UNIVERSITY EXAMINATIONS

2ND SEMESTER 2023/2024 ACADEMIC YEAR

THIRD YEAR EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE

BCOM 323: PUBLIC FINANCE

STREAM: *TIME: 2 HRS*

DAY: THURSDAY [8.30-10.30 A.M]   *DATE: 18/04/2024*

THIS QUESTION PAPER CONSISTS OF THREE (3) PAGES

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Instructions: Answer Question ONE and any other TWO questions

QUESTION ONE

Explain the difference between non-discretionary expenditure and discretional expenditure

(2 marks).

(a) Explain the roles of the following offices in the management and control of public finances in Kenya

    (i) Auditor General   **(2 marks).**

    (ii) Controller of the Budget   **(2 marks).**

(b) Explain the principle of maximum social benefits as used in public finance   **(2 marks).**

(c) Discuss three principles of an optimal tax system   **(6 marks).**

(d) Highlight four objectives of fiscal policies in Kenya   **(4 marks).**

(e) Differentiate between social and private goods, giving examples of each   **(4 marks).**

(f) Highlight two challenges in the tax structures of East African countries   **(2 marks).**

(g) State one function of the Intergovernmental Budget and Economic Council in Kenya's fiscal policy management   **(2 marks).**

(h) Outline two sectors in the structure of government expenditure in Kenya   **(2 marks).**

(i) Highlight two key responsibilities of the Public Accounts Committee (PAC) in ensuring financial accountability and transparency within the government.   **(2 marks).**

QUESTION TWO

(a) Outline the process involved in developing budget estimates in Kenya   **(10 marks)**.

(b) Explain five characteristics of public goods   **(10 marks).**

QUESTION THREE

(a) Highlight any five processes used by the Kenya Revenue Authority for the efficient and effective collection of revenue   (10 marks).

(b) Discuss five functions undertaken by the treasury during the Treasury Control Budget stage in the government's financial management process   **(10 marks).**

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QUESTION FOUR

(a) Discuss five key features of the Kenyan Tax system **(10 marks)**.

(b) Explain five importance of cost-benefit analysis in public expenditure **(10 marks).**