

## GOVERNMENT REVENUE AND EXPENDITURE MARKING SCHEME

1991 Q27a

- The Central Bank regulates the issue of currency. It ensures that there is adequate stock of notes and coins for circulation. It also withdraws worn-out notes from the public and replaces them with new ones.
- It is charged with the responsibility of determining the denominations in which the currency should be issued.
- The central Bank is a banker to the government. It keeps government revenue and pays for the government expenditure.
- It acts as the national centre for collection of data and general information in the field of money and banking.
- The central bank is given powers to inspect books for account of commercial bank and other financial institutions and recommend the field in which they may lend money. It also gives informal and formal advice to commercial banks.
- Foreign exchange operations - The central Bank in liaison with the relevant government ministries administers the country's foreign reserves. The exchange control act and generally handles the financial relationship between Kenya and foreign financial institutions.
- It participates in negotiation for foreign borrowing and in handling of aid and grant funds from foreign Government and international organizations like the World Bank and international monetary fund. The repayment of capital and interest of all loans are also channeled through the bank.
- Acts as a banker to all commercial banks in the country. These banks are required to maintain current account with the central banks, to use for settling claims with one another through the banking clearing house
- The bank assists in the development and maintenance of a sound monetary credit and banking system conducive to orderly and balanced economic development of the country.
- It regulates credit growth within the economy. The bank is able to stimulate or induce contraction of credit depending on the policy objectives the government is pursuing at any given period.
- The bank promotes exports while ensuring that satisfaction of domestic needs. It ensures that all proceeds of the country's exports are received without undue delay
- The bank has also initiated studies intended to identify ways and means of maximizing foreign exchange such as coffee and tourism
- It approves the establishment of new financial institutions.

1996 Q12

- Kenya ports authority/KPA
- Kenya Railways
- Kenya posts and Telecommunications
- Kenya airways. Any 2 point, 1 mark each (2 marks)

1996 Q14

- Export tax
- Import tax / custom duty
- Excise duty
- Sales tax/ Income tax
- Value Added Tax (VAT)

1998 Q23

- To enable the government to prioritize its needs.
- Help the government to identify sources of revenue.
- Enables parliament to approve government expenditure.
- Enable the government to explain the tax structure to the public.

- Enable the government to estimate the financial requirements for its needs.
- Acts as reference for future – in correcting mistakes.
- Smooth running of government, various government departments.
- Help the government to identify its departments and allocate duties appropriately thus enhancing accountability.
- Give useful information to those organizations and individuals who may want to keep track of the governments expenditure.
- Enable the government to account for funds borrowed/donated for development.
- Accomplish already started projects. Any 5 points, 2 marks.
- The government ensures that all intended expenditures is approved by parliament before any expenditure is taken.
- All reports on expenditure by government ministries are presented to the Public Accounts Committee to the public.
- The Controller and Audit General Audits ministries and reports to parliament.
- The PS in every Ministry is charged with the responsibility of ensuring that government funds are well spent.
- The Auditor General of State Corporations audits the expenditure of all government corporations.
- Government contracts are advertised publicly for tendering and awards are made on merit.
- Establishing of Kenya Anti-corruption Authority.

1999 Q15

- Recurrent expenditure
- Capital expenditure/ development expenditure
- Serving expenditure (Any 2 points) (2 marks)

2007 Q17

- The amount of revenue the government requires and plans to raise
- Sources from which the government intends to raise the revenue
- How the government intends to spends the revenue (1 mark)

2002 Q10

- Government grants
- Donations fro NGOs and religious organizations
- Aid from foreigners
- Harambee funds
- Donations from individuals. Any 2 points, 1mark each =2marks.

2002 Q14

- The amount of revenue expected
- Sources of revenue
- Areas of expenditure Any 1 point, 1mark = 1mark

2003 Q14

- To help in co-coordinating development efforts in district.
- To mobilize resources in each district for development.
- To facilitate prioritization of individual district needs.
- To hasten development of under developed district
- Facilitate even distribution of natural wealth resources.
- To minimize delays caused by Central Government. (2 marks)

2006 Q17

- Sale taxes/ exercise duty/ customs duty
- Value added tax
- Cess/ fines/ fees/Land rates/ Domestic borrowing

2008 Q17

- It helps the government to determine the sources for revenue.
- To ensure transparency in the use of public funds.
- It helps in appropriate allocation of resources to different ministries.
- To enable Kenyans and other foreign organizations to know the economic planning and expenditure of the government. (1 mark)

2010 Q 10

- To speed up development/uplift peoples living standards in the constituencies. (1 x 1 = 1 mark)

2010 Q24

- Each government ministry prepares its estimates.
- The Ministries are forwarded to the ministry of finance.
- The Ministry of Finance compiles the estimates into a single budget/the proposed budget.
- The proposed/compiled budget is discussed by the cabinet.
- The government announces the budget day.
- The Minister of Finance presents/reads the budget before parliament.
- Parliament discusses/debates/approves the budget. Any 5 x 1 = 5 marks

2011 Q17

- Loans/Grants/Donations. Any 2x1 = 2 marks

2012 Q15,16,17 P1

15. Give the main reason why the Government of Kenya introduced Free Primary Education in 2003. (1 mark)

(i) To enable more people access education.

(1x1 = 1 mark)

16.

- It budgets for the funds /finance.
- It undertakes regular auditing of funds. .
- It investigates /prosecutes corrupt officers through EAAC
- It procures goods/services through open tendering system.
- Parliament approves/monitors public funds

Any 2x1=2

marks

17.

- It is given with conditions.
- It attracts high interest rates.
- It creates donor dependency syndrome/debt crisis
- It limits the choice of trading partners.
- It delays the implementation of projects.

Any 2x1=2 marks