higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

PUBLIC FINANCE N5

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This marking guideline consists of 6 pages.

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SECTION A

QUESTION 1

1.1 1.1.1 A system of keeping records of all financial transactions is essential for proper management and accountability.

1.1.2 Means that each political office-bearer and public official must publicly give account for their actions and activities.

1.1.3 Means that a group of elected people act on behalf of the citizens and may make decisions that bind the larger group.

1.1.4 Issued by higher authorities to lessen the effect of financial inequalities between communities that differ greatly in financial prosperity and capacity.

1.1.5 Is concerned with the management of public funds or money.

1.1.6 This involves examining whether funds were spent according to the approved budget in a particular financial year.

1.1.7 The financial need is measured in terms of rendering an average standard of service.

1.1.8 An act of parliament which regulates the acquisition (procurement) of any goods or services through an impartial tender board.

1.1.9 Is supervised by local accounting officers and financial officers within a town council and detailed by local bylaws.

1.1.10 Is the total revenue of all government institutions from all sources.

(10 × 2) (20)

1.2 1.2.1 National budget
1.2.2 Indirect participation
1.2.3 Appropriation audits
1.2.4 Taxes
1.2.5 Fiscal accountability
1.2.6 Minister of finance
1.2.7 Social equity or justice
1.2.8 Democracy
1.2.9 External statutory control
1.2.10 Equitable shares

(10 × 2) (20)

1.3 1.3.1 User charges
1.3.2 Treasury
1.3.3 Laissez-faire
1.3.4 Horizontal revenue sharing
1.3.5 National legislature

(5 × 2) (10)
[50]

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1
- Military defence function
- Police
- Justice
- Imprisonment
- State security
- Civil defence
- Traffic policing (Any 6 × 2) (12)

2.2
- No tax or other charges can be collected from taxpayers without their consent.
- The tax burden must be distributed in a reasonable and fair way.
- The use of public finances must satisfy collective needs optimally.
- Participatory democracy means direct participation by the taxpayers.
- Financial resources must be applied effectively and efficiently to satisfy collective needs (fair and reasonable allocation of resources).
- Introduce and collect taxes, and decide how and what funds collected will be spent.
- Political representatives 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 by maintaining high moral and ethical standards. (Integrity, honesty, responsible – personal characteristics).
- Public accountability – the public should be made aware about all financial transactions utilised from public funds. (Any 5 × 2) (10)

2.3
- Personal control of public money.
- Knowledge about government activities and services.
- Authority to take final binding decisions on all financial matters.
- Awareness of objectives for the spending of public money. (4 × 2) (8)

2.4
- National Road Fund
- Central Energy Fund
- State Pension Fund
- National Housing Fund
- Reconstructions and Development Fund (5 × 2) (10)

2.5
- All money specified by an act of parliament and received by the national government must be paid.
- Money may be withdrawn from the NRF only.
- In terms of an appropriation by an act of parliament.
- As a direct charge against the NRF, when it is provided for in the Constitution or an Act of Parliament.
- A province equitable share of revenue raised nationally is a direct charge against the NRF. (5 × 2) (10)

[50]

QUESTION 3

3.1
- Maintenance of law and order (protection services).
- Enforcement of contracts by law courts (legal protection).
- Protection of private lives.
- Protection of private property (legal/social protection).
- Defence of national community against any enemy (protection services).

(5 × 2) (10)

3.2
- Personally accountable for the financial administration of his/her department.
- Preparation and submission of his/her department's draft budget to the treasury.
- Submit financial year-end statements of his/her department for auditing.
- Submit the audited financial statements and auditor's report to the treasury.
- To execute the draft budget.
- Has to answer any queries about any item on the budget. (Any 5 × 2) (10)

3.3
- Keeping of financial records.
- Payment of all money due to and by the council.
- Registration of loans and interest payments of the loans.
- Management of all funds and investments.
- Recording of capital assets and depreciation.
- Purchasing and safekeeping of all stores and materials. (6 × 2) (12)

3.4

HORIZONTAL REVENUE SHARING	VERTICAL REVENUE SHARING
• It is important that sharing of revenue takes place so that government bodies can cope with various factors such as pollution etc. • The revenue sharing is between government authorities on the same level • It may be achieved by the distribution of the tax base among various government authorities on the same level • It is important in a metropolitan area where externalities play an important role as with motor vehicle transportation, pollution and city planning.	• Good intergovernmental relations are essential here • Sharing of revenue between the various government levels within one state e.g. central, provincial or regional and local • Tax may be imposed at one level and spent on another level • VRS takes place to lessen externalities and inequalities • Financial grants from the central government to regional and local government are efforts to reduce vertical inequalities.

(9 × 2) (18)
[50]

QUESTION 4

4.1
- To encourage a policy of private initiative
- To reduce excessive government spending
- To lower financial burden of government
- To promote effective/efficient utilisation of public resources
- To increase the tax base (5 × 2) (10)

4.2 Consensus decision making
- A community must be small enough in order to allow each taxpayer to participate in the final decision making process.
- General agreement between all parties must be possible
- It is a very expensive model because it is very difficult to satisfy everybody concerning every issue.

Majority decision making
- All taxpayer still participate but only the decision of the majority rests.
- Majority? 50% 1 vote – this means that 49 pay for something they don't want
- The wishes of the minority are often ignored. (2 × 7) (14)

4.3
- Investigates completed financial transactions for regularity and legality of management of public funds
- Economy and the avoidance of waste of public funds
- Effectiveness and efficiency use of optimum use of public resources

(3 × 2) (6)

4.4
- These are given with Specific conditions attached as to spending of the money.
- The conditions may be in the form of broad guidelines or specific prescription.
- The are two types of conditional grants:
  - Variable or unlimited conditional grants – The receiving government might find increase pressure for funds because of changing negative externalities
  - Fixed or limited condition grants – are more common and are used to supply collective service country wide such as provincial libraries
  - This is an instrument not only to lessen inequality but also to promote intergovernmental relations and co-operation.
  - Good intergovernmental relations are essential here. (Any 5 × 2) (10)

4.5
- MEC must act in accordance with the constitution and if a provincial constitution has been passed for the province also in accordance with that constitution.
- Provide the legislature with full and regular reports concerning matters under the control.
- A political office-bearer or appointed official is required to administer a portfolio much in same manner as a member of the cabinet.
- All members of the executive council are required to be accountable, collectively and individually for the performance of their department.
- Cabinet budgets for service to be rendered within the jurisdictional limits of each province.
- Executive authorities of each province lie with the premier he/she relies heavily on the members of the executive council for the execution and delivery of services to the public. (Any 5 × 2) (10)

[50]

TOTAL SECTION A: 150
GRAND TOTAL: 200

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