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higher education & training

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Higher Education and Training
REPUBLIC OF SOUTH AFRICA

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JUNE EXAMINIATION

NATIONAL CERTIFICATE

PUBLIC FINANCE N5

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
PUBLIC FINANCE N5
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. Read ALL the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Start each question on a NEW page.
5. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 Explain the following terms:

1.1.1 Privatisation

1.1.2 Quid pro quo

1.1.3 Fiscal control

1.1.4 A grant

1.1.5 Public financial management (5 × 2) **[10]**

QUESTION 2

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (2.1–2.10) in the ANSWER BOOK.

2.1 The largest source of income for national government is tax on income.

2.2 All public monies collected, kept and spent must be accounted for to Parliament.

2.3 Auditing is a control function.

2.4 The treasury has the power not to approve proposed expenditure by any given department should this not be properly motivated.

2.5 Mismanagement of public funds and resources is always unethical but not always criminal.

2.6 The government fiscal year runs from February to June of the following year.

2.7 To stimulate the economy, governing authorities tend to relax monetary regulations.

2.8 Should there be a dispute between the treasury and an accounting officer of any particular department, then the executive authority will review the budget and settle the matter.

2.9 It is the responsibility of the accounting officer to promote wasteful expenditure, losses resulting from criminal conduct and expenditure not complying with legislation.

2.10 Mismanagement of public funds results in wasting money that comes out of the pockets of voters. (10 × 2) **[20]**

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QUESTION 3

Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A–K) next to the question number (3.1–3.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.1	Treasury	A	person in charge of financial administration of a department
3.2	Ex post facto	B	legislature has a duty to report to the public
3.3	Consensus decision making	C	decisions taken often ignore wishes of the minority parties
3.4	Monetary control	D	joint relationship of two or more political parties to share a mutual political context
3.5	Parliament	E	general agreement between all parties is possible
3.6	Coalition	F	manipulation of interest rates charged for borrowing money from banks
3.7	Totalitarian authority	G	financial year-end report on financial effects of each department's activities
3.8	Accounting officer	H	auditing is exercised after the transaction took place
3.9	Appropriation report	I	instrument used to announce the annual budget proposal
3.10	Majority decision making	J	one-party governing authority
		K	financial policy of the legislature is correctly interpreted and effectively executed

(10 × 2) [20]

TOTAL SECTION A: 50

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SECTION B

QUESTION 4

The legislature has created the office of the treasury to control financial administration of all state departments on behalf of the legislature and executive authorities.

4.1	Name FIVE functions of the treasury.	(5 × 2)	(10)
4.2	Discuss the responsibilities of the local legislature to make laws regarding public finance.	(5 × 2)	(10)
4.3	One of the tools used by government to regulate the economy and secure stability is the control of money. Discuss monetary control.	(5 × 2)	(10)
4.4	Briefly state the conditions applicable before funds can be withdrawn from the national revenue fund.	(3 × 2)	(6)
4.5	Name SEVEN responsibilities of the accounting officer.	(7 × 2)	(14) **[50]**

QUESTION 5

The Federation of Unions of South Africa, (FEDUSA), called on Minister Pravin Gordhan and the national treasury to spend the hard-earned taxes paid by workers in a wise and prudent fashion.

[Source: *www.polity.org.za*]

5.1		Name FIVE services of social welfare provided by the state to uplift the standard of living for South Africans.	(5 × 2)	(10)
5.2		Briefly describe the methods of privatisation.	(4 × 2)	(8)
5.3	5.3.1	Name the THREE different audits that can be done by the auditor-general.	(3 × 2)	(6)
	5.3.2	Briefly explain each audit named in QUESTION 5.3.1.	(3 × 2)	(6)
5.4	5.4.1	How does a citizen lodge a formal complaint with the office of the public protector?		(2)
	5.4.2	On which matters will such a complaint be based?	(2 × 2)	(4)
5.5		Give FIVE reasons why it is necessary to audit public funds.	(5 × 2)	(10)
5.6		Identify TWO factors which influence the determination of financial needs and demands of a community.	(2 × 2)	(4) **[50]**

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QUESTION 6

Why do local, provincial and central authorities take money from us? They tax our salaries and businesses, charge levies and duties such as stamp duty and transfer duty when we buy a property, et cetera.

[Source: *Michael v.p.Klerck*]

6.1	Name FIVE examples of taxation income for the national authorities.	(5 × 2)	(10)
6.2	Describe FIVE ways in which the ruling government can effectively use funds collected from taxpayers to provide in collective needs and to develop South Africa.	(5 × 2)	(10)
6.3	Describe FIVE democratic guidelines recommended for public financial management.	(5 × 2)	(10)
6.4	Name FIVE objectives governing authorities should consider to meet the needs of the communities.	(5 × 2)	(10)
6.5	Give FIVE examples of how and where local, provincial and national authorities waste money in trying to provide public services.	(5 × 2)	(10) **[50]**

TOTAL SECTION B: 150
GRAND TOTAL: 200

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