



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.

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)

- 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 ✓✓
 - Depoliticisation – 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)

- 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]

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		<ul style="list-style-type: none"> • A statement of intent✓✓ • A work program✓✓ • A source of information✓✓ • A means of promoting accountability✓✓ • An instrument of control✓✓ 	(5 × 2)	(10)
4.3		<ul style="list-style-type: none"> • 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 × 2)	(10)
4.4		<ul style="list-style-type: none"> • 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 × 2)	(10)
4.5		<ul style="list-style-type: none"> • Statutory control✓✓ – internal and external✓✓ • Budget control✓✓ • Financial reporting✓✓ • Internal auditing✓✓ 	(5 × 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 × 2)	(4)
4.7		<ul style="list-style-type: none"> • Transparent or open publication of all financial transactions.✓✓ • including occurrences of financial mismanagement and corruption.✓✓ 	(2 × 2)	(4)
4.8		Negative spill-over effects✓✓		(2)
				[60]
			TOTAL:	200