



**Prof Johan Burger**

**2017 Managing Institutional Capacity 1  
Diploma Programme in Public Accountability  
Module code 13 206 171; twenty credits**

**PART A: US 119331 Study material**



- **Pre-recorded telematic session**
- **Slides (website)**
- **Learner guide**



## Follow-up on aspects discussed in class

- US119331 – errors in Learner Guide
- US119331 - Some additional slides based on explanations



## Errors in US 119331 Learner Guide

P20:  $AAI + ACP - APP = 48 \text{ days} + 79 \text{ days} - 66 \text{ days} = 61 \text{ days}$

*This means that from the date that a municipality puts cash into its operating cycle, it takes on average ~~87~~ 61 days before the cash is back for use by the municipality.*

P26: Example 1.3 solution: Correct solution SLIDE 24 PAGE 12 OF SLIDES DOCUMENT

P35: See missing minus signs in first two equations

P37 – 47: Ignore all. Statements are outdated and calculations full of errors. Use SLIDES 31 – 43 PAGES 16 – 22 OF SLIDES DOCUMENT

## Errors in US 119331 Learner Guide



P52: Paragraph 5.4.9. Example 2.4 solution. See missing minus signs in equation. See SLIDE 50 PAGE 25 OF SLIDES DOCUMENT for position of minus signs

P52: Paragraph 5.4.9.3. Calculations:

Full amount owing 100,000

Discount received if paid in 10 days (2,000)  $(100,000 \times 2\%)$

Interest payable on borrowing 805.48  $(98,000 \times 15\% \times 20/365)$

R98,805.48

P53: Paragraph 5.4.9.6. In terms of creditors aging, the MFMA Section 65 and 140 require municipalities to ~~collect~~ pay debt within 30 days ...

## Errors in US 119331 Learner Guide



P65 – 68: Examples 3.1 and 3.2 solutions: Full of errors, rather use SLIDES 61 – 70 PAGES 31 – 35 OF SLIDES DOCUMENT

P113: Paragraph 5.1.5. Example 4.2 solution:

Calculation of “Carrying Cost” is incorrect:

Carrying cost =  $R400 \times 12 \text{ months} \div 3000 \text{ bulbs} = R1.60$  per bulb. See SLIDE 86 PAGE 43 OF SLIDES for correct answers to exercise

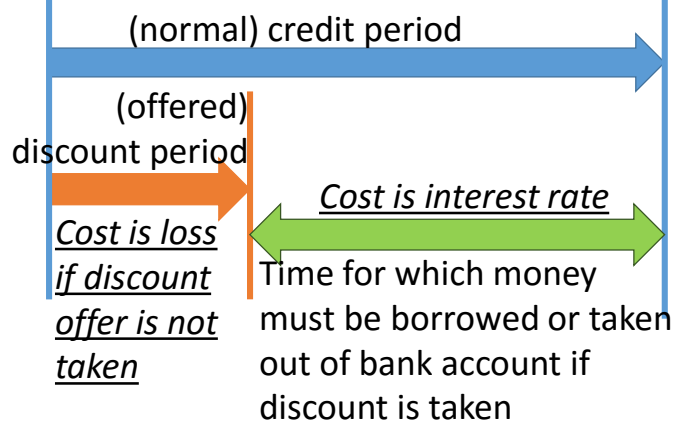


## Additional Explanations: Cost to give up discount

$$\frac{\text{Discount \%}}{\text{Discount \%}} \times \frac{365 \text{ days}}{\text{Credit period} - \text{Discount period}} \times 100 \quad 100\% -$$



Purchase date





## Additional Explanations: Annual debtors collection rate

= Last 12 months' receipts X 100  
Last 12 months billed

- In practice the writing off of bad debt is added back before this rate is calculated. The notes to the financial statements provide that amount, it is not in the statements itself.



- Last 12 months' receipts:

(Trade receivables from exchange transactions PLUS Trade receivables from non-exchange transactions of PREVIOUS year in Statement of Financial Position)

+

( Property Rates + Service Charges + Interest Earned from Outstanding Receivables of CURRENT year in Statement of Financial Performance)

-

((Trade receivables from exchange transactions PLUS Trade receivables from non-exchange transactions of CURRENT year in Statement of Financial Position)

- Last 12 months billed: Same as



## Performance Assessment: Assignment



- Written individual assignment to measure the ability to apply the knowledge in practice submitted on SUNLearn – First submission closing 31 May 2017:
- PART A (US 119331 Outcomes 1, 4 and 5): Explain in approximately 250 words what policies and strategies are in place in your organisation for working capital management and cash management; Calculate preparation of inventory ledger account and inventory economic order quantity and reorder point on the template provided on the online platform.

To calculate:



Calculate preparation of inventory ledger account and inventory economic order quantity and reorder point based on the information below:

- **Use the weighted average method to calculate values for items on hand at the required issuing dates – use the last three digits of your student number in the place of XYZ:**



To calculate

3 January	Receipt	XYZ units at R18.00 each
9 January	Receipt	400 units at R22.00 each
12 January	Issue	380 units
16 January	Receipt	200 units at R23.00 each
23 January	Receipt	500 units at R20.00 each
25 January	Issue	400 units
26 January	Issue	200 units
30 January	Receipt	500 units at R21.00 each
6 February	Receipt	300 units at R24.00 each
8 February	Issue	800 units
13 February	Receipt	XYZ units at R25.00 each
20 February	Receipt	XYZ units at R24.00 each
27 February	Receipt	XYZ units at R26.00 each



To calculate

**Calculate economic order quantity and reorder point for the following. use the last three digits of your student number in the place of XYZ:**

Notsorich Local Municipality uses XYZ bags of a certain chemical per day for water purification. Assume 365 days per year. Ordering cost is R1 400 and the store can hold maximum 10 000 bags. Storage space cost R5 000 per month. Lead time for delivery by the supplier is 7 days. Calculate EOQ and reorder point

*Show your calculations*

## Performance Assessment: Examination



Participants will be assessed by means of the following methods:

- Open book controlled individual written assessment to determine competence in use of techniques and applications and insight into theory – First opportunity 12 June 2017:
- PART A (US 119331 Outcomes 1 to 3): Calculation of working capital cycle and investment in working capital; ratio-analysis and interpretation (5 liquidity and 1 debt ratios); calculation of cost to give up discount (35 marks)

## PART B: US 119341 Study material



- **Pre-recorded telematic session**
- **Slides (website)**
- **Learner guide**



## PART B: US 119341 ASSIGNMENT



- **Explain your area of responsibility in the workplace (maximum ½ page)**
- **List all the functions and services (internal and/or external) you are involved in**
- **Allocate your time (per month or per year) to the services/functions by using percentages**
- **Select one of these services / functions and apply activity based costing (ABC) to the service/function. Discuss and interpret the findings and results of your ABC calculations**

## PART B: US 119341 ASSIGNMENT (Continued)



- **Apply the marginal costing approach to the selected service/function. Discuss and interpret the findings and results**
- **Apply variance analysis to the selected service/function by comparing the budget with the actual financial results. Discuss and interpret the findings and results of the variance analysis**

## **PART B: US 119341 EXAM**



- **Activity based costing**  
(pp29 – 38 , Case study 4 & slides)
- **Marginal costing & contribution income statement (contribution margin, breakeven point, margin of safety, operating leverage)**  
(pp65-72 ,pp80 – 87, Case study 1 & slides)
- **Variance analysis**  
(pp77 – 79 & slides)

## **PART C: US 119352 Study material**



- **Pre-recorded telematic session**
- **Slides (website)**
- **Learner guide**

## PART C: US 119352 ASSIGNMENT



- **List all the ICT applications & information systems that you use in the workplace**
- **Discuss why you use these applications & information systems in the functions / services you are involved in**

## PART C: US 119352 ASSIGNMENT (Continued)



- **Discuss how you use e-government and m-government in the functions/services you are involved in**
- **Discuss how ICT controls are applied in your area of responsibility in the workplace to manage and safeguard data and information**

## PART C: US 119352 EXAM



- **Information security management**  
(slides & pp111-131)
- **General controls – focus areas**  
(auditing slides)
- **Case study - people, procedures, ICT (case study slides)**

## PART C: US 119352 EXAM (Continued)



- **Information systems classification**  
(pp80 – 82, pp171-177 & slides)
  - **Knowledge management systems**
  - **Transaction processing systems**
  - **Decision support systems**
  - **Management information systems**
  - **Executive support systems**

# QUESTIONS



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