higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

PUBLIC FINANCE N5

14 JUNE 2019

This marking guideline consists of 6 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	H	
	1.1.2	G	
	1.1.3	E	
	1.1.4	F	
	1.1.5	D	
	1.1.6	A	
	1.1.7	E	
	1.1.8	B	
	1.1.9	J	
	1.1.10	C	
			(10 × 2) (20)

1.2	1.2.1	False	
	1.2.2	False	
	1.2.3	True	
	1.2.4	False	
	1.2.5	True	
	1.2.6	True	
	1.2.7	False	
	1.2.8	True	
	1.2.9	True	
	1.2.10	True	
	1.2.11	True	
	1.2.12	True	
	1.2.13	False	
	1.2.14	True	
	1.2.15	False	
			(15 × 2) (30)
			[50]

TOTAL SECTION A: 50

QUESTION 2

2.1
- Controls all finances and is responsible for the financial administration and all record-keeping of the department
- Has sound knowledge of financial matters
- Controls all transactions of the department
- Reports any maladministration to the accounting officer
- Provides effective internal procedures to ensure financial regulations are followed
- Exercises budget control on a daily basis
- Acts as the money adviser to the accounting officer who in turn reports directly to the minister (7 × 2) (14)

2.2
- Securing competition
- Awarding economic rights (industrial, trade minerals, etc.)
- Licensing activities and professions
- Awarding operational rights by permits/concessions
- Regulating minimum employment conditions for workers (5 × 2) (10)

2.3
- Per capita income of a community
- Revenue potential of an ideal tax system
- Representative revenue system (3 × 2) (6)

2.4
- No tax or order charges can be collected from a taxpayer without their consent and the tax burden must be distributed in a reasonable and fair way.
- The government should not tax only one section of a community and not another.
- Utilisation of public financial resources must satisfy collective needs optimally.
- Spending money on one project might mean that the resources (funds) are spent more effectively than with another project – optimum application of resources.
- Participatory democracy means direct participation by taxpayers and consumers of the public sector in the financial decision-making process.
- Public financial decision making should be fair.
- Financial resources must be applied effectively and efficiently to satisfy the collective needs of the public. This means a reasonable allocation of resources is demanded.
- Only the collective body of elected political representatives has the authority to introduce and collect taxes and to decide how and on what it shall be spent.
- Responsibility and accountability of the elected political representatives are owed to the taxpayers for the collection and spending of taxes and other income.
- Those elected into office must follow this principle to engender trust in their constituents.
- Political representatives must be sensitive and responsive to the collective needs of the community.
- Voters should feel that the representative has listened to their needs and that he/she has taken responsibility to meet these needs.
- The execution of budget programmes should satisfy the needs of the public.
- The executive authority should take responsibility for using public funds efficiently and effectively.
- The budget is used to gauge what the particular department intends to spend on services.

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- There must be social equity or justice.
- Maintaining high moral and ethical standards requires political representatives and public officials to act with integrity.
- All activities regarding public financial management must take place in public and not under the cover of confidentiality.
- Officials must at all cost remain accountable to the taxpayers. (Any 10 × 2) (20)

[50]

QUESTION 3

3.1 **Central government level**

- Communicates with the legislature and prepares reports on matters which must be submitted to the legislature for decision
- Communicates with the administrative authority which must execute financial legislation and the approved budget to render the services by which the objectives of the legislature may be attained
- Communicates with interest groups to determine the needs, wishes, expectations and problems of the community and to formulate feasible policies in this regard for approval by the legislature
- Controls the activities of the administrative authority

Local government level

- Advises the local legislature (council) on its long-term objectives to formulate a policy to attain and ensure that the decisions and policies of the legislature are properly executed
- Prepares the annual budget for approval by the local legislature
- Supervises the execution of the budget programme to ensure efficiency and effectiveness in the activities of the local authority and report periodically to local legislature (7 × 2) (14)

3.2

- State printers
- Timber plantations
- Administrative services
- Transport services
- Waterworks (5 × 2) (10)

3.3

- It does not acknowledge particular and private ownership of production factors.
- Government decides on how and for what purpose the production factors shall be employed.
- There is a ban on all capitalist or free-market systems.
- Redistribution of income takes place through severe taxation.
- Social security benefits such as pension, unemployment benefits, etc.
- Government guarantees a minimum standard of living (6 × 2) (12)

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3.4
- Inflation and the effect on capital and operational costs
- Technological development
- Political and/or social instability
- Social development and increasing social demands
- National disasters
- Allocation of more functions (duties) to other government bodies
- Urbanisation
- Maladministration (Any 7 × 2) (14)

[50]

QUESTION 4

4.1 **Consensus decision making**
- Consensus decision making occurs when a decision is reached by a group through discussion or majority will.
- Conditions regarding consensus decision making:
  - The group/community must be small so that each member or citizen can take part in the final decision.
  - The citizens/members must agree on the final decision.
- It is difficult to satisfy the needs of the entire group and it can become an expensive system of decision making.

Majority decision making
- The decision of the majority is final.
- The decision is based on a 50 + 1 vote.
- The minority's needs are often neglected. (2 × 9) (18)

4.2 Unconditional grants are funds that are allocated without any condition attached.✓✓ The higher authority will allocate money✓✓ and not expect the lower authority to explain how the fund is being spent.✓✓

Project grants are made to fund a specific capital project, such as housing, etc.✓✓ These are given only once on an ad hoc basis.✓✓ Regions compete by applying and the donor government evaluate the most beneficial community projects.✓✓ (6 + 6) (12)

4.3

- Coordinates financial policy:✓ The expenditure must be balanced✓ – not too much should be spent on one programme in comparison with an equally important programme.
- Grants permission beforehand:✓ If a department plans any changes to a programme, the treasury must be informed so that it can study the financial implications.✓
- Evaluates new policies and legislation:✓ It must advise the legislature on the financial implications (costs) of any new policies and laws.✓
- Reviews the budget:✓ The treasury should determine whether all government departments have a properly motivated budget proposal.✓
- Guards public money:✓ The treasury acts as watchdog – it controls the withdrawal of funds by all government departments.✓
- Controls stock and stores:✓ The control of stock in warehouses and stores is vital because large amounts of stock representing vast amounts of money are invested here.✓
- Dispenses:✓ The treasury has the authority to grant dispensation given to it by the legislature.✓
- Controls purchases and purchasing procedures:✓ The treasury controls this through a state tender board.✓
- Ensures financial policy:✓ It ensures that financial policy is correctly interpreted and effectively and efficiently executed.✓
- Acts as impartial body to avoid corruption:✓ ALL approvals of dispensations are reported by the state auditor in his annual report to the legislature and the treasury is expected to explain all its approvals of dispensation to the public account committee.✓ (10 × 2) (20)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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