



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

CLASSIFICATION CIRCULAR 9

ADJUSTMENTS TO THE STANDARD CHART OF ACCOUNTS (SCOA)

PURPOSE

1. The purpose of this circular is to inform all government financial practitioners of the changes made to the SCOA with effect from 1 April 2011 of the 2011/2012 financial year.
2. Reasons for the amendments to the SCOA are provided along with an illustration of the impact thereon on the respective segment. Items shown in **red** indicates that the item has been removed/deleted, **blue** indicates that the item has been changed/re-named, while **green** implies that a new item has been created/added.

FUND SEGMENT

3. This segment has been aligned to the published Appropriation and Division of Revenue Bills for 2011.

OBJECTIVE SEGMENT

4. Programme structures of national and provincial departments were updated and aligned to the budget statements of departments as tabled in Parliament and the Legislatures.
5. Where a programme and subprogramme name changed, the entire programme and its subprogrammes were recreated in the financial system. Departments must activate the entire new structure and re-link the codes to the various transversal systems for interfaces.

RESPONSIBILITY SEGMENT

6. This segment is non-standardised; therefore departments need to amend the structure according to their needs in terms of the requirements of their organisational structure.
7. Consequently no changes were made by the National Treasury to this segment of the chart.

ITEM SEGMENT

Compensation of employees

8. The item FOREIGN ALLOWANCE SOUTH AFRICAN OFFICIALS/CHILDREN ALLOWANCE under the OTHER NON-PENSIONABLE ALL (RESIDENTS) category was removed as it was incorrectly placed on the structure. The item has been added to the category SALARIES AND WAGES: FOREIGN ALLOWANCE SOUTH AFRICAN OFFICIALS.

An illustration of the amended items for foreign allowance SA officials child allowance

4	5	6	7	8	9	10	11	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
SALARIES AND WAGES								430	N	4
SALARIES & WAGES IN CASH								447	N	5
SALARIES & WAGES RESIDENTS								448	N	6
SAL&WAGES:REMUNERATION (RES)								451	N	7
SAL&WAGES:NON PENSIONABLE(RES)								453	N	8
SAL&WAGES:OTH NON-PENS ALLOW:RES								458	N	9
S&W: F ALL SA OFF/CHILD (RES)								3118	Y	10
S&W: FOREIGN ALL SA OFFICIALS								459	N	10
S&W: F ALL SA OFF/CHILD								314	Y	11

9. The item for Home Owners Allowance has been changed to align it to the current Resolutions that the Department of Public Service and Administration (DPSA) has issued.

An illustration of the amended items for housing allowance

4	5	6	7	8	9	10	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
SALARIES AND WAGES							430	N	4
SALARIES & WAGES IN CASH							447	N	5
SALARIES & WAGES RESIDENTS							448	N	6
SAL&WAGES:REMUNERATION (RES)							451	N	7
SAL&WAGES:PENSIONABLE(RES)							453	N	8
SAL&WAGES:NON PENSIONABLE(RES)							458	N	8
S&W:HOUSING ALLOWANCE (RES)							487	Y	10

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Goods and services

Assets < R5000

10. A new category for minor Heritage Assets (value less than R5000 when purchased) has been added to the chart. The category for major Heritage assets already existed under PURCHASE/CONSTRUCTION CAPITAL ASSETS.
11. An asset is classified as a “heritage asset” because of its cultural, environmental, historical, natural, scientific, technological or artistic significance and is held indefinitely for the benefit of present and future generations.

An illustration of the amended items for heritage assets less than R5000

3	4	5	6	7	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL	
					GOODS AND SERVICES	365	N	3
					ASSETS <R5000	394	N	4
					TANGIBLE ASSETS<R5000	426	N	5
					HERITAGE ASSET<R5000	3160	N	6
					HER/ASS<R5000:ARCHIVES	3161	Y	7
					HER/ASS<R5000:OTH ANTQU&CLLCTBLS	3162	Y	7
					HER/ASS<R5000:PAINTINGS	3163	Y	7
					HER/ASS<R5000:SCULPTURES	3164	Y	7
					HER/ASS<R5000:STATE JEWELLERY	3165	Y	7
					HER/ASS<R5000:WORKS OF ART	3166	Y	7

12. A new category for traffic law enforcement equipment has been created. These are manned or unmanned devices to monitor speeding and highway-rail road crossings within the context of the law. They also include oral fluid screening devices.

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An illustration of the amended items for traffic law enforcement assets less than R5000

3	4	5	6	7	8	9	10	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
								365	N	3
								394	N	4
								426	N	5
								436	N	6
								2496	N	7
								497	N	8
								3131	N	9
								3132	Y	10
								3133	Y	10
								3134	Y	10
								3135	Y	10

An illustration of the amended items for traffic law enforcement assets more than R5000

4	5	6	7	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
				2569	N	3
				2570	N	4
				3141	N	6
				3142	Y	7
				3143	Y	7
				3144	Y	7
				3145	Y	7

Library books

13. The items used for the recording of the purchase of library books have been reviewed and amendments to the different categories along with the accounting and classification principles are provided below.

- a) Entities hold library books to provide a service to the community and therefore such books are viewed as assets. If the books are going to be used over more than one reporting period then the purchase of such books should be accounted for as the purchase of assets and the capitalisation threshold must be applied, which implies that books costing less than R5000 will be expensed as minor assets and recorded as such in the asset register, while books costing more than R5000 will be recorded as PAYMENTS FOR CAPITAL ASSETS and recorded in the major asset register.

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An illustration of the amended items for library book less than R5000

3	4	5	6	7	8	9	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
							365	N	3
							394	N	4
							426	N	5
							436	N	7
							2496	N	8
							2497	N	9
							3167	Y	9

An illustration of the amended items for library book more than R5000

4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
			2569	N	4
			2570	N	5
			3181	N	6

- b) Library books that meet the definition of an asset could also be classified as heritage assets, for example very old books kept in certain libraries. If a library book meets the definition of a heritage asset and cost less than R5000 it must be classified under HER/ASS<R5000: OTH ANTQU&CLLCTBLS and if it cost more than R5000 it must be classified as under OTHER ANTIQUE AND COLLECTABLES

An illustration of the amended items for heritage assets less than R5000

3	4	5	6	7	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
					365	N	3
					394	N	4
					426	N	5
					3160	N	6
					3162	Y	7

An illustration of the amended items for heritage assets more than R5000

2	3	4	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
			310	N	2
			313	N	3
			1478	N	4

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- c) If the books are not going to be used repeatedly and continuously for more than a year, then the books are not classified as assets. Library books falling in this category would typically be annual publications, magazines, periodicals, and such, must be expensed immediately under the item operating payments, O/P: LIBRARY MATERIAL

An illustration of the amended items for operating payments: library materials

3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
GOODS AND SERVICES			365	N	3
OPERATING PAYMENTS			389	N	4
O/P:LIBRARY MATERIALS			3182	Y	5

Contractors

14. A new item has been created for casual labourers. These are workers are appointed on an ad hoc casual basis who have an explicit or implicit contract of employment which is expected to last for a short period of time. The duration of the contract is determined by the circumstances and usually spans for just an hour, a few hours, a day, a week, or for the performance of specific tasks. This item excludes staff appointed on PERSAL as permanent, temporary and/or periodic.
15. These labourers perform the tasks on an "as needed" basis. There are no expectations for permanent or non-permanent employment from both parties. The main attribute is the absence of a continuing relationship. For example, a department buys paintings and gets some individuals to assist in hanging the paintings on the walls and then compensates them for the service.

An illustration of the amended items for contractors: casual labourers

3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
GOODS AND SERVICES			365	N	3
CONTRACTORS			402	N	4
CONTRCTRS:CASUAL LABOURERS			3168	Y	5

Fleet services

16. Fleet services are defined as costs relating to operation and maintenance of government vehicles. This item was previously utilised solely for Government Motor Transport (GMT). It has been amended to include all government vehicles, including ministerial vehicles as well as departmentally-owned vehicles. The departments should classify all expenditures relating to fleet vehicles under fleet services consistently for improved reporting.
17. There are other items similar to fleet service items under inventory (e.g. INVENTORY FUEL AND GAS: FUEL, OIL AND LUBRICANTS). These items are used to record bulk purchases, for example fuel for agriculture, household gas, etc. These items are only used by certain departments that purchase fuel in bulk as Inventory.

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18. If a department rents a vehicle and makes a series of payments to a fleet management company, the classification should be recorded as a lease payment. The department must determine if the lease is a finance or operating lease. Chapter 8 of the Departmental Financial Reporting Framework Guide issued by National Treasury provides guidance on how the correct classification of the lease payment can be determined. The principle guiding the classification in this instance is whether a substantial portion of all risks and rewards incidental to ownership of an asset are transferred to the department, in such instance the lease is classified as a finance lease, even though title may not eventually be transferred to the department. National Treasury provides accounting policies to departments on the treatment of such transactions and therefore does not review contracts on behalf of departments to determine if a lease the department has entered into is a finance lease or an operating lease. Professional judgment should be exercised in reaching such decisions.

An illustration of the amended items for fleet services: toll fees

3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
				365	N	3
			FLEET SERVICES(F/SER)	372	N	4
			F/SER:TOLL FEES	1865	Y	5
			FLEET SERVICES	415	N	5
			F/SER:TOLL FEES	3150	Y	6

19. The item for licence fees under fleet services has been removed as it was placed under this item for purposes of the systems interface; however the item should be classified as transfers and has been corrected accordingly. The item for PD: VEHICLE LICENCES (BAS code 2364) and MUN B/ACC: VEHICLE LICENCES (BAS code 2356) can be used to transact against this expenditure.

An illustration of the amended items for fleet services: licence fees

3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
				365	N	3
			FLEET SERVICES(F/SER)	372	N	4
			FLEET SERVICES	415	N	5
			F/SER:LICENCE FEES	2139	Y	6

Inventory

20. An item for INV F&G: CHEMICAL AND GAS has been re-named. This item is used to classify chemicals.

An illustration of the amended items for inventory: fuel, oil and gas

3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	GOODS AND SERVICES		365	N	3
	INVENTORY:FUEL, OIL AND GAS		375	N	4
	INV F&G:CHEMICALS		1847	N	5

21. An item has been removed for library. See number 13 above

An illustration of the amended items for inventory media collection: library books

3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	GOODS AND SERVICES			365	N	3
	INVENTORY:LEARN&TEACH SUPP MATER			376	N	4
	MEDIA COLLECTIONS			412	N	5
	INV MEDIA COLL:LIBRARY BOOKS			2384	Y	6

Rental and hiring

22. A new item for RENTAL AND HIRING has been created at the same level as LEASE PAYMENTS. Whilst lease payments involve agreements where a series of payments are made, Rentals and Hiring has been created for transactions that involve a once-off payment for the temporary use of an item which is owned by an external party.

23. The linking of an asset in the asset segment to the RENTAL AND HIRING payment is not required, as the assets do not belong to the department, however if a department chooses to link a rented/hired asset for purposes of improving reporting on rental/hiring such a link will be allowed. It must be noted that the approach must be consistently applied to all rented/hired asset. The National Treasury therefore proposes to link it to 'non-asset' related in the Asset segment.

An illustration of the amended item for rental and hiring

3	4	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	GOODS AND SERVICES	365	N	3
	RENTAL & HIRING	3169	N	4

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Travel and subsistence

24. The item DAILY ALLOWANCE under the category TRAVEL & SUBSISTENCE: DOMESTIC has been reviewed and adjusted to ensure alignment with the resolutions issued by DPSA. The posting level item T&S DOM: DAILY ALLOWANCE (2374) has been removed and has been replaced by a more detailed set of posting level items as indicated below.

An illustration of the amended items for travel and subsistence: daily allowance

3	4	5	6	7	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
					365	N	3
					387	N	4
					405	N	5
					2373	Y	6
					2374	Y	6
					3136	N	6
					3137	Y	7
					3138	Y	7
					3139	Y	7
					3170	Y	7

25. The definitions for the new items are provided below:

Special Daily allowance: This item is used to compensate employees for incidental expenses where actual travel expenses are claimed.

Fixed Daily allowance: This item is used in circumstances where actual travel expenses are not claimed.

Camping allowance: Daily allowance paid to camping personnel.

Separation Allowance: The allowance is paid to compensate an employee whose work requires considerable travelling for the disruption to her or his family life and for the inconvenience. For detail information, please refer to “Resolutions on Remunerative Allowances and Benefits and Financial Manual” issued by the DPSA.

26. The item for travel and subsistence for non-employees has been removed from the travel and subsistence category. This is the result of the creation of a new sub-category for non-employees which has been created.

27. A sub-category for non-employees has been created under the travel and subsistence category. The item is used for travel and subsistence paid to individuals that are not in the employment of a department.

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An illustration of the amended items for travel and subsistence: non-employees

3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
				365	N	3
				387	N	4
				1737	N	5
				3171	N	5
				3172	Y	6
				3173	Y	6
				3174	Y	6
				3175	Y	6
				3176	N	5
				3177	Y	6
				3178	Y	6
				3179	Y	6
				3180	Y	6

Transfer payments

28. Transfer payments descriptions have been aligned to the latest list of public entities listed in PFMA schedule 1, 2, 3A, 3B, 3C and 3D as at 31 December 2010. Details of additions, changes and deletions are available from the latest version of the chart.

Payments for capital assets

29. Changes on the following major assets are discussed above.

- a) Traffic law enforcement equipment
- b) Library books
- c) Library books that are also heritage assets

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Assets, liabilities and net assets

Assets

Current assets

30. The item staff debt under the category receivables has been renamed to cater for accounts specifically related to debt owed to the department.

An illustration of the amended items for departmental debt

1	2	3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
ASSETS, LIABILITIES & EQUITY						5	N	1
ASSETS						6	N	2
CURRENT ASSETS						45	N	3
CASH AND CASH EQUIVALENTS:CA						75	N	4
CASH&CASH EQUIVALENT:DOMESTIC:CA						146	N	5
DEPARTMENTAL DEBT:CA						96	N	6

Receipts

Tax receipts

31. The following revenue items have been created as per request from Provincial Revenue Forum (Liquor, Casino and Gambling) headed by the Intergovernmental Relations (IGR) section within National Treasury. These items emanates from different prescripts, such as National Liquor act of 2004 and Regulation Gazette No.26689.

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An illustration of the amended items for tax receipts

1	2	3	4	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	RECEIPTS			3	N	1
	TAX RECEIPTS			166	N	2
	CASINO TAXES			2681	N	3
			LIMITED PAY-OUT MACHINES	3183	Y	4
			BINGO	3184	Y	4
			SPECIALITY LICENSES	3185	Y	4
	HORSE RACING TAXES			2682	N	3
			BOOKMAKERS	3186	Y	4
			TOTALISATOR /RACE MEETINGS	3187	Y	4
	LIQUOR LICENCES TAX			304	N	3
			LIQ LIC:SPECIALITY EVENT	3188	Y	4
			LIQ LIC:ALTER/EXT OF REG PREMISE	3189	Y	4
			LIQ LIC:APP OF CONTR INTEREST	3190	Y	4
			LIQ LIC:TRANSFER FEES S15	817	Y	4
			LIQ LIC:APP FOR APP OF PERSON	3191	Y	4
			LIQ LIC:REG OF MICRO-MAN	3192	Y	4
			LIQ LIC:REG AS AUTH DEALER	3193	Y	4
			LIQ LIC:APP FOR PER TO MAN THE B	3194	Y	4

Sales of goods and services non capital assets

Registration receipts

32. A new item has been created under motor vehicle registration category as per National Road Traffic Act, No. 93 of 1996 Section 4. This payment is for registration of all motor vehicles operating on South African public roads. The vehicle is allocated a standard licence number which is a system generated number according to the format prescribed by each province.

An illustration of the amended items for motor vehicle registration receipts

1	2	3	4	5	6	7	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	RECEIPTS						3	N	1
	SALES GOODS & SERV NON CAP ASS						167	N	2
	SALE GOODS&SERV PRODUCED BY DEPT						261	N	3
	ADMINISTRATIVE FEES:RECEIPTS						264	N	4
	REGISTRATION:RECEIPTS						289	N	5
	MOTOR VEHICLE REGISTRATION						295	N	6
						MOTOR VEHCL STANDARD	3195	Y	7

Fines, penalties and forfeits

Adjustments to the Standard Chart of Accounts (SCOA) – Circular 9 issued 31 March 2011

33. New sub-categories have been created under the penalties category as per request from Provincial Revenue Forum (Liquor, Casino and Gambling) headed by the Intergovernmental Relations (IGR) section within National Treasury. These items emanates from different prescripts, such as National Liquor act of 2004 and Regulation Gazette No.26689.

An illustration of the amended items for fines, penalties and forfeits

1	2	3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	RECEIPTS				3	N	1
	FINES, PENALTIES AND FORFEITS				169	N	2
	PENALTIES				250	N	3
		PENALTIES ON CASINO TAXES			3196	N	4
		PENALTIES CASINO TAXES			3197	Y	5
		PENALTIES LTD PAY-OUT MACHINES			3198	Y	5
		PENALTIES BINGO			3199	Y	5
		PENALTIES SPECIALITY LICENSES			3200	Y	5
		PENALTIES ON HORSE RACING TAXES			3201	N	4
		PENALTIES HORSERACING TAXES			3202	Y	5
		PENALTIES BOOKMAKERS			3203	Y	5
		PENALTIES TOTALSTR /RACE MEETING			3204	Y	5

ASSET SEGMENT

Tangible capital assets

34. A new item has been created for library books. *Refer to paragraph 13.*
35. This item is non-posting level, therefore the department has to create its own posting level details. This item is used mainly in conjunction with the items stated in paragraph 13 of this circular.

An illustration of the amended items for library books more than R5000

1	2	3	4	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	TANGIBLE CAPITAL ASSETS			1	N	1
	MACHINERY & EQUIPMENT			7	N	2
	OTHER MACHINERY & EQUIPMENT			288	N	3
		LIBRARY BOOKS		534	N	4

36. A new category for traffic law enforcement has been added in the chart. The items in this category are non-posting level items; therefore the department has to create its own posting level details. These items are used mainly in conjunction with the items stated in paragraph 12 of this circular.

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An illustration of the amended items for traffic law enforcement equipment more than R5000

1	2	3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	TANGIBLE CAPITAL ASSETS				1	N	1
	MACHINERY & EQUIPMENT				7	N	2
	OTHER MACHINERY & EQUIPMENT				288	N	3
	TRAFIC LAW ENFORCEMENT				529	N	4
	SPEED MEASURING EQUIPMENT				530	N	5
	EYE TESTER MACHINE				531	N	5
	DRAGGER SCRENER(ALCHOHOL TESTER)				532	N	5
	BLUE LAMPS AND LIGHTS				533	N	5

Minor assets <R5000

37. The new category for heritage assets has been added in the chart. The items in this category are non-posting level items; therefore the departments have to create their own posting level details. These items are used mainly in conjunction with the items stated in paragraph 11 of this circular.

An illustration of the amended items for heritage assets less than R5000

1	2	3	4	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	MINOR ASSETS<R5000			352	N	1
	TANGIBLE ASSETS<R5000			353	N	2
	HERITAGE ASSET<R5000			535	N	3
	HER/ASS<R5000:ARCHIVES			536	N	4
	HER/ASS<R5000:OTH ANTQU&CLLCTBLS			537	N	4
	HER/ASS<R5000:PAINTINGS			538	N	4
	HER/ASS<R5000:SCULPTURES			540	N	4
	HER/ASS<R5000:STATE JEWELLERY			541	N	4
	HER/ASS<R5000:WORKS OF ART			542	N	4

38. A new item has been created for library books. This item is non-posting level items; therefore the departments have to create their own posting level details. This item is used mainly in conjunction with the items stated in paragraph 13 of this circular.

An illustration of the amended items for library books less than R5000

1	2	3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
						352	N	1
						353	N	2
						363	N	3
						369	N	4
						370	N	5
						543	N	6

39. A new category for traffic law enforcement equipment has been created. These items are non-posting level items; therefore the department has to create their own posting level details. These items are used mainly in conjunction with the items stated in paragraph 12 of this circular.

An illustration of the amended items for traffic law enforcement equipment less than R5000

1	2	3	4	5	6	7	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
							352	N	1
							353	N	2
							363	N	3
							369	N	4
							370	N	5
							524	N	6
							525	N	7
							526	N	7
							527	N	7
							528	N	7

REGIONAL IDENTIFIER SEGMENT

40. Changes have been made to align the current structure with the latest details from the Municipal Demarcation Board.

PROJECT SEGMENT

41. No changes have been made to this section of the chart.

FUTURE ARRANGEMENTS

42. The SCOA Committee has reached a decision to publish the chart and the circular once a month. Therefore the departments should take note of this decision, as it will affect the turn-around time of effecting changes on the chart in future.
43. Please contact the SCOA project team via the **SCOA call centre at (012) 315 5311**, or by sending a concise mail to scoa@treasury.gov.za if further clarity or discussion is required regarding the changes highlighted above.
44. For updated versions of the SCOA COR database and classification circulars please visit <https://scoa.treasury.gov.za/>

Regards,

SCOA Technical Committee

Date: 31 March 2011