



DECEMBER 2019 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN PUBLIC SECTOR FINANCIAL MANAGEMENT PROGRAMME

SUBJECT: PFM1- PUBLIC SECTOR ACCOUNTING

QUESTION ONE

This was a compulsory 40 mark question with several component parts. The general performance of candidates on this question was good. A pass rate of 66.7% was recorded. The highest score was 35 out of the available 40 marks while the lowest was 17.

Part (a) (i) required candidates to prepare the statement of financial performance of the consolidated fund while part (a) (ii) required candidates to prepare a statement of financial position. These statements were generally well prepared and source for greatest marks obtained from this part of the question.

Part (b) of this question asked candidates to explain challenges most countries face in adopting IPSAS. The question was very well attempted by the candidates.

Part (c) asked about the importance of a good tax system in Zambia. No evidence of serious challenges was recorded on this question.

QUESTION TWO

The question had three part (a), (b) and (c). Part (a) required explanation of 'mixed environment' in financial records management. Part (b) asked candidates for challenges faced by government departments to switch to total electronic environment for its financial records. Part (c) required candidates to explain the main objectives of financial records management system.

This question was mainly avoided by the candidates at this sitting.

QUESTION THREE

The general performance on this question was excellent. All the 3 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 100%. The highest mark scored was 17 out of 20 while the lowest was 16.

This question was attempted by all candidates at this sitting and very well performed. Candidates almost scored all marks available for this question.

The question had two parts (a) and (b). Part (a) had two parts (i) and (ii). Part (i) required candidates to explain audit committee and their functions. This was very well answered by all candidates. Part (ii) required composition of audit committee and was not so accurately tackled.

Part (b) asked candidates for elements to be put in place in order to empower auditors effectively carry out their work. This part was very well answered by students.

QUESTION FOUR

The general performance on this question was excellent. All the 3 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 100%. The highest mark scored was 20 out of 20 while the lowest was 16.

No specific challenges were identified. The question had one main requirement of explaining accounting principles/concepts. This was excellently answered by candidates at this sitting.

QUESTION FIVE

The general performance on this question was excellent. All the candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 100%. The highest mark scored was 17 out of 20 while the lowest was 16.

This question had two main parts namely (a) and (b). Generally the question was well attempted by all candidates at this sitting, with everyone obtaining above average mark on it. Part (a) had two parts (i) and (ii) that required candidates to identify circumstances when a Public Sector Accountant has a professional duty to disclose confidential due to public interest and by requirements of the law. These two parts were well articulated by all candidates. Part (b) of the question required explanation of safeguards and was fairly attempted by the candidates.

OVERALL PERFORMANCE OF CANDIDATES

- i. Highest mark obtained in this paper:86%
- ii. Lowest mark obtained in this paper:64%
- iii. Overall pass rate in this paper:100%

SUBJECT: PFM3 GOVERNANCE AND MANAGEMENT IN THE PUBLIC SECTOR

QUESTION ONE

The general performance on this question was excellent. The lone candidate that attempted it managed to get above 20 marks out of the available 40. The pass rate recorded was 100%.

QUESTION TWO

This was a compulsory question was not attempted by the candidates that sat for the paper.

QUESTION THREE

The general performance on this question was excellent. The lone candidate that attempted it managed to get 20 marks out of the available 20. The pass rate recorded was 100%.

QUESTION FOUR

The general performance on this question was poor. The lone candidate that attempted it only managed to get 5 marks out of the available 20. The pass rate recorded was 0%.

QUESTION FIVE

The general performance on this question was good. The lone candidate that attempted it managed to get 13 marks out of the available 20. The pass rate recorded was 100%.

OVERALL PERFORMANCE OF CANDIDATES

- i. Highest mark obtained in this paper: 59%
- ii. Lowest mark obtained in this paper: 59%
- iii. Overall pass rate in this paper: 100%

SUBJECT: PFM4 PUBLIC SECTOR FINANCIAL MANAGEMENT

QUESTION ONE

The general performance on this question was good. 2 candidates out of the 3 that attempted it managed to get above 20 marks out of the available 40. The pass rate recorded was 66.7%. The highest mark scored was 24 out of 40 while the lowest was 9.

Part (a) of the question required candidates to explain the importance of capital budgeting while (b) and part (c) required candidates to estimate the NPV of gold extraction equipment and advise the financial viability. Part (d) required candidates to state the advantages and disadvantages of NPV. Candidates performed fairly well.

Part (e) required candidates to discuss the types of domestic debt financing and recommend most appropriate for gold extraction.

Part (f) required candidates required candidates to explain the four components of Enterprise Risk Management. Some candidates couldn't clearly state all the 5 steps involved in the risk management process.

QUESTION TWO

The general performance on this question was excellent. The lone candidate that attempted it managed to get 20 out of 20. The pass rate recorded was 100%.

The performance was excellent. There was 1 candidate who attempted this question and passed representing 100% pass rate.

Part (a) and part (b) required candidates to discuss the range of risk facing that public universities are facing and suggest the appropriate improvements that help control the risks. The performance was good.

QUESTION THREE

The general performance on this question was good. 2 candidates out of the 3 that attempted it managed to get above 20 marks out of the available 20. The pass rate recorded was 66.7%. The highest mark scored was 15 out of 20 while the lowest was 7.

The performance was excellent. There were 3 candidates who attempted this question and only 3 passed representing 66.67% pass rate.

Part (a) required candidates to state the functions of Government. Part (b) and (c) required candidates to explain the importance of PFM reforms and IFMIS as a toll of these reforms. Part (d) required candidates to suggest recommendations on how to

address the challenges of implementing PFM reforms. Explanation of the importance of the PFM reforms and using IFMIS as a tool of importance of PFM reforms was poorly answered. Students could not even explain the importance of IFMIS

QUESTION FOUR

The general performance on this question was excellent. All the 2 candidates that attempted it managed to get above 10 marks out of the available 20. The pass rate recorded was 100%. The highest mark scored was 14 out of 20 while the lowest was 11.

Part (a) required candidates to discuss the non-tax revenues as alternative source of finance for a country. Part (b) required candidates to explain the role of financial leadership in public finances. Part (c) required candidates to suggest measures to be undertaken by Government in order to attract right skills. The question centred on budgeting and was well answered with some students scoring full marks. Students could not explain the role of Financial Leadership in public finances. Explanations were not convincing but simply wild. Most candidates did not come up with enough points on the non-tax-revenues as an alternative source of finance to the loan Government of country X can use to finance capacity building. There is need to read widely.

QUESTION FIVE

The general performance on this question was excellent. All the 3 candidates that attempted it managed to get above 10 marks out of the available 20. The pass rate recorded was 100%. The highest mark scored was 19 out of 20 while the lowest was 14.

Part (a) required candidates to explain the implication of budget deficit and the impact budget deficit financing has on the economy. Part (b) required candidates to discuss the importance of NDP are critical to the budgeting in the public sector. The performance was good.

Overall performance of candidates

- i. Highest mark obtained in this paper: 73%
- ii. Lowest mark obtained in this paper: 41%
- iii. Overall pass rate in this paper: 66.7%

SUBJECT: PFM5 PUBLIC SECTOR AUDITS

QUESTION ONE

The general performance on this question was very good. 4 candidates out of the 5 that attempted it managed to get above 20 marks out of the available 40. The pass rate recorded was 80%. The highest mark recorded was 22 out of 40 while the lowest was 4.

The answer by the candidate who scored low marks was not in relation to the question and marks were lost because of not attempting to answer parts of this question.

Part (a): This part of the question required candidates to explain beneficiaries of public sector audits. Giving less than the three benefits required resulted in candidates losing marks.

Part (b): This part of the question required candidates to the provisions of the Zambian Constitution with regards the independence of the Office of the Auditor General.

Most of the candidates scored well the minority could not explain the constitutional requirements.

Part (c) had two sub questions. Part (i) required candidates to identify and explain the ethical issues in the scenario. The majority of the candidates were able to do so but the minority failed to use the information in the scenario and so lost marks.

The second part required candidates to state the safeguards that would be appropriate to deal with the ethical issues identified in Part (i). Candidates appeared to have had problems stating suitable safeguards.

Candidates are encouraged to go through past examination papers and also ensure they understand the topic well because this is a topic that is likely to feature frequently in future examinations.

Part (d) This part of the question was with regards the independence of the AG. Most of the candidates did not attempt this and yet candidates should have observed that the request by the president does not amount to interference in the work of the AG.

Part (e) required explain the meaning of risk of material misstatement. Candidates scored more than half the available marks.

QUESTION TWO

The following observations were made:

Part (a): This part of the question required candidates to explain how parliament confers responsibilities to the executive as well as the OAG.

Candidates did not deal with all aspects of the question resulting in the loss of marks. For example no comment was made on responsibilities conferred on the Auditor General.

Part (b): This question required candidates to explain three benefits of the SAI belonging to INTOSAI. Marks were lost because most of the candidates gave less than the three benefits expected.

Part (c): This question required candidates to explain constitutional provisions with regards specified items.

Some candidates could not give the constitutional requirements in some of the elements and there were those who clearly did not know the constitutional requirements and gave wrong answers.

Part (d): Required candidates to distinguish modified and unmodified opinions. Candidates explained the distinction and scored well except for the candidate who did not pass who did not give the correct answer and score poorly.

QUESTION THREE

The general performance on this question was fair. 1 candidate out of the 2 that attempted it managed to get above 10 marks out of the available 20. The pass rate recorded was 50%. The highest mark recorded was 11 out of 40 while the lowest was 2.

Part (a) (i): This part required candidates to explain the meaning of sufficient appropriate evidence. The performance in this part was satisfactory.

Part (a) (ii): This part required candidates to explain the current and permanent audit files and also to state 4 matters that should be contained in each one of them. Whereas candidates were able to explain these two types of working papers they had problems stating the documents contained in each of them and so lost marks.

Part (b) (i): This question required an explanation of the meaning of external confirmations and a statement of examples for which external confirmations may be required.

Candidates explained the meaning of external confirmations but failed to give sufficient numbers of examples of when they may be used.

Part (ii) required a definition of a management letter. Candidates failed to state clearly the use of a management letter and lost marks as a result.

Part (iii) required an explanation of the use of written representations. The answers to this question were not satisfactory resulting in candidates not obtaining maximum marks.

QUESTION FOUR

The general performance on this question was excellent. All the 5 candidates that attempted it managed to get above 10 marks out of the available 20. The pass rate recorded was 100%. The highest mark recorded was 15 out of 20 while the lowest was 11.

Part (a): Required candidates to explain the difference between the Public Accounts Committee and the Audit Committee. Except for one candidate the rest scored well in this part. The one did not attempt this part.

Part (b) required an explanation of how the public accounts committee fulfils its role. Most candidates scored more than half the available marks.

Part (c) required candidates to discuss the composition of the Audit Committee. The answers were generally poor with candidates scoring low marks.

Part (d) required an explanation of four duties of the proposed audit committee. Most candidates scored well but lost marks where they gave less than four duties as required.

QUESTION FIVE

The general performance on this question was excellent. All the 4 candidates that attempted it managed to get above 10 marks out of the available 20. The pass rate recorded was 100%. The highest mark recorded was 17 out of 20 while the lowest was 11.

The following observations were made:

Part (a)

i. Required an explanation of the need to discuss audit findings with the audited entities before finalizing the report.

Most candidates gave good answers and scored maximum marks.

ii. Required an explanation of the importance of audit documentation in the OAG.

Candidates lost marks because of giving less than the required four benefits but the majority scored more than half the required marks.

Part (b)

- i. Required an explanation of performance auditing using information in the scenario. Some candidates gave general answers without referring to the scenario and so lost marks.
- ii. Required candidates to explain compliance auditing using information in the scenario. Those who did not use the information in the scenario lost easy marks.

OVERALL PERFORMANCE OF CANDIDATES

Highest mark obtained in this paper: 68%

Lowest mark obtained in this paper: 20%

Overall pass rate in this paper: 80%

SUBJECT: PFM6 – FINANCIAL REPORTING FRAMEWORK FOR PUBLIC SECTOR ENTITIES

QUESTION ONE

The general performance on this question was poor. The pass rate recorded was 0%.

The question had several parts including (a), (b), (c), (d) and (e). Part (a) required candidates to prepare the financial statements using function of expense method. Expenses were listed with no adherence to the specific requirements. Part (b) required candidates to determine factors to consider whether function of expense method or the nature of accounting method is needed for preparation of financial statements. There was no understanding of the question.

Part (c) required candidates to distinguish between exchange and non-exchange transactions in public sector accounting, giving examples of parties involved in non-exchange transaction.

Part (d) required candidates to explain the authority of IPSAS and nothing was said on this part by candidate.

Part (e) on going concern was fairly explained. The performance was bad on this question.

QUESTION TWO

This question was not attempted by the candidate that sat for the paper.

QUESTION THREE

The general performance on this question was poor. The pass rate recorded was 0%.

This was a poorest performed question. It had three parts (a), (b) and (c).

Part (a) required definitions for asset, liability, presentation currency and functional currency. The terms were not adequately defined.

Part (b) required explanation of the rates at which assets, liabilities, revenues and expenses are translated.

Part (c) required an explanation of rates to be used under fair value model. The required areas were not well explained.

QUESTION FOUR

The general performance on this question was excellent. The pass rate recorded was 100%.

This question asked candidates to prepare statement of comprehensive income and expenditure and statement of financial position. The candidate scored all 20 marks on this part of the question.

QUESTION FIVE

The general performance on this question was good. The pass rate recorded was 100%.

This question was fairly attempted, candidate obtaining more than half of available marks. It had two parts (a) and (b).

Part (a) required five benefits of IPSAS for Zambia's public sector accounting and was fairly tackled. Part (b) asked for five major sources of revenue for the government. This part was not so well tackled as candidate concentrated only on tax revenue ignoring other forms of tax.

OVERALL PERFORMANCE OF CANDIDATES

- i. Highest mark obtained in this paper: 53%
- ii. Lowest mark obtained in this paper: 52%
- iii. Overall pass rate in this paper: 100%