higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

PUBLIC FINANCE N5

4 JUNE 2013

This marking guideline consists of 7 pages.

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SECTION A

QUESTION 1

1.1 1.1.1 The transfer of government assets/functions to the private sector✓✓

1.1.2 Value of services received is equal to the unit of money paid✓✓

1.1.3 Government manipulation of goods and services for communities (Deals with government spending, taxation and borrowing)✓✓

1.1.4 An award of financial assistance in the form of money✓✓

1.1.5 Management of public funds or money✓✓

(5 × 2) **[10]**

QUESTION 2

2.1 True✓✓

2.2 True✓✓

2.3 True✓✓

2.4 True✓✓

2.5 True✓✓

2.6 False✓✓

2.7 True✓✓

2.8 True ✓✓

2.9 False✓✓

2.10 True✓✓

(10 × 2) **[20]**

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QUESTION 3

3.1 K✓✓

3.2 H✓✓

3.3 E✓✓

3.4 F✓✓

3.5 B✓✓

3.6 D✓✓

3.7 J✓✓

3.8 A✓✓

3.9 G✓✓

3.10 C✓✓

(10 × 2) **[20]**

TOTAL SECTION A: 50

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SECTION B

QUESTION 4

4.1 Co-ordination of financial policy✓✓
Granting of permission beforehand✓✓
Commenting on financial implications of new legislation and policy✓✓
Annual revision of the budget and evaluation of priorities✓✓
Guardian of public money✓✓
Control over purchases and purchasing procedure
(Contracting out or supply chain)
Stocks and stores control
Control of dispensation (Any 5 × 2) (10)

4.2
- Tax rates✓✓
- Consumer tariffs✓✓
- Raising of loans for the city✓✓
- Capital expenditure✓✓
- Operational expenditure✓✓
- Creation and management of special funds (Any 5 × 2) (10)

4.3
- Manipulation of the money supply✓✓
- Control of interest rates✓✓
- Control of exchange rates✓✓
- Indirect control of the inflation rate✓✓
- Credit control✓✓ (5 × 2) (10)

4.4
- An appropriation by an act of government✓✓
- A direct charge against the national revenue fund✓✓
- A province's equitable share of revenue raised nationally and directly charged against the NRF✓✓
- Provision of the constitution (Any 3 × 2) (6)

4.5
- Personally accountable for the financial administration of department✓✓
- Prepares and submits department's draft budget to the treasury✓✓
- Submits financial year-end statements of department for auditing✓✓
- Submits the audited financial statements and auditor's report to the treasury✓✓
- To execute the drafted budget honestly and responsibly✓✓
- Must answer any queries about any item in the budget✓✓
- Obtains funds from the treasury by means of requisitions which he/she must personally sign✓✓
- Personally responsible and accountable for the actions of subordinates
- Has to communicate and manifest the implementation of the general policy directives on decisions made by the legislature to subordinates

(Any 7 × 2) (14)
[50]

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QUESTION 5

5.1
- Health✓✓
- Social security✓✓
- Housing✓✓
- Education/Training✓✓
- Sports/Recreation✓✓
- Cultural
- Human sciences research (Any 5 × 2) (10)

5.2
- Denationalisation by taking the industry away from the government✓✓
- Contracting out by allowing private individuals to supply services✓✓
- Deregulation by taking away legal/monetary obstacles or regulations/laws so that an industry has no protection against competition from others✓✓
- Depolitisation by divorcing or separating important services from party politics✓✓ (4 × 2) (8)

5.3 5.3.1
- Performance audit✓✓
- Appropriation audit✓✓
- Accounting audit✓✓ (3 × 2) (6)

5.3.2 A performance audit is the examination of financial records to check the recording of transactions.✓✓
An appropriation audit checks the spending of funds within a particular financial year according to legislation.✓✓
An accounting audit checks efficiency and economy or possible waste.✓✓ (3 × 2) (6)

5.4 5.4.1 The citizen has to approach the public protector's office and complete forms.✓✓ (2)

5.4.2 Mismanagement/Misuse for private/personal gain
Examples: funds, stock, equipment or personnel (Any 2 × 2) (4)

5.5
- To prevent fraud and theft✓✓
- To ensure lawful spending of state money✓✓
- To ensure recovery✓✓
- To ensure effectiveness✓✓
- To ensure accountability for finances according to the budget✓✓ (5 × 2) (10)

5.6
- Inflation✓✓
- Operation costs✓✓
- Technological development
- Political/Social instability (Any 2 × 2) (4)

[50]

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QUESTION 6

6.1
- Income tax/P.A.Y.E.✓✓
- Interest on dividends received by investors✓✓
- Tax on goods – Value-added tax (VAT), customs and excise duties✓✓
- Tax on foreign shareholders✓✓
- Tax on profits✓✓
- Tax on fringe benefits
- Tax on international trade transactions
- Ad valorem tax
- Airport taxation

(Any 5 × 2) (10)

6.2 Provide grants to assist smaller or poorer communities that will result in positive spill-over effects✓✓

Communities are developed and supplied with basic services like sanitation, clean water, electricity, security, health care, transport, etc.✓✓

Creation, improvement and maintenance of infrastructure, e.g. building of roads, schools✓✓

Community radio stations benefit by improved technology✓✓

Co-ordinate and maintain government departments: education, health, law and order, social services, housing, rural development, forestry, research, etc.✓✓

Economic development, government businesses and parastatals, maintain economic stability, maintain favourable balance of payments and encourage export, while protecting local industry and business (Any 5 × 2) (10)

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6.3
- No tax or other charges can be collected from taxpayers without their consent, and the tax burden must be distributed in a reasonable and fair way. ✓✓
- The use of public finances must satisfy collective needs optimally. ✓✓
- Users of public sector must participate directly in decision making. ✓✓
- Financial resources must be applied effectively and efficiently and financial decision making should be fair. ✓✓
- Only the ruling party has the authority to introduce and collect tax and to decide how funds collected will be spent. ✓✓
- The ruling party should display responsibility and accountability to taxpayers regarding the collection and spending of tax and other income.
- Public officials must be sensitive and responsive to the collective needs of the community.
- The execution of budget programmes should satisfy the needs of the public.
- Social equity or justice should be displayed by public officials maintaining high moral and ethical standards.
- All public officials should remain accountable to the taxpayers – the public should know what's happening with their tax. (Any 5 × 2) (10)

6.4
- Needs of the community/voters/taxpayers✓✓
- Goals of the government✓✓
- Functions/Duties to be carried out✓✓
- Nature of public services to be rendered✓✓
- Sources of income to finance the goals✓✓
- Administration and control of such income (5 × 2) (10)

6.5
- Poor co-ordination of services/projects✓✓
- Duplication of services/projects✓✓
- Waste of public resources✓✓
- Irresponsible and not caring about government equipment and stocks✓✓
- Creation/Modification of work programmes and changing these a few years later✓✓
- Poor control measures (Any 5 × 2) (10)

[50]

TOTAL: 200

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