



**national treasury**

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## **BAS RE-IMPLEMENTATION AND SCOA TONING – 01 APRIL 2017**

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### **PURPOSE**

The purpose of this communiqué is to inform departments of the planned Basic Accounting Systems (BAS) re-implementation with effect from 1<sup>st</sup> April 2017 together with the harmonisation of the Standard Chart of Accounts (SCOA).

### **BACKGROUND**

Delayed processing times due to the size of the financial system has informed the re-implementation of the system. The pressure which currently exists in the system is so enormous that it causes unnecessary network congestion. As a result, the system re-implementation is crucial to alleviate pressure in the system.

The System re-implementation project enthused SCOA Committee to reflect and utilise the opportunity to improve the current chart. As a result, the Committee reviewed the utilisation of the accounts and the quality of data produced with the view of improving the accounts and structures.

Since the previous re-implementation (1<sup>st</sup> April 2013), the SCOA Technical Committee has noted some areas for improvement, one being the correct use of the Economic Reporting Format (ERF) which leads to inconsistent classification of transactions.

### **Preliminary Observations**

A comprehensive analysis of the data accumulated over the past three years, and discussions with stakeholders in National Treasury and departments over the period, have confirmed the following:

- The incorrect allocation between the three segments that determines the economic classification of a transaction: which are Infrastructure, Asset and Item segments. The system provided category links between Infrastructure and Item segments only

consequently, the departments could allocate against any account in the Asset segment irrespective of the correctness of the account.

- A mass movement from the use of Inventory items to Consumables items by the Inventory Departments. Spending on inventory should be appropriately accounted for; however we have noticed a decline in the use of inventory items by the “inventory departments”.
- Misalignment between budget documentation and project information contained in the system, particularly for projects which relates to activities resulting in capital formation.

### **Advantages and Further Improvements**

The re-implementation of BAS and review of SCOA provides numerous opportunities for improving data quality and cleaning up the existing segment structures and supporting databases. Some of these potential gains are clarified below:

- Build category links between the Infrastructure, Asset and Item segments in order to facilitate the correct Economic Reporting Format (ERF)
- Review the item list for improved reporting and transparency in the presentation of item spending aggregates. This will be achieved through selective distribution of items to departments.
- Standardise the project segment to allow departments to add more details as per the budget documentation.

### **CHANGE MANAGEMENT AND SUPPORT**

The SCOA Technical Committee and the BAS Support team will issue guidelines and assist departments in implementing the changes. The Committee is available to offer sessions upon receiving request from the departments.

The project summary report will be made available on the SCOA website.

### **BAS Systems Preparations Process**

A high level summary of the timelines:

- October - November 2016 – Creation of CORE database, capturing of static data on CORE, creation of code structure, creation of Departmental databases.
- December 2016 – Make databases available to Departments.
- December 2016 – March 2017 – Departments to capture static data.

- February - March 2017 – Testing with banks.
- End February 2017 – Objective structures verified with Appropriation Bills and budget documentation, signed off by National and Provincial Treasuries.

**Contact information**

Please contact the SCOA Technical Committee via the **SCOA call centre** at **(012) 315 5311**, or by sending a concise mail to [scoa@treasury.gov.za](mailto:scoa@treasury.gov.za) if further clarity or discussion is required regarding the changes highlighted above.

Regards,

**SCOA Technical Committee**

**Date: 27 September 2016**