

## **CLASSIFICATION CIRCULAR 1 OF 2010/11**

### **ADJUSTMENTS TO THE STANDARD CHART OF ACCOUNTS (SCOA)**

#### **PURPOSE**

1. The purpose of this classification circular is to inform all government financial practitioners of the changes made to the Standard Chart of Accounts (SCOA) for the financial year 2010/11.

#### **DISCUSSION**

2. Changes to the chart will be discussed according to each of the segments.
3. Departments are requested to ensure that all the necessary PERSAL and BAS links be updated to the structure where proposed changes were recommended in the segments of the chart, i.e. amendments to the Fund segment for earmarked and specific funds and programmes and subprogrammes in the Objective segment.

#### **FUND SEGMENT**

4. Earmarked and specific fund descriptions for national departments and conditional grants descriptions for all departments were aligned to the appropriation and division of revenue acts for 2010 as tabled by the Minister of Finance in Parliament.
5. The standard chart of accounts currently provides for two types of receipts, departmental receipts and direct exchequer receipts. A new fund was introduced for a further breakdown of the recording and allocation of receipts that are received through the bank account of a department but are meant for the National Revenue Fund (NRF).
6. These receipts will be a subset of departmental receipts and will be regarded departmental receipt collections on behalf of and meant for the NRF. The receipts will be frequently deposited through the bank account of a department and will not be regarded as being extraordinary or once off receipts that will be classified as direct exchequer receipts. Opening and closing annual transactions for this fund will be allocated to the general account of departmental receipts.
7. This new fund will be for most of time be for the exclusive use of the National Treasury to record the receipt of amounts deposited by the South African Reserve Bank for e.g. the structure and rand blocked levies This fund should be used in conjunction with the items created under direct exchequer receipts in the Item segment.
8. The annual financial statement preparation guideline will address the treatment of these receipts and how it should be recorded in the financial statements of the department.
9. A new fund was created under donor funds for Nigeria.

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The table below illustrates the addition of the new funds

1	2	3	4	P/NP LEVEL	LEVEL
				N	1
				N	2
				Y	3
				Y	3
				N	3
				N	3
				Y	4
				N	1
				N	2

*Green - Addition, segment code available from BAS*

**OBJECTIVE SEGMENT**

10. Programme structures of national and provincial departments were updated and aligned to the budget statements of departments as tabled in Parliament and the Legislature. Where a programme and subprogramme names changed the entire programme and subprogrammes were recreated in the financial system and for such cases departments are requested to activate the entire new structure and re-link the codes to various transversal systems for interfaces.

**RESPONSIBILITY SEGMENT**

11. This is the non-standardised segment and departments need to amend the structure according to their needs and what's in the organisational structure of the department. No changes were made by the National Treasury to this segment of the chart.

**ITEM SEGMENT**

**Receipts**

12. A new item was added for the MEDSAS trading entity to record interest received for sales and receivables, this account is for the exclusive use of the MEDSAS trading entity.

1	2	3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
						3	N	1
						170	N	2
						214	N	3
						221	N	4
							Y	5

*Green - Additions, segment codes available from BAS*

**Payments**

**Goods and services**

**Administrative fees**

13. The item DPW property management fee under the category administrative fees was removed as it was duplicated in the chart. The item can be found in the category property payments. The change will be effective as from 01 April 2010.

ITEM REMOVED	BAS SEGMENT NUMBER
DPW PROPERTY MANAGEMENT FEE	511

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**Government Motor Transport (GMT)**

14. GMT as currently reflected and interpreted in the chart was exclusively for the use of the GMT trading entity and departments were not allowed to utilise this item with its posting level details. There are a number of departments that manage their own fleet of vehicles and therefore require a posting level item for fleet services.
15. As from 1 April 2010, the Item Government Motor Transport will be renamed to Fleet Services and will be used by all departments owning and managing their own fleet of vehicles. Departments should at all times ensure that their internal policies and transport policies are aligned, in place and consulted before making use of this account. Departments should take care and ensure that this category and the category for travel and subsistence are used correctly according to the purpose of their existence.

**An illustration of the amended items for fleet services**

1	2	3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
PAYMENTS						1	N	1
	PAYMENTS					308	N	2
	GOODS AND SERVICES					365	N	3
	FLEET SERVICES(F/SER)					372	N	4
	FLEET SERVICES TRACKING					414	N	5
	F/SER:COMPUTER TIME-LIC					2397	Y	6
	F/SER:DEVELOPMENT FEES					2398	Y	6
	F/SER:TRACKING(PHYS CS)					2399	Y	6
	F/SER:TOLL FEES					1865	Y	5
	FLEET SERVICES					415	N	5
	F/SER:BATTERIES					2387	Y	6
	F/SER:DEPREC EQUIPMENT					2388	Y	6
	F/SER:DEPREC VEHICLES					2389	Y	6
	F/SER:FUEL,OIL&GREASE					2390	Y	6
	F/SER:LICENCE FEES					2391	Y	6
	F/SER:SPARES&ACCESSORIE					2392	Y	6
	F/SER:TOWING COSTS					2393	Y	6
	F/SER:TRANSACTION COSTS					2394	Y	6
	F/SER:TYRES&TUBES					2395	Y	6
	F/SER:VEHICLE REPAIRS					2396	Y	6
	F/SER:LOSS SALE EQUIPM					1866	Y	5
	F/SER:LOSS SALE VEHICLE					1867	Y	5

*Blue- Name changes*

**Inventory: medical supplies**

16. The health sector requested the National Treasury to provide for a separation between inventory, medical supplies and inventory, medicine. This change will be accommodated as part of the changes going forward from 1 April 2010 and will improve reporting of medicine as a significant inventory category. Departments are also reminded to ensure the correct allocation and capturing of budgets for the newly created category under inventory.
17. The committee will appreciate further input to the details and posting level items from the health sector if so required. The items reflected below in green should be activated and the ones in red should be deactivated by health departments.

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1	2	3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	PAYMENTS					1	N	1
		PAYMENTS				308	N	2
			GOODS AND SERVICES			365	N	3
				INVENTORY: MEDICAL SUPPLIES		378	N	4
				INV MED: ARTIFICIAL AIDS		1837	Y	5
				INV MED: ANTIRETROVIRAL DRUGS		1838	Y	5
				INV MED: APPLICATION SETS		2813	Y	5
				INV MED: BANDAGES & DRESSING		1839	Y	5
				INV MED: BLOOD-PRODUCT & PLASMA		1840	Y	5
				INV MED: CATHTRS, TUBES & URIN BAGS		1817	Y	5
				INV MED: CONTRACEPTIVES		2711	N	5
				INV MED CONTRA: FEMALE CONDOMS		2712	Y	6
				INV MED CONTRA: MALE CONDOMS		2713	Y	6
				INV MED CONTRA: ORAL CONTRACEPTIV		2714	Y	6
				INV MED: WHEELCHAIRS		2562	Y	5
				INV MED: X-RAY CONSUMABLES		1835	Y	5
				INV MED: CRUTCHES		2568	Y	5
				INV MED: DENTAL CONSUMABLES		2971	Y	5
				INV MED: DISPOSABLE NAPPIES		2567	Y	5
				INV MED: FIRST AID KIT		2832	Y	5
				INV MED: GLOVES, DIS. SUNDRIES		1819	Y	5
				INV MED: HEART VALVES & PACEMKRS		1820	Y	5
				INV MED: HIV/AIDS TEST KITS		2814	Y	5
				INV MED: IMPLANTABLE SETS		2565	Y	5
				INV MED: INTRAVENOUS FEEDS		2566	Y	5
				INV MED: ANIMAL MEDICINE		2868	Y	5
				INV MED: MEDICINE		1821	Y	5
				INV MED: MEDICINE MEDICAL DEPOT		1822	Y	5
				INV MED: OCCUPATL THERPY CONSUM		1823	Y	5
				INV MED: OPTICL ITMS & HEARING AIDS		1824	Y	5
				INV MED: ORTHOPEDC ARTIFICIL LIMB		1825	Y	5
				INV MED: PATIENT CLOTHING		1828	Y	5
				INV MED: RADIO-ISOTOPES		2564	Y	5
				INV MED: RENAL DIALYSIS		1829	Y	5
				INV MED: STOMATHERAPY REQS		2563	Y	5
				INV MED: SURGICAL CONSUMABLES		1826	Y	5
				INV MED: SURGICAL, IMPLNT PROSTHSS		1830	Y	5
				INV MED: SURGICAL/MEDICAL SUPPLS		1827	Y	5
				INV MED: SUTURS, LIGATR & SKIN STPL		1831	Y	5
				INV MED: SYRINGES, NEEDLES		1832	Y	5
				INV MED: TABLTS, CAPSULS & LOZENGs		1833	Y	5
				INV MED: THERAPEUTICAL REQUISITS		1834	Y	5
				INV MED: ANIMAL VACCINES		2867	Y	5
				INV MED: VACCINES		1836	Y	5
				INVENTORY: MEDICINE			N	4
				INV MEDI: ANIMAL MEDICINE			Y	5
				INV MEDI: ANIMAL VACCINES			Y	5
				INV MEDI: ANTIRETROVIRAL DRUGS			Y	5
				INV MEDI: MEDICINE OTHER			Y	5
				INV MEDI: MEDICINE MEDICAL DEPOT			Y	5
				INV MEDI: ORAL CONTRACEPTIVES			Y	5
				INV MEDI: TABLTS, CAPSULS & LOZENGs			Y	5
				INV MEDI: VACCINES			Y	5

Green – Additions, segment codes available from BAS  
Red – Deletions

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***Owned and leasehold property payments***

18. As from 1 April 2010 the item owned and leasehold property payments will be re-named to property payments.
19. The item property payments provide for all payments related to contractual obligations contributing to functionality of, for example, buildings or land.
20. Part of this item provides for the payment of municipal services, for example, water, electricity, and waste removal. The structure of the chart provides for detailed posting level items to be added at the discretion of the user department, for example, water, electricity, sanitation, waste removal or a general item.
21. This category amongst other also provides for the payment of contractor services towards outsourced maintenance and repair, upgrade and addition and refurbishment and rehabilitation of buildings and other fixed structures.
22. The name change was proposed after consultation with departments where it was found that the word owned and leasehold creates uncertainty in the use of the category, specifically where amounts were appropriated in the budget of the relevant national or provincial department to carry out and pay for e.g. the maintenance and repair and infrastructure projects other than that of the department, i.e. municipalities.

**An illustration of the amended items for property payments**

1	2	3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	PAYMENTS				1	N	1
		PAYMENTS			308	N	2
			GOODS AND SERVICES		365	N	3
				PROPERTY PAYMENTS	385	N	4
				<b>P/P:GARDENING SERVICES</b>	<b>1745</b>	<b>Y</b>	<b>5</b>
				<b>P/P:CLEANING SERVICES</b>	<b>2815</b>	<b>Y</b>	<b>5</b>
				<b>P/P:COMMISION MUNICIPAL SERV</b>	<b>1746</b>	<b>Y</b>	<b>5</b>
				<b>P/P:DEEDS</b>	<b>1747</b>	<b>Y</b>	<b>5</b>
				<b>P/P:ELECTRCTY CMPLIANCE CERT</b>	<b>1748</b>	<b>Y</b>	<b>5</b>
				<b>P/P:FIRE PROTECTION</b>	<b>1749</b>	<b>Y</b>	<b>5</b>
				<b>P/P:FIRST AID</b>	<b>1750</b>	<b>Y</b>	<b>5</b>
				<b>P/P:FUMIGATION SERV</b>	<b>1751</b>	<b>Y</b>	<b>5</b>
				<b>P/P:GAS</b>	<b>1752</b>	<b>Y</b>	<b>5</b>
				<b>P/P:LAUNDRY SERVICES</b>	<b>1753</b>	<b>Y</b>	<b>5</b>
				<b>P/P:MANAGEMENT FEE</b>	<b>1754</b>	<b>Y</b>	<b>5</b>
				<b>P/P:PEST CONTROL</b>	<b>1755</b>	<b>Y</b>	<b>5</b>
				<b>P/P:SAFEGUARD&amp;SECURITY</b>	<b>1756</b>	<b>Y</b>	<b>5</b>
				P/P:MUNICIPAL SERV EXCL R&T	2715	N	5
				P/P:CONTRACTD MAINTNNCE PROP	2880	N	5
				P/P:UPGRADE&ADDITIIONS PROP	2984	N	5
				P/P:CON REFURBISH/REHAB PROP	2902	N	5

*Blue – Name changes*

***Non-life insurance premiums***

23. From 1 April 2010 the chart of accounts will provide for the allocation of the item non-life insurance premiums on a posting level as part of the item operating payments under goods and services. The item was originally classified as transfers to private enterprises.

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24. The classification of spending on non-life insurance premiums was changed after consideration of both international guidelines and South-African circumstances.
25. These payments as from now will be classified as goods and services. Payment for non-life insurance premiums are viewed as a required transaction, as there is an exchange of a service and an asset component between the department and the insurance company, for the value of payment made by the department, i.e. the value of the payment also seen in proportion to the value received in return for risk transfer provided by the insurance company.

**Interest, dividends and rent on land**

26. A new item was added for the MEDSAS trading entity to record interest paid for purchases and payables, this account is for the exclusive use of the MEDSAS trading entity.

1	2	3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
PAYMENTS						1	N	1
PAYMENTS						308	N	2
INTEREST, DIVIDEND, RENT ON LAND						2871	N	3
INTEREST						366	N	4
<b>INT PAID: PURCH&amp;PAYABLES (MEDSAS)</b>							<b>Y</b>	<b>5</b>

*Green - Additions, segment codes available from BAS*

**Payments for financial assets**

27. With the revision of the Reference Guide to the Economic Reporting Format, September 2009, the National Treasury replaced the previous category of financial transactions in assets and liabilities on the payment side to payments for financial assets.
28. Payments for financial assets are when government lends to public corporations or when equity investments are made for policy purposes on concessionary terms. To be classified under payments for financial assets, the transaction must directly affect government's financial asset position. Refer to the Reference Guide to the Economic Reporting Format for a detailed discussion.
29. The chart of accounts was aligned to the levels as presented in the revised guide and a new item was created to provide for the allocation of these payments.

1	2	3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
PAYMENTS						1	N	1
<b>PAYMENTS FOR FINANCIAL ASSETS</b>							<b>N</b>	<b>2</b>
<b>PAYMENTS FOR FINANCIAL ASSET</b>							<b>N</b>	<b>3</b>
<b>FOREX LOSSES</b>							<b>Y</b>	<b>4</b>
<b>THEFTS AND LOSSES</b>							<b>Y</b>	<b>4</b>
<b>EXT OF LOANS FOR POLICY PURPOSES</b>							<b>Y</b>	<b>4</b>
<b>PURCHASE OF EQUITY</b>							<b>Y</b>	<b>4</b>
PAYMENTS FOR FINANCIAL ASSETS							N	4
PAY FIN ASS:WATER TRAD ACC							N	3
<b>WATER TRADING ACC LOSSES</b>							<b>Y</b>	<b>4</b>
PAYMENTS FOR FINANCIAL ASSETS						367	N	3
PAYMENTS FOR FINANCIAL ASSET						368	N	4
<b>FOREX LOSSES</b>						1712	<b>Y</b>	<b>5</b>
<b>THEFTS AND LOSSES</b>						1713	<b>Y</b>	<b>5</b>
PAY FIN ASS:WATER TRAD ACC						369	N	4
<b>WATER TRADING ACC LOSSES</b>						1711	<b>Y</b>	<b>5</b>

*Green - Additions, segment codes available from BAS*

*Red - Deletions*

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**Transfer payments**

30. Transfer payment descriptions were aligned to the latest list of entities as per the PFMA schedules.

1	2 3 4 5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	PAYMENTS		1	N	1
	TRANSFERS AND SUBSIDIES		309	N	2
	DEPARTMENTAL AGENCIES & ACCOUNTS		325	N	3
	TRNSF&SUB:DEPARTMENTAL AGENCIES		354	N	4
	TRANSFERS TO NATIONL DEPT AGENCY		356	N	5
	AFRICA INSTITUTE OF SA		2291	Y	6
	AFRIKAANSE TAALMUSEUM		2293	Y	6
	COMPENSATION FUND INCL RES FUND		2286	Y	6
	ELEC COMMUNICATIONS SEC (PTY) LTD			Y	6
	FIN,ACC,MAN CON&OTH FINSERV SETA		2218	Y	6
	SA HUMAN RIGHTS COMMISSION		2228	Y	6
	iSIMANGALISO WETLAND PARK		2205	Y	6
	NAT ARTS COUNCIL SA		2190	Y	6
	NAT ENERGY REGULATOR SA		2162	Y	6
	NAT ENGLISH LITERARY MUSUEM		2163	Y	6
	NAT HERITAGE COUNCIL SA		2168	Y	6
	NAT LIBRARY SA		2171	Y	6
	NAT YOUTH DEV AGENCY			Y	6
	NATAL MUSEUM		2152	Y	6
	NELSON MANDELA NATIONAL MUSEUM		2153	Y	6
	NORTHERN FLAGSHIP INSTITUTION		2154	Y	6
	PLAYHOUSE COMPANY		2121	Y	6
	PUB INV CORP LTD		3005	Y	6
	PUBLIC PROTECTOR SA		2127	Y	6
	PUBLIC SECTOR SETA		2128	Y	6
	ROBBEN ISLAND MUSEUM		2134	Y	6
	SA DIAMOND&PREC METALS REGULATOR			Y	6
	SA LIBRARY FOR BLIND		2111	Y	6
	SA NAT SPACE AGENCY			Y	6
	SA TOURISM		2089	Y	6
	SERVCON HOUS SOLUT (PTY) LTD		2095	Y	6
	STATE DIAMOND TRADER		3006	Y	6
	SA STATE THEATRE		2102	Y	6
	TECHNOLOGY INNOVATION AGENCY			Y	6
	THE COOP BANKS DEV AGENCY			Y	6
	TOURISM HOSPT AND SPORT SETA		2065	Y	6
	UNIV SERV AND ACCESS AGENCY SA		2070	Y	6
	UNIVERSAL SERVICE & ACCESS FUND		2071	Y	6
	VOORTREKKER MUSEUM		2073	Y	6
	WAR MUSEUM BOER REPUBLIC		2075	Y	6
	WINDYBROW THEATRE		2080	Y	6
	PUBLIC CORPORATIONS&PRIV ENT		328	N	3
	TRNSF&SUB:PUBLIC CORPORATIONS:PC		342	N	4
	P/C:OTH TRNSF PUB CORPORATIONS		349	N	5
	EL INDUS DEV ZONE CORP			Y	6
	GATEWAY AIRPORT AUTH LTD			Y	6
	BROADBAND INFRACO		2033	Y	6
	MPU ECONOMIC GROWTH AGENCY		2010	Y	6
	NAMAQUA WATER BOARD		2012	Y	6
	PUB INV CORP LTD			Y	6
	STATE DIAMOND TRADER			Y	6
	TRNSF&SUB:PRIVATE ENTERPRISES		343	N	4
	T/F:OTHER TRNSF PVT ENTERPRISES		345	N	5
	NON LIFE INSRNCE PREM(TRY12.1.2)		1976	Y	6

Green - Additions, segment codes available from BAS

Blue - Name changes

Red - Deletions

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### Payments for capital assets

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

### Assets, liabilities and net assets

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

### ASSET SEGMENT

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

### REGIONAL SEGMENT

34. No changes have been made to the regional segment other than the name changes of municipalities due to information received from the Municipal Demarcation Board.

### PROJECT SEGMENT

35. The Project segment was aligned with the Item segment to provide an economic classification code for payments for financial assets and the code, no project stand-alone payments for financial assets was created. This effectively results in a new economic classification code in the Project segment.

36. Departments should take care in the use of this project code as this is very specific in nature. This project code will also be linked to be only used with the items created for payments for financial assets in the Item segment, the use of this code with any other item will result in an incorrect classification.

1	2	3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
STAND ALONE ITEM (NO PROJECTS)						2	N	1
NO PROJ S/ALONE PAY FOR FIN ASS							Y	2

*Green - Addition, segment codes available from BAS*

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.

For updated versions of the SCOA COR database, definitions and classification circulars visit <http://scoa.treasury.gov.za/>

Regards,

SCOA Technical Committee

Date: 10 March 2010