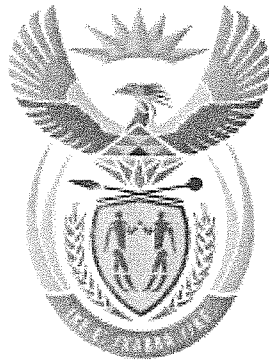
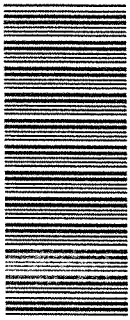


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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

**N1220(E)(N12)H
NOVEMBER EXAMINATION**

NATIONAL CERTIFICATE

PUBLIC FINANCE N5

(21010045)

**12 November 2014 (X-Paper)
09:00–12:00**

This question paper consists of 8 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. Write neatly and legibly.
-

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 The following characteristic does not apply to collective public services:
- A Non-apportionable
 - B Exhaustible
 - C No direct quid pro quo
 - D Non-excludability
- 1.1.2 The public protector is empowered to ...
- A report directly to the auditor general.
 - B summon any person or legal body to give evidence.
 - C conduct an investigation only when the public complains.
 - D enter anywhere and demand the handing over of all records and documents for investigation.
- 1.1.3 The concept of participatory decision making would involve ...
- A consensus decision making.
 - B A and C.
 - C majority decision making.
 - D None of the above mentioned
- 1.1.4 This body that has the sole mandate to decide on the procedures to be followed when it has discovered that a person responsible for managing public funds is mismanaging public resources:
- A Cabinet
 - B Parliament
 - C Legislature
 - D None of the above-mentioned
- 1.1.5 The person acting as administrative authority is also part of the ... authority, as both are involved in execution of decisions and policies of the legislature.
- A executive
 - B parliament
 - C legislature
 - D B and C

- 1.1.6 Budgetary control is exercised to achieve the following objectives(s):
- A Ensure goals of estimated income are realised
 - B Ensure that expenditure takes place in accordance with estimated income
 - C Ensure provision of quality services so that taxpayers receive value for money
 - D All the above-mentioned
- 1.1.7 A budget is an annual work programme. It is essential that the local legislature should receive a regular supply of progress reports, for the following reason:
- A Clear indication on the level of spending against the estimates in the budget itself
 - B A financial report may also record any deviations and discrepancies
 - C Provide recommendations on what may be done to rectify the situation
 - D A source of revenue for national authorities
- 1.1.8 The director general of a department undertakes all the administrative duties on behalf of the minister. In some departments he/she may be known by another name, such as ...
- A chief of the defence force.
 - B chief financial officer.
 - C accounting officer.
 - D All the above-mentioned
- 1.1.9 Intergovernmental grants are a necessity to provincial and local authorities, and are ...
- A issued by national governments.
 - B to reduce the gap of financial prosperity and capacity.
 - C essential sources of income.
 - D A, B and C.
- 1.1.10 Levies on gambling are a source of revenue for ...
- A national government and local government.
 - B local government and provincial government.
 - C provincial government and national government.
 - D All the above-mentioned

(10 x 2) [20]

QUESTION 2

Choose a description from COLUMN B that matches a/an word/item in COLUMN A. Write only the letter (A–K) next to the question number (2.1–2.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1	Stimulate economic development	A	incorrect procedures followed in administering public funds
2.2	Socialism	B	internal auditing which includes custody of financial records and documents
2.3	Horizontal revenue sharing	C	has ultimate authority to allocate funds
2.4	Maladministration	D	export production and creation of job opportunities
2.5	Urbanisation	E	announces the government budget proposals
2.6	Control measures	F	variable/unlimited conditional grants are not easy to budget for
2.7	Minister of Finance	G	regulating minimum employment conditions
2.8	Chairman of the Finance Committee	H	increase in demand and the provision for basic services
2.9	Legislature	I	no hawkers, flea markets and entrepreneurship
2.10	Maintaining economic order	J	often called upon to account for the financial activities of the committee
		K	distribution of revenue raised nationally among various government authorities on the same level

(10 x 2)

[20]

QUESTION 3

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (3.1–3.10) in the ANSWER BOOK.

- 3.1 The main source of income for the state is property taxes.
- 3.2 The national authorities issue grants to local and provincial authorities to minimise vertical fiscal inequalities and externalities.
- 3.3 Collective services are apportionable.
- 3.4 A local authority may raise a loan in order to supplement its income.
- 3.5 The first step in the distribution process is to determine the financial needs of the community.
- 3.6 The local authority is more able to spend revenue on services because it is closer to the communities.
- 3.7 The level of revenue of a governing authority is identified by the standard of living of its citizens.
- 3.8 The main function of the auditor general is to ensure that correct accounting procedures and standards are followed with regard to expenditure and revenue reported.
- 3.9 The director general (head of department) is usually appointed as the auditor general.
- 3.10 There are no limits to the treasury's power to grant dispensation.

(10 x 2) [20]

QUESTION 4

Define the following terms in your own words:

- | | | | |
|-----|--------------------|---------|------|
| 4.1 | Fiscal year | | |
| 4.2 | Contracting out | | |
| 4.3 | Parliament | | |
| 4.4 | Social instability | | |
| 4.5 | Auditor general | (5 x 2) | [10] |

QUESTION 5

- | | | | |
|-----|---|---------|------|
| 5.1 | Name FIVE types of sources of income to the National Authority in South Africa and give an example of each. | (5 x 4) | (20) |
| 5.2 | Name and briefly explain the characteristics of particular services. | (5 x 2) | (10) |
| | | | [30] |

TOTAL SECTION A: 100

SECTION B**QUESTION 6**

- | | | | |
|-----|--|----------|------|
| 6.1 | Give FIVE reasons for privatisation. | (5 x 2) | (10) |
| 6.2 | The local legislature (town council) is empowered to legislate and make by-laws. | | |
| | Briefly describe the decisions they have to make with regard to public finances. | (10 x 2) | (20) |
| 6.3 | Explain TEN responsibilities of an accounting officer. | (10 x 2) | (20) |
| | | | [50] |

QUESTION 7

- | | | | |
|-----|--|----------|-------------|
| 7.1 | Describe, in full, the THREE different types of audits. | (10 x 2) | (20) |
| 7.2 | Name FIVE of the social welfare services that are rendered by government to benefit communities and give an example of each. | (5 x 2) | (10) |
| 7.3 | Name FIVE control measures of public finance performed by local authorities. | (5 x 2) | (10) |
| 7.4 | Give FIVE factors of monetary control. | (5 x 2) | (10) |
| | | | [50] |

TOTAL SECTION B:	100
GRAND TOTAL:	200