



JUNE 2021 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN PUBLIC SECTOR FINANCIAL MANAGEMENT PROGRAMME

SUBJECT: PFM1- PUBLIC SECTOR ACCOUNTING

QUESTION ONE

The general performance on this question was good. 2 out of the 3 candidates that attempted the question achieved a pass (that is a score of at least 20 out of 40 marks), representing a pass rate on the question of 66.7%. The lowest score was 14, whilst the highest was 37 out of the available 40 marks.

This question was a 40-mark which required candidates to discuss the PFM system, tax revenue collection, utilization of non-tax revenue and ethical threats to objectivity of public accountants.

Part (a) of the question required candidates to state and explain any five (5) functions of a good public sector financial management system. This part was well answered.

Part (b) required candidates to discuss any five (5) ways of improving collections of tax revenue. This part too was well attempted.

In part (c), candidates were required to discuss any five (5) challenges faced by the public sector in effectively utilizing non-tax revenue. The two candidates had challenges with articulating the issues.

Part (d) required the candidates to discuss the five (5) threats to the ethical principle of objectivity of a public Accountant. This part was also not well done particularly regarding how the threat arises and two candidates could not remember the advocacy and intimidation. There we also explanations related to fundamental principles rather than the threats.

QUESTION TWO

The general performance on this question was good. 2 out of the 3 candidates that attempted the question achieving a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 66.7%. The lowest score was 9, whilst the highest was 12 out of the available 20 marks.

This was a 20-mark which required candidates to discuss the scope of the PFM, thematic areas of public finance and primary functions of PFM system.

In part (a), the candidates were required to briefly discuss the scope of Public Finance Management (PFM) and state why it is increasingly becoming vital in the Governance process in the public sector. This part was well done.

Part (b) required the candidates to discuss Four (4) subdivisions of the thematic area of Public Finance. This section was not properly done regarding explanations related to functions of a good public sector financial management system.

Part (c) required the candidates to briefly explain the ten (10) primary functions of a financial management system. This section was not properly done as candidates structured their explanations around functions of a good public sector financial management system.

QUESTION THREE

This was a 20-mark question which required candidates to explain the electronic recording system and exceptional circumstances which may permit the breach of the rule of confidentiality. The general overall performance on this question was excellent with the highest getting 18 marks and the lowest got 17 mark (representing a 100% pass rate). There were no significant observations on both parts of the questions.

QUESTION FOUR

This was a 20-mark which required candidates to define tax and non-tax revenue, state the sources of tax and non-tax revenue and fundamental rules of double entry accounting rules. The general overall performance on this question was very good with the highest getting 20 marks and the lowest got 11 mark (representing a 100%).

Part (a) of the question required candidates to define Tax revenue and non-tax revenue of the central government. This part was perfectly done.

Part (b) required candidates to briefly state Four (4) sources of both tax revenue and non-tax revenue and give examples under each type. This part was well answered.

In part (c), candidates were required to use Double Entry Accounting for indicating the five (5) fundamental rules of recording accounting entries. Candidates had challenges in indicating the rules.

QUESTION FIVE

This was a 20-mark which required candidates to state and explain five (5) advantages of global harmonization of financial reporting standards in the public sector and briefly explain five (5) ways through which Parliament provides legislative control over the spending of public funds. No candidate attempted this question.

Overall performance of candidates

- i. Highest mark obtained in this paper: 77%

- ii. Lowest mark obtained in this paper: 55%
- iii. Overall pass rate in this paper: 100%

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

QUESTION ONE

The general performance on this question was good. 2 out of the 3 candidates that attempted the question achieved a pass (that is a score of at least 20 out of 40 marks), representing a pass rate on the question of 66.7%. The lowest score was 14, whilst the highest was 37 out of the available 40 marks.

This question was compulsory and based on judicial review. Candidates were supposed to state this and explain judicial review briefly. They were expected in part (b) to explain all the grounds for judicial review and advise John Mbuji on the appropriate one to overturn the decision. In part (a), the question was based on administrative agencies. Candidates were expected to explain the rationale behind administrative agencies. All candidates got this part correct. For the future, candidates must focus on the study guide/manual as it has all the information concerning the questions that had been presented.

Part (b) of the question focused on the industrial court and the subordinate court. Candidates were expected to write brief notes exhibiting their understanding of the same. All candidates got this part right. Future candidates are encouraged to ensure they actually use the manual as a study guide even as they use other materials.

QUESTION TWO

The general performance on this question was excellent. All the 3 candidates that attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 100%. The lowest score was 13, whilst the highest was 16 out of the available 20 marks.

The question had three parts and most candidates demonstrated understanding of all the three parts. The candidates were able to answer the questions correctly most likely because they made use of the ZICA manual in preparation for their exams. All of what the candidates were examined on is from the manual and any student who took time to read the manual would be able to answer the question with ease. For the future candidates are encouraged to read the manual thoroughly especially for purposes of exams preparation.

QUESTION THREE

The general performance on this question was excellent. All the 3 candidates that attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 100%. The lowest score was 13, whilst the highest was 17 out of the available 20 marks.

This question had three parts, the first part looked at the role of the speaker of the national assembly, the second part focused on the origins of administrative law and the last part focused on administrative agencies as well. The candidates performed very well, suggesting that they understood it. Future candidates are encouraged to study the course in full and appreciate each and every aspect of the course.

QUESTION FOUR

The general performance on this question was excellent. All the 2 candidates that attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 100%. The lowest score was 10, whilst the highest was 16 out of the available 20 marks.

QUESTION FIVE

The general performance on this question was excellent. The lone candidate that attempted the question achieved a pass (that is a scored of 20 out of 20 marks), representing a pass rate on the question of 100%.

Overall performance of candidates

- i. Highest mark obtained in this paper: 82%
- 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 the question was excellent. All 4 candidates that attempted the question got at least 20 marks out of 40, representing a 100% pass rate.

This was a scenario based one and had four parts: (a), (b), (c) and (d). Part (a) asked the candidates to point out five (5) benefits of electronic procurement (e-procurement) systems for public sector organisations.

Part (b) required candidates to explain briefly the five (5) important factors of managing contract documentation while part (c) asked candidates to Show five (5) points on how ethics can be managed in the workplace.

Part (d) required candidates to state any five (5) principles of good governance which would improve transparency and accountability in government agencies. Majority of the candidates answered this question correctly.

QUESTION TWO

The general performance for this question was equally excellent. All 4 candidates that attempted the question got at least 10 marks out of 20, representing a 100% pass rate.

The question had three parts: (a), (b) and (c). Part (a) required the candidates to point out five (5) objectives achieved by decentralization while part (b) required candidates to list three (3) advantages/benefits and three (3) disadvantages/challenges of Decentralization of Government.

Part (c) asked candidates to explain the meaning of 'Levels of Management', and identify the three (3) levels of management.

QUESTION THREE

The general performance for this question was equally excellent. All 4 candidates that attempted the question got at least 10 marks out of 20, representing a 100% pass rate.

This question had two parts: (a) and (b). Part (a) required candidates to discuss the five (5) sources of power for leaders while part (b) asked candidates to explain the five (5) functions of a manager.

QUESTION FOUR

The general performance on this question was very good. 3 of the 4 candidates that attempted the question got at least 10 marks out of 20, representing a 75% pass rate.

The question had three parts: (a), (b) and (c). Part (a) asked candidates to discuss the three (3) stages involved in the public policy making process.

Part (b) required candidates to State three (3) problems of policy evaluation in Third World Countries while part (c) asked candidate to list five (5) similarities between the two (2) types of Administration. Only 1 candidate failed to answer this question correctly.

QUESTION FIVE

The general performance for this question was equally excellent. All 2 candidates that attempted the question got at least 10 marks out of 20, representing a 100% pass rate.

This question had three parts: (a), (b) and (c). Part (a) asked candidates to state the six (6) activities that are associated with a contract life cycle.

Part (b) required candidates to explain the three (3) roles that budgets play in the public sector.

Part (c) asked candidates to state five (5) skills/abilities that a contract manager should possess to be able to manage a contract effectively
Both candidates did answer this question correctly.

Overall performance of candidates

- i. Highest mark obtained in this paper: 84%
- ii. Lowest mark obtained in this paper: 50%
- iii. Overall pass rate in this paper: 100%

SUBJECT: PFM4- PUBLIC SECTOR FINANCIAL MANAGEMENT

QUESTION ONE

The general performance on the question was very poor. None of candidates passed out of 2 students who attempted the question representing a pass rate of 0%. The lowest got 13 while the highest got 16 marks out of 40.

Part (a) of the question required candidates to advise Emigrate whether it is beneficial on financial grounds, to use its own workshop to upgrade the trucks or to use the manufacturer's workshop.

Part (b) required candidates to compute the Net Present Value of acquiring the new trucks and advise Emigrate management whether the project is financially worthwhile.

In part (c), candidates were required to explain five (5) other financial or non-financial factors that should be considered when providing advice in both part (a) and (b).

Part (d) required candidates to explain five (5) other alternative sources of financing that Emigrate Limited could have used to finance the acquisition of the new trucks.

QUESTION TWO

The performance was excellent as all the 2 students who attempted the question passed representing a pass rate of 100%. The lowest got 12 marks out of 20 while the highest got 18.

The question was divided into parts (a) and (b). In part (a), candidates were required to explain the sources of financing for local authorities such as the KCC.

Part (b) required candidates to discuss some of the efforts the government has made in broadening the revenue base in Zambia while part (c) required them to explain, giving reasons, whether the services provided by KCC in the city can be categorized as public goods.

Part (d) required candidates to describe any six (6) major sources of revenue for city councils such as the KCC.

Most candidates did not explain some of the efforts the government has made to broaden the revenue base. These include (1) Introduction of Base Tax (2) Introduction of E-payment (3) Making TPIN registration compulsory (4) Partnering with local authorities in collecting WHT on rental income and turnover tax from bus stations and markets.

There was Insufficient definition of public goods by candidates ie. “non-rival” and “non-excludable”. The two terms should be clearly distinguished. Examples such as Street lights, cleaning services and drainages and Play parks should be given.

QUESTION THREE

The performance was fair. Only 1 of the 2 candidates that attempted the question got above 10 marks out of the available 20, representing a pass rate of 50%. The highest got 15 marks out of 20 while the lowest got 7.

Part (a) required candidates to explain the various ways in which the government of Zambia provides social protection and explain any four (4) functions of the budgetary process while part (b) required them to provide at least one example of each of the goods in the table and(ii)For each example provided explain why it suits the particular category in the table.

QUESTION FOUR

None of the two candidates attempted this question.

QUESTION FIVE

The performance was excellent. All the 2 candidates that attempted the question obtained at least 10 marks out of the available 20 marks, representing a pass rate of 100%. The highest got 12 marks out of 20 while the lowest got 18.

Part (a) required candidates to explain the meaning and main objective of public debt management.

Part (b) asked candidates to evaluate the ratios computed by the team of experts as presented in the table. Your evaluation should include possible reasons why the ratios have been rising over the period of years under review. Part (c) asked candidates to describe any three (3) external debt management strategies which the team of experts could recommend for Domesto republic. Some responses were very brief and provision of few areas instead of the six or four required.

Overall performance of candidates

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| i. | Highest mark obtained in this paper: | 61% |
| ii. | Lowest mark obtained in this paper: | 50% |
| iii. | Overall pass rate in this paper: | 100% |

SUBJECT: PFM5– PUBLIC SECTOR AUDITS

QUESTION ONE

The performance by the lone candidate on this question was poor. The candidate's score was 8 marks out of the available 40.

Part (a) was a knowledge based question requiring candidates to discuss 7 methods that could be used in gathering audit evidence. Only 4 marks were scored largely because less than the required number of methods were discussed.

Part (b) required to explain the responsibilities of management and the public sector auditors with regards fraud. The candidates explained the responsibility of management but did not address the responsibility of the auditors thereby losing the marks attributed to this.

Part (c) of the question required candidates to distinguish financial audits from compliance audit. The only marks scored was in an attempt to explain financial audits with no attempt to explain compliance audits suggesting lack of knowledge in this regard.

In part (d), an explanation of the general principles of public sector auditing in accordance with ISSAI 100 was required. The part was nevertheless not attempted, suggesting lack of knowledge.

Part (e) was a knowledge based question on ISSAI 40 Quality control. This part was not attempted by the candidate.

Part (f) required candidates to explain the need for appointing an auditor expert. No marks were scored because the part was not attempted.

QUESTION TWO

The lone candidate that attempted this question scored 6 out of the 20 available marks which performance is below expectation for this knowledge based question.

The question was divided in three parts. In part (a) candidates were required to explain the meaning of ghost employees and how they may exist in a payroll system. The candidate explained the meaning of ghost workers but did not address the part

of the question requiring an explanation of how they may exist. Candidates are reminded to address all parts of questions to score maximum marks.

Part (b) was knowledge based question requiring candidates to explain the importance of planning an audit. The candidate did not attempt to answer this question hence losing all the available marks.

Part (c) of the question required candidates to suggest audit procedures that should be performed in the audit of payroll costs in the Ministry. The candidates only suggested two procedures and marks were awarded appropriately. To score maximum marks candidates were expected to explain at least 5 audit procedures.

QUESTION THREE

This optional question was not attempted by the candidate who sat for this examination.

QUESTION FOUR

The only candidate who attempted this question scored 8 out of the available 20 marks and the following were observed.

Part (a) required an explanation of the three 'e's of economy, efficiency and effectiveness. The candidate only explained efficiency and got good marks.

The first part of (b) required candidates to identify and explain internal control deficiencies in the given scenario. The candidate identified less than the required number of deficiencies and got marks in proportion to the valid points made.

Part (b)(ii) of the question required candidates to identify and explain additional deficiencies that should be raised by a value for money audit. The candidate did not attempt to answer this part and lost all the available marks.

QUESTION FIVE

A score of 5 marks was scored by the only candidate out of the 20 available marks.

Part (a) question required a description of an IT audit and an explanation of its importance. The candidates scored half the available marks.

In part (b), candidates were required to describe the role of IT audits in financial, compliance and performance audits. The candidate only attempted to address IT audits in relation to financial audits and scored 2 marks out of the 6 available marks.

Part (c) required candidates to suggest 4 application controls giving 2 examples for each control. The candidate only suggested one control without any examples given resulting in the loss of the available marks.

Part (d)

This part of the question required candidates to describe risks of not paying attention to cyber security in an audit. Little attempt was made in answering this question with the candidate scoring 1 of the available 4 marks.

QUESTION SIX

This optional question was not attempted by the candidate who sat for this examination.

Overall performance of candidates

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| i. | Highest mark obtained in this paper: | 27% |
| ii. | Lowest mark obtained in this paper: | 27% |
| iii. | Overall pass rate in this paper: | 0% |

SUBJECT: PFM6- FINANCIAL REPORTING FRAMEWORK FOR PUBLIC SECTOR ENTITIES

QUESTION ONE

The general overall performance on this question was fair with the highest getting 27 marks and the lowest got 18 marks (representing a 50% pass rate). This question was a 40-mark which required candidates to prepare a receipt and payment of the consolidated fund, state the components of the financial statement of the consolidated fund and explain the usefulness of the notes to the financial statements.

In part (a), candidates were required to prepare Receipts and Payments of the Consolidated Fund for the year ended 31 December 2019. This part was well done. However, one candidate included depreciation and amortization in the payment section and cash at the bank under receipt section.

Part (b) required candidates to state five (5) components of the financial Statements of the consolidated fund. This section was well done.

Part (c) required candidates to explain the usefulness of the notes to the Financial Statements and which notes should be included to the Financial Statements. One candidate had challenges in identifying some common notes and their relevance.

QUESTION TWO

The general performance on this question was very poor. The candidate that attempted the question failed to achieve a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 0%. The candidate scored 7 out of 20 marks.

This was a 20-mark question divided into parts (a) to (c). Part (a) required candidates outline the conditions required for an asset to be recognized as 'held for sale' as well as explain the appropriate measurement basis for non-current assets held for sale and discontinued operation upon classification and state at what value.

Part (b) required them to list four (4) components of cost that qualify to be included as cost of manufactured inventory as per IPSAS 12 as well as list the key disclosure requirements for inventories per IPSAS 12.

In part (c), candidates were required to ascertain the total value of inventory at the Ministry of General Education as at 31 March 2021.

Only one candidate attempted this question and had limited knowledge across all the sections of the question.

QUESTION THREE

The general performance on this question was very poor. The candidate that attempted the question failed to achieve a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 0%. The candidate scored 7 out of 20 marks.

This was a 20-mark question which had two parts:

- (a) Preparation of Cashflow Statement in accordance with IPSAS 1 Direct Method and
- (b) Preparation of the reconciliation of net cashflow from operating surplus.

Of the two candidates, only one attempted this question and it was poorly answered as the candidate could not demonstrate the key components/elements of the cashflow. The additional information provided was not used.

QUESTION FOUR

The general performance on this question was very poor. The 2 candidates that attempted the question failed to achieve a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 0%. The lowest scored 2, while the highest scored 3 out of 20 marks. Candidates could not calculate the ratios as they appear to have limited knowledge.

This was a 20-mark which required candidates to explain the primary objective of most public sector entities as well as use the financial information that was provided to compute various ratios. Candidates were further required to comment on major areas of performance in the given scenario.

QUESTION FIVE

The general performance on this question was excellent. Both candidates that attempted the question managed to obtain 16 marks out of the 20 available marks. A pass rate of 100% was recorded.

This was a 20-mark question on GFS and integrated reporting. Specifically, the question required the candidates to:

(a) Prepare a response for the Minister outlining the objectives of GFS and how government makes use of the financial information provided by IPSAS reporting framework.

(a) Explain areas where integrated reporting has benefited organizations and the common weaknesses with implementing Integrated Reporting.

Both candidates who sat made an attempt on this question. The performance was very good as both candidates scored 16 out of 20 giving 80% score and 100% pass rate. However, candidates demonstrated limited knowledge on common weaknesses of integrated reporting.

Overall performance of candidates

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