

**CLASSIFICATION CIRCULAR 8  
 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).

**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. A new fund was created under donor funds for Lesotho.

The table below illustrates the addition of the new Fund

1	2	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	DONOR FUNDS	7	N	1
	DONOR FUNDS:LESOTHO	1186	N	2

**OBJECTIVE SEGMENT**

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

**RESPONSIBILITY SEGMENT**

6. This is the non-standardised segment. No changes were made by the National Treasury to this segment of the chart.

**ITEM SEGMENT**

**Receipts**

7. A new item was added under the category Administrative Fees for the recording of Licenses or Permits for the Convention on International Trade in Endangered Species of Wild Fauna and Flora as promulgated under the Biodiversity Act. Departments should note that the use of this item is limited to the Departments of Water Affairs, Environmental Affairs and Tourism or where the collection of these fees in terms of the Biodiversity Act is administered.

**Classification Circular 8 (Issued 4 October 2010)**

**An illustration of the amended items for Receipts**

1	2	3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
						3	N	1
						167	N	2
						261	N	3
						264	N	4
						288	N	5
						<b>3117</b>	<b>Y</b>	<b>6</b>

**Payments**

**Compensation of Employees**

**Salaries and Wages Foreign Officials / Non-Residents**

8. The SCOA Technical Committee received a request from the Departments of International Relations and Cooperation and Trade and Industry for the creation of specific foreign dispensation accounts used by these departments to pay salaries and wages of foreign recruited personnel or staff that are deployed to foreign missions or offices. After consultation with these departments the committee has proposed the creation, amendment and deactivation of the following accounts.

**Items added on the chart:**

**I. S&W: F all SA Off/Child all**

Children allowance payable to SA staff employed in the foreign missions. These allowances are regarded as salaries and wages payable to employees. This item is for the exclusive use of departments who deploy staff and their families to foreign missions.

**An illustration of the added items for S&W: Foreign All SA Officials**

1	2	3	4	5	6	7	8	9	10	11	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
											1	N	1
											308	N	2
											364	N	3
											430	N	4
											447	N	5
											448	N	6
											451	N	7
											453	N	8
											458	N	9
											<b>3118</b>	<b>Y</b>	<b>10</b>

**II. S&W: Forgn all SA Off: HR-Day Rem**

Salaries and wages paid to foreign locally recruited staff, i.e. interns, students and temporary secretaries on an hourly/daily rate and where the appointment of these staff are directly regulated through an employment contract between the individual and the department/mission.

**Classification Circular 8 (Issued 4 October 2010)**

**An illustration of the added items for S&W: Non-Residential**

1	2	3	4	5	6	7	8	9	10	11	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
											1	N	1
											308	N	2
											364	N	3
											430	N	4
											447	N	5
											44	N	6
											450	N	7
											<b>3119</b>	<b>Y</b>	<b>8</b>

**III. Empl Contr: Soc Con Oth LRP(N-RES)**

Other employer social contributions paid by the foreign mission offices for locally recruited staff on their establishment.

**An illustration of the added items for Social Contributions: Non Residents**

1	2	3	4	5	6	7	8	9	10	11	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
											1	N	1
											308	N	2
											364	N	3
											431	N	4
											442	N	5
											443	N	6
											444	N	7
											<b>3120</b>	<b>Y</b>	<b>8</b>

**Items removed on the chart:**

**I. S&W: Forgn all SA Off: Education**

The Item should no longer be used by the Departments and will be removed from the chart on 31 March 2011.

**An illustration of the removed items for S&W: Foreign All SA Officials**

1	2	3	4	5	6	7	8	9	10	11	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
											1	N	1
											308	N	2
											364	N	3
											430	N	4
											447	N	5
											448	N	6
											451	N	7
											453	N	8
											458	N	9
											459	N	10
											<b>483</b>	<b>Y</b>	<b>11</b>

**Items amended on the chart:**

**I. S&W: Forgn all SA Off: Post**

This item has been changed to **S&W: Forgn all SA Off: Diff Post Add Cost** to align BAS to the Persal change.

Allowances paid by the department to its officials (South African residents) working abroad to maintain a standard of living, uphold family ties, facility for first time transfer abroad to assist the employee to go abroad: i.e. difficult post additional allowance, occupational specific allowances, and actual cost of translocation households.

**II. S&W: Forgn all SA Off: Represent**

This item has been changed to **S&W: Forgn all SA Off: Cost of Liv all** to align BAS to the Persal change.

Station allowance and representation allowance are replaced with the COL allowance in the form of a fixed amount in the applicable foreign currency for each country linked to the standard grade level.

**An illustration of the amended items for S&W: Foreign All SA Officials**

1	2	3	4	5	6	7	8	9	10	11	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
PAYMENTS											1	N	1
PAYMENTS											308	N	2
COMPENSATION OF EMPLOYEES											364	N	3
SALARIES AND WAGES											430	N	4
SALARIES & WAGES IN CASH											447	N	5
SALARIES & WAGES RESIDENTS											448	N	6
SAL&WAGES:REMUNERATION (RES)											451	N	7
SAL&WAGES:NON PENSIONABLE(RES)											453	N	8
SAL&WAGES:OTH NON-PENS ALLOW:RES											458	N	9
S&W: FOREIGN ALL SA OFFICIALS											459	N	10
<b>S&amp;W: FORGN ALL SA</b>													
<b>OFF:DIFPOADCOS</b>											<b>484</b>	<b>Y</b>	<b>11</b>
<b>S&amp;W: FORGN ALL SA OFF:COL</b>													
<b>ALL</b>											<b>485</b>	<b>Y</b>	<b>11</b>

**Goods and services**

**Agency and Support / Outsourced Services**

9. The item Social Care Services has been added under the Agency and Support / Outsourced Services for payments to service providers who provides social welfare services. This expenditure must exclude NGO's as well the Departments' own institution; service must be provided by the private institution to the department.
10. It is important to note that payments for social grants will remain transfers and will be classified as transfers to households. Payments to NGO's where it meets the definition of a transfer and where the payment is unrequited will be transfers to non-profit institutions.

**Classification Circular 8 (Issued 4 October 2010)**

This item is not excluding or limiting other departments rendering a similar service but it is mostly used by the Social Sector.

**An illustration of the amended item for Agency and Support / Outsourced Services**

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
				AGENCY&SUPRT/OUTSOURCED SERVICES	390	N	4
				<b>A&amp;S/O/S: SOCIAL CARE SERVICES</b>	<b>3114</b>	<b>Y</b>	<b>5</b>

**Travel and Subsistence**

11. A new item T&S Foreign has been added for the transaction of expenditure when an employee must use private transport to carry out his/her duties, the employer may, i.e. Provide an allowance to cover reasonable actual costs, and/or compensate the employee according to tariffs prescribed by the Department of Transport.

**An illustration of the amended item for Travel and Subsistence**

1	2	3	4	5	6	7	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	PAYMENTS						1	N	1
		PAYMENTS					308	N	2
			GOODS AND SERVICES				365	N	3
				TRAVEL AND SUBSISTENCE			387	N	4
				T&S FOREIGN			406	N	5
					T&S:FOREIGN:TRNSP W/OUT OPERATOR		407	N	6
					<b>T&amp;S FORGN W/OUT OP:KM ALL(OWN T)</b>		<b>3121</b>	<b>Y</b>	<b>7</b>

**Operating Payments**

12. The item **school boarding costs** has been amended to school boarding/tuition cost to also provide for the prescripts contained in PART IIIB Chapter 12 of the Foreign Service Code for staff's children who are transferred abroad.
13. The definition of this item will thus be: If for work-related reasons, an employee's children must attend school away from home, the employer may help with some of the costs. In this instance the employer shall pay only for accommodation, meals and laundry and shall not pay over half of reasonable boarding-school or lodging fees. An employer may assist with boarding costs for a dependent child of an employee if the child attends primary or secondary school, and the work requires the employee to move frequently, or the schools available where the employee lives and works are over 32 km distant, or do not teach in the employee's home language. Boarding cost is not payable by the employer for an employee who is stationed abroad and who receives a child allowance, or who performs parliamentary duties. This item is for tuition fees payable directly by the department to the school based on the prescripts contained in PART IIIB Chapter 12 of the Foreign Service Code for staff's children who are transferred abroad. This item is exclusively applicable to South African diplomats who have been transferred to a South African foreign mission and should not be used by any other department for the payment of local tuition fees whatsoever.

**Classification Circular 8 (Issued 4 October 2010)**

**An illustration of the amended item for Operating 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
	OPERATING PAYMENTS				389	N	4
	<b>O/P:SCHOOL BOARDING/TUITION COST</b>				<b>1728</b>	<b>Y</b>	<b>5</b>

**Advertising**

14. The item **Advert: Gift & Promotional Item- BAS Code 514** has been amended to exclude the word Gifts as it caused confusion for the departments as Gifts and Donations items have already been created under the category Transfer Payments.

**An illustration of the amended items for Advert: Gifts & Promotional Items**

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
	ADVERTISING				393	N	4
	<b>ADVERT:PROMOTIONAL ITEM</b>				<b>514</b>	<b>Y</b>	<b>5</b>

**Transfer payments**

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

**Provincial and Local Government**

**Transfers: Municipalities**

16. The item **Mun B/Acc: Fines & Penalties** has been added to the chart for payments of fines and penalties imposed for parking or traffic offences undertaken to be paid by the department.
17. Such payments should be done in line with the departmental policies which must be in line with the PFMA and the Treasury Regulations. Investigations should be conducted for all employees, including Ministers and MECs' of the department to determine liability before such expenditure is raised against voted funds of a department.

**An illustration of the amended items for Municipal Bank Accounts**

2	3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	TRANSFERS AND SUBSIDIES				309	N	2
	PROVINCIAL AND LOCAL GOVERNMENTS				324	N	3
	TRNSF&SUB:MUNICIPALITIES				359	N	4
	MUNICIPAL BANK ACCOUNTS				360	N	5
	<b>MUN B/ACC:FINES &amp; PENALTIES</b>				<b>3123</b>	<b>N</b>	<b>6</b>

**Classification Circular 8 (Issued 4 October 2010)**

**Households (HH)**

***Other Transfers (Cash)***

18. The Department of Justice and Constitutional Development requested the SCOA Committee to provide for an account when gratuity payments for judges are done in terms of section 6 of the Judges' Remuneration and Conditions of Employment Act, 47 (Act No. 47 of 2001). Based on the specific nature of this transaction and in terms of the conditions set out for this act the committee agreed to create an item specifically and exclusively for this expenditure. This account is for the exclusive use of the Department of Justice and Constitutional Development.

**An illustration of the amended items for Households**

2	3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
TRANSFERS AND SUBSIDIES				309	N	2
HOUSEHOLDS (HH)				330	N	3
H/H:EMPLOYEE SOCIAL BENEFITS				331	N	4
H/H: GRATUITY JUDGES ACT 47'01				3122	Y	5

**Payments for capital assets**

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

**Assets, liabilities and net assets**

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

**ASSET SEGMENT**

**Tangible Capital Assets**

**Buildings and Other Fixed Structures**

**Other Fixed Structure**

***Water***

21. The Department of Agriculture, Forestry and Fisheries requested the SCOA Committee to provide for an asset class in the Asset segment for the payments of projects undertaken by the department on the construction of boreholes on the farms, schools, etc for water supply as well as the maintenance of the Rivers/River banks for prevention of soil erosion within the country.

**An illustration of the amended items for Water**

1	2	3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
TANGIBLE CAPITAL ASSETS					1	N	1
BUILD & OTHER FIXED STRUCTURES					5	N	2
OTHER FIXED STRUCTURES					39	N	3
WATER					44	N	4
RIVERS/RIVER BANKS					519	N	5
BOREHOLES					518	N	5

## Classification Circular 8 (Issued 4 October 2010)

### Fence

22. The Departments of Agriculture Forestry and Fisheries and Rural Development and Land Reform requested the SCOA Committee to provide for an asset class in the Asset segment for the payments towards projects undertaken by both departments where they construct or maintain fences to agricultural land and farms. It is important to note that these fences are of significant value and that they may be regarded as significant assets on their own.

#### An illustration of the amended items for Fence

1	2	3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
TANGIBLE CAPITAL ASSETS					1	N	1
BUILD & OTHER FIXED STRUCTURES					5	N	2
OTHER FIXED STRUCTURES					39	N	3
FENCE					520	N	4
AGRICULTURAL FENCE					521	N	5

### REGIONAL SEGMENT

#### Merafong Municipality

23. The prefix to the Merafong City municipality has been changed due to the Demarcation board's decision to move the municipality to the Gauteng Province.

#### An illustration of the amended item for Merafong Municipality

5	6	7	8	9	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
WEST RAND MUNICIPALITIES					302	N	5
GT484 MERA FONG CITY					305	N	6

### PROJECT SEGMENT

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

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: 4 October 2010