



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**

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**Date: 19 June 2018**

**TO: SCOA USERS**

**NOTICE NUMBER 03 OF 2018/19**

**COMPUTER SERVICES - SOFTWARE DEVELOPMENT AND WEBSITE DESIGN AND DEVELOPMENT**

**PURPOSE**

1. The purpose of this document is to inform all government financial practitioners of the changes in classification of software development and website design and development costs implemented in the chart of accounts.

**DISCUSSION**

2. As part of the continued reform of SCOA, the SCOA Technical Committee periodically reviews the utilisation of accounts and the quality of data produced. These analyses are conducted with the view of improving the accounts and their structures. The Committee has identified that the cost of software development has been incorrectly placed under goods and services which is contradicting the Modified Cash Standards (MCS) as well as the Accounting Manual for Departments (AMD).
3. The following changes are a continued effort by the Committee to ensure that departments are able to meet the minimum reporting requirements as well as easy analysis of transactions.
4. Please note that 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.

**ITEM SEGMENT**  
**GOODS AND SERVICES**  
**MINOR ASSETS**  
**SOFTW & INTANGIBLE ASSETS<R5000**

**Intangible Assets<R5000: Intangible Assets**

The item Intangible Assets<R5000: Intangible Assets has been removed as it was deemed to be imprecise. Departments that would like to use this item are urged to email the SCOA Technical Committee for guidance.

1	2	3	4	5	6	SEGMENT DETAIL NO	PST LVL
						1	N
						5	N
						26	N
						654	N
						702	N
						<b>1322</b>	<b>Y</b>

**COMPUTER SERVICES**  
**SITA COMPUTER SERVICES**

**SITA System Development**

The item *SITA: system development* has been amended to *SITA systems* and will only include current expenditure. System development should be capitalised in line with the MCS and the AMD, therefore a new item has been added under purchase / construction of capital assets.

*Figure 1. Current chart illustration*

1	2	3	4	5	6	7	SEGMENT DETAIL NO	PST LVL
							1	N
							5	N
							26	N
							657	N
							705	N
							747	N
							<b>1365</b>	<b>Y</b>
							<b>1366</b>	<b>Y</b>
							<b>1367</b>	<b>Y</b>
							<b>1368</b>	<b>Y</b>
							<b>1369</b>	<b>Y</b>
							<b>1370</b>	<b>Y</b>

Figure 2. New chart changes illustration

1	2	3	4	5	6	7	SEGMENT DETAIL NO	PST LVL
							1	N
							5	N
							26	N
							657	N
							705	N
							747	N
							1365	Y
							1366	Y
							1367	Y
							1368	Y
							1369	Y
							1370	Y

## EXTERNAL COMPUTER SERVICE PROVIDERS

### External Computer Services: System Development

The item *External Computer Services: System Development* has been amended to *External Computer Services Systems* which will only include current expenditure. System development should be capitalised in line with the MCS and the AMD, and therefore the existing system development item under capital expenditure has been renamed.

Figure 3. Current chart illustration

1	2	3	4	5	6	7	SEGMENT DETAIL NO	PST LVL
							1	N
							5	N
							26	N
							657	N
							706	N
							721	N
							1378	Y
							1379	Y
							1380	Y
							1381	Y
							1382	Y
							1383	Y

Figure 4. New chart changes illustration

1	2	3	4	5	6	7	SEGMENT DETAIL NO	PST LVL
							1	N
							5	N
							26	N
							657	N
							706	N
							721	N
							1378	Y
							1379	Y
							1380	Y
							1381	Y
							1382	Y
							1383	Y

**External Computer Services: Website Design and Development**

A new item *Website design and Development* has been added under external computer services, this is in line the MCS and AMD.

Figure 5. New chart changes illustration

1	2	3	4	5	6	7	SEGMENT DETAIL NO	PST LVL
							1	N
							5	N
							26	N
							657	N
							706	N
							TBC**	Y

\*\* TBC - To Be Created

**PURCHASE / CONSTRUCTION OF CAPITAL ASSETS  
SOFTWARE AND INTANGIBLE ASSETS  
SOFTWARE AND OTHER INTANGIBLE ASSETS**

**Software and Other Intangible Assets: External Providers Development of Software**

The item Software and Other Intangible Assets: Development Software has been amended to Software and Other Intangible Assets: Development Software.

Figure 6. Current chart illustration

1	2	3	4	5	SEGMENT DETAIL NO	PST LVL
					1	N
					7	N
					41	N
					611	N
					1707	Y

Figure 7. New chart changes illustration

1	2	3	4	5	SEGMENT DETAIL NO	PST LVL
					1	N
					7	N
					41	N
					611	N
					1707	Y

### Software and Other Intangible Assets: SITA Development of Software

A new item Software and Other Intangible Assets: SITA Development Software has been added under the category software and other intangible assets.

Figure 8. New chart changes illustration

1	2	3	4	5	SEGMENT DETAIL NO	PST LVL
					1	N
					7	N
					41	N
					611	N
					4420	Y

### CONTACT INFORMATION

Please contact the SCOA Technical Committee via the **SCOA call center 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: 19 June 2018