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**SOUTH AFRICAN QUALIFICATIONS AUTHORITY
REGISTERED UNIT STANDARD:**

Apply costing principles to municipal operational and service-based costing

SAQA US ID	UNIT STANDARD TITLE		
116340	Apply costing principles to municipal operational and service-based costing		
SGB NAME		REGISTERING PROVIDER	
SGB Public Administration and Management			
FIELD		SUBFIELD	
Field 03 - Business, Commerce and Management Studies		Public Administration	
ABET BAND	UNIT STANDARD TYPE	NQF LEVEL	CREDITS
Undefined	Regular	Level 6	11
REGISTRATION STATUS	REGISTRATION START DATE	REGISTRATION END DATE	SAQA DECISION NUMBER
Registered	2004-10-13	2007-10-13	SAQA 0256/04

PURPOSE OF THE UNIT STANDARD

This Unit Standard is intended for practitioners in local government who are involved in decision-making processes at operational, management and political levels.

The qualifying learner will be able to:

- Use relevant cost information in all areas of decision-making within local government.
- To determine the economic cost of the services in order to make informed decisions about service delivery.
- To analyse the apportionment of overheads in trying to determine the full costs of providing services.
- To decide on the efficiency of service provision by examining and comparing costs between services and service providers.
- To advise on service agreements between departments in order to improve the costing system of the municipality.

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

It is assumed that Learners are competent in:

- Communication at Level 4.
- Mathematical Literacy at Level 4.
- Economics at Level 4

UNIT STANDARD RANGE

The application of this Unit Standard is limited to a public sector organisation at the municipal level of government, and would not include costing of services at a national or provincial level.

UNIT STANDARD OUTCOME HEADER

N/A

Specific Outcomes and Assessment Criteria:

SPECIFIC OUTCOME 1

Compile and interpret a unit cost statement and apply the results in a decision-making process.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The unit costing approach to service delivery is explained in a municipal service delivery context.

ASSESSMENT CRITERION 2

The service measurement unit is identified in a municipal service delivery context.

ASSESSMENT CRITERION 3

The relationship between total cost of and unit cost is discussed in terms of service provision.

ASSESSMENT CRITERION 4

The method of unit costing is evaluated within the decision-making context.

ASSESSMENT CRITERION 5

The importance of using marginal costs is explained as part of the decision-making process.

ASSESSMENT CRITERION 6

A unit cost statement is compiled in relation to a specific decision problem.

ASSESSMENT CRITERION 7

Decisions relating to cost-efficiency and value for money are made on the basis of the unit cost statement.

SPECIFIC OUTCOME 2

Identify the strengths and weaknesses of recognised approaches to efficiency comparisons.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The concept of efficiency is interpreted within the framework of service delivery in municipalities.

ASSESSMENT CRITERION 2

Efficiency indicators are identified and listed for appropriate use in a municipal context.

ASSESSMENT CRITERION 3

The importance of benchmarking is identified and explained within a municipal context.

ASSESSMENT CRITERION 4

A cost effectiveness approach is used to evaluate different options of service delivery.

ASSESSMENT CRITERION 5

Benchmarking methods are critically discussed in terms of their strengths and weaknesses for process in a municipal service provision context.

ASSESSMENT CRITERION 6

The cost effectiveness analysis is evaluated in terms of its strengths and weaknesses for process in a municipal service provision context.

ASSESSMENT CRITERION 7

The use of a cost benefit analysis in evaluating social efficiency and effectiveness of service delivery is appraised in terms of its viability in a municipal provision context.

ASSESSMENT CRITERION 8

Efficiency indicators and performance management are compared in terms of the links between the two.

SPECIFIC OUTCOME 3

Apportion overhead costs efficiently in a municipal specific context.

ASSESSMENT CRITERIA**ASSESSMENT CRITERION 1**

The importance of apportioning overhead costs to a specific service is commented on in relation to the decision-making context.

ASSESSMENT CRITERION 2

The allocation bases are commented on in terms of apportioning service overheads.

ASSESSMENT CRITERION 3

Types of overhead costs are identified in relation to delivering a specific service.

ASSESSMENT CRITERION 4

The most appropriate allocation base for the overhead cost is determined in line with sound costing principles and management information policy.

ASSESSMENT CRITERION 5

The basis is calculated for an overhead recovery rate.

ASSESSMENT CRITERION 6

A calculated overhead recovery rate of a municipal service is interpreted to facilitate decision-making.

ASSESSMENT CRITERION 7

The use of Service Level Agreements to solve the problem of costing in support and administrative service sections of a municipality is explained using examples where the situation

was improved by the practice.

SPECIFIC OUTCOME 4

Recognise the importance of classifying costs by behaviour.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

Cost behaviour is recognised within a local government context.

ASSESSMENT CRITERION 2

Cost drivers are identified for each specific municipal service.

ASSESSMENT CRITERION 3

Cost drivers are classified according to their effects on different costs categories.

ASSESSMENT CRITERION 4

A distinction is made among various types of costs in the municipal organisation.

ASSESSMENT CRITERION 5

Costs are classified by their behaviour in line with sound costing principles and management information policy.

ASSESSMENT CRITERION 6

The relationship between cost drivers and municipal service levels is indicated within a municipal context.

ASSESSMENT CRITERION 7

The behaviour of costs and their related cost drivers is interpreted in making decisions on service levels.

SPECIFIC OUTCOME 5

Identify difficulties of classifying costs by behaviour in a municipal financial management system.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The relationship between the budgeting format and the costing system is explained within a municipal context.

ASSESSMENT CRITERION 2

The differences between budget control and cost control are discussed for a municipal service delivery process.

ASSESSMENT CRITERION 3

The cost control approaches are applied in municipal expenditure management.

ASSESSMENT CRITERION 4

Classifying costs by behaviour in a municipal financial management system are explained in terms of the difficulties of using this approach.

ASSESSMENT CRITERION 5

Changes to the financial management and budgeting system are recommended in line with supporting effective cost classification for a municipality organisation

SPECIFIC OUTCOME 6

Understand the benefits and limitations of classifying costs by relevance to the decision consideration.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

Cost information for the decision-making in a municipality is analysed in terms of the value it provides.

ASSESSMENT CRITERION 2

The benefits of cost classification for a specific decision are identified using a costing matrix.

ASSESSMENT CRITERION 3

The relationship between the purpose of decision-making and cost behaviour is discussed with specific reference to municipality operational circumstances.

ASSESSMENT CRITERION 4

Cost classification for decision-making are commented on in terms of the limitations they have for municipal financial management.

UNIT STANDARD ACCREDITATION AND MODERATION OPTIONS

- An individual wishing to be assessed (including through RPL) against this Unit Standard may apply to an assessment agency, assessor or provider institution accredited by the relevant ETQA, or an ETQA that has a Memorandum of Understanding with the relevant ETQA.
- Anyone assessing a learner against this Unit Standard must be registered as an assessor with the relevant ETQA, or an ETQA that has a Memorandum of Understanding with the relevant ETQA.
- Any institution offering learning that will enable achievement of this Unit Standard or assessing this Unit Standard must be accredited as a provider with the relevant ETQA, or an ETQA that has a Memorandum of Understanding with the relevant ETQA.
- Moderation of assessment will be conducted by the relevant ETQA at its discretion.

UNIT STANDARD ESSENTIAL EMBEDDED KNOWLEDGE

- Legislation pertaining to municipal budgeting.
- The process of budgeting at a municipal level.
- The role costing plays in the budgeting process.

UNIT STANDARD DEVELOPMENTAL OUTCOME

N/A

UNIT STANDARD LINKAGES

N/A

Critical Cross-field Outcomes (CCFO):

UNIT STANDARD CCFO IDENTIFYING

Identify and solve problems using critical and creative thinking processes, e.g. by trying to choose between costing methods.

UNIT STANDARD CCFO WORKING

Work effectively with others as a member of a team, group, organization or community, e.g. through communicating with others regarding costing methodology.

UNIT STANDARD CCFO ORGANISING

Organise and manage oneself and one's activities responsibly and effectively, e.g. through the demonstration of accuracy in all costing processes.

UNIT STANDARD CCFO COLLECTING

Collect, analyse, organise and critically evaluate information, e.g. through collecting all the factors to be included in calculating the cost of an item.

UNIT STANDARD CCFO COMMUNICATING

Communicate effectively using visual, mathematical and / or language skills in the modes of oral and/or written persuasion, e.g. through advising and motivating others with regard costing options.

UNIT STANDARD CCFO SCIENCE

Use Science and technology effectively and critically, showing responsibility to the environment and health of others, e.g. use appropriate computer software for cost calculation, data capturing and document storage purposes.

UNIT STANDARD CCFO DEMONSTRATING

Demonstrate an understanding of the world as a set of interrelated systems by recognising that problem-solving contexts do not exist in isolation, e.g. in keeping in mind that accurate costing of services affects the financial well being of not only the municipality but the country as a whole.

UNIT STANDARD CCFO CONTRIBUTING

Participating as responsible citizens in the life of local, national and global communities, e.g. acting as custodian of ethical behaviour and maintaining a high Level of commitment to providing accurate costing input into the budgeting process.

UNIT STANDARD ASSESSOR CRITERIA

N/A

UNIT STANDARD NOTES

N/A

QUALIFICATIONS UTILISING THIS UNIT STANDARD:

	ID	QUALIFICATION TITLE	LEVEL	STATUS	END DATE
Core	48965	Certificate: Municipal Financial Management	Level 6	Registered	2007-10-13
Elective	49554	National Diploma: Public Finance Management and Administration	Level 5	Registered	2008-06-15

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