❖ The annual budget (computational question may be examined);
  - ❖ Budgetary execution and achievement of Targets (computational question may be examined);
  - ❖ Savings and assets management;
  - ❖ Transparency and accountability; and
  - ❖ Enforcement.
- (ii) Public Procurement Act, 2007 in relation to:
- ❖ Fundamental principles of procurement;
  - ❖ Organisation of procurement;
  - ❖ Procurement methods (goods and services);
  - ❖ Special and restricted method of procurement;
  - ❖ Procurement of consultant (services);
  - ❖ Disposal of public property; and
  - ❖ Offences.
- (iii) International Public Sector Accounting Standards (IPSAS) 11 on Construction Contracts (IAS 11) - computational question may be examined; and
- (iv) IPSAS 12 on Inventories (IAS 2) - computational question may be examined.
- c) Assess ethical issues in public sector accounting in respect of functions, offences and penalties of the following bodies:
- (i) Economic and Financial Crimes Commission (EFCC);
  - (ii) Independent Corrupt Practices and Other Related Offences Commission (ICPC);
  - (iii) Code of Conduct Bureau (CCB);
  - (iv) Code of Conduct Tribunal (CCT); and
  - (v) Public Accounts Committee (PAC).

## 2. Public sector accounting concepts and pronouncements

- a) Discuss:
- (i) Accounting concepts, bases and principles relevant to public sector accounting;
  - (ii) Concept of funds, its relationship to the entity concept and its implications for income measurement and valuation;
  - (iii) Professional pronouncements on public sector accounting by the United Nations, the International Committee on Public Sector Financial Management and International Federation of Accountants (IFAC) through IPSAS Board; and
  - (iv) Standardization of Federal, State and Local Governments' reporting formats in Nigeria.
- b) Discuss Pension Reform Act, 2014 in respect of:
- (i) Objectives;
  - (ii) Rates of contribution to scheme;
  - (iii) Exemption from the scheme;

- (iv) Retirement benefits;
- (v) Retirement savings account;
- (vi) Transitional provisions for the public sector;
- (vii) Pension fund administrators (PFA) and pension fund custodians (PFC);
- (viii) Investment of pension fund; and
- (ix) Offences, penalties and enforcement powers.
- (c) Discuss IPSAS 25 - Employee benefits (amended by IPSAS 39).
- (d) Assess emerging issues in Nigerian Public Sector in relation to:
  - (i) Government Integrated Financial Management Information System (GIFMIS);
  - (ii) Integrated Payroll and Personnel Information System (IPPIIS);
  - (iii) Treasury Single Account (TSA); and
  - (iv) Accounting Transaction Recording and Reporting System (ATRRS).

**B. Planning and budgeting 20%**

1. Discuss the:
  - (a) Importance of planning and budgeting in the public sector; and
  - (b) Objectives and the use of annual budget in the public sector.
2. Evaluate types of budgets using:
  - (a) Line – Item budgeting system;
  - (b) Traditional/incremental budgeting system;
  - (c) Planning programming budgeting system (PPBS);
  - (d) Programme performance budgeting system (PPBS); and
  - (e) Zero–base budgeting system (ZBB).
3. Distinguish among rolling, development and perspective plans.
4. Discuss the steps in budgeting process and budgetary control.
5. Evaluate and discuss IPSAS 24 on presentation of budget information in financial statements- computational question may be examined.

**C. Report and audit 30%**

1. **Accounting and financial reporting**
  - (a) Present and evaluate the public sector accounting processes in relation to:
    - (i) Treasury cash book and transcripts;
    - (ii) Cash management and borrowing guidelines;
    - (iii) Types of vouchers and their uses;
    - (iv) Bank reconciliation statements;
    - (v) Subsidiary accounts-deposits, advances and imprest;
    - (vi) Journal entries for loss of public funds;

- (vii) Vote book and expenditure control; and
  - (viii) Revenue control procedures.
- (b) Discuss the roles of the following bodies:
- (i) Federation Accounts Allocation Committee (FAAC); and
  - (ii) Revenue Mobilization, Allocation and Fiscal Commission (RMAFC).
- (c) Prepare and discuss the following:
- (i) Federation Accounts;
  - (ii) Federal public sector independent revenue; and
  - (iii) Charges to the Consolidated Revenue Fund (CRF).
- (d) Prepare statutory financial statements for Federal, State and Local governments' treasury in accordance with cash basis IPSAS
- (i) Cash flow statement;
  - (ii) Statement of Consolidated Revenue Fund;
  - (iii) Statement of Capital Development Fund;
  - (iv) Notes to the accounts;
  - (v) Performance reports;
  - (vi) Statistical reports; and
  - (vii) Accounting policies.
- (e) Prepare statutory financial statements for Federal, State and Local governments' treasury in accordance with Accrual Basis IPSAS:
- (i) Cash flow statement;
  - (ii) Statement of financial performance (Consolidated Revenue Fund);
  - (iii) Statement of financial position (statement of assets and liabilities);
  - (iv) Statements of changes in net assets/equity;
  - (v) Comparison of budget and actual amounts; and
  - (vi) Notes to the accounts.
- (f) Discuss IPSAS 33- First-time adoption of accrual basis IPSAS.
- (g) Interpret public sector financial statements using relevant and appropriate techniques such as:
- (i) Ratio analysis;
  - (ii) Variance analysis;
  - (iii) Budget performance indices; and
  - (iv) Revenue and expenditure profiles.

## 2. Accounting for public sector organisations and government business entity

- (a) Discuss the general nature of and differences among public sector organizations (i.e. organisations without the features of a private company e.g. Independent National Electoral Commission (INEC), Niger-Delta Development Commission (NDDC) etc. and government business entity (i.e. A hybrid organization that has features of a private company and a public organization e.g. Nigerian Ports Authority (NPA), Central Bank of Nigeria (CBN), Nigerian Security Printing & Minting Company (NSPMC) Ltd, Securities Exchange Commission (SEC, ), etc.
- (b) Discuss the financial provisions of enabling laws for relevant utilities, authorities, parastatals, boards, corporations, agencies and tertiary educational institutions.
- (c) Prepare the financial statements of the relevant utilities, authorities, parastatals, boards, corporations, agencies and tertiary educational institutions in accordance with Accrual IPSAS:
  - (i) Statement of financial position;
  - (ii) Statement of financial performance;
  - (iii) Statement of changes in net assets/equity;
  - (iv) Statement of cash flow; and
  - (v) Notes to the accounts.
- (d) Discuss the following International Public Sector Accounting Standards (IPSAS) on accrual basis in relation to the definitions, application, recognition, measurement and disclosures.

<b>IPSAS – Standards</b>	<b>IAS/IFRS</b>
IPSAS 1- Presentation of Financial Statements	IAS 1
IPSAS- Cash Flow Statements	IAS 7
IPSAS 3- Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8
IPSAS 4- The Effects of Changes in Foreign Exchange Rates	IAS 21
IPSAS 5- Borrowing Costs	IAS 23
IPSAS 6- Consolidated and Separate Financial Statements (Replaced with IPSAS 34)	IAS 27
IPSAS 7- Investments in Associates (Replaced with IPSAS 36)	IAS 28
IPSAS 8- Interests in Joint Ventures (Replaced with IPSAS 36)	IAS 31
IPSAS 9- Revenue from Exchange Transactions	IFRS 15
IPSAS 10- Financial Reporting in Hyperinflationary Economies	IAS 29
IPSAS 13- Leases	IFRS 16
IPSAS 14- Events After the Reporting Date	IAS 10
IPSAS 15- Financial Instruments: Disclosure and Presentation (Superseded by IPSAS 28 and IPSAS 30)	
IPSAS 16- Investment Property	IAS 40
IPSAS 17- Property, Plant and Equipment	IAS 16
IPSAS 18- Segment Reporting	IAS 14
IPSAS 19- Provisions, Contingent Liabilities and Contingent Assets	IAS 37

IPSAS 20- Related Party Disclosures	IAS 24
IPSAS 21- Impairment of Non-Cash-Generating Assets	N/A
IPSAS 22- Disclosure of Financial Information About the General Government Sector	N/A
IPSAS 23- Revenue from Non-Exchange Transactions (Taxes and Transfers)	N/A
IPSAS 26- Impairment of Cash-Generating Assets	IAS 36
IPSAS 27- Agriculture	IAS 41
IPSAS 28- Financial Instruments: Presentation	IAS 32
IPSAS 29- Financial Instruments: Recognition and Measurement	IFRS 9
IPSAS 30- Financial Instruments: Disclosures	IFRS 7
IPSAS 31-Intangible Assets	IAS 38
IPSAS 32- Service Concession Arrangements: Grantor	IFRIC 12
IPSAS 34- Separate Financial Statements	IAS 27
IPSAS 35- Consolidated Financial Statements	IFRS 10
IPSAS 36- Investments in Associates and Joint Ventures	IAS 28
IPSAS 37- Joint Arrangements	IFRS 11
IPSAS 38- Disclosure of Interests in Other Entities	IFRS 12
IPSAS 40-Public Sector Combinations	IFRS 3

**Note:** Candidates should understand that all applicable new standards and laws may be examined six months after the date of issue.

- (e) Discuss the International Public Sector Accounting Standards (IPSAS) on cash basis in relation to the structure, objectives, responsibility, characteristics, and components.

### 3. **Public Sector Audit**

Discuss the:

- (a) Legal requirements for audit in the public sector and the roles of the Accountant-General and Auditor-General;
- (b) Processes of appointing auditors in the public sector;
- (c) Basic steps in the process of auditing public sector financial statements;
- (d) Concept of public accountability in the public sector;
- (e) Financial guidelines for the operation of public sector;
- (f) Financial responsibilities of public sector officers;
- (g) Nature and types of financial control in public sector;
- (h) Financial control institutions within the public sector including their functions and procedures of:
  - (i) Ministry of Finance;
  - (ii) Office of the Auditor-General for the Federation;
  - (iii) Office of the Accountant-General of the Federation;
  - (iv) Budget office;
  - (v) Expenditure control unit; and
  - (vi) Fund section.

- (i) Roles of national and state assemblies and local government councils in financial management and control;
- (j) Financial management and virement procedures;
- (k) Application of International Standards of Supreme Audit Institutions (ISSAI), standards for assurance and audit and their relationship with Nigerian/International Standards on Auditing (NSA's/ISA's); and
- (l) Value-for-money audit.

**D. Public finance 30%**

- (a) Evaluate the role of the public sector in relation to the:
  - (i) Performance of the Nigerian economy; and
  - (ii) Objectives of fiscal responsibilities.
- (b) Discuss the main sources of revenue and capital finance.
- (c) Discuss the roles of revenue collection agencies such as:
  - (i) Nigerian National Petroleum Corporation (NNPC);
  - (ii) Federal Inland Revenue Service (FIRS);
  - (iii) State Internal Revenue Service (SIRS);
  - (iv) Department of Petroleum Resources (DPR);
  - (v) Nigerian Customs Service (NCS); and
  - (vi) Local Governments Revenue Authorities.
- (d) Assess the revenue collection and monitoring procedures.
- (e) Justify the importance of grants as a source of revenue to federal, state and local governments.
- (f) Assess and evaluate the expenditure and revenue framework of public finance in relation to:
  - (i) Public expenditure
    - ❖ Efficient provision of public goods:
      - Deriving the efficiency contribution; and
      - Problems achieving efficiency.
  - (ii) Public goods
    - ❖ Justify government intervention in the provision of public goods.
    - ❖ Evaluate how government spending creates positive externalities in provision of public goods.
- (g) Discuss the national privatization policy with respect to:
  - i. Public versus private provision;
  - ii. Public versus private production;
  - iii. Public goods and public choice; and
  - iv. Bureau of Public Enterprises (BPE).
- (h) Assess borrowing policy and public debts in the context of:
  - (i) Funded and unfunded debts;
  - (ii) Debt burden;
  - (iii) Deficit financing (to tax or to borrow?); and

- (iv) External loans: multilateral, Paris Club, London Club, Promissory Notes and others.
  
- (i) Evaluate the debt management strategies in relation to:
  - (i) Loans pooling and consolidation;
  - (ii) Loan re-scheduling;
  - (iii) Debt-equity swap; and
  - (iv) Debt forgiveness.
  
- (j) Evaluate and discuss principles and practice of federalism (fiscal federalism, fiscal capacity and needs in multi-level public sector structures).
  
- (k) Evaluate inter-public sectoral fiscal relations and Nigeria's experience with revenue allocation.
  
- (l) Appraise projects in the public sector using:
  - (i) Cost-benefit analysis;
  - (ii) Cost-outcome analysis;
  - (iii) Cost-effectiveness analysis; and
  - (iv) Net present value and internal rate of return.
  
- (m) Discuss the nature, causes and types of externalities.
  
- (n) Evaluate emerging issues in Nigerian Public Finance:
  - (i) Economic/Business Cycle (Recession and Boom periods);  
and
  - (ii) Private Finance Initiatives (Private Public Partnerships).