



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

## CLASSIFICATION CIRCULAR 11

### ADJUSTMENTS TO THE STANDARD CHART OF ACCOUNTS (SCOA) FROM 1 APRIL 2012

1. The purpose of this circular is to inform all government financial practitioners of the changes made to the SCOA, effective from 1 April 2012.
2. Reasons for the amendments to the SCOA are provided along with an illustration of the impact thereon. Departments should note that this circular discusses only the **ITEM** and **PROJECT** segment. Amendments made to the **FUND** and **ASSET** segments will be discussed in separate circulars.
3. The Committee will update all other technical SCOA classification circulars and related guides which were issued by the SCOA Technical Committee prior to 1 April 2012 with the changes introduced in this Circular, for example, *Classification Circular 3 - Own Account and outsourced maintenance and repair, upgrade and addition, refurbishment and rehabilitation of all asset types*, as the BAS Codes in the existing circulars have changed.

### DISCUSSION

4. The previous two financial years have seen high volumes of inconsistencies in the classification of transactions in BAS. These can mainly be attributed to the inconsistent treatment of outsourced contracts and inconsistencies in the use of items for own account transactions. In order to address this problem, the SCOA Committee in collaboration with the BAS Systems team have built new category links into the system, that will minimize the number of inconsistencies captured at a departmental level.
5. In order to effectively utilize the new category links, departments **must** record a transaction in BAS in the following order:

PROJECT ➡ ITEM ➡ OBJECTIVE ➡ RESPONSIBILITY ➡ FUND ➡ ASSET ➡ REGION

6. The changes introduced hinge on the principle that there will now be a distinction between departments buying stand-alone items, and those engaging in projects on own-account. To this end the posting level items in the item segment have been duplicated, providing for separate items to be used for project expenditure from those used for stand-alone purchases. The project items are only to be used by departments engaged in own account projects, which at this stage are limited to a few departments, for example public works and roads departments, some agriculture departments, etc.
7. The bulk of departments will therefore not be using the new project items (all items where the name starts with **PRJ**), and these items should not be activated for capturing transactions. The BAS Systems team is in the process of developing a functionality that will limit access to these items for the relevant departments only. From 1 April 2012 only selected departments will be allowed to use project items, and such departments must discuss and agree the proposed items to be used with the SCOA Committee in advance of implementation in order to be granted access to the project items.

## CLASSIFICATION CATEGORIES TO BE USED FOR PURCHASE OF STAND-ALONE ITEMS

### *Introduction of category links for departments not involved in Own Account transactions*

8. As mentioned above, the new version of the SCOA provides for category links between the main transactional segments (i.e. ITEM and PROJECT segment). These include links between stand-alone items of a current and capital nature, as well as links between the transfers categories in the ITEM and PROJECT segments. These links will ensure that misallocation between various segments will be minimised.
9. Once the appropriate project item has been selected, the system will only allow access to the appropriate posting level items in the ITEM segment. So for example, if Stand Alone current is selected in project, only items of a current nature will appear in the list for capturing in the ITEM segment, which implies that no capital items can be allocated to stand alone current, and *visa versa*.

<p>For the purpose of recording stand-alone transactions, current items are those items that fall under the goods and services category whilst capital items are those created under purchase / construction of capital assets.</p>
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10. For most departments this implies that there will be no change to the existing SCOA, as all existing items in the SCOA have remained the same as before. However, departments should note that all items have been recaptured and therefore **will have new BAS codes**. This is important, as all the existing items will be deactivated as from 1 April 2012 and departments should not capture budget against posting level items used in the 2011/12 financial year. A detailed mapping of all existing items to the new items has been provided and can be obtained from the SCOA website, and a copy has been distributed at the various SCOA workshops held with departments.
11. In this new structure used for capturing stand-alone items, the economic classification (current / capital split) for departments not engaged in own account transactions, will be the same in the PROJECT and ITEM segments. This is different to the previous version of the chart, where "current" items of goods and services could be allocated to capital projects in the project segment. The new category links and items (discussed below) will greatly improve the process of compiling financial information in such departments.
12. The only changes to the existing ITEM Segment of the SCOA involves the introduction of new posting level items for the recording of lease payments, a change to the recording of payments for radio and TV licenses, the introduction of new posting level items for the recording of spending on Information and Communication Technology (ICT), as well as the introduction of specific items for the outsourcing of projects related to capital assets and infrastructure.
13. **Recording lease payments** – Operating leases and finance leases have been separated. Previously the term "Lease Payments" with both the types of leases were classified under goods and services. Finance leases are mainly of capital nature and have now been classified under Purchase/Construction of Capital Assets.
14. As a reminder, finance lease transactions should be funded from the department's capital budget whereas payments in terms of operating lease agreements are funded from the current (operating) budget of the department.
15. **Operating lease** – No changes were made for operating lease, however the reporting levels have been affected as "Lease payments" category have been removed from the chart, refer to the illustration below. Note: the item preceded with PRJ is used when the department acquires an asset through an operating lease arrangement for own account project. This item will not be used by departments not involved in own account transactions.

**ADJUSTMENTS TO THE STANDARD CHART OF ACCOUNTS (SCOA) FROM 1 APRIL 2012**

OLD CHART	NEW CHART
GOODS AND SERVICES LEASE PAYMENTS  <b>OPERATING LEASES</b> <b>FINANCE LEASES</b>	GOODS AND SERVICES → OPERATING LEASES  <b>OPERATING LEASES</b> <b>PRJ OPERATING LEASES</b>

16. **Communication: Radio and TV license:** The item COM:LICENCES (RADIO&TV) has been moved from goods and services to transfers and subsidies under DEPARTMENTAL AGENCY:TAXES AND COMPULSORY FEES DEPARTMENTAL AGENCIES. According to the classification principles guiding the SCOA (such as the IMF GFS classification) radio and television licenses are regarded as taxes on permission to use goods or services. Taxes are compulsory and unrequited as the department does not receive anything of a similar value directly in return after the statutory obligation to pay has been met. Radio and television licenses are therefore classified under transfers and subsidies on SCOA.
17. The item is defined as; “Annual payment made to the SABC and other licensing authorities (SAMRO) for a permit to view television programs and to listen to the radio or "music licenses". Annual payment made to obtain a television and radio license”.

**ILLUSTRATION OF COM:LICENCES (RADIO&TV)**

2	3	4	5	6	7	8	9	10	P/NP LEVEL
TRANSFERS AND SUBSIDIES									N
DEPARTMENTAL AGENCIES & ACCOUNTS									N
TRNSF&SUB:SOCIAL SEC FUNDS (SSF)									N
DEPT AGEN:TAXES&COMPULSORY FEES									N
COM:LICENCES (RADIO&TV)									Y

18. **Information and Communication Technology (ICT) items** - The enhancement and creation of new ICT items on the chart was initiated by the Department of Public Service and Administration, in order to improve reporting on ICT spending in Government. In the review process, the existing ICT items on the chart were adjusted to cater for these reporting requirements. In most instances, additional posting level items have been introduced. Definitions for these items have been provided in the main SCOA Core spreadsheet. The detailed changes proposed are included in the latter part of this circular.
19. **Outsourced projects** – in the new version of the chart, provision has been made for the capturing of outsourced projects on new capital, capital rehabilitation and refurbishment as well as for maintenance projects within the ITEM Segment. Where the project is of a capital nature the relevant items can be found under the appropriate asset category under purchase / construction of capital assets. Similarly, items for current outsourced projects are available under the goods and services section. Therefore, as with stand-alone transactions, the economic classification in the ITEM and PROJECT segments is the same.

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Outsourced vs. own account projects: An activity is “outsourced” when the department appoints a third party to execute the activity in its entirety (a single payment or a series of payments are made to a single service provider). Whereas an activity undertaken on “own account” means that the department purchases all the necessary inputs and uses its own resources (e.g. staff and equipment) to complete the activity. Inputs into the project may include the appointment of professional services such as engineers, architects, project managers etc.

In an instance where a department is not mainly engaged in infrastructure delivery, and a project is outsourced to one service provider and the management of the project is outsourced to another service provider, then both these transactions can be recorded against the OUTS items, as long as the project management cost is not material in relation to the value of the project. So for example if a department outsources the construction of an infrastructure asset, for example a school, as a single contract to a service provider and then also outsources the project management to another service provider, and the value of the second contract is not material in relation to the value of the main contract, then both transactions can be allocated to OUTS.

In this instance it is very important that departments use their discretion in allocating supporting contractors to the OUTS spending item, as it will not be possible to separate out such contractors by category of contractor as is the case when using PRJ items. In such instances it is recommended that departments use the project segment to separate the main and supporting contracts recorded against the OUTS items.

If however the secondary contracts are of a material nature, or if the outsourced activities is completed as a number of separate contracts to different services providers and contractors, departments are advised to view such projects as own account and use the PRJ version of the chart to correctly capitalise such transactions.

**Items for the outsourcing of projects**

20. As mentioned in paragraph 19 above, items have been created for all asset classes as well as for the outsourcing of maintenance on infrastructure and or non-infrastructure assets. These items are available to all departments and are preceded with **OUTS** for outsourced.

As a general rule, all outsourced activities relating to infrastructure and or non-infrastructure assets are undertaken as a project. This is to facilitate the category links between the PROJECT and ITEM segment.

21. For example, a department outsources the construction of a new library. The transaction will be recorded as follows in the ITEM and PROJECT segment:

PROJECT SEGMENT	ITEM SEGMENT
PROJECT	PUR/CONST CAPITAL ASSETS
PROJECTS INFRASTRUCTURE	BUILDINGS & OTHER FIX STRUCT
PRJ:NEW INFRASTRUC ASSETS(CAP)	BUILDINGS & OTHER FIX STRUCT
PRJ:NEW INFRASTRUC ASSETS(CAP)	BUILDINGS & O/FIX STRCT-NEW&OUT
<b>OUTS PRJ:NEW IFRASTR ASSTS(CAP)</b>	<b>OUTS CONTRCTR:NEW BUIL&amp;OT FIX ST</b>

22. A more detailed elaboration of the new items, including definitions are provided for in Annexure B to this circular, it specifies all the new items provided for outsourced projects, indicating the links between the ITEM and PROJECT segments for these items.

**CLASSIFICATION CATEGORIES TO BE USED BY DEPARTMENTS ENGAGED IN OWN ACCOUNT PROJECTS**

*Introduction of category links for departments involved in Own Account transactions*

23. In addition to the items provided above, which represents the main chart that will be used by most departments, new items have been created for departments engaged in own-account transactions. Where a department engages in a project on own account, additional items will be made available for the capturing of transactions related to the project. It is critical that the systems controllers of such departments engage with the SCOA Committee before any of the project items are activated, as these items will be strictly monitored and after 1 April 2012 all project items will be programmatically deactivated, so ensuring that such items are not abused in the system.

24. A department that engages in transactions on own account, must activate the relevant project items for transacting. These items are preceded with **PRJ** and have a general category link to the project segment. This means that if a PRJ item is selected in the PROJECT segment, then any PRJ item in the ITEM segment can be allocated to such project, so ensuring the comprehensive capturing of project expenditure.

Once again the general rule is that all own account transactions are undertaken on a project basis.

25. As in the past, this implies that the current / capital split will be done in the PROJECT segment, with the ITEM segment providing additional information on the items procured as part of the project. This is in line with the previous version of the chart, and implies that own account departments will still be in a position to misallocate between different segments. This is the main reason for the requirement to obtain concurrence with the SCOA Committee before activating project items in the system.

26. For example, a department undertakes the maintenance of a fence around a dam on own account it will select the appropriate project category in the PROJECT segment and then utilize the applicable spending items in the ITEM segment as illustrated below:

PROJECT SEGMENT	ITEM SEGMENT
PROJECT	GOODS AND SERVICES
PROJECTS INFRASTRUCTURE	INVENTORY:OTH CONSUMBLES
MAINTENANCE AND REPAIR CURRENT	INV OTH CONS:FENCING MATER
MAINTENANCE AND REPAIR CURRENT	<b>PRJ INV OTH CONS:FENCING MATER</b>
<b>PROJECT: REPAIR OF FENCE*</b>	INVENTORY:MATERIALS & SUPPLIES
	INV MAT&SUP:NOTIC BOARD&SIGN
	<b>PRJ INV MAT&amp;SUP:NOTIC BOARD&amp;SIGN</b>

*\*the department must create the appropriate project name in the PROJECT segment, for the purpose of this illustration the project name "repair of fence" is used.*

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27. Similarly where project is of a capital nature, such as the construction of a new road, the same project items in the ITEM segment will be used to allocate the necessary costs of construction to the project.

PROJECT SEGMENT	ITEM SEGMENT
PROJECT	GOODS AND SERVICES
PROJECTS INFRASTRUCTURE	INVENTORY:OTH CONSUMBLES
PRJ:NEW INFRASTRUC ASSETS(CAP)	INV OTH CONS:ROAD CONSTR&SUP
PRJ:NEW INFRASTRUC ASSETS(CAP)	<b>PRJ INV OTH CONS:ROAD CONSTR&amp;SUP</b>
<b>PROJECT: NEW ROAD</b>	INVENTORY:MATERIALS & SUPPLIES
	INV MAT&SUP:NOTIC BOARD&SIGN
	<b>PRJ INV MAT&amp;SUP:NOTIC BOARD&amp;SIGN</b>

28. If a department also appoints a contractor to supervise the construction of the new road, the cost allocation (in addition to the items illustrated above) will be as follows:

PROJECT SEGMENT	ITEM SEGMENT
PROJECT	GOODS AND SERVICES
PROJECTS INFRASTRUCTURE	CONTRACTORS
PRJ:NEW INFRASTRUC ASSETS(CAP)	CONTRCTRS:BULDNG&CONSTRUCT INFRA
PRJ:NEW INFRASTRUC ASSETS(CAP)	<b>PRJ CONTRCTRS:NEW BLDNG&amp;CONSTRUCT</b>
<b>PROJECT: NEW ROAD</b>	

**CLASSIFICATION CATEGORIES TO BE USED BY DEPARTMENTS FOR TRANSFERS AND SUBSIDIES**

29. Additional category links have been created between the transfers and subsidies items in the ITEM segment and the corresponding transfer items in the PROJECT segment. This was done to eliminate the inconsistencies arising from using goods and services items and transfer items in the ITEM and PROJECT segments respectively.

**CLASSIFICATION CATEGORIES TO BE USED BY DEPARTMENTS FOR COMPENSATION OF EMPLOYEES**

30. Due to system constraints, all payments interfacing from PERSAL to the SCOA will be automatically linked to stand-alone current in the PROJECT SEGMENT. Exceptions exist for payments previously classified as transfers to households. Departments carrying out own account projects of a capital nature will not be able to “capitalise” compensation programmatically as in the past.

31. In cases where departments want to allocate compensation to own account capital projects, it is proposed that a separate posting level objective be created from which individuals working on capital projects will be paid. Payments will still be allocated to stand-alone current, however, the payments will be separated from other compensation payments, and at year end departments will be in a position to report on such capitalised spending in the Annual Financial Statements.

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32. The above procedure should be viewed as an interim work-around for departments to be in a position to identify capitalised compensation. The SCOA Committee has engaged the PERSAL system team in order to provide a solution to this classification requirement for the next financial year.

### SYSTEMS IMPLEMENTATION CONSIDERATION

33. Commitments – Departments must ensure that all budget commitments previously loaded either in LOGIS or BAS is updated to link to the appropriate new segment numbers in BAS. A detailed procedural guide is included as Annexure C to this circular.

### FURTHER ELABORATION ON SPECIFIC ITEM CATEGORIES

#### *Reporting on ICT spending*

34. The enhancement and creation of new ICT items in the chart was initiated by the Department of Public Service and Administration, to improve reporting on ICT spending in Government. The existing ICT items have thus been adjusted to cater for these reporting requirements. A summary of the main changes relating to the introduction of the new ICT Items is included as Annexure A to this circular and includes both definitions for the new items, as well as an illustration of how these items are presented in the new chart.

### PUBLICATION AND CONTACT DETAILS

35. Please contact the SCOA project team 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.
36. For updated versions of the SCOA COR database and classification circulars please visit <https://scoa.treasury.gov.za/>

Regards,

**SCOA Technical Committee**

Date: 30 March 2012





**ADJUSTMENTS TO THE STANDARD CHART OF ACCOUNTS (SCOA) FROM 1 APRIL 2012**

**The item Intangible Assets<R5000: Software and other intangible assets are split into four different categories.**

**ILLUSTRATION OF THE SPLIT OF INTANGIBLE ASSETS<R5000:SOFTWARE AND OTHER INTANGIBLE ASSETS**

1	2	3	4	5	6	7	8	9	10	P/NP LEVEL
PAYMENTS										N
PAYMENTS										N
GOODS AND SERVICES										N
ASSETS <R5000										N
SOFTW & INTANGIBLE ASSETS<R5000										N
INT ASS<R5000:OPERAT SYS SOFTWARE										N
INT ASS<R5000:OPERAT SYS SOFTWARE										Y
INT ASS<R5000:OFFICE SUITE SOFTW										N
INT ASS<R5000:OFFICE SUITE SOFTW										Y
INT ASS<R5000:UTILITY SOFTWARE										N
INT ASS<R5000:UTILITY SOFTWARE										Y
INT ASS<R5000:SECURITY SOFTWARE										N
INT ASS<R5000:SECURITY SOFTWARE										Y

**INTANGIBLE ASSETS<R5000: OPERATING SYSTEM SOFTWARE**

Payment to an external service provider or SITA for granting permission for the use of terminal/PC/laptop computer operating system software covering more than one period, must be classified as an asset. This entails that the licenses purchased that are valid for more than one year. (E.g. Microsoft XP, 2000, 2003, 2007, 2010)

**INTANGIBLE ASSETS<R5000: OFFICE SUITE SOFTWARE**

Payment to an external service provider or SITA for granting permission for the use of terminal/PC/laptop computer office automation suites, messaging and groupware programs (e.g. Microsoft Office, Lotus notes, Outlook, etc.) covering more than one period, must be classified as an asset. This entails that the licenses purchased that are valid for more than one year.

**INTANGIBLE ASSETS<R5000: UTILITIES SOFTWARE**

Payment to an external service provider or SITA for granting permission for the use of terminal/PC/laptop computer programs, designed to help analyse, optimise and maintain the computer (e.g. Virus scanning, backup and data recovery, etc.)Covering more than one period, must also be classified as an asset. This entails that the licenses purchased that are valid for more than one year.

**INTANGIBLE ASSETS<R5000: SECURITY SOFTWARE**

Payment made to external service provider or SITA, to obtain a document(license agreement) granting permission for the use of computer programs, designed to secure a computer system or network from unauthorised logical access(e.g. Virus scanning, anti-key logger, cryptographic software, firewall, Intrusion detection system, etc.). Software licenses that must be used for a period more than 12 months.



**ADJUSTMENTS TO THE STANDARD CHART OF ACCOUNTS (SCOA) FROM 1 APRIL 2012**

**The item SITA Software Licences was split into five different categories.**

**ILLUSTRATION OF THE SPLIT OF SITA SOFTWARE LICENCES**

1	2	3	4	5	6	7	8	9	10	P/NP LEVEL
PAYMENTS										N
PAYMENTS										N
GOODS AND SERVICES										N
COMPUTER SERVICES										N
SITA COMPUTER SERVICES										N
SITA SOFTWARE LICENCES										Y
SITA SOFT LIC:OPER SYS SOFT										N
SITA SOFT LIC:OPER SYS SOFT										Y
SITA SOFT LIC:OFFICE SUITE SOFT										N
SITA SOFT LIC:OFFICE SUITE SOFT										Y
SITA SOFT LIC:UTILITY SOFT										N
SITA SOFT LIC:UTILITY SOFT										Y
SITA SOFT LIC:DEVELOPMENT SOFT										N
SITA SOFT LIC:DEVELOPMENT SOFT										Y
SITA SOFT LIC:SECURITY SOFT										N
SITA SOFT LIC:SECURITY SOFT										Y

**SITA SOFTWARE LICENCES: OPERATING SYSTEM SOFTWARE**

Payment made to SITA, to obtain a document (license agreement) granting permission for the use of server computer operating system programs (e.g. Microsoft Server 2003).

**SITA SOFTWARE LICENCES: OFFICE SUITE SOFTWARE**

Payment made to SITA, to obtain a document (license agreement) granting permission for the use of server software making computer office automation suites, messaging and groupware programs available to many client stations.

**SITA SOFTWARE LICENCES: UTILITY SOFTWARE**

Payment made to SITA, to obtain a document (license agreement) granting permission for the use of server computer programs, designed to help analyse, optimise and maintain the many client stations (e.g. disk checkers, file managers, backup and data recovery, etc.)

**SITA SOFTWARE LICENCES: DEVELOPMENT SOFTWARE**

Payment made to SITA, to obtain a document (license agreement) granting permission for the use of computer programs, designed and developed.

**SITA SOFTWARE LICENCE: SECURITY SOFTWARE**

Payment made to SITA, to obtain a document (license agreement) granting permission for the use of computer programs, designed to secure a computer system or network from unauthorised logical access (e.g. Virus scanning, anti-key logger, cryptographic software, firewall, Intrusion detection system, etc.). Software licenses that must be renewed annually by means of a payment to SITA must be classified as current expenditure under goods and services. This entails that the licenses purchased are only valid for one year and need to be renewed on an annual basis. Also refer to CS 5 of 08/9 as published by the OAG.

**The item SITA system development is split into six different categories.**

ILLUSTRATION OF THE SPLIT OF SITA SYSTEM DEVELOPMT

1	2	3	4	5	6	7	8	9	10	P/NP LEVEL
PAYMENTS										N
PAYMENTS										N
GOODS AND SERVICES										N
COMPUTER SERVICES										N
SITA COMPUTER SERVICES										N
SITA SYSTEM DEVELOPMT										N
SITA SYSTEM DEV:SYSTEM DEV										N
SITA SYSTEM DEV:SYSTEM DEV										Y
SITA SYSTEM DEV:IMPLEMENT										N
SITA SYSTEM DEV:IMPLEMENT										Y
SITA SYSTEM DEV:APLICATN TRANNG										N
SITA SYSTEM DEV:APLICATN TRANNG										Y
SITA SYSTEM DEV:MAIN SYS										N
SITA SYSTEM DEV:MAIN SYS										Y
SITA SYSTEM DEV:OPERATNL SUPPORT										N
SITA SYSTEM DEV:OPERATNL SUPPORT										Y
SITA SYSTEM DEV:POST IMPLMNT SUP										N
SITA SYSTEM DEV:POST IMPLMNT SUP										Y

**SITA SYSTEM DEVELOPMENT: SYSTEM DEVELOPMENT**

Payments made to SITA for services rendered with regard to developing software, databases and establishing network operating systems by SITA. This includes cost for project planning, feasibility study, requirements definition, designing and building the software, databases and network operating systems (e.g. programmer time, etc.)

**SITA SYSTEM DEVELOPMENT: IMPLEMENTATION**

Payments made to SITA for services rendered with regard to developing and establishing software, databases and network operating systems. This includes cost to plan and coordinate implementation process and may include assistance to transfer data to the new technological environment.

**SITA SYSTEM DEVELOPMENT: APPLICATION TRAINING**

Payments made to SITA for services rendered with regard to developing and establishing software, databases and network operating systems. This includes training developed in accordance with Government policies and sound business principles and objectives are provided, in order to promote productivity and quality in learning.

**SITA SYSTEM DEVELOPMENT: MAINTENANCE SYSTEM**

Payments made to SITA for services rendered with regard to developing and establishing software, databases and network operating systems. This includes cost incurred for operating and maintaining information systems in a production environment.

**SITA SYSTEM DEVELOPMENT: OPERATING SUPPORT**

Payments made to SITA for services rendered with regard to developing and establishing software, databases and network operating systems. This includes cost incurred for support personnel are primarily involved providing problem solving.

**SITA SYSTEM DEVELOPMENT: POST IMPLEMENTATION SUPPORT**

Payments made to SITA for services rendered with regard to developing and establishing software, databases and network operating systems. This may include assistance to the user in performing audits of the environment, monitoring and reporting on effective utilisation of systems after the system was implemented.

**ADJUSTMENTS TO THE STANDARD CHART OF ACCOUNTS (SCOA) FROM 1 APRIL 2012**

**The item External Computer Services: Software Licences is split into five different categories.**

ILLUSTRATION OF THE SPLIT OF EXTERNAL COMPUTER SERVICES:SOFTWARE LICENCES

1	2	3	4	5	6	7	8	9	10	P/NP LEVEL
	PAYMENTS									N
		PAYMENTS								N
			GOODS AND SERVICES							N
				COMPUTER SERVICES						N
					EXTERNAL COMPUTER SERV PROVIDERS					N
						EXT COMP SER:SOFTWARE LICENCES				N
							EXT COMP SER:SFT LCN:OPR SYS SFT			N
								EXT COMP SER:SFT LCN:OPR SYS SFT		Y
								EXT COMP SER:SFT LCN:OFF SUT SFT		N
									EXT COMP SER:SFT LCN:OFF SUT SFT	Y
								EXT COMP SER:SFT LCN:UTILITY SFT		N
									EXT COMP SER:SFT LCN:UTILITY SFT	Y
								EXT COMP SER:SFT LCN:SCURT SOFT		N
									EXT COMP SER:SFT LCN:SCURT SOFT	Y
								EXT COMP SER:SFT LCN:DEV SOFT		N
									EXT COMP SER:SFT LCN:DEV SOFT	Y

**EXTERNAL COMPUTER SERVICE: SOFTWARE LICENCES: OPERATING SYSTEM**

Payment made to suppliers, excluding SITA, to obtain a document (license agreement) granting permission for the use of server computer operating system programs (e.g. Microsoft Server 2003, UNIX, Linux Server).

**EXTERNAL COMPUTER SERVICE: SOFTWARE LICENCES: OFFICE SUITE SYSTEM**

Payment made to suppliers, excluding SITA, to obtain a document (license agreement) granting permission for the use of server software making computer office automation suites, messaging and groupware programs available to many client stations.

**EXTERNAL COMPUTER SERVICE: SOFTWARE LICENCES: UTILITY SOFTWARE**

Payment made to suppliers, excluding SITA, to obtain a document (license agreement) granting permission for the use of server computer programs, designed to help analyse, optimise and maintain the many client stations (e.g. Disk checkers, file managers, backup and data recovery, etc.)

**EXTERNAL COMPUTER SERVICE: SOFTWARE LICENCES: SECURITY SOFTWARE**

Payment made to external service provider, excluding SITA, to obtain a document (license agreement) granting permission for the use of computer programs, designed to secure a computer system or network from unauthorised logical access (e.g. Virus scanning, anti-key logger, cryptographic software, firewall, Intrusion detection system, etc.). Software licenses that must be renewed annually by means of a payment to SITA must be classified as current expenditure under goods and services. This entails that the licenses purchased are only valid for one year and need to be renewed on an annual basis. Also refer to CS 5 of 08/9 as published by the OAG.

**EXTERNAL COMPUTER SERVICE: SOFTWARE LICENCES: DEVEVELOPMENT SOFTWARE**

Payment made to external service providers, excluding SITA, to obtain a document (license agreement) granting permission for the use of computer programs, designed and developed.

**A new inventory item computer consumables has been created. The item Inventory Stationery and Printing: Computer Consumables is replaced by the item Inventory Stationery and Printing: IT Consumables within the main category of Goods and Services.**

ILLUSTRATION OF OTHER NEW ICT ITEMS IN BOLD

1	2	3	4	5	6	7	8	9	10	P/NP LEVEL
PAYMENTS										N
PAYMENTS										N
GOODS AND SERVICES										N
ASSETS <R5000										N
MACHINERY & EQUIPMENT<R5000										N
COMPUTER EQUIPMENT<R5000										N
C/EQP<R5000:: COM PERIPHERALS										N
<b>C/EQP&lt;R5000:: COM PERIPHERALS</b>										Y
C/EQP<R5000:DESKTOP PRINT EQUIP										N
<b>C/EQP&lt;R5000:DESKTOP PRINT EQUIP</b>										Y
C/EQP<R5000:SHARE NET PRNT EQUIP										N
<b>C/EQP&lt;R5000:SHARE NET PRNT EQUIP</b>										Y
SECU EQUIPM,SYS,MATERIALS<R5000										N
<b>SECURITY EQP,SYS,MATER:IT&lt;R5000</b>										N
<b>SECURITY EQP,SYS,MATER:IT&lt;R5000</b>										Y
COMPUTER SERVICES										N
SITA COMPUTER SERVICES										N
SITA HELP DESK										N
<b>SITA HELP DESK</b>										Y
INVENTORY:STATIONERY & PRINTING										N
INV STA&PRNT:IT CONSBLES										N
<b>INV STA&amp;PRNT:IT CONSBLES</b>										Y
INV STA&PRNT:PRINT CARTRIDGES										N
<b>INV STA&amp;PRNT:PRINT CARTRIDGES</b>										Y
INV STA&PRNT:PRINTING PAPER										N
<b>INV STA&amp;PRNT:PRINTING PAPER</b>										Y

**COMPUTER EQUIPMENT<R5000: COMPUTER PERIPHERAL**

Peripherals include electronic equipment connected by cable to the CPU of a computer (e.g. Keyboard, mouse, disk drives, etc.). This excludes printing output devices.

**COMPUTER EQUIPMENT<R5000: DESKTOP PRINTING EQUIPMENT**

Electronic equipment connected to a single PC/Laptop/Terminal used to transfer data out of the computer in the form of printed text or images.

**COMPUTER EQUIPMENT<R5000: SHARE NETWORK PRINTING EQUIPMENT**

Electronic equipment connected to multiple PC/Laptops/Terminals used to transfer data out of the computer in the form of printed text or images.

**SECURITY EQUIPMENT, SYSTEMS AND MATERIALS: INFORMATION TECHNOLOGY<5000**

Computer equipment that will be used for longer than 12 months to secure a computer system or network from unauthorised logical or physical access. It includes computer hardware used for firewalls, intrusion detection, biometric devices, access control system, etc.

**SITA HELP DESK:**

Payments made to SITA for services rendered with regard to providing information and assistance to users of a computer network to help solve problems relating to computing resources.

**STATIONERY AND PRINTING: IT CONSUMABLES**

Inventories are assets in the form of materials or supplies to be consumed in the day to day IT operations. Included under this item are DVD's Cd's and Memory sticks intended for terminal/PC/laptop users.

**INVENTORY STATIONARY AND PRINTING: PRINTING CARTRIDGE**

Inventories are assets in the form of materials or supplies to be consumed in the day to day IT operations. Print cartridges will include all forms of ink related consumables used for printing.

**INVENTORY STATIONARY AND PRINTING: PRINTING PAPER**

Inventories are assets in the form of materials or supplies to be consumed in the in the day to day IT operations. Printing paper will include all forms of paper related consumables used for printing.

**ANNEXURE B: RECORDING OF TRANSACTIONS RELATED TO OWN AND OUTSOURCED PROJECTS**

**CONTRACTORS: BUILDING AND CONSTRUCTION**

**CONTRCTRS:BULDNG&CONSTRUCT INFRA**

**PRJ CONTRCTRS:NEW BLDNG&CONSTRCT**

Building contractors refer to a company that is contracted to perform work, build structures or provide supplies. A general contractor has responsibility for an entire project. A subcontractor is hired by the contractor to perform a specific portion of a project or supply materials. Included under this item are contracted carpenters, cement mason, foreman’s, welder, plumber, labourer (a worker trained in several areas of construction work, including the handling of hazardous materials. Labourers help built highways, bridges, tunnels, factories, dams, schools, churches and other structures. Pile drivers (a pile driver or a pile butt is a worker trained to drive piles that support bridge foundations) and operators (a worker trained in the operation of heavy equipment such as bulldozers, graders and cranes). This item is used for own account construction by the departments.

**CONTRACTORS: MAINTENANCE AND REPAIRS, IMPROVEMENTS OF OTHER INFRASTRUCTURE ASSETS**

**CONTRCTRS:MNT&REP,IMP OTH INF AS**

**PROJ CONTRCTRS:M&T,IMP OT INF A**

Costs incurred in maintaining, repairing, refurbishing, rehabilitating, upgrading and additions of Other Infrastructure Assets. Included in this item are maintenance, repairs, refurbishment and rehabilitation, upgrades and additions of other Infrastructure Assets (Roads, Dams, etc.), not included this category is maintenance and repairs and improvements to property which must allocated under “Property Payment”. This item replaces the following individual item in the old chart which have now been removed: **CONTRCTRS:MAINT&REP OTH ASSETS; CONTRCTRS:REFURB&REHAB OTH ASSTS and CONTRCTRS:UPGRADE&ADD OTH ASSETS**. This item is used for own account maintenance and repairs, upgrades and additions as well as refurbishment and rehabilitation by the departments.

**CONTRCTRS:MNT&REP,IMP OTH INF AS**

**OUTS CONTRCTRS:MNT&REP O/INF AS**

Costs incurred in maintaining and repairing of Other Infrastructure Assets by an outside contractor. Maintenance and repairs of existing assets implies that the asset is kept in its original condition and there is no significant enhancement to its capacity or the value of the asset. Maintenance and repairs includes activities aimed at maintaining the capacity and effectiveness of an asset at its intended level. Excluded in this category are maintenance and repairs to property which must allocated under “Property Payment” in the item segment.

Outsourced maintenance and repairs of other Infrastructure assets.

**OUTSOURCED MNT&REP OF OTHER INFRASTRUCTURE ASSET. I.E MNT&REP OF ROADS**

PROJECT SEGMENT	ITEM SEGMENT
PROJECTS	GOODS AND SERVICES
PROJECTS INFRASTRUCTURE	CONTRACTORS
PRJ:EXISTING INFRASTRUC ASSETS	CONTRCTRS:MNT&REP,IMP OTH INF AS
MAINTENANCE & REPAIR CURRENT	<b>OUTS CONTRCTRS:MNTT&amp;REP O/INF AS</b>
<b>OUTS MAINTENANCE&amp;REPAIR CURRENT</b>	

**CONTRACTORS: MAINTENANCE AND REPAIR, IMPROVEMENT NON-INFRASTRUCTURE ASSETS**

**CONTRCTRS:MNT&RP,IMP N-INF A**

**PRJ CONTRCTRS:MNT&RP,IMP N-INF A**

Costs incurred in maintaining, repairing, refurbishing, rehabilitating, upgrading and additions of non-infrastructure assets (Machinery and Equipment, Heritage, Biological, Specialised Military and Land and Subsoil Assets). Included in this item are maintenance, repairs, refurbishment, rehabilitation, upgrade and additions of machinery and equipment e.g. biological assets, software and intangible assets, specialised military assets. This item replaces the following individual item in the old chart which has now been removed: **CONTRCTRS:MAINT&REP MACH&EQUIP; CONTRCTRS:REFURB&REHAB MACH&EQP and CONTRCTRS:UPGRADE&ADD MACH&EQP.**

**CONTRCTRS:MNT&RP,IMP N-INF A**

**OUTS CONTRCTRS:MNT&REP N-INF ASS**

Costs incurred in maintaining and repairing of non-infrastructure assets (Machinery and Equipment, Heritage, Biological, Specialised Military and Land and Subsoil Assets) by an outside contractor. . Maintenance and repairs of existing assets implies that the asset is kept in its original condition and there is no significant enhancement to its capacity or the value of the asset. Maintenance and repairs includes activities aimed at maintaining the capacity and effectiveness of an asset at its intended level.

Outsourced maintenance and repairs of Machinery and Equipment (Non- Infrastructure assets).

**OUTSOURCED MNT&REP OF MACHINERY AND EQUIPMENT**

PROJECT SEGMENT	ITEM SEGMENT
PROJECTS NON INFRASTRUCTURE	GOODS AND SERVICES
PRJ:NOT RELATED TO INFRSTRUC ASS	CONTRACTORS
NOT RELTED INFRASTRU ASS PRJ CUR	CONTRCTRS:MNT&RP,IMP N-INF A
<b>OUTS N/INF/A REL:MNT&amp;REP PRJ CUR</b>	<b>OUTS CONTRCTRS:MNT&amp;REP N-INF ASS</b>

**BUILDINGS AND OTHER FIXED STRUCTURE-NEW AND OUTSOURCED**

**NEW BUILDINGS AND OTHER FIXED STRUCTURES**

**NEW BUILDINGS & OTHER FIX STRUCT**

Buildings are fixed structures which are inhabitable by people, animals or plants or which can be used for storage. Other fixed structures consist of all fixed structures other than buildings - It includes roads, bridges and dams. These assets can be used continuously or repeatedly in production for at least one year. It includes all residential and non-residential buildings included under this category in the asset segment. This item refers to acquisition of an already existing building (however this will be a new building to the department) which is ready to be occupied by the department, for example, a department acquires an "Old Mutual building" as their new office block.

**OUTSOURCED CONTRACTOR: NEW BUILDING AND OTHER FIXED STRUCTURES**

**OUTS CONTRCTR: NEW BUIL&OT FIX ST**

Outsourced: Buildings are fixed structures which are inhabitable by people, animals or plants or which can be used for storage. Other fixed structures consist of all fixed structures other than buildings. It includes roads, bridges and dams. These assets can be used continuously or repeatedly in production for at least one year. It includes all residential and non-residential buildings included under this category in the Asset segment. The department outsources a building contract for a new school to an outside contractor (Big 5 Construction Company). The Contractor will build the school from the ground and only hand over a complete school to the department once the project has been finalised.

**OUTSOURCED CONTRACTOR: REFURBISHMENT AND REHABILITATION OF BUILDING AND OTHER FIXED STRUCTURES**

**OUTS CONTRCTR: REFU&REH BUL&OT FX**

Outsourced costs incurred in refurbishing and rehabilitating of buildings and other fixed structures. Examples would be refurbishment and rehabilitation of residential and non-residential buildings and assets such as roads, harbour's and other infrastructure assets. Transactions allocated to this item are applicable only if the refurbishing and rehabilitation extend the useful life of the asset and result in future cash inflows into the organization. Activities that is required due to neglect or unsatisfactory maintenance or degeneration of an asset. The action implies that the asset is restored to its originally intended condition, thereby increasing the value of an existing asset that has become inoperative due to the deterioration of the asset. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format. The entire project will be given to a construction company (contractor), and the department will pay the total cost of the refurbishment or rehabilitation.

**OUTSOURCED CONTRACTOR: UPGRADES AND ADDITIONS OF BUILDINGS AND OTHER FIXED**

**OUTS CONTRCTR: UPGR&ADD BUL&OT FX**

Outsourced costs incurred in upgrading and additions of buildings and other fixed structures. Examples would be upgrade and additions of residential and non-residential buildings and assets such as roads, harbours and other infrastructure assets. The economic classification is made in the project segment. Transactions allocated to this item are applicable only if the upgrade and additions enhances the capacity and value of the existing asset. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format. The entire project will be given to a construction company (contractor), and the department will pay the total cost of the upgrades or additions.

Outsourced refurbishment and rehabilitation, upgrade and additions of Buildings & Other Infrastructure assets.

**OUTSOURCED REFUB&REHAB, UPGRADE&ADD OF BUILINGS & OTHER INFRASTRUCTURE ASSETS**

PROJECT SEGMENT	ITEM SEGMENT
PROJECTS	PUR/CONST CAPITAL ASSETS
PROJECTS INFRASTRUCTURE	BUILDINGS & OTHER FIX STRUCT
PRJ:EXISTING INFRASTRUC ASSETS	BUILDINGS & OTHER FIX STRUCT
UPGRADE & ADDITIONS CAPITAL	BUILDINGS & O/FIX STRCT-NEW&OUT
OUTS UPGRADE & ADDITIONS CAPITAL	OUTS CONTRCTR:UPGR&ADD BUL&OT FX
REFURB & REHAB CAPITAL	OUTS CONTRCTR:REFU&REH BUL&OT FX
OUTS REFURB & REHAB CAPITAL	OUTS CONTRCTR:REFU&REH BUL&OT FX

**TRANSPORT EQUIPMENT**

**OUTSOURCED CONTRACTOR: REFURBISHMENT AND REHABILITATION OF TRANSPORT EQUIPMENT**

**OUTS CONTRCTR: REF&REHAB TRNSP EQ**

Payments to contractors for the rehabilitation and refurbishment of transport equipment. Transactions allocated to this item are applicable only if the refurbishing and rehabilitation extend the useful life of the asset and result in future cash inflows into the organization. Activities that is required due to neglect or unsatisfactory maintenance or degeneration of an asset. The action implies that the asset is restored to its originally intended condition, thereby enhancing the capacity and value of an existing asset that has become inoperative due to the deterioration of the asset. Such transactions are always classified as

**ADJUSTMENTS TO THE STANDARD CHART OF ACCOUNTS (SCOA) FROM 1 APRIL 2012**

payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format. The entire project will be given to an outside company (contractor), and the department will pay the total cost of the refurbishment or rehabilitation.

**OUTSOURCED CONTRACTOR: UPGRADES AND ADDITIONS OF TRANSPORT EQUIPMENT**

**OUTS CONTRCTR: UPGRD&ADD TRNSP EQ**

Payments to contractors for the upgrade and additions of transport equipment. Transactions allocated to this item are applicable only if the upgrade and additions enhances the capacity and value of an existing asset and also extends the useful life of the asset and result in future cash inflows into the organization. Activities that is required due to neglect or unsatisfactory maintenance or degeneration of an asset. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format. . The entire project will be given to an outside company (contractor), and the department will pay the total cost of the upgrades or additions.

Outsourced refurbishment and rehabilitation, upgrade and additions of Transport Equipment.

**OUTSOURCED REFUB&REHAB, UPGRADE&ADD OF TRANSPORT EQUIPMENT**

PROJECT SEGMENT	ITEM SEGMENT
PROJECTS	PUR/CONST CAPITAL ASSETS
PROJECTS NON INFRASTRUCTURE	MACHINERY AND EQUIPMENT
PRJ:NOT RELATED TO INFRSTRUC ASS	TRANSPORT EQUIPMENT
NOT RELTED INFRASTRU ASS PRJ CAP	
OUTS N/INFR/A REL:UPGRAD&ADD CAP	OUTS CONTRCTR:UPGRD&ADD TRNSP EQ
OUTS N/INFR/ASS REL:REF&REH CAP	OUTS CONTRCTR:REF&REHAB TRNSP EQ

**OTHER MACHINERY AND EQUIPMENT**

**OUTSOURCED CONTRACTOR: REFURBISHMENT AND REHABILITATION OF OTHER MACHINERY AND EQUIPMENT**

**OUTS CONTRCTR: REFU&REHA OTH MACH**

Payments to contractors for the rehabilitation and refurbishment of assets under the category for machinery and equipment. Transactions allocated to this item are applicable only if the refurbishing and rehabilitation extend the useful life of the asset and result in future cash inflows into the organization. Activities that is required due to neglect or unsatisfactory maintenance or degeneration of an asset. The action implies that the asset is restored to its originally intended condition, thereby enhancing the capacity and value of an existing asset that has become inoperative due to the deterioration of the asset. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format. . The entire project will be given to an outside company (contractor), and the department will pay the total cost of the refurbishment or rehabilitation.

**OUTSOURCED CONTRACTOR: UPGRADES AND ADDITIONS OF OTHER MACHINERY AND EQUIPMENT**

**OUTS CONTRCTR: UPGRD&ADD OTH MACH**

Payments to contractors for the upgrade and additions of assets under the category for machinery and equipment. Transactions allocated to this item are applicable only if the refurbishing and rehabilitation extend the useful life of the asset and result in future cash inflows into the organization. Activities that is required due to neglect or unsatisfactory maintenance or degeneration of an asset. The action implies that the asset is restored to its originally intended condition, thereby enhancing the capacity and value of an existing asset that has become inoperative due to the deterioration of the asset. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the

**ADJUSTMENTS TO THE STANDARD CHART OF ACCOUNTS (SCOA) FROM 1 APRIL 2012**

Reference Guide to the Economic Reporting Format. The entire project will be given to an outside company (contractor), and the department will pay the total cost of the upgrades or additions.

Outsourced refurbishment and rehabilitation, upgrade and additions of Other Machinery and Equipment.

**OUTSOURCED REFUB&REHAB, UPGRADE&ADD OF OTHER MACHINERY AND EQUIPMENT**

PROJECT SEGMENT	ITEM SEGMENT
PROJECTS	PUR/CONST CAPITAL ASSETS
PROJECTS NON INFRASTRUCTURE	MACHINERY AND EQUIPMENT
PRJ:NOT RELATED TO INFRSTRUC ASS	OTHER MACHINERY & EQUIPMENT
NOT RELTED INFRASTRU ASS PRJ CAP	
OUTS N/INFR/A REL:UPGRAD&ADD CAP	OUTS CONTRCTR:UPGRD&ADD OTH MACH
OUTS N/INFR/ASS REL:REF&REH CAP	OUTS CONTRCTR:REFU&REHA OTH MACH

**HERITAGE ASSETS**

**OUTSOURCED CONTRACTOR:NEW HERITAGE ASSETS INFRASTRUCTURE**

**OUTS CONTRCTR:NEW H/ASS INFRA**

Heritage assets refer to assets of significant value for conservation of a historical, agricultural or heritage purposes. This item relates to infrastructure heritage assets for example historical buildings.

**OUTSOURCED CONTRACTOR:NEW HERITAGE ASSETS NON INFRASTRUCTURE**

**OUTS CONTRCTR:NEW H/ASS NON INFR**

Heritage assets refer to assets of significant value for conservation of a historical, agricultural or heritage purposes that are not of an infrastructure nature such as paintings sculptures ect.

**OUTSOURCED CONTRACTOR: REFURBISHMENTS AND REHABILITATION HERITAGE ASSETS INFRASTRUCTURE**

**OUTS CONTRCTR:REF&HAB H/ASS INFR**

Outsourced: Payments to contractors for the rehabilitation and refurbishment of infrastructure heritage assets. Transactions allocated to this item are applicable only if the refurbishing and rehabilitation extend the useful life of the asset and result in future cash inflows into the organization. The action implies that the asset is restored to its originally intended condition, thereby enhancing the capacity and value of an existing asset that has become inoperative due to the deterioration of the asset. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format.

**OUTSOURCED CONTRACTOR: UPGRADE AND ADDITIONS HERITAGE ASSETS INFRASTRUCTURE**

**OUTS CONTRCTR:UPG&ADD H/ASS INF**

Outsourced: Payments made to contractors for the upgrade and additions to infrastructure heritage assets. Transactions allocated to this item are applicable only if the upgraded and additions increases the value of the asset and result in future cash inflows into the organization. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format.

**OUTSOURCED CONTRACTOR: REFURBISHMENT AND REHABILITATION HERITAGE ASSETS NON-INFRASTRUCTURE**

**OUTS CONTRCTR:REF&HAB H/ASS N-IN**

Outsourced: Payments to contractors for the rehabilitation and refurbishment of heritage assets non-infrastructure. Transactions allocated to this item are applicable only if the refurbishing and rehabilitation extend the useful life of the asset and result in future cash inflows into the organization. The action implies that the asset is restored to its originally intended condition, thereby enhancing the capacity and value of an existing asset that has become inoperative due to the deterioration of the asset. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format.

**OUTSOURCED CONTRACTOR: UPGRADE AND ADDITIONS HERITAGE ASSETS NON-INFRASTRUCTURE**

**OUTS CONTRCTR:UPG&ADD H/ASS N-IN**

Outsourced: Payments made to contractors for the upgrade and additions to heritage assets non infrastructure. Transactions allocated to this item are applicable only if the upgraded and additions increases the value of the asset and result in future cash inflows into the organization. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format.

Outsourced refurbishment and rehabilitation, upgrade and additions of Heritage assets (Non-Infrastructure assets).

**OUTSOURCED REFUB&REHAB, UPGRADE&ADD OF HERIATGE ASSETS (INFRASTRUCTURE ASSETS)**

PROJECT SEGMENT	ITEM SEGMENT
PROJECTS	PUR/CONST CAPITAL ASSETS
PROJECTS INFRASTRUCTURE	MACHINERY AND EQUIPMENT
PRJ:EXISTING INFRASTRUC ASSETS	HERITAGE ASSETS
UPGRADE & ADDITIONS CAPITAL	<b>OUTS CONTRCTR:UPG&amp;ADD H/ASS INF</b>
<b>OUTS UPGRADE &amp; ADDITIONS CAPITAL</b>	
REFURB & REHAB CAPITAL	<b>OUTS CONTRCTR:REF&amp;HAB H/ASS INFR</b>
<b>OUTS REFURB &amp; REHAB CAPITAL</b>	

**SPECIALISED MILITARY ASSETS**

**OUTSOURCED CONTRACTOR: REFURBISHMENT AND REHABILITATION OF SPECILAISED MILITARY ASSETS**

**OUTS CONTRCTR: REF&REH SPE MIL AS**

Outsourced: Payments made to contractors for the rehabilitation and refurbishment of specialised military assets. Transactions allocated to this item are applicable only if the refurbishing and rehabilitation extend the useful life of the asset and result in future cash inflows into the organization. The action implies that the asset is restored to its originally intended condition that has become inoperative due to the deterioration of the asset. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format.

**OUTSOURCED CONTRACTOR: UPGRADES AND ADDITIONS OF SPECIALISED MILITARY ASSETS**

**OUTS CONTRCTR: UPG&ADD SPE MIL AS**

Outsourced: Payments made to contractors for the upgrade and additions of specialised military assets. Transactions allocated to this item are applicable only if the upgraded and additions increases the value of the asset and result in future cash inflows into the organization. Such transactions are always classified

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as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format.

Outsourced refurbishment and rehabilitation, upgrade and additions of Specialised Military Assets.

**OUTSOURCED REFUB&REHAB, UPGRADE&ADD OF SPECIAL MILITARY ASSETS**

PROJECT SEGMENT	ITEM SEGMENT
PROJECTS	PUR/CONST CAPITAL ASSETS
PROJECTS NON INFRASTRUCTURE	
PRJ:NOT RELATED TO INFRSTRUC ASS	MACHINERY AND EQUIPMENT
NOT RELTED INFRASTRU ASS PRJ CAP	SPECIALISED MILITARY ASSETS
OUTS N/INFR/A REL:UPGRAD&ADD CAP	OUTS CONTRCTR:UPG&ADD SPE MIL AS
OUTS N/INFR/ASS REL:REF&REH CAP	OUTS CONTRCTR:REF&REH SPE MIL AS

**BIOLOGICAL ASSETS**

**OUTSOURCED CONTRACTOR: REFURBISHMENT AND REHABILITATION OF BIOLOGICAL ASSETS**

**OUTS CONTRCTR:REFURB&REH BIO ASS**

Outsourced: Payments made to contractors for the rehabilitation and refurbishment of biological assets. Transactions allocated to this item are applicable only if the refurbishing and rehabilitation extend the useful life of the asset and result in future cash inflows into the organization. The action implies that the asset is restored to its originally intended condition, thereby enhancing the capacity and value of an existing asset that has become inoperative due to the deterioration of the asset. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format.

**OUTSOURCED CONTRACTOR: UPGRADES AND ADDITIONS OF BIOLOGICAL ASSETS**

**OUTS CONTRCTR:UPGRAD&ADD BIO ASS**

Outsourced: Payments to contractors for the upgrade and additions of biological assets . Transactions allocated to this item are applicable only if the upgraded and additions increases the value of the asset and result in future cash inflows into the organization. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format.

Outsourced refurbishment and rehabilitation, upgrade and additions of Biological assets.

**OUTSOURCED REFUB&REHAB, UPGRADE&ADD OF BIOLOGICAL ASSETS**

PROJECT SEGMENT	ITEM SEGMENT
PROJECTS	PUR/CONST CAPITAL ASSETS
PROJECTS NON INFRASTRUCTURE	
PRJ:NOT RELATED TO INFRSTRUC ASS	MACHINERY AND EQUIPMENT
NOT RELTED INFRASTRU ASS PRJ CAP	BIOLOGICAL ASSETS
OUTS N/INFR/A REL:UPGRAD&ADD CAP	OUTS CONTRCTR:UPGRAD&ADD BIO ASS
OUTS N/INFR/ASS REL:REF&REH CAP	OUTS CONTRCTR:REFURB&REH BIO ASS

**LAND AND SUBSOIL ASSETS**

**OUTSOURCED CONTRACTOR: REFURBISHMENT AND REHABILITATION OF LAND AND SUBSOIL ASSETS**

**OUTS CONTRACTRS:REF&REH LND&SU A**

Outsourced: Payments made to contractors for the rehabilitation and refurbishment of land and sub soil assets. Transactions allocated to this item are applicable only if the refurbishing and rehabilitation extend the useful life of the asset and result in future cash inflows into the organization. The action implies that the asset is restored to its originally intended condition, thereby enhancing the capacity and value of an existing asset that has become inoperative due to the deterioration of the asset. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format.

**OUTSOURCED CONTRACTOR: UPGRADES AND ADDITIONS OF LAND AND SUBSOIL ASSETS**

**OUTS CONTRACTRS:UPG&ADD LND&SU A**

Outsourced: Payments made to contractors for the upgrade and additions of Land and subsoil assets. Transactions allocated to this item are applicable only if the upgraded and additions increases the value of the asset and result in future cash inflows into the organization. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format.

Outsourced refurbishment and rehabilitation, upgrade and additions of Land and Subsoil assets.

**OUTSOURCED REFUB&REHAB, UPGRADE&ADD OF LAND AND SUBSOIL**

PROJECT SEGMENT	ITEM SEGMENT
PROJECTS	PUR/CONST CAPITAL ASSETS
PROJECTS NON INFRASTRUCTURE	
PRJ:NOT RELATED TO INFRSTRUC ASS	MACHINERY AND EQUIPMENT
NOT RELTED INFRASTRU ASS PRJ CAP	LAND&SUBSOIL ASSETS
OUTS N/INFR/A REL:UPGRAD&ADD CAP	OUTS CONTRACTRS:UPG&ADD LND&SU A
OUTS N/INFR/ASS REL:REF&REH CAP	OUTS CONTRACTRS:REF&REH LND&SU A

**SOFTWARE AND INTANGIBLE ASSETS**

**OUTSOURCED CONTRACTORS:NEW SOFTWARE AND INTENGIBLE ASSETS**

**OUTS CONTRACTRS:NEW SOFT&INT ASS**

Outsourced: Payments made to contractors for the development of a new Software and Intangible asset for the department. An intangible is an identifiable non-monetary asset without any physical substance. Examples of intangible fixed assets are mineral exploration rights; computer software; literary and artistic originals; and miscellaneous other intangible fixed assets. To qualify as a fixed asset, the item must be intended for use in production for more than one year and its use must be restricted to the units that have established ownership rights over it or to units licensed by the owner. (The units that have established ownership rights refer to the entity that created the software for example "Microsoft" and units licensed by the owner refers to the unit buying a license to use or the right to use the software, but will not be able to change the software).

**OUTSOURCED CONTRACTOR: REFURBISHMENT AND REHABILITATION OF SOFTWARE AND INTANGIBLE**

**OUTS CONTRCTRS:REF&REH SFT&IN A**

Outsourced: Payments made to contractors for the rehabilitation and refurbishment of software and intangible assets. Transactions allocated to this item are applicable only if the refurbishing and rehabilitation extend the useful life of the asset and result in future cash inflows into the organization. The action implies that the asset is restored to its originally intended condition, thereby enhancing the capacity and value of an existing asset that has become inoperative due to the deterioration of the asset. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format.

**OUTSOURCED CONTRACTOR: UPGRADES AND ADDITIONS OF SOFTWARE AND INTANGIBLE**

**OUTS CONTRCTRS:UPGR&ADD SFT&IN A**

Outsourced: Payments made to contractors for the upgrade and additions of software and intangible. Transactions allocated to this item are applicable only if the upgraded and additions increases the value of the asset and result in future cash inflows into the organization. Such transactions are always classified as payments for capital assets in terms of the classification principles provided by the Reference Guide to the Economic Reporting Format.

Outsourced refurbishment and rehabilitation, upgrade and additions of Software and Intangible assets.

**OUTSOURCED REFUB&REHAB, UPGRADE&ADD OF SOFTWARE AND INTANGIBLE**

PROJECT SEGMENT	ITEM SEGMENT
PROJECTS	PUR/CONST CAPITAL ASSETS
PROJECTS NON INFRASTRUCTURE	MACHINERY AND EQUIPMENT
PRJ:NOT RELATED TO INFRSTRUC ASS	SOFTWARE & INTANGIBLE ASSETS
NOT RELTED INFRASTRU ASS PRJ CAP	
OUTS N/INFR/A REL:UPGRAD&ADD CAP	OUTS CONTRCTRS:UPGR&ADD SFT&IN A
OUTS N/INFR/ASS REL:REF&REH CAP	OUTS CONTRCTRS:REF&REH SFT&IN A

**Additional information:**

**Maintenance and repairs**

Includes activities aimed at maintaining the capacity of and effectiveness of an asset at its intended level. The maintenance action implies that the asset is restored to its condition and there is no significant enhancement to its capacity or the value of the asset. This category is of a *current* nature.

**Upgrades and additions**

Includes activities aimed at improving the capacity and effectiveness of an asset above that of the intended purpose. The decision to renovate, reconstruct or enlarge an asset is a deliberate investment decision which may be undertaken at any time and is not dictated by the condition of the asset, but rather in response to a change in demand and/or change in service requirements. This category is of a capital nature.

**Refurbishment and rehabilitation**

Includes activities that are required due to the neglect or unsatisfactory maintenance or degeneration of an asset. The action implies that the asset is restored to its condition, enhancing the capacity and the value of an existing asset hat has become inoperative due to the deterioration of the asset. This category is of a capital nature.

## ANNEXURE C: UPDATING COMMITMENTS ON THE SYSTEM

Departments must ensure that all budget commitments previously loaded either in LOGIS or BAS is updated to link to the appropriate new segment numbers in BAS. This section serves as a guide to system controllers and all government financial practitioners on the procedures to be followed in order to update commitments on BAS.

### **LOGIS procedure**

Commitments with invalid allocations (old segment numbers) will appear on the PI home page section called Invalid Allocations. In order to allocate to the appropriate segment number:

- a. Click on the Invalid Allocation to list the commitments.
- b. Click on the commitment applicable and amend the segment details to the new SCOA codes.
- c. Click save to send the updated commitment to BAS.

It is important to note the following:

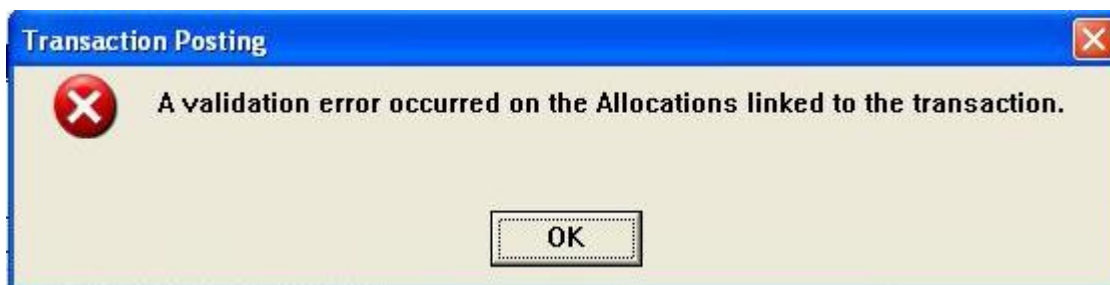
- a. NO commitments will be lost when the new chart is implemented.
- b. In the event that a commitment was not amended prior to the payment being authorised, the PI system will prevent the payment from being sent to BAS by showing an error message.
- c. This process is only applicable to commitments recorded in LOGIS.

### **BAS procedure**

The following procedure for updating commitments in BAS should be followed after the new segment details for the new Financial Year becomes active:

- a. Request either Commitment as "At report" or "Commitment Detail Report" to check for all Commitments that exist on BAS.
- b. Capture new Item lines to recommit the orders for FY 2012/2013 with the new allocations.
- c. Relieve commitments for the FY 2011/2012 by finalising the Item lines that have the old segment details.

In the event that the segment details were not amended prior to payments being authorised, the user will receive the error message below when authorising the payments. In such instance the above procedure should be followed before the transaction can be processed.



For further assistance in this regard, please contact the relevant System Controller in your department.