



JUNE 2018 EXAMINATIONS

CHIE EXAMINERS REPORTS

DIPLOMA

IN

PUBLIC SECTOR FINANCIAL MANAGEMENT

SUBJECT: PFM1-PUBLIC SECTOR ACCOUNTING

The question paper consisted of FIVE (5) questions, the first one being compulsory with forty (40) marks. The total candidature in the June 2018 examination diet was 4 out of which 3 candidates passed representing a pass rate of 75%

Analysis of Questions:

QUESTION ONE

This question was fairly attempted and candidates obtained more than average marks with the exception of part two. Most candidates failed to provide the correct mandatory disclosure requirement for presentation of financial statements. Most candidates were of the view that mandatory requirements comprised of the statement of profit or loss, statement of financial position, statement of changes in equity instead of statement of receipt and payments, statement of budget execution, optional statements and disclosure of accounting policies.

QUESTION TWO

Candidates scored well on this question.

QUESTION THREE

Candidates scored well on this question.

QUESTION FOUR

Part (a) of this question was on a well-known topic called cash and accruals based accounting. Unfortunately, candidates avoided the question because of the nature of the scenario that it came with. Otherwise it was an easy question given a chance to attempt.

Part (b) required candidates to explain procurement and its principles. This was again text book knowledge that candidates should have produced with less difficulty.

QUESTION FIVE

Part (a) of the question required candidates to explain threats faced by professional accountants in the work environment and it was very well attempted by both candidates that attempted the question.

Part (b) required candidates to identify measures that can be implemented in work environment to reduce threats to acceptable levels. This was equally well attempted by both candidates that chose this question in section (b).

Overall performance of candidates

Highest mark obtained in this paper: 76%

Lowest mark obtained in this paper:	30%
Average score in this paper:	59.5%

SUBJECT: PFM2- LEGAL ASPECTS OF PUBLIC SECTOR FINANCE AND ADMINISTRATION

The question paper consisted of FIVE (5) questions, the first one being compulsory with forty (40) marks. The total candidature in the June 2018 examination diet was 4 out of which all 4 candidates passed representing a pass rate of 100%

Analysis of Questions:

QUESTION ONE

This question had 3 parts and among the questions dealt with was supremacy of the Constitution answered this question well with 90% responding to the question accordingly. The others abridged their answers or simply did not apply themselves much in relation to what the concept entails. Some students did not give the much required details as per the nature of Question One.

The question was based on the supremacy of the Constitution and had three parts.

- (a) This question was ably answered by most of the candidates. This question well answered with 90% responding to the question accordingly. The remaining 10% either abridged their answers or simply did not apply themselves much.

- (b) This section was answered fairly as students were able to identify and discuss any constitutional breaches in law and how they are curbed. The other students who did not do well in this paper were confusing the branches of the government with the breaches of the law in a state.
In future, students must study their manuals very well and try to understand what topic and sub topic should come on a particular area.

- (c) This part was appeared to be slightly problematic on the students especially that the question was looking at criminal law sanctions which are not taught in their syllabus. Additionally, students seem not to concentrate on the case law that is provided in their manual. This question can be fully answered if a student has read cases like Christine Mulundika v the Attorney General.
Prospective students are encouraged to read the cases side by side with the notes in the manuals as questions could be borrowed from certain case law.

QUESTION TWO

This question was attempted by all candidates and their performance was impressive as they managed to define law and explain its importance in public administration. All candidates were able to write a lot of notes on these sources of law. However, the mark allocation was not equally linked to the amount of information under these topics though this was corrected by the team

- (a) This question was attempted by all candidates who sat for this paper. Their performance was impressive as they managed to define law and explain its importance in public administration and related it fully with reality.
- (b) All candidates were able to write a lot of notes on these sources of law in Zambia which was a foundation of the each branch of law.
- (c) This questions was further understood fully by students as the majority of them managed to explain the importance of the constitution making process reference to the leading case here and further explanation of the comparison on the supremacy of the Constitution was done.

QUESTION THREE

This question recorded a 100 % pass rate as all students got it correctly. Future students are encouraged to study the course in full and appreciate each and every aspect of the course.

Future students are encouraged to study the whole topic and appreciate everything in the module/ manual. About

- a)** This question recorded a 100 % pass rate. All students got what was required correctly. This is a sign that the students understood the topic and the questions such that their application was a walk over.
Future students are encouraged to study hard on topic to do with Supremacy of the Constitution as several different questions come. Thus, there is need to understand the course in full and appreciate each and every aspect of the course.
- b)** Most students understood the sources of law . About 5% did not get everything correctly. This could be attributed to probably taking things for

granted. Future students are encouraged to study the whole topic and appreciate everything in the module/ manual. About 95% of the students got this question correctly.

QUESTION FOUR

This question was fairly attempted as students were able to identify the legal issues that were being asked and how the same was to be applied.

Other students though managed to get an average mark under this part; it appeared they did only have an average understanding on the subject matter.

(a) This question was ably answered by most of the students. This part was fairly answered though most of the students were failing to identify the board members of the Zambia revenue authority.

This could have been because they did not peruse through the manual very well to have an understanding on the board members

Prospective students are encouraged to read topics that have board members or that involve a composition of people.

(b) This part was slightly problematic because the students did not understand part (a), hence it was not really answered in a nice way.

Prospective students must study harder on each and every part of the topic for adequate understanding.

(c) This part of the question was neatly answered by the students as it was identified to be under judicial review and to be specific, on the remedies of judicial review.

Prospective students will do well to look at what is judicial review, what are the grounds of judicial review and what are the remedies that are found.

QUESTION FIVE

This question was on Judicial Review and High Court's Jurisdiction which was well answered by all those who attempted.

About 70% of students avoided this part maybe owing to their non-preparedness on the topic and not understanding the theories.

However, all those who attempted it did very well scoring above 80% on the question.

This question was on Judicial Review and High Court's Jurisdiction. It had three parts A, B and C.

(a)(b) Parts A and B on Judicial Review were well answered by all those who attempted which were about 30% of the total candidates. The other 70% avoided it maybe owing to their non-preparedness on the topic. However, all those who attempted it did very well scoring above 80% on the question.

(b) Part C was a bit of a challenge to the majority of the students who attempted the question as they could not understand "unlimited jurisdiction" well.

Overall performance of candidates

Highest mark obtained in this paper:	80%
Lowest mark obtained in this paper:	66%
Average score in this paper:	72.0%

SUBJECT: PFM 3—GOVERNANCE AND MANAGEMENT IN PUBLIC SECTOR

INTRODUCTION

This paper had two sections A and B with the total of Five (5) questions. Section A was compulsory and Section B candidates were allowed to attempt any Three (3).

A total number of 7 candidates sat for this paper and all the candidates passed recording a 100% pass.

Analysis of Questions:

QUESTION 1- Section A(compulsory)

The question was a case study with the weight of 40marks. 7 candidates attempted this question and 6 passed while 1 failed representing 86% and 14 % respectively. The question had four parts and it was focusing in the governance systems and separation of powers.

- (a) Most of the responded well to this question and gained good marks

- (b) Being a rider to the previous question, 90% of the candidates got full marks on this part of the question.

- (c) Most students gave good reasoning and only one failed to make an attempt.

- (d) This was a straight question and most of the candidates gave clear understanding of the separation and the spheres of the government structures.

QUESTION TWO

The question was on management principles and how they government is applying these principles. 7 candidates attempted this question and they all got above 50 % representing a 100% pass. The question had two parts, and required candidates to:

- (a) Most of the candidates answered this part correctly.

- (b) Good attempts were made by the candidates and the majority got full marks

QUESTION THREE

3 candidates attempted this question. All the 3 candidates got this question correct representing a pass rate of 100%. The question based on Budgeting and Contract Management system a story case by TIZ, 12/09/2017

The question was well responded to.

QUESTION FOUR

4 candidates attempted this question and all the 4 passed with an average of 60%. This represented a pass rate of 100%. The question had three parts, and required candidates to:

- (a) Define Public administration according to Pfeifer
- (b) Outline four similarities between public and private administration
- (c) Describe the factors that influence public policy decisions

All the three parts of this question were well answered by the candidates.

QUESTION FIVE

6 candidates attempted this question all the 6 candidates passed this question representing a 100% pass rate. The question had two parts, and based management and government policy management. Candidates were required to:

- (a) Describe the four decisional roles of the manager.

This part was well answered by most candidates.

- (b) Briefly explaining the following elements of policy (Policy decision, Policy statement, Policy output(s), Policy outcomes and Policy agenda)

The question was straightforward. An average candidate got all the answers

Overall performance of candidates

Highest mark obtained in this paper:	96%
Lowest mark obtained in this paper:	60%
Average score in this paper:	76.3%

SUBJECT: PFM 4-PUBLIC SECTOR FINANCIAL MANAGEMENT

The question paper consisted of FIVE (5) questions, the first one being compulsory with forty (40) marks. The total candidature in the June 2018 examination diet was 9 out of which all 4 candidates passed representing a pass rate of 44.4%

QUESTION ONE

The performance was above average.

A total of 9 students attempted the question and 33.3% managed to pass and 66.7% failed.

Part (a) of the question required candidates to describe the objective charging for services by public service organisations. Part (b) asked candidates to discuss the desirable characteristics of charges and factors to consider when setting fees and charges with reference to the scenario. Part (c) required candidates to discuss the reasons managing stakeholders are important when introducing or charging public service charges. Surprisingly some candidates did not understand the concept of charging and mistook it for offences. Candidates also failed to relate their answers to the scenario to maximum marks.

Part (d) required candidates to discuss the difficulties that can be associated with funding obtained from the charitable organisations. Part (e) asked candidates to discuss the differences between traditional historic budgeting and capital budgeting. The candidates exhibited shallow knowledge on these questions.

QUESTION TWO

The performance was above average.

A total of 9 students attempted the question and only 55.6% managed to pass and 44.4% failed.

Part (a) required candidates to explain the importance of capital budgeting to public and private sector entities. Most of the points raised in the answers were incorrect points. Part (b) asked candidates to calculate the payback period for the proposed investment and Part (c) to advice if it is financially viable. Surprisingly most candidates failed to compute payback period. Part(c) asked candidates to calculate the accounting rate of return for the proposed investment in the extracting machine and part (e) to advice if the investment financially viable. Some candidates also failed to compute the ARR.

QUESTION THREE

The performance was above average.

A total of 9 students attempted the question and only 55.6% managed to pass and 44.4% failed.

Part (a) asked candidates to explain the contribution of Kali Mining to the provision of public goods and services re-allocating resources and governments' fiscal policy initiatives. Part (b) required candidates to explain the externalities referred to by the stakeholders which are as a result of Kali Mining Plc activities in the copper-belt province. Some candidates failed to define the public good and relate to the scenario. Some of the candidates managed to raise some reasonable point on the understanding of externalities although others failed to distinguish positive externalities and negative externalities.

QUESTION FOUR

The performance was above average.

A total of 9 students attempted the question and only 55.6% managed to pass and 44.4% failed.

Part (a) and (b); asked candidates to explain the four types of performance indicators in the public sector and the four factors influencing public sector financial management reforms in Zambia. Some candidates exhibited shallow knowledge on these questions.

QUESTION FIVE

No students attempted the question.

Part (a) and (b) asked candidates to prepare the cash forecast and advise management on the investment option available to them.

1.0 Overall performance of candidates

Highest mark obtained in this paper: 57%

Lowest mark obtained in this paper: 18%

Average score rate in this paper: 42.8%

SUBJECT: PFM 5- PUBLIC SECTOR AUDITS

The question paper consisted of FIVE (5) questions, the first one being compulsory with forty (40) marks. The total candidature in the June 2018 examination diet was 10 out of which all 7 candidates passed representing a pass rate of 70%

Summary of performance

Questions	Pass	Fail	Total
	Number %	Number %	Number %
One	8 80	2 20	10 100
Two	6 60	4 40	10 100
Three	0 0	2 100	2 20
Four	2 22	7 78	9 90
Five	4 50	4 50	8 80

QUESTION ONE

- (a) This was generally well done. Students were able to:
- (i) Explain the role of the Supreme Audit Institution in Zambia
 - (ii) Explain the Accountability triangle
 - (iii) State three (3) types of Audits performed by the Office of the Auditor General
- (b) (i) Most students were confused with the term 'mandate' and ended up giving irrelevant responses. A number of students described the functions of the Auditor General instead of the mandates. Students should use the ZiCA recommended study texts. The main legislative audit mandates for the Office of the Auditor General are clearly stated in the ZiCA study text.
- (ii) Most students lost marks by answering this question generally instead of referring to the details in the scenario. Analysing whether there was value for money according to the findings in Mafinga district was straightforward. Students should learn to demonstrate application skills in such questions.
 - (iii) The performance was good since most students were able to state the matters that should be included in the draft engagement letter.
 - (iv) Most students were able to explain the importance of public sector auditing. The performance was good.

QUESTION TWO

- (a) The performance was good. Most students were able to describe the benefits of audit planning in the audit of Chifubu Water Ltd.
- (b) This was poorly done. Most candidates were unable to differentiate between an Audit plan and Audit strategy. A number of students gave the same answer.
- (c) Most students misunderstood the question and ended up explaining the control environment instead of what is needed to evaluate in order to gain understanding of the control environment. Students must spend some time in understanding the question requirement.
- (d) Some students lost marks by stating the functions instead of the factors to consider when intending to use the work of internal audit of Chifubu Water Ltd. However, the performance was generally satisfactory.

QUESTION THREE

This was not a popular question and only two (2) students attempted this question. Both of them failed to score above average. This was clearly knowledge based and should have been straightforward for a well prepared student. CAATs are important and students must demonstrate appropriate knowledge by preparing adequately.

QUESTION FOUR

- (a) This was knowledge based and the examiners expected students to score highly. However, some students had problems in explaining monetary and haphazard sampling. Students should use the ZiCA study texts because the terms are explained in sufficient detail.
- (b) Most students were unable to describe the actions an auditor will take in establishing the operating effectiveness of the controls. The performance was unsatisfactory. A number of students explained the controls and did not earn any marks.
- (a) The performance was surprisingly poor. Most students failed to explain substantive testing in an audit of financial statements. This was knowledge based and the examiner expected students to perform better. Students should use the recommended study texts.

QUESTION FIVE

- (a) Most students lost marks by giving general answers which were unrelated to the given scenario. Marks were only awarded for identifying and explaining the fraud risk factors in Facts Publications Ltd. Students should learn to use the material in the scenarios.

- (b) Most students gave wrong responses due to lack of knowledge on subsequent events. Explaining the duty of the auditor with regards to the matter identified after signing the audit report but before issuing the financial statements is well explained in the ZiCA study texts. The wrong responses demonstrated inadequate preparation on the part of the students.
- (c) The performance was generally good. The question was straightforward and strong students got all the marks. Weak students had challenges explaining each of the forms of modifications to the auditor's opinion in line with ISSAI 1705 *Modifications to the opinion in the independent auditor's report*.
- (d) This was well done. Most students were able to state three (3) types entities that the Office of the Auditor General may audit.

Overall performance of candidates

Highest mark obtained in this paper: 64%

Lowest mark obtained in this paper: 40%

Average score in this paper: 51.9%

SUBJECT: PFM6-FINANCIAL REPORTING FRAMEWORK FOR PUBLIC SECTOR ENTITIES

The question paper consisted of FIVE (5) questions, the first one being compulsory with forty (40) marks. The total candidature in the June 2018 examination diet was 8 out of which all 7 candidates passed representing a pass rate of 87.5%

Analysis of Questions:

QUESTION ONE

The subject of the case scenario in the first (1) question was the trial balance extracted from the accounting records of Ronald Mensa University and it required candidates to prepare the statement of financial performance and financial position. Performance was generally poor as many students lacked the knowledge of formats for statement of financial performance and financial position. Candidates were unable to adequately deal with additional information and many were unable to correctly post the figures. Candidates are advised to spend some time to learn and put to memory the formats; there is no any other way out. Knowing how to treat the additional information is the cornerstone of the accounting courses, hence must invest in this.

QUESTION TWO

It was a fairly attempted by all candidates that opted for this question. However, candidates were not able to raise enough points for the marks allocated to the questions. Future candidates are reminded to marry marks for each part of the question with length of their answer or better still number of points to provide in their answer.

QUESTION THREE

Candidates scored well on this question. There were no serious challenges.

QUESTION FOUR

Candidates scored well on this question. However, there is need for students not only to focus on the numbers but to have a balanced knowledge of the entire syllabus.

QUESTION FIVE

Candidates scored well on this question. No serious challenges were recorded from all parts of the question.

Overall performance of candidates

Highest mark obtained in this paper: 69%

Lowest mark obtained in this paper: 35%

Average score in this paper: 55.0%