



DECEMBER 2022 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN PUBLIC SECTOR FINANCIAL MANAGEMENT

## **SUBJECT: PFM 1 – PUBLIC SECTOR ACCOUNTING**

### **QUESTION ONE**

The general performance on this question was very 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 19, whilst the highest was 34 out of the available 40 marks.

This was a compulsory 40 Marks question mainly on the role of Ministry of Finance, Controlling Officers and Internal Auditors. It also covered some aspects of components of the public sector, qualitative characteristics of General-Purpose Financial Reports (GPFRs) as well as meaning of budget deficit.

Generally, candidates had limited understanding of the components of the public sector. Some candidates were so brief and failed to be guided by the mark allocation as guidance to how much time to spend and level of details to be provided.

### **QUESTION TWO**

The general performance on this question was excellent. 3 of the 3 candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 100% was recorded. The highest score was 20 out of 20 marks while the lowest was 14.

This was an optional 20-mark question on the government financial system with regards to the function, role and processes. The candidates scored extremely well on this question.

### **QUESTION THREE**

The general performance on this question was excellent. The lone candidate that attempted the question managed to obtain at 13 marks out of a total of 20 available marks. A pass rate of 100% was recorded.

This was an optional 20-mark question on accounting principles, policies and concepts. The only candidate who attempted this question scored poorly and was below average. However, the candidate had challenges to distinguish between accounting principles and accounting concept.

### **QUESTION FOUR**

The general performance on this question was excellent. The 2 candidates that attempted the question managed to obtain at 13 marks each out of the total of 20 available marks. A pass rate of 100% was recorded.

This was an optional 20-mark question on chart of accounts and computerized accounting system. The general performance on this question was average. Two candidates attempted the question and both scored above average. Both candidates demonstrated understanding of the question.

### **QUESTION FIVE**

The general performance on this question was excellent. All the 3 candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 100% was recorded. The highest score was 18 out of 20 marks while the lowest was 16.

This was an optional 20-mark question on the benefits, challenges and recommendations of implementing Treasury Single Account (TSA). The general performance on this question was extremely excellent. All the candidates attempted the question and passed.

#### **Overall performance of candidates**

Highest mark obtained in this paper: **81%**

Lowest mark obtained in this paper: **64%**

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 excellent. The lone candidate that attempted the question achieved a pass (obtained 35 out of the available 40 marks), representing a pass rate on the question of 100%.

This was a compulsory question with four parts. The first part required the students to explain the importance of the Constitution. The second part required them to discuss the Constitution, Acts of Parliament and Delegated Legislation as a source of law in Zambia. The third part required them to illustrate the supremacy of the Zambian Constitution with reference to the case of Christine **Mulundika V Attorney General**. The fourth part required them to distinguish between Constitutional Supremacy and Parliamentary Supremacy. All parts were fairly answered by the students.

### **QUESTION TWO**

The general performance on this question was excellent. The lone candidate that attempted the question managed to obtain at 20 marks out of a total of 20 available marks. A pass rate of 100% was recorded.

The question was on Separation of Powers and Judicial Review. There was only one candidate and the candidate did not face any challenge. The candidate passed the question.

### **QUESTION THREE**

The general performance on this question was excellent. The lone candidates that attempted the question managed to obtain 13 marks out of a total of 20 available marks. A pass rate of 100% was recorded.

This question demanded students to demonstrate knowledge on how the public procurement authority is controlled by parliament in Zambia. The candidate was able to deal with this question. The student was also able to discuss the process of supervision by parliament in full. The way forward for all prospective candidates is to take enough time to study the topic and be able to support their answer with legal authorities. Future students are advised to revise the topic and appreciate all its incidents. The Zica manual is adequate for this topic.

#### **QUESTION FOUR**

This question was not attempted by a candidate.

#### **QUESTION FIVE**

The general performance on this question was excellent. The lone candidate that managed to obtain at 18 marks out of a total of 20 available marks. A pass rate of 100% was recorded.

The Question was on Separation of Powers as well with declaration of mandatory order. The candidate answered it well. In future examiners should avoid repeating questions.

#### **Overall performance of candidates**

Highest mark obtained in this paper: **86%**

Lowest mark obtained in this paper: **86%**

Overall pass rate in this paper: **100%**

## **SUBJECT: PFM3 - GOVERNANCE AND MANAGEMENT IN PUBLIC SECTOR**

### **QUESTION ONE**

The general performance on this question was excellent. The candidates that attempted the question achieved a pass (obtained 26 out of 40 marks), representing a pass rate on the question of 100%.

This question had four parts: (a), (b), (c) and (e). The question was a case study compulsory with 40 marks, and the candidates managed to answer almost all the parts effectively

Part (a) asked the candidates to outline five (5) descriptions and four (4) importance of Internal Audit

Part (b) asked the candidates to discuss five (5) benefits of automating procurement procedures.

Part (c) requested candidates to discuss any five (5) benefits of good contract management in Government.

Part (d) requested candidates to discuss, with examples, three (3) practices and behaviors undermining ethics, accountability, transparency, integrity and professionalism in most public institutions.

Part (e) requested candidates to Define corporate ethics.

The Candidate just needed to be more forecast on following instruction on the number of required points. Could have gotten more if instructions were followed.

### **QUESTION TWO**

The general performance on this question was excellent. 1 of the 1 candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 100% was recorded. The highest score was 14 out of 20 marks.

This had four parts: (a), (b), (c) and (d). The question was on strategic planning and the candidate managed to get 14 out 20.

### **QUESTION THREE**

The general performance on this question was excellent. The lone candidate obtained 14 marks on the question, resulting in a pass rate of 100%.

This question had two parts: (a) and (b) and it was on Characteristics of an organization and the structures.

## **QUESTION FOUR**

The general performance on this question was excellent. The candidates that attempted the question managed to obtain at 18 marks out of a total of 20 available marks. A pass rate of 100% was recorded.

This question had three parts: (a) and (b). The question on policy formulation and contract management. The candidate was able to score 18 out of 20.

## **QUESTION FIVE**

This question was not attempted by a candidate.

### **Overall performance of candidates**

Highest mark obtained in this paper: **72%**  
Lowest mark obtained in this paper: **72%**  
Overall pass rate in this paper: **100%**

## **SUBJECT: PFM4 – PUBLIC SECTOR FINANCIAL MANAGEMENT**

### **QUESTION ONE**

The general performance on this question was very poor. None of the 2 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 0%. The lowest score was 15, whilst the highest was 17 out of the available 40 marks.

The common mistakes included wrong calculation of the payback period of the tollgate by either using the traditional method or the discounted payback period method. They were supposed to calculate the toll fees and savings on maintenance when calculating the payback period using the traditional method which they failed to do.

### **QUESTION TWO**

The general performance on this question was excellent. Both candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 100% was recorded. The highest score was 14 out of 20 marks while the lowest was 12.

The common mistakes include:

- (a) The major differences between these revenue and capital expenditure were not highlighted. These include (1) Timing (2) Consumption and (3) Size which may depend on the capitalization policy. Other differences were highlighted except for the above mentioned. Students could not explain or distinguish the difference between (i) Consolidated Bonds (ii) Government Bonds (iii) Treasury Bills and (iv) Kwacha Bridging Loan.
- b) Some candidates failed to clearly explain the reasons as to why Government Borrow.
- c) Various government securities which constitute the public debt of a country were not well explained.

### **QUESTION THREE**

No candidate attempted this question.

### **QUESTION FOUR**

The general performance on this question was excellent. 2 of the 2 candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 100% was recorded. The highest score was 19 out of 20 marks while the lowest was 14.



The common mistakes include:

(a) Candidates were unable to explain why a government can run a Budget Surplus. Points such as slowing down expenditure and in turn slowing down economic activity are one such reason which should have come out in explaining the running of a Budget Surplus. This is done to reduce INFLATION in a situation where inflation is high.

(b) Examples of Domestic Income Tax were given. These included (i) Company Income Tax (ii) PAYE (iii) Withholding Tax (iv) Mineral Royalty Tax Other Domestic Income Taxes such as Value Added Tax, Customs and Excise and Non Tax Revenue were all listed. The problem was with explanations. The items were not well explained.

(c) A few candidates still has difficulties in identifying the Stages of the Budget Cycle. Basically there are four stages. These are: (1) Budget Execution (2) Budget Enactment (3) Budget Execution (4) Budgeting auditing and assessment.

## **QUESTION FIVE**

The general performance on this question was excellent. Both candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 100% was recorded. The highest score was 18 out of 20 marks while the lowest was 17.

The common mistakes include:

(a) Candidates were not able to explain performance management properly.

(b) Some candidates failed to clearly state the 5 (five) elements that suggest how an organization can implement the performance management cycle.

(c) The five elements that an organization can implement were not clearly identified. The four types of indicators did not also come out

### **Overall performance of candidates**

Highest mark obtained in this paper: **65%**

Lowest mark obtained in this paper: **61%**

Overall pass rate in this paper: **100%**

## **SUBJECT: PFM5 - PUBLIC SECTOR AUDITING**

### **QUESTION ONE**

The general performance on this question was excellent. 1 out of the 1 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 100%. The lowest score was 17 out of the available 40 marks.

#### **Part (a)**

This part of the question required an explanation of the responsibilities of the OAG's office and the PAC in public sector auditing in Zambia.

The candidate scored more than half the available marks and had no problem answering this part of the question.

#### **Part (b)**

This question required candidates to explain ethical matters in the scenario in part (i) and to suggest suitable safeguards in section (ii).

The candidate explained less than the expected ethical matters and scored half the available marks.

#### **Part (c)**

This part of the question required candidates to discuss methods that can be used to gather sufficient appropriate audit evidence in the audit of the financial statements of the Ministry of Finance. The candidate answered this question satisfactorily and scored almost all the available marks.

#### **Part (d)**

This part required candidates to define audit risk giving a relevant example. The candidate failed to correctly define audit risk and give an example and so lost all the available marks.

#### **Part (e)**

This part required an explanation of audit risks from the information in the scenario. The candidate scored poorly in this part of the question. It was observed that the candidate explained ethical issues in answering this part of the question.

#### **Part (f)**

This part of the question required candidates to explain audit procedures to be performed on completeness of the related party disclosures in the financial statements. The candidate could not correctly explain the four audit procedures and lost all the available marks. It is clear that the candidate does not understand the audit procedures.

## **QUESTION TWO**

The general performance on this question was excellent. 1 of the 1 candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 100% was recorded. The highest score was 15 out of 20 marks.

### **Part (a)**

- (i) This part of the question required an explanation of transparency and accountability in public expenditure. This part was well answered with the candidate scoring maximum marks.
- (ii) This part required an explanation of how the Sai helps those responsible for governance of public institutions fulfill their duty. The candidate scored maximum marks in answering this question.

### **Part (b)**

- (i) This part of the question required candidates to explain the fundamental ethical principles that have been compromised in the scenario given. The candidate performed well and scored more than 75% of the available marks.
- (ii) This part required candidates to explain the meaning of professional judgement and professional skepticism. The candidate tried to explain professional judgment but showed lack of understanding of the meaning of professional skepticism and so lost the marks allocated to this.

## **QUESTION THREE**

The general performance on this question was very poor. 0 of the 1 candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 0% was recorded. The lowest score was 8 out of 20 marks.

### **Part (a)**

This part required candidates to describe the stages of forensic investigation assignment in the scenario. The candidate scored less than half the marks allocated to this part of the question. The candidate could not explain to the expected standard the stages of the forensic investigation using the information in the scenario.

### **Part (b)**

This part of the question required candidates to evaluate the system in question using value for money principles as follows:

- (i) Economy
- (ii) Efficiency
- (iii) Effectiveness

Part (c)

This part of the question required candidates to explain three elements of quality control in accordance with ISSAI 40 *Quality Control*. This is a knowledge based question and the candidate could not explain the elements of quality control signifying that they do not understand the provisions of ISSAI 40 *Quality control*. The candidate lost all the available marks in this part of the question.

#### **QUESTION FOUR**

The general performance on this question was excellent. 1 of the 1 candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 100% was recorded. The highest score was 12 out of 20 marks.

The candidate scored more than half the available marks in this question.

Part (a)

This part of the question required candidates to define cyber-crime and also explain the main threats posed by cyber-crime. The candidate scored more than 75% of the marks in this part.

Part (b)

(i) This part required a formulation of appropriate analytical procedures to meet the audit objectives as given in the question.

The candidate seemed not to understand analytical procedures and scored 2 of the 8 available marks. The candidate explained analytical procedures instead of dealing with how they could be applied to the question.

(ii) This part required an explanation of the accountability triangle. This part was well answered with the candidate scoring maximum marks.

#### **QUESTION FIVE**

This is the optional question that was not attempted.

#### **Overall performance of candidates**

Highest mark obtained in this paper: **52%**

Lowest mark obtained in this paper: **52%**

Overall pass rate in this paper: **100%**

## **SUBJECT: PFM6 – FINANCIAL REPORTING FRAMEWORK FOR PUBLIC SECTOR ENTITIES**

### **QUESTION ONE**

The general performance on this question was excellent. 3 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 100%. The lowest score was 24, whilst the highest was 40 out of the available 40 marks.

This was a compulsory 40 Marks question mainly on the preparation of the statement of financial performance and statement of financial position for 31 December 2021 in accordance with IPSAS1. It also covered some aspects of internal and external users of General-Purpose Financial Reports (GPFRs) as well as qualitative characteristics of information included in the (GPFRs).

Part (a) required candidates to prepare (i) statement of financial performance for the year ended 31 December 2021; (ii) Statement of financial position. The candidate fairly did well on this area. However, candidates had challenges related to transaction items that required adjustments such as rental income, sales revenue, capital grants, depreciation, materials and services, investment property, property, plant and equipment and revaluation reserves.

Part (b) required candidates to provide a list of internal and external users of GPFR). The candidate answered this part very well.

Part (c) required candidates to explain faithful representation, comparability and timeliness. This part recorded average performance mainly because candidates focused on their own understanding of the terminologies rather than the key technical jargons that merits the marks.

### **QUESTION TWO**

The general performance on this question was very poor. 0 of the 3 candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 0% was recorded. The highest score was 9 out of 20 marks while the lowest was 2.

This was an optional 20-mark question on different IPSASs to explain accounting treatment of four transactions. It also covered the relationship between IFAC and IPSASB as well as the publications issued by IPSASB. The candidates scored extremely badly on this question.

Part (a) required candidates to explain the relationship between IFAC and IPSASB. Candidates exhibited lack of knowledge on this part and can be encouraged to study extensively.

Part (b) required candidates to explain any two types of publications developed and issued by IPSASB. This part was fairly done as candidates were able to pick up easy marks by mere mentioning of standards applicable for public sector entities. However, a significant number of candidates struggled to respond to this part of this question.

Part (c) required candidates to explain the accounting treatment of the four transactions that were given in the scenario in accordance with IPSASs. This part was the worst performed section as candidates could neither refer to any IPSASs standards nor relate to the given scenario.

### **QUESTION THREE**

The general performance on this question was excellent. 1 of the 1 candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 100% was recorded. The highest score was 12 out of 20 marks.

This was an optional 20-mark question on preparing journal entries for the given transactions and explains the main elements of IPSAS 20. The candidate scored extremely badly on this question.

Part (a) required candidates to prepare journal entries for the given transactions before consolidating them in the financial statements. The candidate fairly performed the required computations and did prepare the journal entries.

Part (b) required candidates to explain the main elements of IPSAS 20. The candidate performed badly on this part as most of the limited responses provided were not in sync with the question requirement.

### **QUESTION FOUR**

The general performance on this question was good. 1 of the 2 candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 50% was recorded. The highest score was 16 out of 20 marks while the lowest was 6.

This was an optional 20-mark question on accounting ratios. It also covered the performance measurement in the public sector.

Part (a) required candidates to calculate the accounting ratios. This part was well done though few candidates had challenges with correct substitution.

Part (b) required candidates to comments on the profitability and liquidity ratios for the two years. This part was not well responded to as the two candidates were

unable to provide meaning interpretations of the calculated figures and they just recited the figures.

Part (c) required candidates to explain the weaknesses that exist in measuring the performance of the public sector. The performance on this part of the question was below average because both candidates were unable to unleash the required responses.

Part (d) required candidates to explain the advantages of measuring the performance of RDA using BSC. This part was well done as the candidates were able to relate to the scenario and brought out relevant points.

## **QUESTION FIVE**

The general performance on this question was good. 2 of the 3 candidates that attempted the question managed to obtain at least 10 marks out of a total of 20 available marks. A pass rate of 50% was recorded. The highest score was 14 out of 20 marks while the lowest was 8.

This was an optional 20-mark question on governance issues in the financial reporting of the government in the question.

Part (a) required candidates to discuss the governance issues regarding the financial reporting in government x. This part was badly performed because almost all the candidates could hardly make reference to the scenario and if they did, could not substantively respond to the question requirement.

Part (b) required candidates to the risks associated with revenue accounting for government x and they could have been mitigated. This part was well responded to as the candidates were able to provide meaningful risks and proposed well thought out recommendations to address them.

### **Overall performance of candidates**

Highest mark obtained in this paper: **55%**

Lowest mark obtained in this paper: **42%**

Overall pass rate in this paper: **67%**