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 Direct participation of public sector in financial decision-making process

1.1.2 Project grants are made for the funding of specific capital projects

1.1.3 Legal advisory services in the office of the state attorney provide legal support to government bodies involved in lawsuit or when services are contracted out

1.1.4 Elected representative of citizens

1.1.5 Voter directly makes a decision by voting for a political party or representative

1.1.6 Examination of financial records checking the correct recording of transactions

1.1.7 Controlling costing and accounting, internal auditing, asset insurance and investments and methods of payment

1.1.8 Governing power in the hands of the people rather than exercised through representatives

1.1.9 Elected representatives deciding on behalf voters

1.1.10 Responsible for the acquisition of all goods or services

(10 × 2) (20)

1.2 1.2.1 True
1.2.2 True
1.2.3 True
1.2.4 True
1.2.5 True
1.2.6 False
1.2.7 True
1.2.8 False
1.2.9 True
1.2.10 True
1.2.11 False
1.2.12 False
1.2.13 True
1.2.14 True
1.2.15 True

(15 × 2) (30)
[50]

TOTAL SECTION A: 50

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SECTION B

QUESTION 2

2.1
- Statement of intent✓ reflecting ideology of ruling party✓
- Work programme✓ indicating how that department intends providing public service✓
- Source of information✓ showing how many services will be provided✓
- Promoting accountability✓ in case of mismanagement✓
- Control instrument✓ by gauging how much to spend on a programme✓

(5 × 2) (10)

2.2
- Per capita income of community
- Revenue potential of ideal tax system
- Potential revenue which may be collected within certain demarcated area

(3 × 2) (6)

2.3
- Less government intervention✓ in lives of citizens✓ particularly in economic activities✓ of buying and selling✓
- Provides basic conditions for free competition,✓ maintaining law and order✓ enforcing contracts, protecting private property, ✓ and defending country against enemies✓
- Competition✓ allowed freely and without regulation✓ (5 × 2) (10)

2.4
- Widely accepted as ideal democratic decision-making model in which taxpayer-cum-voter participates directly
- Difficult and expensive in large communities
- Principle still adhered to though method not workable
- Those not able to take part directly elect someone on their behalf but this works only if elected representative is accountable
- Cases of corruption, theft and mismanagement all too common (5 × 2) (10)

2.5 Specific conditions✓ attached to spending the money.✓ May be in form of broad guidelines✓ or specific prescriptions.✓ In a variable or unlimited conditional grant✓ the receiving government✓ might experience increasing pressure✓ for funds because of changing externalities.✓ Fixed or limited condition grants✓ are more common✓ and are used to supply collective services✓ such as provincial libraries✓ countrywide. Instrument not only to lessen inequality✓ but also to promote intergovernmental relations and co-operation.✓ (7 × 2) (14)

[50]

QUESTION 3

3.1 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 an expensive model because it is difficult to satisfy everybody concerning every issue.✓✓

Majority decision- making
All taxpayers still participate but only the decision of the majority rests.✓✓
Majority: 50% + 1 vote – this means that 49 pay for something they do not want.✓✓
The wishes of the minority are often ignored.✓✓ (2 × 6) (12)

3.2
- Financial accounting – keeping record of income and expenditure
- Safe keeping – looking after the money which has been collected
- Expenditure of public money – Spending money honestly, responsibly, effectively and efficiently
- Accounting officer may not delegate his/her responsibilities to any subordinate (4 × 2) (8)

3.3
- It does not acknowledge particular and private ownership of production.
- 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 use of taxation.
- Social security benefits such as pensions, unemployment benefits, free health services and education are collectively provided for out of progressive tax sources.
- Government guarantees a minimum standard of living. (6 × 2) (12)

3.4
- Takes leading role in preparation of budget
- Presents draft budget to council for consideration
- Delivers budget speech and explains important aspects
- Makes recommendations on tax rate (local); consumer tariffs, user charges and levies
- Takes charge of supervising and controlling execution of budget once approved
- Reports financial irregularities by officials, council members or committees
- Reports to council on any deviation of expenditure and makes recommendations about such deviations
- Takes the lead in collection, safe-keeping and spending of revenue
- Ensures that surplus funds are invested in judicious way for negotiating of large contracts (9 × 2) (18)

[50]

QUESTION 4

4.1 Denationalisation✓ – taking industry away from government✓
- Sale of assets✓
- Must be competition from other companies who wish to provide similar services✓

Contracting out – allowing private individuals to supply services✓
- Popular way of privatisation of public services✓
- Local or national authorities still have to pay for the services✓
- Lowest tender usually accepted.✓

- Deregulation – taking away legal/monetary obstacles or regulations/laws so that an industry has no protection against competition from others.✓
  - This involves the removal of any law or regulation✓ which stops private companies from competing with government department or State Corporation. ✓
  - Example: cellular phones providers✓

- Depoliticisation✓ – separating important services from party politics.✓
  - Many services such as supply of water✓ should never be a political matter✓ (4 × 4) (16)

4.2
- SA citizen with specialised knowledge and experience in auditing state finance and public administration
- Nominated by joint committee of National Assembly and National Council of Provinces without debate by an absolute majority of two-thirds
- Appointed by state president
- Appointed for three but not more than 10 years
- Can be removed by president for misconduct or incompetence (5 × 2) (10)

4.3
- Keeping of financial records
- Collection/Payment of all money due to and by the council
- Registration of loans and interest payments of loans
- Management of all funds and investments
- Recording of capital assets and depreciation
- Purchasing and safekeeping of all stores and materials (6 × 2) (12)

4.4
- 48% = Party A
- 42% = Party B
- 10% = Party C (3 × 2) (6)

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4.5
- Government printing works
- Timber plantations
- Administrative services
- Transport services
- Waterworks (Any 3 × 2) (6)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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