



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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Date: 07 December 2015

TO: SCOA USERS

NOTICE NUMBER 01 OF 2015/16

ADJUSTMENTS TO THE STANDARD CHART OF ACCOUNTS (SCOA)

PURPOSE

1. The purpose of this document is to inform all government financial practitioners of the changes to Item segment effective 01 April 2016.

DISCUSSION

2. Changes to the Inventory Medicine and Medical Supplies are a project spearheaded by the Department of Health with all the relevant stakeholders. The proposed changes have been discussed and adopted during the Inventory Management Meeting held on the 6th of November 2015 (please refer to the Annexure attached).
3. Departments should take note that this document does not replace the Classification Circular. The Classification Circular together with the publication of the Chart of Accounts (excel version) will be issued separately, in the same manner as they have always been issued on the SCOA website. This document should be viewed as a notice to inform departments of the planned change to be made on the Chart of Accounts as well as the financial system (BAS).
4. A change in **red** indicates that an item has been **removed / deleted**; **blue** indicates that an item has been **changed / re-named** while **green** implies that a new item has been **created / added**. The excel version of the chart will illustrate these changes.
5. Changes discussed in this notice will be effective as from **01 April 2016** on the Chart of Accounts as well as the financial systems (BAS). Details of the posting level items will be included in the circular to be published.

ITEM SEGMENT

GOODS AND SERVICES

Inv:Medical Supplies

Table 1.1: Chart illustration

| 3 | 4 | 5 | SEGMENT DETAIL NO | P/NP LEVEL |
|---|---|----------------------------------|-------------------------|---------------|
| | | GOODS AND SERVICES | 64 | N |
| | | INV:MEDICAL SUPPLIES | 327 | N |
| | | INV MED:ARTIFICIAL AIDS | 941 | N |
| | | INV MED:APPLICATION SETS | 942 | N |
| | | INV MED:BANDAGES&DRESSING | 943 | N |
| | | INV MED:BLOOD-PRODUCT&PLASMA | 944 | N |
| | | INV MED:CATHTRS, TUBES&URIN BAG | 945 | N |
| | | INV MED:CONTRACEPTIVES | 946 | N |
| | | INV MED:WHEELCHAIR CONSUMABLES | 947 | N |
| | | INV MED:X-RAY CONSUMABLES | 948 | N |
| | | INV MED:CRUTCHES | 949 | N |
| | | INV MED:DENTAL CONSUMABLES | 950 | N |
| | | INV MED:DISPOSABLE NAPPIES | 921 | N |
| | | INV MED:FIRST AID KIT | 922 | N |
| | | INV MED:GLOVES,DIS. SUNDRIES | 923 | N |
| | | INV MED:HEART VALVES & PACEMKRS | 924 | N |
| | | INV MED:HIV/AIDS TEST KITS | 925 | N |
| | | INV MED:IMPLANTABLE SETS | 926 | N |
| | | INV MED:INTRAVENOUS FEEDS | 927 | N |
| | | INV MED:OCCUPATL THERPY CONSUM | 928 | N |
| | | INV MED:OPTICL ITMS&HEARING AIDS | 929 | N |
| | | INV MED:ORTHOPEDC ARTIFICIL LIMB | 930 | N |
| | | INV MED:PATIENT CLOTHING | 931 | N |
| | | INV MED:RADIO-ISOTOPES | 932 | N |
| | | INV MED:RENAL DIALYSIS | 933 | N |
| | | INV MED:STOMATHERAPY REQS | 934 | N |
| | | INV MED:SURGICAL CONSUMABLES | 935 | N |
| | | INV MED:SURGICAL,IMPLNT PROSTHSS | 936 | N |
| | | INV MED:SURGICAL/MEDICAL SUPPLS | 937 | N |
| | | INV MED:SUTURS, LIGATR&SKIN STPL | 938 | N |
| | | INV MED:SYRINGES, NEEDLES | 939 | N |
| | | INV MED:THERAPEUTICAL REQUISITS | 940 | N |

Table 1.2 Chart change illustration

| 3 | 4 | 5 | SEGMENT DETAIL NO | P/NP LEVEL |
|---|---|--|-------------------------|---------------|
| | | GOODS AND SERVICES | 64 | N |
| | | INV :MEDICAL SUPPLIES | 327 | N |
| | | INV MED:ARTIFICIAL AIDS | 941 | N |
| | | INV MED:APPLICATION SETS | 942 | N |
| | | INV MED:BANDAGES&DRESSING | 943 | N |
| | | INV MED:BLOOD-PRODUCT&PLASMA | 944 | N |
| | | INV MED:CATHTRS, TUBES&URIN BAG | 945 | N |
| | | INV MED:CONTRACEPTIVES | 946 | N |
| | | INV MED:WHEELCHAIR CONSUMABLES | 947 | N |
| | | INV MED:X-RAY CONSUMABLES | 948 | N |
| | | INV MED:CRUTCHES | 949 | N |
| | | INV MED:DENTAL CONSUMABLES | 950 | N |
| | | INV MED:DISPOSABLE NAPPIS | 921 | N |
| | | INV MED:FIRST AID KIT | 922 | N |
| | | INV MED:GLOVES,DIS. SUNDRIES | 923 | N |
| | | INV MED:HEART VALVES & PACEMKRS | 924 | N |
| | | INV MED:HIV/AIDS TEST KITS | 925 | N |
| | | INV MED:IMPLANTABLE SETS | 926 | N |
| | | INV MED:INTRA VENOUS FEEDS | 927 | N |
| | | INV MED: IN VITRO DIAGNOSTIC TEST STRIPS | | N |
| | | INV MED:OCCUPATL THERPY CONSUM | 928 | N |
| | | INV MED:OPTICL ITMS&HEARING AIDS | 929 | N |
| | | INV MED:ORTHOPEDC ARTIFICIL LIMB | 930 | N |
| | | INV MED:PATIENT CLOTHING | 931 | N |
| | | INV MED:RADIO-ISOTOPES | 932 | N |
| | | INV MED:RENAL DIALYSIS | 933 | N |
| | | INV MED:STOMATHERAPY REQS | 934 | N |
| | | INV MED:SURGICAL CONSUMABLES | 935 | N |
| | | INV MED:SURGICAL,IMPLNT PROSTHSS | 936 | N |
| | | INV MED:SURGICAL/MEDICAL SUPPLS | 937 | N |
| | | INV MED:SUTURS, LIGATR&SKIN STPL | 938 | N |
| | | INV MED:SYRINGES, NEEDLES | 939 | N |
| | | INV MED:THERAPEUTICAL REQUISITS | 940 | N |

Inv: Medicine

Table 2.1: Chart illustration

| 3 | 4 | 5 | SEGMENT DETAIL NO | P/NP LEVEL |
|---|---|----------------------------------|-------------------------|---------------|
| | | GOODS AND SERVICES | 64 | N |
| | | INV: MEDICINE | 328 | N |
| | | INV MEDI:ANTIRETROVIRAL DRUGS | 913 | N |
| | | INV MEDI:ANIMAL MEDICINE | 914 | N |
| | | INV MEDI:MEDICINE OTHER | 915 | N |
| | | INV MEDI:MEDICINE MEDICAL DEPOT | 916 | N |
| | | INV MEDI:ORAL CONTRACEPTIVES | 917 | N |
| | | INV MEDI:TABLTS,CAPSULS&LOZENGES | 918 | N |
| | | INV MEDI:ANIMAL VACCINES | 919 | N |
| | | INV MEDI:VACCINES | 920 | N |

Table 2.2 Chart change illustration

| 3 | 4 | 5 | SEGMENT DETAIL NO | P/NP LEVEL |
|---|---|----------------------------------|-------------------------|---------------|
| | | GOODS AND SERVICES | 64 | N |
| | | INV: MEDICINE | 328 | N |
| | | INV MEDI:ANTIRETROVIRAL MEDICINE | 913 | N |
| | | INV MEDI:ANIMAL MEDICINE | 914 | N |
| | | INV MEDI:OTHER MEDICINE | 915 | N |
| | | INV MEDI:MEDICINE MEDICAL DEPOT | 916 | N |
| | | INV MEDI:CONTRACEPTIVES | 917 | N |
| | | INV MEDI:TABLTS,CAPSULS&LOZENGES | 918 | N |
| | | INV MEDI:ANIMAL VACCINES | 919 | N |
| | | INV MEDI:VACCINES | 920 | N |
| | | INV MEDI:ANTI-TB MEDICINES | | N |
| | | INV MEDI:LARGE VOL PARENTERALS | | N |

Medsas Inv Interface

No Changes to the Medsas Inv Interface items has been made.

Table 3.1: Chart illustration

| 3 | 4 | 5 | SEGMENT DETAIL NO | P/NP LEVEL |
|---|---|---------------------------|-------------------------|---------------|
| | | GOODS AND SERVICES | 64 | N |
| | | MEDSAS INV INTERFACE | 329 | N |
| | | MEDSAS:PRICE VARIANCE | 906 | N |
| | | MEDSAS:STOCK ISSUES | 907 | N |
| | | MEDSAS:MISC VARIANCE | 908 | N |
| | | MEDSAS:PURCHASE VARIANCE | 909 | N |
| | | MEDSAS:STOCK PURCH GEN | 910 | N |
| | | MEDSAS:STOCK PURCH SYSTEM | 911 | N |
| | | MEDSAS:STORES SURPLUSES | 912 | N |

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 if further clarity or discussion is required regarding the changes highlighted above.

Regards,

SCOA Technical Committee

Date: 07 December 2015

Annexure



health

Department:
Health
REPUBLIC OF SOUTH AFRICA

RECOMMENDATION REGARDING CHANGES TO CODES FOR MEDICINES WITHIN SCOA ITEM SEGMENT

AFFORDABLE MEDICINES DIRECTORATE

Purpose

This report presents the recommendations of the National Health Council Pharmaceutical Technical Subcommittee regarding changes to codes for medicines within the Standard Chart of Accounts (SCOA) item segment. It also provides the background to the requested changes, as well as their policy context.

Background

The Affordable Medicines Directorate (AMD) sub programme within NDOH, with the Provincial Pharmaceutical Services (PPS) are driven by a clear strategy to achieve increased, equitable access to medicines.

In order to achieve this strategy a number of reforms are currently being implemented. Central to all these reforms is the availability of relevant, accurate information about health medicine procurement and consumption, including financial data relating to medicine procurement.

The AMD, with PPS, is implementing the use of master data within standardised systems and processes at facilities and health establishments across the country. This will assist with normalising transaction data throughout the supply chain, enabling analyses for real-time monitoring and investigation, as well as routine reporting to assess performance against strategic objectives.

Some analyses that will be possible when all facilities and institutions have adopted the uniform master data and processes include:

- Medicine use evaluations by medicine type, disease, indication type, level of care to assist with improving rational medicine use and demand planning.
- Expenditure on non-contracted items, and non-essential items to assist with cost-effective investments.
- Changes in medicine procurement patterns across provinces to assist with demand planning and budgeting.
- Expenditure analyses to identify opportunities for preventative investment or rational medicine use interventions and cost-effective procurement.

- Opportunities for improved price negotiation due to increased volumes and demand certainty.
- Improved and informed budget planning.
- Monitoring to ensure availability of funds for medicine procurement.

The National Health Account (NHA) project (currently underway) will ultimately include analysis of private sector medicine consumption and expenditure. Budget allocation and monitoring of expenditure for medicines and medical related items currently lacks standardisation. This means that data relating to expenditure on pharmaceuticals is fragmented and cannot be compared across institutions, provinces or participating authorities due to lack of standardisation.

In order to address this there are a number of interventions that are required, including:

1. All health facilities and establishments must transact using master data and all transaction data must be available for analysis within the necessary timeframe.
2. All health facilities and establishments must standardise the allocation of budgets and expenditure across the relevant segments within the SCOA.

Recommendations regarding Item Segment

Networked, standardised systems for all health facilities and establishments are being rolled out in line with APP strategic objectives and timelines. It is expected that this will be completed by 2018/19, enabling a wealth of information to be used for decision-making and monitoring throughout the supply chain.

In the interim, it is proposed that the medicine codes within the SCOA item segment be revised to facilitate a standardised, high-level assessment of expenditure across priority disease areas. This recommendation was made through the consultative, representative forum of the National Health Council Pharmaceutical Technical Subcommittee. These recommendations were presented to the CFOs office at NDOH as well as National Treasury representatives during August 2015.

The item codes will need to be revisited on an annual basis as alternative mechanisms for monitoring expenditure across disease areas are realised.

The tables below relate to the proposed changes to definitions and codes for medicines in levels four to five of the item segment.

Level Four

In the 2013 report on the review of the SCOA National Treasury defines the creation of a new coding structure relating to 'inventory'. Inventory is defined as: Goods that are core to the achievement of the [relevant] Department's service delivery objectives. For the Department of Health (DOH) medicines are such goods, and the use of the inventory codes relating to medicines should, therefore, be limited to the DOH and any participating authorities who use contracts established by the DOH. Table 1 highlights the proposed changes to definitions to align with this.

Table 1: Proposed changes to definitions for level four

| Deletions marked in red and struck-through, additions in blue/bold. | | |
|---|--|--|
| Name | Definitions | Users |
| INV:MEDICAL SUPPLIES | <p>Medical supplies includes all medical related inventory items which are not considered to be medicines such as ike medicine, dental consumables, bandages first aid kits vaccines, condoms etc.</p> <p>Limited for use DOH AND DOD</p> <p>DOH and Participating Authorities on DOH contracts.</p> <p>This category will not be distributed for use by other departments. Similar expenses incurred by other departments will be allocated under Consumable Supplies: First Aid Kid or Contraceptives</p> | <p>Department of Health (DOH) Department of Defence (DOD) and Department of Correctional Services (DCS)</p> <p>DOH and Participating Authorities on DOH contracts.</p> |
| INV: MEDICINE | <p>A medicine drug or other preparation used for the treatment or prevention of disease, including contraceptive agents , but excluding condoms.</p> <p>Limited for use by DOH AND DOD. This category will not be distributed for use by other departments.</p> <p>Limited for use by DOH and Participating Authorities on DOH contracts.</p> | <p>Department of Health (DOH) Department of Defence (DOD) and Department of Correctional Services (DCS)</p> <p>DOH and Participating Authorities on DOH contracts.</p> |

Level Five

This report relates predominantly to the proposed changes to items within INV: MEDICINE, however, where an item is shifted from INV: MEDICAL SUPPLIES into INV: MEDICINE this will be indicated. It is proposed that in 2016/17 a total review of the INV. MEDICAL SUPPLIES should take place for implementation in 2017/18. Table 2 and

Table 3 highlight the proposed changes to the two categories, for level five. These changes will assist with monitoring expenditure on high value, strategic programme areas until alternative monitoring mechanisms are in place.

Table 2: Proposed changes to INV: MEDICINE, level five

| Level Four | Level Five | Recommendation | New Definitions | Comments |
|------------------|---|--|---|----------|
| INV: MEDICINE | INV MEDI: ANTIRETROVIRAL MEDICINES DRUGS | Retain | Limited to HP13 contracts and any other items off-contract that are ARVs | |
| | INV MEDI:ANIMAL MEDICINE | Not for use by DOH and related parties | | |
| | INV MEDI: OTHER MEDICINE OTHER | Retain | For all medicines that are not antiretrovirals, contraceptive agents, anti-TB, or Large volume Parenterals | |
| | INV MEDI: MEDICINE MEDICAL DEPOT | Retain | For use as a pooling mechanisms for the budget for all medicine transactions at the provincial pay-office. | |
| | INV MEDI: ORAL CONTRACEPTIVES | Retain, with changed name | All items on the HP03 contracts and any other items off-contract that are for contraception including sub-dermal devices and intra-uterine devices and excluding condoms. | |
| | INV MEDI:TABLETS,CAP SULS&LOZENGES | Delete | | Obsolete |
| | INV MEDI:ANIMAL VACCINES | Not for use by DOH and related parties | | |
| | INV MEDI: ANTI- TB MEDICINES | New | All medicines on the HP01 contracts and any other off-contract purchases of items | |

| | | | | |
|--|--|--------|--|--|
| | | | directly linked to treating TB. | |
| | INV MEDI: LARGE VOL PARENTERALS | New | All items on HP11, including TPN and any related off-contract purchases. | |
| | INV MEDI:VACCINES | Retain | All vaccines, including EPI, Rabies, Influenza, HPV, etc. | |

Table 3: Proposed changes to INV: MEDICAL SUPPLIES, level five

| Level Four | Level Five | Level Six | Recommendation |
|----------------------------|---|-------------------------------|---|
| INV:MEDICAL SUPPLIES | INV MED: IN VITRO DIAGNOSTIC TEST STRIPS | | New Code: Definition: All in vitro diagnostic test strips used for blood or urine. |
| | INV MED:ARTIFICIAL AIDS | | Retain |
| | INV MED:APPLICATION SETS | | Retain |
| | INV MED:BANDAGES&DRESSING | | Retain |
| | INV MED:BLOOD-PRODUCT&PLASMA | | Retain |
| | INV MED:CATHTRS, TUBES&URIN BAG | | Retain |
| | INV MED:CONTRACEPTIVES | | Retain |
| | | INV MED CONTRA:FEMALE CONDOMS | Retain |
| | | INV MED CONTRA:MALE CONDOMS | Retain |
| | INV MED:WHEELCHAIR CONSUMABLES | | Retain |
| | INV MED:X-RAY CONSUMABLES | | Retain |
| | INV MED:CRUTCHES | | Retain |
| | INV MED:DENTAL CONSUMABLES | | Retain |
| | INV MED:DISPOSABLE NAPPIES | | Retain |
| | INV MED:FIRST AID KIT | | Retain |
| | INV MED:GLOVES,DIS. SUNDRIES | | Retain |
| | INV MED:HEART VALVES & PACEMKRS | | Retain |
| INV MED:HIV/AIDS TEST KITS | | Retain | |

| | | |
|--------------------------------------|--|--|
| INV MED:IMPLANTABLE SETS | | Retain |
| INV MED:INTRAVENOUS FEEDS | | DETELE (Included in new INV MEDI: LARGE VOL PARENTERALS) |
| INV MED:OCCUPATL THERPY CONSUM | | Retain |
| INV MED:OPTICL ITMS&HEARING AIDS | | Retain |
| INV MED:ORTHOPEDC ARTIFICIL LIMB | | Retain |
| INV MED:PATIENT CLOTHING | | Retain |
| INV MED:RADIO-ISOTOPES | | Retain |
| INV MED:RENAL DIALYSIS | | Retain |
| INV MED:STOMATHERAPY REQS | | Retain |
| INV MED:SURGICAL CONSUMABLES | | Retain |
| INV MED:SURGICAL,IMPLNT PROSTHSS | | Retain |
| INV MED:SURGICAL/MEDICAL SUPPLS | | Retain |
| INV MED:SUTURS, LIGATR&SKIN STPL | | Retain |
| INV MED:SYRINGES, NEEDLES | | Retain |
| INV MED:THERAPEUTICAL REQUISITS | | Retain |

Implementation

Once these changes are approved by National Treasury the AMD and PPS will be working with the office of the Chief Financial Officer at National and Provincial levels to ensure that the budget allocation process is standardised and aligned across all provincial authorities.

In order to standardise the allocation of medicine budgets and expenditure within the other, unrevised, SCOA segments a communication will be sent to provincial CFOs by end October 2015. A budget allocation tool and supporting documents is being developed to assist with this process.

Report Date: Approved 17 September 2015