



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

PUBLIC FINANCE N5

30 NOVEMBER 2018

This marking guideline consists of 6 pages.

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
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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.
 - There 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