



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

PUBLIC FINANCE N5

(21010045)

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09:00–12:00

This question paper consists of 7 pages.

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. Use only a blue or black pen.
 6. Write neatly and legibly.
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SECTION A**QUESTION 1**

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 Treasury has the authority to grant dispensation which is given by the legislature; this means it has the power to approve.

- A Remissions
- B Refunds of revenue as an act by parliament
- C Payment as act of parliament
- D Keeping of financial records

1.1.2 Which ONE of the following authorities reports to the legislature?

- A The government
- B The administrative authorities
- C The executive authorities
- D The legislature

1.1.3 Which ONE of the following is not a principle of socialism?

- A Abolition of all inheritance rights
- B Equal obligation on all to work
- C A heavy regressive tax
- D Graduated income tax

1.1.4 The study of Public Management focuses on ...

- A the objective of government.
- B the structured framework of public service and the sources of income, administration and control.
- C the function that must be performed to reach these objectives.
- D All of the above

1.1.5 Price control/regulation is an example of ...

- A privatisation
- B nationalisation
- C socialism
- D None of the above

1.1.6 The approach of socialism aspires to ...

- A state interference in the economic and social activities of individuals.
- B free education for all children in the public school.
- C free and unregulated economic competition.
- D A and B

- 1.1.7 External statutory control refers to ... ★
- A control directives and rules from the central/regional government.
 - B a focus on broad guidelines and deals with compulsory bookkeeping.
 - C control measures or directives regarding local by-laws and regulations.
 - D a demand for more details and is supervised by local accounting officers.
- 1.1.8 The determination of financial needs can be done by ...
- A insatiable demands versus limited funding
 - B determination of financial capacity
 - C national per capita expenditure
 - D A and C
- 1.1.9 One of the reasons for privatisation is to ... ★
- A maintain the economic order to secure economic welfare and prosperity.
 - B promote effective and efficient utilisation of public resources.
 - C denationalise.
 - D promote the dispensation function.
- 1.1.10 The state generates income which is used to finance its budget by means of ...
- A motor vehicle licences
 - B rental from letting state property
 - C administrative services
 - D television licences

(10 × 2) (20)

1.2 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (1.2.1–1.2.10) in the ANSWER BOOK. ★

- 1.2.1 Tax and other charges can be collected from taxpayers without their consent.
- 1.2.2 The goal of the Provincial Department of Finance is to regulate and control provincial finances.
- 1.2.3 Monetary control means the direct control of the inflation rate.
- 1.2.4 An objective of the Public Finance Management Act is to enable accounting officers to manage their finances. ★
- 1.2.5 The Public Protector gets the mandate to investigate any malpractice from the President of the country.

1.2.6 The budget speech offers a general account of the economic, social, political and physical environment within which the government must undertake its activities in the current financial year. ★

1.2.7 Project grants are made for funding of specific capital projects, such as provincial libraries.

1.2.8 The rates which a municipality levies on properties must be based on the market value of the property.

1.2.9 External control comprises control rules and directives from the central and provincial governments.

1.2.10 One of the functions of the government budget is redistribution of wealth.

(10 × 2) (20)

1.3 Complete the following sentences by choosing a word or words from the list below. Write only the answer next to the question number (1.3.1–1.3.10) in the ANSWER BOOK. ★

imposition of tax; state security; bail money; accountability; insatiable; participatory democracy; horizontal; annual budget; grant; vertical; fiscal control; unconditional; ex post facto; conditional; remissions

1.3.1 ... is effective only in a small community where the goal would be to have decision-making which is closer to the people.

1.3.2 ... auditing is an exercise after the transaction took place.

1.3.3 ... means unfulfilled, unquenchable or unappeasable.

1.3.4 ... is paid by alleged criminals to be released while on trial.

1.3.5 ... is the government manipulation of goods and services for the community. ★

1.3.6 ... secures the safety of the state and citizens from internal threats.

1.3.7 ... is the mechanism through which representatives can be held accountable to the public.

1.3.8 The main financial control instrument is the ...

1.3.9 Equal distribution should take place on a ... level. ★

1.3.10 ... grants mean that funds are allocated with conditions attached.

(10 × 2) (20)

- 1.4 Choose a term from COLUMN A that matches a description in COLUMN B. Write only the letter (A–K) next to the question number (1.4.1–1.4.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.4.1	Accountability ★	A	pension, unemployment insurance and job creation
1.4.2	Safekeeping	B	assists communities in case of disasters
1.4.3	Social security	C	appointed as accounting officer
1.4.4	Robert Mugabe	D	each political representative should give full account of his/her activities ★
1.4.5	Television	E	in Africa, he repeatedly suppressed his opposition
1.4.6	Civil defence	F	the resource that was purchased
1.4.7	Item	G	looking after the money which has been collected
1.4.8	Urbanisation ★	H	keeping of all records of income and expenditure
1.4.9	Financial accounting	I	licence fees
1.4.10	Director-General	J	influence the needs and demands of a community ★
		K	movement of people away from farms and small towns

(10 × 2)

(20)
[80]**TOTAL SECTION A:****80**

SECTION B**QUESTION 2**

- 2.1 Describe the role of the Auditor-General as authorised by legislation in South Africa. ★ (3)
- 2.2 Describe the FIVE requirements a person should comply with in order to be appointed as Auditor-General. (5 × 2) (10)
- 2.3 Name and explain FIVE criteria that a budget should meet. (5 × 3) (15)
- 2.4 Discuss the following systems which allow decisions to be made collectively:
- 2.4.1 Consensus decision-making
- 2.4.2 Majority decision-making ★ (2 × 6) (12)
- [40]**

QUESTION 3

- 3.1 Explain THREE characteristics of a laissez-faire policy that a government can pursue. (3 × 3) (9)
- 3.2 List any SIX factors which influence the needs and demands of the community. (6)
- 3.3 Discuss the FIVE characteristics of services requiring payment. ★ (5 × 3) (15)
- 3.4 Give any FIVE sources of income of the state and ONE example of each. (5 × 2) (10)
- [40]**

QUESTION 4

- 4.1 Indicate any SIX functions of the local or town council with regard to public finance. (6 × 2) (12)
- 4.2 Describe the FIVE characteristics of socialism as summarised by Gildenhuys. (5 × 2) (10)
- 4.3 Explain conditional grants to local or provincial authorities as a way of ensuring that there is sufficient means to supply minimum public services. (10)
- 4.4 Give the FOUR factors that need careful consideration and debate in order to decide on the financial policy of the country. ★ (4 × 2) (8)
- [40]**

TOTAL SECTION B: 120
GRAND TOTAL: 200