



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

CLASSIFICATION CIRCULAR

ADJUSTMENTS TO THE STANDARD CHART OF ACCOUNTS (SCOA) VERSION 4

PURPOSE

1. The purpose of this circular is to inform all government financial practitioners of the changes made to the SCOA for the 2014/15 financial year.

DISCUSSION

2. Changes to the chart will be discussed according to each of the segments. Please note where applicable in a segment, all terminology has been aligned to the changes introduced and implemented 1 April 2013.
3. Departments are also requested to ensure that all the necessary PERSAL and BAS links will be updated to the structure where proposed changes have been recommended in the segments of the chart, i.e. amended Fund segment for Earmarked and Specific funds, Programmes and Subprogrammes in the Objective segment and the newly introduced Infrastructure segments which has been introduced specifically for reporting purposes (Economic Reporting Format).
4. Reasons for the amendments to the SCOA are provided along with an illustration of the impact thereof.
5. The introduction of the new Infrastructure segment necessitates continuous effort to adjust the chart to accommodate the new segment. Such adjustments affect other segments. The Infrastructure segment is the most affected by the adjustment, as it needs to be aligned with the Item segment to eliminate misclassifications.

FUND SEGMENT

6. This segment has been aligned to the published Appropriation and Division of Revenue Bills for 2014.

OBJECTIVE SEGMENT

7. Programme structures of national and provincial departments were updated and aligned to the budget statements of departments as tabled in Parliament and the Legislatures.

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8. Where a programme and subprogramme name changed, the entire programme and its subprogrammes were recreated in the financial system. Departments must activate the entire new structure and re-link the codes to the various transversal systems for interfaces.

RESPONSIBILITY SEGMENT

9. This segment is non-standardised; therefore departments need to amend the structure according to their needs in terms of the requirements of their organisational structure.
10. Therefore no changes were made by the National Treasury to this segment of the chart.

ITEM SEGMENT

PAYMENTS

Compensation of Employees

11. No changes were made to this category of payments items in the chart

Goods and Services

Assets < R5000

12. The item Assets less than R5000 has been renamed to Capital Assets less than R5000. The change is in line with Modified Cash Standard which refers to capital asset as non-current tangible or intangible assets of a department that are expected to be used or held by that department for longer than one year. Thus the definition includes both capital assets below the capitalisation threshold ¹(*Minor capital assets*) and capital assets above the capitalisation threshold (*Major capital assets*).

Table 1.1: Extract of the current items from the chart

3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
		GOODS AND SERVICES	64	N	3
		ASSETS <R5000	343	N	4
		BUILDINGS AND OTHER FIXED STRUCTURES	1089	N	5
		BIOLOGICAL ASSET <R5000	1090	N	5
		HERITAGE ASSET <R5000	1091	N	5
		MACHINERY AND EQUIPMENT <R5000	1092	N	5
		TRANSPORT ASSETS <R5000	1093	N	5
		SOFTW AND INTANGIBLE ASSETS <R5000	1094	N	5
		SPECIALISED MILITRY ASSETS <R5000	1095	N	5

¹ Currently set at R5000 per individual item.

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Table 1.2: Highlight of the amended item from the chart

3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
GOODS AND SERVICES			64	N	3
		CAPITAL ASSETS <R5000	343	N	4
		BUILDINGS AND OTHER FIXED STRUCTURES	1089	N	5
		BIOLOGICAL ASSET<R5000	1090	N	5
		HERITAGE ASSET<R5000	1091	N	5
		MACHINERY AND EQUIPMENT<R5000	1092	N	5
		TRANSPORT ASSETS<R5000	1093	N	5
		SOFTW AND INTANGIBLE ASSETS<R5000	1094	N	5
		SPECIALISED MILITRY ASSETS<R5000	1095	N	5

Consumable Household Supplies: Linen, Crockery and Cutlery

13. A split has been introduced in the CONS HOUS SUP:LINEN,CROCKERY&CUTLERY item. Two new separate items have been created for Linen and Crockery and Cutlery. Soft Furnishing has been included with Linen into one expenditure line item.
14. The deleted consumable items are highlighted in red in Table 2.1 below. These items are replaced by the green highlighted non-posting level items in Table 2.2.

Table 2.1: Extract of the deleted items from the chart

3	4	5	6	7	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
GOODS AND SERVICES					64	N	3
	CONS SUPPLIES				331	N	4
	CONS:HOUSEHOLD SUPP				891	N	5
		CONS HOUS SUP:LIN,CRCKRY&CUTLRY			2286	N	6
		CONS HOUS SUP:LIN,CRCKRY&CUTLRY			3430	Y	7
		OWN:CON HOUS SUP:LIN,CRCKRY&CUTL			3431	Y	7

Table 2.2: Introduction of new items in the chart

3	4	5	6	7	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
GOODS AND SERVICES					64	N	3
	CONS SUPPLIES				331	N	4
	CONS:HOUSEHOLD SUPP				891	N	5
		CONS LINEN & SOFT FURNISHINGS			4842	N	6
		CONS LINEN & SOFT FURNISHINGS			4843	Y	7
		OWN:CONS LINEN & SOFT FURNISHINGS			4844	Y	7
		CONS HOUS SUP: CROCKERY & CUTLERY			4845	N	6
		CONS HOUS SUP:CROCKERY & CUTLERY			4846	Y	7
		OWN:CON HOUS SUP:CROCKERY & CUTLERY			4847	Y	7

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Operating Leases

15. The Operating Lease item has been split into two: Infrastructure and Non-Infrastructure. This split was made to facilitate the appropriate linking and accurate reporting and classification of leased infrastructure and non-infrastructure codes in the Infrastructure segment.
16. Table 3.1 illustrates the deleted posting level operating lease items in the chart. These items are replaced by the green highlighted non-posting level items in Table 3.2.

Table 3.1: Extract of the deleted items from the chart

3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	GOODS AND SERVICES		64	N	3
	OPERATING LEASES		333	N	4
		OPERATING LEASES	879	Y	5
		OWN:OPERATING LEASES	880	Y	5

Table 3.2: Introduction of new items in the chart

3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	GOODS AND SERVICES		64	N	3
	OPERATING LEASES		333	N	4
		OPERATING LEASES: INFRSTRCTR	4854	Y	5
		OWN:OPERATING LEASES: INFRSTRCTR	4855	Y	5
		OPERATING LEASES: NON-INFRSTRCTR	4856	Y	5
		OWN:OPERATING LEASES: NON-INFRST	4857	Y	5

Property Payments

17. There was duplication between fumigation services and pest control with the same objective which is to remove pests and plaques under property payments. It was then decided that both items be amended into one item.
18. Table 4.1 illustrates the deleted posting level operating lease items in the chart. The newly amended item is highlighted in blue in Table 4.2 below.

Table 4.1: Extract of the deleted items from the chart

3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	GOODS AND SERVICES			64	N	3
	PROPERTY PAYMENTS			335	N	4
		P/P:FUMIGATION SERV		867	N	5
		P/P:FUMIGATION SERV		2221	Y	6
		OWN:P/P:FUMIGATION SERV		2222	Y	6
	P/P:PEST CONTROL			871	N	5
		P/P:PEST CONTROL		2213	Y	6
		OWN:P/P:PEST CONTROL		2214	Y	6

Table 4.2: Highlight of the amended item from the chart

3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
				64	N	3
				335	N	4
				P/P:PEST CNTRL/FUMIGATION SER 871	N	5
				P/P:PEST CNTRL/FUMIGATION SER 2213	Y	6
				OWN:P/P:PEST CNTRL/FUMIGATIN SER 2214	Y	6

Interest and Rent on Land

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

PAYMENTS FOR FINANCIAL ASSETS

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

TRANSFERS AND DSUBSIDIES

21. Transfer payments descriptions have been aligned to the latest list of public entities listed in PFMA schedule 1, 2, 3A, 3B, 3C and 3D as at 15 March 2013. Details of additions, changes and deletions are available from the latest version of the chart.

PURCHASE / CONSTRUCTION CAPITAL ASSETS

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

ASSETS SEGMENT

Minor Assets<R5000

23. The Minor Assets less than R5000 category has been renamed to Capital Assets less than R5000. The change is in line with Modified Cash Standard which refers to capital asset as non-current tangible or intangible assets of a department that are expected to be used or held by that department for longer than one year. Thus the definition includes both capital assets below the capitalisation threshold ²(*Minor capital assets*) and capital assets above the capitalisation threshold (*Major capital assets*).

² Currently set at R5000 per individual item

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Table 5.1: Extract of the current Minor Asset<R5000 category from the chart

1	2	3	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	MINOR ASSETS<R5000		4	N	1
	TANGIBLE ASSETS<R5000		12	N	2
	BUILDINGS&OTHER FIXED STRUCTURES		14	N	3
	BIOLOGICAL ASSET<R5000		15	N	3
	HERITAGE ASSET<R5000		16	N	3
	TRANSPORT ASSETS<R5000		17	N	3
	MACHINERY & EQUIPMENT <R5000		18	N	3
	SPECIALISED MILITARY ASS<R5000		19	N	3

Table 5.2: Highlight of the amended item from the chart

1	2	3	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
	CAPITAL ASSETS<R5000		4	N	1
	TANGIBLE ASSETS<R5000		12	N	2
	BUILDINGS&OTHER FIXED STRUCTURES		14	N	3
	BIOLOGICAL ASSET<R5000		15	N	3
	HERITAGE ASSET<R5000		16	N	3
	TRANSPORT ASSETS<R5000		17	N	3
	MACHINERY & EQUIPMENT <R5000		18	N	3
	SPECIALISED MILITARY ASS<R5000		19	N	3

PROJECT SEGMENT

24. This segment is non-standardised; therefore departments need to amend and capture projects according to their requirements.
25. Therefore no changes were made by the National Treasury to this segment of the chart.

INFRASTRUCTURE SEGMENT

Infrastructure Assets

26. Infrastructure codes for Own account Infrastructure related transactions have been amended and restricted to the use of *Own Account Contractors Other Infrastructure Assets* and *Own Account Contractors Property Payments* goods and services items as communicated in Classification Circular 6 and version 13.14.04 of the chart.
27. The implemented changes mainly enforces the correct use of Own Account Contractors codes in the Item segment to the correct Own Account Infrastructure codes in the Infrastructure segment using the accounting systems (BAS) category links. Own Account Infrastructure codes, both for Contractors items as well as for other own account expenditure items is currently created on the same posting level and this makes it impossible to request one report.

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28. The newly created non-posting level (on level 5) will enable the departments to request one report for own account expenditure which will include both contractors and other own account expenditure items.
29. Table 6.1 illustrates the deleted posting level Own Account Infrastructure codes in the chart. These items are replaced by the green highlighted non-posting level items in Table 6.2.

Table 6.1: Extract of the deleted items from the chart

1	2	3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL	
					DEPARTMENTAL EXPENDITURE	1	N	1
					INFRASTRUCTURE ASSETS	4	N	2
					EXISTING INFRASTRUC ASSETS	17	N	3
					MAINTENANCE & REPAIR CURRENT	18	N	4
					EX INFR:MNT&REP:OUTSOURCED	30	Y	5
					EX INFR:MNT&REP:O/A - CNTRCTRS	31	Y	5
					EX INFR:MNT&REP:O/A - OTHER EXP	110	Y	5
					UPGRADE & ADDITIONS CAPITAL	19	N	4
					EX INFR:UPGRADE&ADD: OUTSOURCED	32	Y	5
					EX INFR:UPGRADE&ADD:O/A CNTRCTRS	33	Y	5
					EX INFR:UPGRAD&ADD:O/A OTHER EXP	111	Y	5
					REFURB & REHAB CAPITAL	20	N	4
					EX INFR:REFB&REHAB: OUTSOURCED	34	Y	5
					EX INFR:REFB&REHAB:O/A CNTRCTRS	35	Y	5
					EX INFR:REFB&REHAB:O/A OTHER EXP	112	Y	5
					NEW INFRASTRUC ASSETS	21	N	3
					NEW INFRASTRUC ASSETS CAPITAL	22	N	4
					PURCHASE OF NEW INFRASTRUCTURE	36	Y	5
					CONSTRUCTION - OUTSOURCED	37	Y	5
					CONSTRUCTION - O/A CONTRACTORS	38	Y	5
					CONSTRUCTION - O/A OTHER EXP	113	Y	5

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Table 6.2: Introduction of new items in the chart

1	2	3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
						1	N	1
						4	N	2
						17	N	3
						18	N	4
						EX INFR:MNT&REP:OUTSOURCED	Y	5
						EX INFR:MNT&REP:OWN ACCOUNT	N	5
						EX INFR:MNT&REP:O/A - CNTRCTRS	Y	6
						EX INFR:MNT&REP:O/A - OTHER EXP	Y	6
						19	N	4
						EX INFR:UPGRADE&ADD: OUTSOURCED	Y	5
						EX INFR:UPGRADE&ADD:OWN ACCOUNT	N	5
						EX INFR:UPGRADE&ADD:O/A CNTRCTRS	Y	6
						EX INFR:UPGRAD&ADD:O/A OTHER EXP	Y	6
						20	N	4
						EX INFR:REFB&REHAB: OUTSOURCED	Y	5
						EX INFR:REFB&REHAB:OWN ACCOUNT	N	5
						EX INFR:REFB&REHAB:O/A CNTRCTRS	Y	6
						EX INFR:REFB&REHAB:O/A OTHER EXP	Y	6
						21	N	3
						22	N	4
						CONSTRUCTION - OUTSOURCED	Y	5
						CONSTRUCTION - OWN ACCOUNT	N	5
						CONSTRUCTION - O/A CNTRCTRS	Y	6
						CONSTRUCTION - O/A OTHER EXP	Y	6

Non-Infrastructure

30. Similarly to the Infrastructure changes, Non-Infrastructure codes for Own accounts Non-Infrastructure related transactions have been amended and restricted to the use of *Own Account Contractors Non-Infrastructure* goods and services items as communicated in Classification Circular 6 and version 13.14.04 of the chart.
31. Table 7.1 illustrates the deleted posting level Own Account Non-Infrastructure codes in the chart. These items are replaced by the green highlighted non-posting level items in Table 7.2.

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Table 7.1: Extract of the deleted items from the chart

1	2	3	4	5	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
DEPARTMENTAL EXPENDITURE					1	N	1
NON INFRASTRUCTURE					72	N	2
NON INFRASTRUCTURE: CURRENT					75	N	3
NON INFRA MAINTENANCE & REPAIR					77	N	4
NON INFRA MAINT&REPAIR:OUTS(CUR)					96	Y	5
NON INFRA MAINT&REP:OWN ACC(CUR)					97	Y	5
NON INFRA MAINT&REP:O/A OTHER EX					32	Y	5
NON INFRASTRUCTURE: CAPITAL					78	Y	3
NON INFRA:UPGRADE & ADDITIONS					80	N	4
NON INFRA:UPGR&ADDIT:OUTS(CAP)					101	Y	5
NON INFR:UPGR&ADDIT:OWN ACC(CAP)					102	Y	5
NON INFRA:REFURB & REHAB					81	N	4
NON INF:REFURB&REHAB:OUTS(CAP)					103	Y	5
NON INF:REFURB&REHAB:OWN AC(CAP)					85	Y	5

Table 7.2 Introduction of new items in the chart

1	2	3	4	5	6	SEGMENT DETAIL NO	P/NP LEVEL	LEVEL
DEPARTMENTAL EXPENDITURE						1	N	1
NON INFRASTRUCTURE						72	N	2
NON INFRASTRUCTURE: CURRENT						75	N	3
NON INFRA MAINTENANCE & REPAIR						77	N	4
NON INFRA MAINT&REPAIR:OUTS(CUR)						99	N	5
NON INFRA MAINT&REP:OWN ACC(CUR)						127	N	5
NON INFRA MAINT&REP:O/A CNTRCTRS						128	Y	6
NON INFRA MAINT&REP:O/A OTHER EX						129	Y	6
NON INFRASTRUCTURE: CAPITAL						78	Y	3
NON INFRA:UPGRADE & ADDITIONS						80	N	4
NON INFRA:UPGR&ADDIT:OUTS(CAP)						101	Y	5
NON INFR:UPGR&ADDIT:OWN ACC(CAP)						130	N	5
NON INFR:UPGR&ADDIT:O/A CNTRCTRS						131	Y	6
NON INFR:UPGR&ADDIT:O/A OTHER EX						132	Y	6
NON INFRA:REFURB & REHAB						81	N	4
NON INF:REFURB&REHAB:OUTS(CAP)						103	Y	5
NON INF:REFURB&REHAB:OWN AC(CAP)						133	N	5
NON INF:REFURB&REHAB:O/A CNTRCTRS						134	Y	6
NON INF:REFURB&REHAB:O/A OTHER EX						135	Y	6

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REGIONAL IDENTIFIER

32. Changes have been made to align the current structure with the latest details from the Municipal Demarcation Board.

Contact information

33. Please contact the SCOA project team via the **SCOA call centre at (012) 315 5311**, or by sending a concise mail to scoa@treasury.gov.za if further clarity or discussion is required regarding the changes highlighted above.
34. For updated versions of the SCOA COR database and classification circulars please visit <https://scoa.treasury.gov.za/>

Regards,

SCOA Technical Committee

Date: 18 February 2014