



CERTIFIED PUBLIC ACCOUNTANTS (CPA)

ADVANCED LEVEL

ADVANCED PUBLIC FINANCIAL MANAGEMENT

THURSDAY: 4 December 2025. Morning Paper.

Time Allowed: 3 hours.

This paper consists of five (5) questions. Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

(a) Explain **FIVE** functions of State Corporation Advisory Committee in your country. (10 marks)

(b) Evaluate **FIVE** strategies that could enhance the effective implementation of Single Treasury Account in County Governments. (10 marks)

(Total: 20 marks)

QUESTION TWO

(a) Explain **FIVE** roles of Public Accounts Committee (PAC) in the National Assembly. (10 marks)

(b) The integration of iTax into Kenya's public finance ecosystem has played a pivotal role in advancing the goals of the Public Finance Management Act, 2012.

With reference to the above statement, analyse **FIVE** ways in which the integration of iTax supports the objectives of the Public Finance Management (PFM) Act. (10 marks)

(Total: 20 marks)

QUESTION THREE

(a) Explain **TWO** conditions under which a county government can start a project financed by a grant or donation from a development partner that also requires County Government funding as per Public Finance Management Act. (4 marks)

(b) Examine **THREE** ways in which implementation of the Public Finance Management (PFM) Act of 2012 has improved financial governance and oversight practices in public sector in Kenya. (6 marks)

(c) The Ministry of Health in your country recently faced allegations of inefficiencies in service delivery. A report by an oversight body highlighted significant gaps in internal controls. To address these challenges, the Ministry's senior leadership decided to strengthen its Internal Audit Unit.

Required:

Analyse **FIVE** roles that the Internal Audit Unit is expected to play in relation to the Public Sector Internal Control Systems. (10 marks)

(Total: 20 marks)

QUESTION FOUR

(a) Your government is in the process of entering into a Public Private Partnership (PPP) agreement with a private consortium led by the Wholesome Bridge Corporation (WBC). The private partner is responsible for financing, designing, constructing and operating the expressway for a period of 30 years under a Build-Operate-Transfer (BOT) model.

Required:

(i) Explain **FOUR** ways your government would ensure that the Public-Private Partnership (PPP) with the Wholesome Bridge Corporation (WBC) meets both public interests and project goals during the 30-year BOT agreement. (8 marks)

(ii) Analyse **THREE** potential risks of using a BOT model in the PPP agreement with Wholesome Bridge Corporation (WBC) for the expressway project. (6 marks)

(b) Examine **THREE** roles of Cabinet Secretary in charge of Finance in Public Debt Management. (6 marks)

(Total: 20 marks)

QUESTION FIVE

(a) Propose **FIVE** challenges that might be faced by parliamentary oversight committees in executing their mandates. (5 marks)

(b) Analyse **FIVE** responsibilities of the Public Finance Management Standing Committee. (5 marks)

(c) In public procurement, accountability is crucial to ensure transparency, fairness and proper management of public funds. Various documents are used throughout the procurement process to ensure that the process is legally compliant and that public funds are used efficiently. These documents facilitate proper record-keeping and decision-making.

With reference to the above statement, describe **FIVE** accountable documents used in public procurement in your country. (10 marks)

(Total: 20 marks)

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CPA ADVANCED LEVEL

ADVANCED PUBLIC FINANCIAL MANAGEMENT

THURSDAY: 21 August 2025. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

(a) Explain **THREE** duties assigned to individuals designated as receivers of national government revenue under the Kenyan Constitution, 2010. (3 marks)

(b) As a policy advisor attending a Public Finance Management conference, you are required to make a presentation on the practical implications of Section 6(1) of the PFM Act, 2012 which requires that the provisions of the Public Finance Management Act shall prevail in case of conflict with any other legislation.

Required:

(i) In your presentation, examine **SEVEN** circumstances under which the Public Finance Management Act prevails over other legislations. (7 marks)

(ii) Analyse **FIVE** rationales for the PFM Act prevailing over other laws. (10 marks)

(Total: 20 marks)

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QUESTION TWO

(a) Section 123 of the Public Finance Management Act, 2012 requires the county treasury to submit a Debt Management Strategy Paper to the county assembly on or before 28th February each year.

Required:

(i) Outline **FOUR** reasons why counties should have a well-defined debt management strategy. (4 marks)

(ii) Analyse **FOUR** contents of County Debt Management Strategy Paper. (8 marks)

(b) Describe **FOUR** responsibilities of the National Treasury in the management of state corporations in your country. (8 marks)

(Total: 20 marks)

QUESTION THREE

(a) Explain **FIVE** ways of improving budget preparation process in order to enhance fiscal responsibility and efficiency in your country. (10 marks)

(b) Resource Mobilisation department is one of the three technical departments under Public Debt Management Office.

With reference to the above statement, analyse **FIVE** functions of Resource Mobilisation department. (10 marks)

(Total: 20 marks)

QUESTION FOUR

(a) Explain **FIVE** challenges facing counties in attaining financial sustainability and achieving service delivery objectives. (5 marks)

(b) Analyse **FIVE** areas covered in the scope of Public Financial Management. (5 marks)

(c) Examine **FIVE** roles of the Public Finance Management Committee (PFMC) under the Commission on Revenue Allocation in Kenya. (10 marks)

(Total: 20 marks)

QUESTION FIVE

(a) Explain **TWO** circumstances under which the County Executive Committee member for finance may make payments from the county government's Emergency Fund. (4 marks)

(b) Examine **FOUR** challenges facing by the Office of the Auditor General (OAG) in auditing public funds. (8 marks)

(c) Describe **FOUR** strategies that the Public Procurement Regulatory Authority (PPRA) in Kenya has adopted to overcome the challenges in fulfilling its mandate. (8 marks)

(Total: 20 marks)

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CPA ADVANCED LEVEL

ADVANCED PUBLIC FINANCIAL MANAGEMENT

FRIDAY: 25 April 2025. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

(a) The management of public debt in a responsible manner is very critical to any government since it supports economic growth and build investor confidence.

With reference to the above statement, explain **FOUR** benefits accruing from prudent debt management in the public sector. (8 marks)

(b) The legislative arm of government in your country plays a critical role in shaping, approving and overseeing fiscal policies.

In reference to the above statement, examine **FOUR** ways through which the legislative arm of government contributes to overall fiscal policy of your country. (8 marks)

(c) Highlight **FOUR** ways in which the government effectively manages the consolidated fund to ensure financial stability in your country. (4 marks)

(Total: 20 marks)

QUESTION TWO

(a) Explain **FIVE** ways in which the findings and recommendations from internal audits impact the scope, focus and effectiveness of audits conducted by the Office of the Auditor General in Kenya. (10 marks)

(b) Examine **FIVE** primary responsibilities and duties of the accounting officer in overseeing the management of receivers' revenue within government entities in Kenya. (10 marks)

(Total: 20 marks)

QUESTION THREE

(a) Your country is working to enhance the efficiency of public sector investments to boost economic growth and improve public service delivery. However, obstacles such as poor management, limited capacity and inadequate stakeholder involvement often hinder progress. To overcome these challenges, essential measures have been outlined, including conducting feasibility studies, implementing effective monitoring and evaluation systems and fostering stakeholder engagement.

Required:

(i) Explain **TWO** ways in which feasibility studies contribute to addressing these challenges in public sector investments. (4 marks)

(ii) Analyse **TWO** reasons for robust monitoring and evaluation in mitigating the identified challenges. (4 marks)

(iii) Describe **TWO** ways in which stakeholder engagement can be enhanced to improve public sector investments. (4 marks)

(b) Examine **FOUR** principles of public finance. (8 marks)

(Total: 20 marks)

QUESTION FOUR

The Medium-Term Expenditure Framework (MTEF) is considered appropriate in developing countries because there is fragile linkage between the budgeting system and planning. The MTEF is one of the aspects of the Public Financial Management, which incorporates planning into budgeting over the medium term. It should guide annual budgets, as it is argued that it links policy, plans and budgets over a medium-term period of three to five years. The MTEF should enable organisations envision the effects of policies over several years and support effective resource allocation. Its rationale is to enable organisations to incorporate future fiscal challenges into their annual budgets more adequately, thereby reducing undue emphasis on short-term goals. It should encourage ongoing reallocation and broaden the budgeting scope. The MTEF is meant to achieve a balanced budget, shift resources to pro-poor activities and further the practices of good governance. Western donors, such as the International Monetary Fund (IMF) and the World Bank, have actively promoted MTEF reform in developing countries by making their contributions conditional on its adoption and implementation.

Despite being considered an aspect of effective budgetary management, it has been reported to be complex and challenging, even in developed countries. Public financial management experts criticise the MTEF and its implementation with the experts questioning MTEF effectiveness and reliability in guiding annual budget processes. The experts also argue that the MTEF conflicts with annual budgeting as it may distract actors from basic budgeting problems in annual budgeting and they also note that little attention has been paid to demonstrate how such conflicts occurs and how organisational actors respond to such conflicting demands. Although the MTEF is argued to be complex, some Public Financial Management experts argue that it is the contextual environment of the developing countries which constrains MTEF success.

Required:

(a) Analyse **FIVE** strategies that developing countries should adopt to minimise conflict between the Medium-Term Expenditure Framework (MTEF) and annual budgeting. (10 marks)

(b) Evaluate **FIVE** contextual factors that constrain the success of MTEF in your country. (10 marks)

(Total: 20 marks)

QUESTION FIVE

(a) You are a procurement consultant advising a government agency tasked with improving their public sector procurement practices. The agency is responsible for procuring goods and services necessary for various public projects. They are seeking to enhance efficiency, transparency and cost-effectiveness in their procurement processes. In line with this objective the agency is considering the use of consortium buying in its procurement processes.

Required:

(i) Evaluate **SIX** issues to be agreed upon by the accounting officers of the procuring entities concerned in respect to consortium buying as outlined under section 50 of the Public Procurement and Asset Disposal Act. (6 marks)

(ii) Analyse **FOUR** measures that the government agency should adopt to address the challenges faced by public sector entities in their procurement practices. (8 marks)

(b) Describe **THREE** types of National Public funds in Kenya. (6 marks)

(Total: 20 marks)



CPA ADVANCED LEVEL

ADVANCED PUBLIC FINANCIAL MANAGEMENT

THURSDAY: 5 December 2024. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

(a) The National Treasury shall include various information in the financial statements of contingencies fund submitted to the Auditor General under section 23 of Public Finance Management Act.

Highlight **FIVE** types of information contained in the financial statements in respect to the Contingencies Fund. (5 marks)

(b) Explain **THREE** circumstances under which money may be withdrawn from the Consolidated Fund only. (3 marks)

(c) The existence of an independent Audit Committee is recognised internationally as an important feature of good corporate governance.

Required:

(i) In the context of Public Finance Management Act, define the term “audit committee”. (2 marks)

(ii) Assess **FIVE** roles of audit committees in the management of public funds. (10 marks)

(Total: 20 marks)

QUESTION TWO

(a) The Public Finance Management (PFM) Act empowers the Cabinet Secretary for National Treasury to establish a national government public fund with the approval of the national assembly and appoint an administrator to manage the funds.

Required:

(i) Explain **TWO** responsibilities of an administrator of a public fund. (4 marks)

(ii) Describe the procedure of winding up a public fund by the Cabinet Secretary for the National Treasury. (8 marks)

(b) (i) Examine **FOUR** responsibilities of accounting officers of a government department in preparing annual estimates of expenditure in the budget preparation process as per the Public Finance Management Act. (4 marks)

(ii) Assess **FOUR** factors that must be considered in the determination of budget ceilings contained in the Budget Policy Statement. (4 marks)

(Total: 20 marks)

QUESTION THREE

(a) Majority of county governments have been experiencing difficulties in meeting their revenue targets and sustaining their operations. Despite efforts to improve their revenue collection, these counties continue to face significant challenges that hinder their financial sustainability and service delivery.

Required:

(i) Identify **FIVE** challenges experienced by the counties in attaining financial sustainability and service delivery objectives. (5 marks)

(ii) Examine **FIVE** ways in which automation and computerisation of county revenues collection could be used to address the challenges identified in (a) (i) above. (5 marks)

(b) As per the Public Finance Management Act 2012, the Cabinet Secretary should submit to Parliament a record of all guarantees given by the national government not later than seven days after receiving a request to do so from either House of Parliament. In addition, as per section 58 (1) and (2), the Cabinet Secretary may guarantee a loan to a county government or any other borrower on behalf of the national government and that loan should be approved by Parliament.

Required:

(i) Explain **FOUR** matters which the Cabinet Secretary must include in the report submitted to parliament in respect of every guarantee to the county government. (4 marks)

(ii) Examine **SIX** circumstances under which the Cabinet Secretary of finance should not guarantee a loan as per the above provisions. (6 marks)

(Total: 20 marks)

QUESTION FOUR

(a) Discuss **FIVE** roles of parliamentary budget office as provided for in section 10 of Public Finance Management Act, 2012. (10 marks)

(b) Persons involved in public procurement and asset disposal proceedings shall subscribe to ethical standards in accordance with the public procurement and asset disposal law and other relevant legislation.

With reference to the above statement, examine **FIVE** roles of the government in ensuring professionalism and ethical practices in public procurement and asset disposal processes. (10 marks)

(Total: 20 marks)

QUESTION FIVE

(a) Evaluate **THREE** strategies that the National Treasury could implement to enhance the performance and governance of public enterprises in Kenya. (6 marks)

(b) Describe **THREE** key reforms implemented in the recent years by the Kenyan government to enhance public financial management. (6 marks)

(c) An accounting officer is responsible to the National Treasury to ensure that the resources of the ministry, department, agency or commissions are used in a way that is lawful and authorised effective, efficient economical and transparent.

In relation to the above statement, explain **FOUR** roles of an accounting officer. (8 marks)

(Total: 20 marks)

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CPA ADVANCED LEVEL

ADVANCED PUBLIC FINANCIAL MANAGEMENT

THURSDAY: 22 August 2024. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

(a) Designing effective public policies in a country within the framework of the public financial management (PFM) cycle involves navigating numerous challenges.

With reference to the above statement, examine **FOUR** challenges that policymakers might face in designing effective public policies in your country. (8 marks)

(b) Public-Private Partnerships (PPPs) have become an important financing model for infrastructure and development projects.

Required:

(i) Explain **TWO** types of Public-Private Partnerships (PPPs) models used in Kenya. (4 marks)

(ii) Evaluate **FOUR** ways in which the legal and regulatory framework, under the Public Private Partnerships Act, 2013 has provided a structured approach to managing PPP projects in Kenya. (8 marks)

(Total: 20 marks)

QUESTION TWO

(a) Evaluate **FIVE** responsibilities of the Directorate of Public Investment and Portfolio Management as a key player in the public sector investment and enterprise management in your country. (10 marks)

(b) The Public Finance Management (PFM) Act, require entities of county governments to maintain internal auditing arrangements.

In the context of the above statement, examine **FIVE** components that county governments should consider in the arrangements for the conduct of internal audit. (5 marks)

(c) Analyse **FIVE** components of an annual public debt report in your country. (5 marks)

(Total: 20 marks)

QUESTION THREE

(a) The Internal Auditors General department which operates under the National Treasury plays a crucial role in supporting accounting officers to discharge their mandate.

With reference to the above statement, evaluate **THREE** responsibilities of this department. (6 marks)

(b) Discuss **TWO** objectives of the Public Finance Management Act in your country. (4 marks)

(c) One of the Public Financial Management (PFM) reforms by the Government of Kenya is the Integrated Financial Management System (IFMIS).

Describe **FIVE** components of IFMIS. (10 marks)

(Total: 20 marks)

QUESTION FOUR

(a) Public Procurement in Kenya is regulated by the Public Procurement and Asset Disposal Act which created Public Procurement Regulatory Authority (PPRA) headed by Director General and Public Procurement Regulatory Board which oversees operations of the authority.

(i) Outline **FIVE** circumstances under which the Board can terminate the appointment of Director General of the authority. (5 marks)

(ii) Explain **SIX** roles of the Public Procurement Regulatory Board. (12 marks)

(b) Summarise **THREE** roles of Inspector General of state corporations. (3 marks)

(Total: 20 marks)

QUESTION FIVE

(a) The National Treasury is responsible for managing various National Government Funds as per the Public Finance Management Act. One of the funds under the National Treasury is the Equalisation Fund.

With reference to the above statement, assess **THREE** responsibilities of National Treasury in managing Equalisation Funds as per the Act. (6 marks)

(b) Your country's approach to managing public debt has improved recently, but there are areas where further improvements could align with global best practices.

Analyse **FOUR** strategies that your country could employ to balance the requirement for infrastructure development while maintaining sustainable levels of public debt. (8 marks)

(c) Explain **THREE** ways that might be considered by County Governments to ensure efficient management of the County Revenue Fund in Kenya. (6 marks)

(Total: 20 marks)

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CPA ADVANCED LEVEL

ADVANCED PUBLIC FINANCIAL MANAGEMENT

THURSDAY: 25 April 2024. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

(a) Most countries have adopted public financial management system to implement different public policies, particularly those related to fiscal discipline, allocative efficiency and operational efficiency.

Evaluate **FIVE** public policies that can be implemented using public financial management system. (5 marks)

(b) Debt has always been associated with development and structural transformation. With the current hyper-globalisation, debt has become a dominant driver of global growth. However, it has failed to deliver the desired objectives in productive investment, but instead fueled financial speculation. Developing countries have seen debt transformed from a long-term financing instrument to help achieve their future growth potential into a potentially high-risk financial asset subject to the notions of international financial markets and proliferating short-term creditor interests. Since the global financial crisis, economies around the world have become dependent on debt for their growth. This has encouraged unprecedented global indebtedness, particularly in emerging markets and developing countries which have little control over global trends. It is argued that, within the global financial system, developing countries have limited number of choices and proposals for regional and inter-regional monetary and financial cooperation and reliance on directed development banking are set out as a place to start.

Required:

(i) Analyse **FIVE** challenges faced by developing countries in their debt sustainability efforts. (5 marks)

(ii) Evaluate **FIVE** indicators that developing countries adopt in assessing their debt sustainability. (5 marks)

(c) Public Financial Management (PFM) reforms aim to improve the effectiveness and efficiency of public financial systems, ensuring accountability and transparency in the use of public resources. Countries must implement effective policy measures if the reforms are to achieve the intended objectives.

Advise your government on **FIVE** strategies that can be adopted to ensure the effectiveness of the PFM reforms.

(5 marks)

(Total: 20 marks)

QUESTION TWO

(a) The Minister in charge of treasury in your country is in the process of introducing performance measurement framework that will be used to assess the effectiveness and efficiency of government programmes, projects and activities in achieving their intended objectives.

Assess **FOUR** critical dimensions of performance that the performance measurement framework should focus on in public financial management systems. (8 marks)

(b) International best practices recommend that governments should publish eight budget reports at various points in the budget cycle. Increasingly, governments, donors and civil society organisations demand for more information on why these particular reports are important, what a model report should contain to be considered transparent and when these reports should be published. However, there are few existing reference materials that answer these questions. Development banks and the Organisation for Economic Cooperation and Development (OECD) have published manuals containing detailed information on public finance management systems, but the existing literature is neither tailored to the needs of a broad audience nor does it fully explore the issues of transparency in these reports.

For instance, in 2002 the OECD published best practices for budget transparency as a reference tool to increase the degree of budget transparency in member countries. These practices are also relevant for non-OECD countries but countries adopting them are expected to tailor these practices to individual countries.

In relation to the above statement, analyse **EIGHT** budget reports that should be prepared and their respective purpose. (8 marks)

(c) In the context of public financial management, identify **FOUR** main forms of receipts that occur in development estimates as per Public Financial Management regulation 60. (4 marks)

(Total: 20 marks)

QUESTION THREE

(a) Describe **FOUR** ways in which management of public debt enhances fiscal stability and economic growth in your country. (8 marks)

(b) Assess **FOUR** ways through which the Treasury Single Account (TSA) system facilitates the consolidation of government funds from various sources and accounts into a single centralised account. (8 marks)

(c) Managing revenue in public finance at the county level can be a complex task and executive committee members responsible for this area face several challenges.

In light of this statement, outline **FOUR** ways in which executive committee members of finance can address these challenges. (4 marks)

(Total: 20 marks)

QUESTION FOUR

(a) The Ministry of Finance in your country has tasked you with the responsibility of evaluating the performance of several key state corporations operating in critical sectors such as energy, transportation and healthcare. The government is keen on ensuring that these entities effectively deliver on their mandate and contribute to national development. Over the years, you have observed that monitoring performance of state corporations can be challenging. As an expert in this area, you have been invited to be the key note speaker at a national conference on public sector effectiveness to speak on challenges in evaluating performance of state corporations and way forward.

Required:

Develop your presentation on this topic covering the following areas:

(i) **FIVE** reasons for monitoring performance of state corporations. (5 marks)

(ii) **FIVE** challenges faced by your country in monitoring performance of state corporations. (5 marks)

(b) Explain **FOUR** ways in which Public Procurement Regulatory Authority (PPRA) in your country contributes to fiscal policy discipline. (4 marks)

(c) Describe **THREE** reasons for the establishment of an internal audit committee in the management of public funds in your country. (6 marks)

(Total: 20 marks)

QUESTION FIVE

(a) The national audit reports of your country have consistently raised a major concern about poor management of public funds at the National Government level which emanates from poor cash management. In one of the reports, the Auditor General recommended that the government should strictly comply with Public Financial Management regulations on cash management. To this extent, the national treasury has appointed you to facilitate a training for accounting officers on institutionalising effective and efficient banking and cash management practices in the public sector.

As a public financial management expert, describe **FIVE** principles to be included in your presentation that should guide cash management system as per the Public Financial Management regulations. (10 marks)

(b) Outline **FOUR** specific functions of the Commission of Revenue Allocation regarding county government revenue management in your country. (4 marks)

(c) Explain **THREE** factors contributing to successful Public Financial Management (PFM) reforms in enhancing fiscal transparency, accountability and efficiency in your country. (6 marks)

(Total: 20 marks)



CPA ADVANCED LEVEL

ADVANCED PUBLIC FINANCIAL MANAGEMENT

THURSDAY: 7 December 2023. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

(a) Describe **TWO** benefits of an integrated tax system to taxpayers in your country. (2 marks)

(b) Explain **TWO** conditions under which each of the following methods of procurement may be used by public sector entities:

- (i) Restricted tendering. (4 marks)
- (ii) Request for quotations. (4 marks)

(c) In an extract from a public finance publication on “Effectiveness of Medium-Term Expenditure Framework (MTEF)”, the author noted that, the Medium-Term Expenditure Framework (MTEF) is considered appropriate in developing countries because there is fragile linkage between the budgeting system and planning. The MTEF is one of the aspects of public financial management, which incorporates planning into budgeting over the medium term. It should encourage ongoing reallocation and broaden the budgeting scope. The MTEF is meant to achieve a balanced budget, shift resources to pro-poor activities and further the practice of good governance. Despite being considered an aspect of effective budgetary management, it has been reported to be complex and challenging, even in developed countries. Public financial management experts criticise the MTEF and its implementation with the experts questioning MTEF effectiveness and reliability in guiding annual budget processes. Although the MTEF is argued to be complex, some public financial management experts argue that it is the contextual environment of the developing countries which constrains MTEF success.

Required:

From the above extract, analyse **FIVE** strategies that developing countries could adopt to minimise conflict between the Medium-Term Expenditure Framework (MTEF) and annual budgeting. (10 marks)

(Total: 20 marks)

QUESTION TWO

(a) XYZ is a developing country and is struggling with the implementation of public finance reforms. You have been appointed to a taskforce to assess the challenges of implementing the reforms and offer possible solutions.

Required:

- (i) Discuss **FOUR** challenges that XYZ is likely to face during implementation of public finance reforms. (4 marks)
- (ii) Propose **FOUR** possible solutions to the challenges cited in (a) (i) above. (4 marks)

(b) You are an advisor of the National Treasury of your country, and you have been tasked with formulating a framework for national government borrowing. The government is seeking to strike a balance between funding critical projects and maintaining fiscal stability. There is a need for clear guiding principles to govern borrowing decisions.

Required:

- (i) Summarise **FOUR** key guiding principles that should inform national government borrowing decisions as provisioned by Public Financial Management regulations 183. (4 marks)
- (ii) Identify **FOUR** policy frameworks that your government could adopt in public debt management and clearly indicate the role of each framework. (8 marks)

(Total: 20 marks)

QUESTION THREE

(a) Your country is considering a large-scale infrastructure development aimed at upgrading the country's road network. Further, the project will be financed using a public private partnership model.

With reference to the above statement, evaluate **FOUR** areas of potential revenue losses in public-private partnerships (PPPs) models in infrastructure development and services. (8 marks)

(b) During the annual audit committee master class held in your country, one of the speakers made the following observation; "Public sector stakeholders have different perceptions and criticisms on the effectiveness of audit committees and have often labelled audit committees as "talk shops".

Required:

Citing **FOUR** reasons, justify the above observation.

(4 marks)

(c) Explain **FOUR** different types of public funds, citing how each contributes to the development in your country. (8 marks)

(Total: 20 marks)

QUESTION FOUR

(a) Explain **FOUR** challenges faced in the management of state corporations by most developing countries. (8 marks)

(b) Evaluate **THREE** guiding basic principles used by public entities in deciding whether money or sums should be applied as Appropriation-In-Aid as per Public Financial Management regulations. (6 marks)

(c) Analyse **FOUR** provisions relating to confidential reporting of unlawful acts by the Auditor General as provisioned by section 60 of the Public Audit Act. (6 marks)

(Total: 20 marks)

QUESTION FIVE

(a) In a public finance management seminar, one of the facilitators noted that "there are certain matters specified under Section 6 of the Public Finance Management (PFM) Act, 2012, where in case of any inconsistency with the PFM Act, the Act shall prevail".

With reference to the above statement, outline **FOUR** such matters where in case of inconsistency with the PFM Act, the Act prevails. (4 marks)

(b) Public Financial Management Regulation 170 (Risk based audit assessment strategic plan) requires that internal audit planning should be carried out on the basis of risk assessment and should be set out in a three-year strategic plan, on the basis of which an annual internal audit activity plan should be developed.

As the head of internal audit in a government entity, evaluate **THREE** procedures you would undertake to ascertain that your department is complying with this regulation. (6 marks)

(c) Managing revenue in public finance at the county level can be a complex task, and executive committee members responsible for this area face several difficulties and challenges.

In light of the above statement, describe **FIVE** ways in which executive committee members of finance could address these challenges. (10 marks)

(Total: 20 marks)



CPA ADVANCED LEVEL

ADVANCED PUBLIC FINANCIAL MANAGEMENT

THURSDAY: 24 August 2023. Morning Paper.

Time Allowed: 3 hours.

Answer **ALL** questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

(a) In relation to the Public Procurement and Asset Disposal Regulations 2020, outline **FIVE** methods that an accounting officer of a procuring entity may use to dispose assets. (5 marks)

(b) Most developing countries continue to face challenges in managing public finances effectively. The public financial management (PFM) systems of developing countries are faced by complexities and issues associated with the three key pillars of PFM which are; budget formulation and execution, revenue mobilisation, and expenditure control.

Required:

Evaluate **THREE** challenges facing the PFM systems in your country under each of the above pillars of PFM and suggest practical solutions for each challenge. (9 marks)

(c) The Public Finance Management Regulations, 2015 and Gazette Notice No. 2690 on Audit Committee Guidelines for County Governments outlines how the audit committee should relate with different levels of management. (9 marks)

Analyse **THREE** roles of the audit committee in relation with the line management as per the guidelines. (6 marks)
(Total: 20 marks)

QUESTION TWO

(a) Outline **THREE** provisions relating to winding up of a national government public fund as established by Article 209 of the PFM regulations. (3 marks)

(b) Countries undertake a number of infrastructural projects as part of their long-term development initiatives. The projects are financed through borrowing from both the domestic market and the foreign market. This results to a situation where the country's largest financial portfolio is from the debt portfolio. This may lead to substantial risk to the government's finances thus affecting provision of essential public services to the citizens.

With reference to the above statement, evaluate **SIX** generally accepted global practices that could enhance effective public debt management. (12 marks)

(c) Summarise **FIVE** provisions relating to accounting and reporting of donations and grants to national government as provided by Article 74 of the PFM regulations. (5 marks)
(Total: 20 marks)

QUESTION THREE

(a) The Auditor General is required to audit and report on certain institutions within six months after the end of each financial year as provided under Article 229 (4) of the Constitution of Kenya, 2010.

With reference to the above provision, identify **SIX** such institutions. (6 marks)

(b) According to Section 82 (4) of the Public Finance Management Act, 2012, not later than three months after the end of each financial year, a receiver of revenue for the national government shall submit to the Auditor-General a report with respect to all waivers and variations of taxes, fees or charges granted by the receiver or collector during that year.

With reference to the above provision, outline the details that the receiver shall include in his report in respect of each waiver or variation. (4 marks)

(c) During a public finance management seminar, one of the facilitators noted that “Every financial year, the National Assembly participates in the various critical activities in the budget cycle. The National Assembly is at the center of budget approval and oversight during the annual budget process. The National Assembly works with a host of institutions and the public to expedite its mandate of budget making, oversight of expenditure, and representation. Some of the main institutions involved include; The National Treasury, Auditor General, The Commission on Revenue Allocation (CRA), The Controller of Budget, and Ministries, Departments, and Agencies (MDAs)”. (10 marks)

In relation to the above statement, summarise the role played by each of the five institutions mentioned above in relation to the budget process. (4 marks)

(Total: 20 marks)

QUESTION FOUR

(a) The tender documents are required to set out the instructions for the preparations and submission of tenders as per Section 70 (6) of the Public Procurement and Asset Disposal Act, 2015.

In relation to the above provision, outline **FOUR** instructions for preparation and submission of tenders that should be included. (4 marks)

(b) Describe **FOUR** functions of the State Corporations Advisory Committee (SCAC) or equivalent body in your country. (8 marks)

(c) In a County Government workshop on management of revenues, one of the facilitators noted that “The main sources of revenue for county government include; equitable share, own source revenue, conditional grants, and donor funding”.

Required:

Explain each of the **FOUR** sources of revenue for county governments mentioned above. (8 marks)

(Total: 20 marks)

QUESTION FIVE

(a) Most countries around the globe have set up the consolidated fund services (CFS). The specific structure and operations of CFS vary among countries, depending on their legal and institutional frameworks.

In relation to the above statement, analyse **FIVE** functions that the CFS helps the government of a country to perform. (10 marks)

(b) The recent advancements in technology and innovation offer opportunities for reforming public financial management (PFM) in developing countries and could be a key solution to overcoming most of the challenges faced by these countries in public financial management.

With reference to the above statement, discuss **FIVE** ways in which developing countries could leverage on technology and innovation in order to improve public financial management (PFM) practices. (10 marks)

(Total: 20 marks)



CPA ADVANCED LEVEL

ADVANCED PUBLIC FINANCIAL MANAGEMENT

THURSDAY: 27 April 2023. Morning Paper.

Time Allowed: 3 hours.

Answer **ALL** questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

(a) In a Public Private Partnerships (PPP) workshop, one of the facilitator's noted that "there are different types of PPP arrangements which include; **build operate transfer (BOT)**, **build transfer operate (BTO)**, and **design build finance operate (DBFO)** among others".

Explain each of the public private partnership arrangements (PPP) mentioned above. (6 marks)

(b) In managing complex and specialised procurement contracts under section 151 of the Public Procurement and Asset Disposal Act, the accounting officer of a procuring entity should have in place a contract implementation team that should be in charge of reviewing contract performance and preparing status reports.

Required:

(i) Summarise **THREE** areas of the contract that the contract implementation team could review and report on. (3 marks)

(ii) Analyse **FOUR** contract risks that the contract implementation team could monitor and report on in their status report. (4 marks)

(c) One of the public financial management reforms undertaken by the Government of Kenya is the implementation and operationalisation of the Integrated Financial Management System (IFMIS) which continuously aims at enhancing accountability and transparency.

Required:

(i) Identify **THREE** key components of the IFMIS. (3 marks)

(ii) Explain **FOUR** challenges faced by the government in its effort to streamline the operationalisation of the IFMIS. (4 marks)

(Total: 20 marks)

QUESTION TWO

(a) Accounting officers may seek supplementary budgets by preparing supplementary budget estimates which should be within the guidelines of the supplementary budget circular and in conformity with budget guidelines issued by the Cabinet Secretary for National Treasury.

Required:

(i) Highlight **TWO** purposes for which a supplementary budget may be sought by accounting officers. (2 marks)

(ii) Explain **FIVE** matters that might be included in the supplementary budget estimates as per the Public Finance Management Regulations, 2015. (5 marks)

(b) Accounting Officers or receivers of revenue should prepare quarterly reports in respect of revenue collected by their entities not later than the 15th day after the end of the quarter.

Required:

Analyse **TWO** contents of these quarterly reports.

(2 marks)

(c) The Public Investment Committee is responsible for the examination of the working of the public investments.

Required:

Summarise **THREE** matters that the Committee may not deal with in course of its work.

(3 marks)

(d) A case study examined public funds mismanagement during emergencies such as Coronavirus (COVID-19) pandemic, where the data established that, despite robust policies and legal framework in most countries, misuse of public funds set aside for emergencies or contingencies continue to thrive unabated.

Required:

As a public finance management expert, recommend **FOUR** measures that could be adopted to enhance the accountability, transparency and effectiveness of public fund management during emergencies. (8 marks)

(Total: 20 marks)

QUESTION THREE

(a) County Treasuries are required to prepare a County Budget Review and Outlook Paper in respect of the county for each financial year.

Required:

Evaluate **FOUR** specific matters that must be included in the County Budget Review and Outlook Paper as per Section 118 of the Public Finance Management Act. (8 marks)

(b) The implementation of Public Financial Management best practices continues to face different hurdles especially those arising from the legislature. Some of the newly elected members of National Assembly might not understand their role in the Public Financial Management cycle.

Required:

Analyse **FOUR** roles of the legislature in respect to Public Financial Management (PFM) cycle. (8 marks)

(c) Kenya Investment Authority (KenInvest) is a statutory body established in the year 2004 and currently operating through an Act of Parliament (Investment Promotion Act No. 6 of 2004).

Required:

Discuss **TWO** core mandates of this Authority.

(4 marks)

(Total: 20 marks)

QUESTION FOUR

(a) Explain the term “treasury single account (TSA)” as provided by the Public Finance Management Act, 2012, in relation to:

(i) National government. (2 marks)

(ii) County government. (2 marks)

(b) During a conference on *Comprehensive Own Source Revenue Potential and Tax Gap Study of County Governments*, the key note speaker noted that “County governments have the potential to collect up to Sh. 216 billion in revenue from their key revenue streams compared to the present Sh. 31 billion annually and as such each county government should work closely with the Revenue Enhancement Committee at the office of Commission on Revenue Allocation to boost its financial standing.

Required:

(i) Evaluate **FOUR** responsibilities of the Revenue Enhancement Committee as mandated by Commission on Revenue Allocation. (8 marks)

(ii) Propose **FOUR** challenges faced by county governments that have led to sub-optimal performance in respect to own source revenue collection. (8 marks)

(Total: 20 marks)

QUESTION FIVE

(a) Pursuant to Regulation 74 of the Public Procurement and Asset Disposal Regulations, 2020, upon opening of tenders, the evaluation committee should first conduct a preliminary evaluation.

With reference to the above provision, outline **FIVE** reasons for conducting preliminary evaluation of open tenders. (5 marks)

(b) Discuss **FIVE** functions of the Debt Recording and Settlement Department of the National Treasury. (5 marks)

(c) According to the Public Audit Act, 2015. The Office of Auditor General (OAG) while conducting its audit function is required to undertake different types of public sector audits.

With reference to the above statement, explain **FIVE** types of public sector audits that OAG is required to undertake. (10 marks)

(Total: 20 marks)



CPA ADVANCED LEVEL

ADVANCED PUBLIC FINANCIAL MANAGEMENT

THURSDAY: 8 December 2022. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

(a) In a research publication on “Systemic Corruption and Public Procurement in Developing Countries”, the author noted that “Corruption in public procurement affects development and quality of life of citizens in developing countries. The increase in anti-corruption measures globally reflects a consensus that corruption is pervasive and expensive. Public procurement is one area that is prone to corruption due to the huge sums of money involved; the availability of information; and the bureaucratic nature of decision-making, which together present opportunities for abuse. In developing countries, procurement corruption is prevalent because of institutional weaknesses, lack of enforced accountability mechanisms and a culture of silence in relation to public sector malfeasance”.

Required:

In the context of the above statement:

(i) Discuss **FIVE** public procurement corruption schemes that an accounting officer should take cognisance of. (10 marks)

(ii) When the accounting officer of a procuring entity discovers circumstances that could affect the credibility of the procurement process, he is empowered by the Public Procurement and Asset Disposal Act to terminate or cancel procurement or asset disposal proceedings without entering into a contract.

Summarise **FIVE** circumstances under which the accounting officer is empowered to terminate or cancel procurement or asset disposal proceedings as per the Public Procurement and Asset Disposal Act or equivalent legislation. (5 marks)

(b) There is an ever-closer focus on improving the quality of public financial management around the world, with many countries making important and impressive achievements in strengthening public financial management.

Explore **FIVE** challenges faced by your country in the implementation of public financial management best practices. (5 marks)

(Total: 20 marks)

QUESTION TWO

(a) The National Treasury is established pursuant to Article 225 of the Constitution or equivalent legislation as an entity of the national government to help the government discharge the public financial management responsibilities.

Describe **EIGHT** responsibilities of The National Treasury as enshrined in the Constitution. (8 marks)

(b) The Cabinet Secretary is empowered to guarantee loans of a county government or any other borrower on behalf of the national government and ensure that such a loan is approved by Parliament.

Identify **SIX** conditions to be met in order for the Cabinet Secretary to guarantee such loans as per Section 58 of the Public Finance Management Act, 2012 or equivalent legislation. (6 marks)

(c) Explain the responsibilities of the Senate Budget Committee in public finance matters as per relevant legislations. (6 marks)

(Total: 20 marks)

QUESTION THREE

(a) Analyse **TWO** types of expenditure that are included in the consolidated fund services. (4 marks)

(b) The Public Investment Management Unit was established at The National Treasury to reduce overlaps in government programs, curb runaway project costs and help to improve the quality of life for citizens.

Discuss **FOUR** roles of the Public Investment Management Unit or its equivalent as mandated by the National Treasury. (8 marks)

(c) Most developing and transition countries have devoted an unprecedented level of attention to the reform of public financial management systems. The results have been mixed with some exceptions, reform progress has been slow and the benefits elusive. Nevertheless, some countries have been more successful in implementing public financial management reforms than others.

Evaluate **FOUR** critical factors needed by developing countries for successful public financial management reforms. (8 marks)

(Total: 20 marks)

QUESTION FOUR

(a) The Head of Internal Audit Unit under a national government entity should enjoy operational independence through the reporting structure by reporting administratively to the Accounting Officer and functionally to the Audit Committee.

Required:

(i) Analyse **FOUR** measures that should be undertaken by the accounting officer of a national government entity to enhance the independence of the internal audit unit. (4 marks)

(ii) The audit committee plays a key role in supporting and overseeing aspects of an internal audit function's activities.

Summarise **SIX** roles of the audit committee in ensuring that the internal audit function performs effectively and delivers its mandate. (6 marks)

(b) In an annual conference held in your country on “Closing the gaps in budget execution”, the keynote speaker observed that the importance of budget execution is reflected in its contribution to economic growth. He added that efficient and effective use of public funds improves the capability of governments and its systems to utilise resources that achieve growth and development targets.

Required:

In line with the above observation:

(i) Discuss the guidelines that should be observed at all times during the national government budget formulation and approval. (6 marks)

(ii) Describe **TWO** matters that should be provided for in the Appropriation Bills. (4 marks)

(Total: 20 marks)

QUESTION FIVE

(a) The Public Audit Act 2015 empowers the Auditor-General to outsource audit services from duly registered audit firms.

Analyse **SIX** provisions of Section 23 of The Public Audit Act 2015 or its equivalent in relation to outsourcing audit services. (6 marks)

(b) The Cabinet Secretary for The National Treasury has the responsibility of prescribing the format to be used in preparing the estimates of revenues for a particular fiscal year.

Analyse the matters that should be included in the format of estimate of revenues as provisioned by Section 59 of the Public Finance Management Regulations, 2020 or its equivalent. (5 marks)

(c) Evaluate **THREE** types of funds administered by county governments as provisioned by the Public Finance Management Act, 2012 or its equivalent. (9 marks)

(Total: 20 marks)



CPA ADVANCED LEVEL

ADVANCED PUBLIC FINANCIAL MANAGEMENT

THURSDAY: 4 August 2022. Morning paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

(a) Government Investments and Public Enterprises (GIPE) is a department in the National Treasury and Planning that helps the Cabinet Secretary to exercise the oversight and ownership role in State corporations and other government investments. This department discharges its mandate through the Divisions of Monitoring and Supervision, Reforms and Finance and Administration.

Required:

(i) With clear examples, describe ways in which the Government Investments and Public Enterprises (GIPE) assists the Cabinet Secretary to carry out the oversight and ownership role in state corporations and other Government investments. (6 marks)

(ii) Discuss the functions of the Public Private Partnership Committee as envisioned in the Public Private Partnership Act, 2021 or its equivalent legislation in your country. (6 marks)

(b) The Public Finance Management Act, 2012 allows the Cabinet Secretary for the National Treasury and Planning with the approval of the Cabinet to make a public pronouncement of the budget policy highlights and revenue raising measures for the National Government to set pace for the budget preparation for the year.

Required:

Analyse the steps followed by the National Government in preparation of the annual budget. (8 marks)

(Total: 20 marks)

QUESTION TWO

(a) The office of the Auditor General is tasked with auditing and reporting in respect to a particular year on the accounts of the National and County Governments, all funds and authorities, all Courts Commissions, Independent offices, National Assembly, senate and accounts of all County Governments among other public entities. However, a report prepared by Transparency International reveals that the audit process has critical gaps that affect the efficiency of the audit, quality of audit reports and implementation of the recommendations that emanate from the audit process.

Required:

Discuss five challenges faced by the Auditors General in auditing public sector entities. (5 marks)

(b) The Cabinet Secretary, National Treasury and Planning is empowered to designate persons as receivers of national government revenue under Article 209 (1), (2) and (4) of the Constitution.

Summarise three responsibilities of a person designated as a receiver of revenue. (3 marks)

(c) Describe the main provisions of Section 96 of Public Finance Management Regulations 2015 in regard to operations of Treasury Single Account in Kenya. (12 marks)

(Total: 20 marks)

QUESTION THREE

(a) Accounting officers of procuring entities are in charge of preparing annual assets disposal plans of items declared as unserviceable, surplus or obsolete stores, assets or equipment and also appoint the disposal committee as set out under Section 53(4) of the Public Procurement and Asset Disposal Act and Regulations, 2020.

Required:

(i) Explain the main contents of the annual assets disposal plan. (4 marks)

(ii) Discuss the key functions performed by a procuring entity's Asset Disposal Committee. (6 marks)

(b) In one of the monthly virtual talk series organised by Public Finance experts in the country dubbed "Is the Country's Public Debt Sustainable?", the experts noted that the country's debt level may not be sustainable in the long run if the current trend of borrowing continues. The experts urged the government to put in place mechanisms that will ensure prudent public debt management to cushion citizens from the adverse effect that may result from excessive borrowing. Specifically, the experts advised the government to strengthen the Debt Policy, Strategy and Risk Management Department at the National Treasury and Planning.

Required:

(i) As a public finance management expert, advise the government on the specific functions that the Debt Policy, Strategy and Risk Management department should carry out in order to ensure that the country's public debt level is sustainable. (6 marks)

(ii) Discuss the concept of Medium-Term Debt Management Strategy as used in public debt management. (4 marks)

(Total: 20 marks)

QUESTION FOUR

(a) Your country has undertaken public financial management reform initiatives and currently is working on implementation of 2018-2023 Public Financial Management Reform Strategy. This strategy seeks to build on the success of previous public financial management reforms to date and address the challenges encountered.

Required:

(i) Analyse the objectives of the Public Financial Management Reform Initiatives undertaken in your country. (6 marks)

(ii) Describe the challenges faced by the government in undertaking public financial management reforms. (4 marks)

(b) Public Financial Management Regulations require Internal Auditors to comply with the International Professional Practices Framework and Accounting Standards Board Policies and Guidelines to conduct audits. The internal auditors should also adhere to the core principles which ensure internal audit effectiveness.

Required:

(i) Discuss the functions carried out by the office of the Internal Auditor-General at the National Treasury and Planning. (6 marks)

(ii) Summarise four core principles for professional practice of internal auditing as application in the public sector. (4 marks)

(Total: 20 marks)

QUESTION FIVE

(a) The budget policy statement sets out the broad Strategic priorities and policy goals that guide the national and county government in budget preparation for the subsequent financial year and over the medium term.

Required:

Explain the contents of the Budget Policy Statement. (8 marks)

(b) Public Financial Management Processes and tasks are very complex and technical since they involve macroeconomic forecasting, budgeting, accounting and auditing. This complexity limits public scrutiny and provides possible avenues for corruption. In most instances, corruption manifests itself in form of illegal money transfers at the budget execution but can also occur during other stages of the public financial management process.

Required:

As an expert in public financial management, evaluate the possible avenues that public officers could use to perpetrate corrupt acts in the public financial management process and propose measures to counter them. (12 marks)

(Total: 20 marks)