higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

PUBLIC FINANCE N5

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This question paper consists of 5 pages.

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QUESTION 1

1.1 True

1.2 False

1.3 True

1.4 True

1.5 False

1.6 False

1.7 True

1.8 False

1.9 True

1.10 True

(10 x 2) **[20]**

QUESTION 2

2.1
- Collective services
  - Financing by means of taxes✓✓
  - Services of a collective and common nature✓✓
  - Example: policing and defence or✓✓

  (Or any relevant example)
- Particular services
  - Financing by means of consumer levies✓✓
  - Payable by the users of such services or user levies✓✓
  - Example: electricity and property tax✓✓ or

  (Or any relevant example)
- Quasi-collective services
  - Financing by means of taxes✓✓ or user levies✓✓
  - These types of services are of a semi-collective (collective/particular) nature✓✓
  - Example: Education, health and fire protection✓✓

  (Or any relevant example) (20)

2.2 Privatisation refers to the transfer of government assets or functions to the private sector.✓✓ (2)

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2.3
- Denationalisation – taking the industry away from the government ✓✓
- Contracting out – allowing private individuals to supply services ✓✓
- Deregulation – taking away legal/monetary obstacles or regulations/laws so that an industry has no protection against competition from others✓✓
- Depolitisation – separate or detach important services from party politics✓✓ (4 x 3) (12)

2.4 Enable each government authority to have sufficient funds to be able to✓✓ supply a minimum level of public services✓✓ without imposing a further tax burden on that specific community (2 x 2) (4)

2.5 Unconditional grants✓✓
Conditional grants✓✓
Variable/unlimited conditional grants✓✓
Fixed/limited conditional grants✓✓
Project grants✓✓ (5 x 2) (10)

2.6 Positive externalities✓✓ (2)

2.7 Equitable share of revenue raised nationally✓✓
Levies, other than income tax and also user charges – e.g. school fees✓✓
Rates on property✓✓
Flat-rate surcharge on the tax bases✓✓
Levy or duty/tariffs that is imposed by national legislation✓✓
Example: Dog or trading licenses/permits/graveyards/sewerage/ electricity and water supply
(5 x 2) (10)
[60]

QUESTION 3

3.1 3.1.1 National Reserve bank✓✓ (2)

3.1.2 Daily✓✓ (2)

3.1.3 National Treasury/Department of Finance✓✓
Minister of finance✓✓ (2 x 2) (4)

3.2 3.2.1
- Auditing before a transaction takes place.✓✓
- A transaction can be vetoed (prevented)✓✓
- until certainty is obtained as to its correctness.✓✓
- Disadvantage: Can constrain the flow of work. (3 x 2) (6)

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3.2.2 Auditing after a transaction has taken place.✓✓
Prevent the intervention by the auditor in the execution function.✓✓
Disadvantage: Takes place after a transaction has been finalised.
Problems cannot be prevented.✓✓ (3 × 2) (6)

3.3
- 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 drafted budget.✓✓
- Has to answer any queries about any item in the budget.✓✓
- Obtains funds from the treasury by means of requisitions which he/she must personally sign.✓✓
- Is personally responsible and accountable for the actions of his/her subordinates.✓✓
- Has to communicate and manifest the implementation of the general policy
- Give directions on decisions made by the legislature, to his/her subordinates.✓✓ (Any 5 × 2) (10)

3.4 3.4.1 Purpose: To finance specific capital projects✓✓
Examples: Housing/construction of dams, roads, water supply, RDP, etc.✓✓ (2 × 2) (4)

3.4.2 Basis issued: Ad hoc/temporarily–only for a specific purpose.✓ (2)

3.4.3 Acquired by regions: By making applications✓✓ and the donor evaluates the project most beneficial to the community. ✓✓ (2 × 2) (4)

3.4.4 Job creation, economic growth, providing goods and services needed by the community.✓✓ (2)

3.5
- Financial statements adhered to prescribed requirements.✓✓
- Expenditure is properly authorised.✓✓
- Revenue due has been collected.✓✓
- Proper accounting practices are applied.✓✓
- Proper internal control processes are applied.✓✓
- No fraud took place.✓✓
- Cases of fraud are reported to authorities.✓✓
- All applicable and relevant factors are taken into consideration.✓✓
- Records reflect no irregular and wasteful expenditure.✓✓

(18)
[60]

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QUESTION 4

4.1

4.1.1 People have the right to own property. State funds are generated from taxes.✓✓

4.1.2 A reasonable progressive income tax.✓✓

4.1.3 Factories and instruments of production are owned by individuals. The state also owns enterprises.✓✓

4.1.4 State controls basic guidelines on affordability checks and information given to customers.✓✓

4.1.5 Free education for all children in public schools according to economic status of regions/clusters/areas.✓✓

(5 × 2) (10)

4.2

- A statement of intent✓✓
- A work program✓✓
- A source of information✓✓
- A means of promoting accountability✓✓
- An instrument of control✓✓ (5 x 2) (10)

4.3

- Financial services✓✓
- Personnel services✓✓
- Secretarial services✓✓
- Legal advisory services✓✓
- Organisation and work study✓✓
- Resources supply – i.e. procurement and provisioning
- Accounting and accounting services (Any 5 x 2) (10)

4.4

- in terms of an appropriation✓✓
- by an act of government✓✓
- or as a direct charge against the National Revenue Fund✓✓
- when it is provided for in the Constitution✓✓
- or in an act of parliament✓✓ (5 x 2) (10)

4.5

- Statutory control✓✓ – internal and external✓✓
- Budget control✓✓
- Financial reporting✓✓
- Internal auditing✓✓ (5 x 2) (10)

4.6

4.6.1 Central government level – minister of finance✓✓

4.6.2 Local government level – chairman of the finance committee✓✓

(2 x 2) (4)

4.7

- Transparent or open publication of all financial transactions.✓✓
- including occurrences of financial mismanagement and corruption.✓✓

(2 x 2) (4)

4.8 Negative spill-over effects✓✓ (2)

[60]

TOTAL: 200

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