

Standard Chart of Accounts (SCOA) Toning

Section 1: The Fund Segment

PURPOSE

Illustration: Overview of the Fund Segment¹

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Expenditure: Voted												1	N	N
Departmental Appropriation												148	N	N
Voted Funds Discretionary												152	N	N
Earmarked and Specific Funds												153	N	N
Earmarked and Specific Funds - National												167	N	N
Earmarked and Specific Funds - Provincial												562	N	Y
Conditional Grant Expenditure												154	N	N
General Account of the Departmental Vote												155	N	N
Direct Charge against the Revenue Fund												149	N	N
Direct Exchequer Fund												2	N	N
Revenue												3	N	N
Direct Exchequer Revenue												4	N	N
Assets and Liabilities												5	N	N
Assets and Liabilities Fund												299	Y	N
Interdepartmental Services/Advances National												281	N	N
Interdepartmental Services/Advances Provincial												282	N	N
Criminal Asset Recovery Account												6	N	N
Donor Funds												11	N	N
Trading Accounts												8	N	N
Trust Funds												9	N	N
Agency Service												14	N	N

1. The Fund segment identifies the various sources of funding available to departments for financing expenditure relating to the functions of the department. These sources of funds are discussed in detail in the paragraphs that follow.
2. The primary source of funding for a department is voted/appropriated funds, e.g., funds appropriated by Parliament / Legislatures in an Appropriation Act (Provincial or National) and the Division of Revenue Act (DORA). Further to voted funds, departments also spend funds to which specific conditions are attached, namely conditional grants. In certain instances specific legislation provides for expenditure to form a direct charge against the revenue fund.
3. Departments can also finance programmes through funds received from donor agencies, trading accounts, trust funds, agency services and the Criminal Asset Recovery Account (CARA). The purpose of the fund segment is to identify the various sources of funding from which spending is incurred.
4. The *Assets and liabilities* section in the Fund segment caters for interdepartmental transactions at the national and provincial level.

¹ All detail levels not included for illustration purposes.

DISCUSSION OF SEGMENT

Expenditure: Voted

Illustration: Expenditure: Voted

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Expenditure: Voted												1	N	N
Departmental Appropriation												148	N	N
Voted Funds Discretionary												152	N	N
Voted Funds												559	Y	N
Internal Charges Fund												153	N	N
Trading Account: DPW: Client Departments Voted												566	N	Y
Earmarked and Specific Funds												153	N	N
E&S Funds: National ² Listed as identified per National Department												167	N	N
Agriculture												193	N	N
Earmarked												277	N	N
Devolution of Funds from Public Works												556	Y	N
Agricultural Research and Infrastructure												557	Y	N
MAFISA												290	Y	N
Specifically and Exclusively Appropriated												567	N	N
Agricultural Research Council												568	Y	N
L&ABSA: AGRI BEE												569	Y	N
L&ABSA: MICRO-AGRI Fin Inst SA												570	Y	N
Nat Agri Marketing Council												571	Y	N
NCERA Farms (Pty) Ltd												572	Y	N
Departmental Specific												278	N	Y
Earmarked and Specific Funds - Provincial												562	N	Y
Conditional Grant Expenditure												154	N	N
Conditional Grants: National ³												279	N	N
Agriculture												156	N	N
Agriculture Disaster Management Grant												358	Y	N
Comprehensive Agricultural Support Program Grant												359	Y	N
Land Care Program Grant: Poverty Reliefs and Infrastructure												360	Y	N
Conditional Grants: Provincial												563	N	Y
General Account of the Departmental Vote												155	N	N
General Account of the Departmental Vote												291	Y	N
Direct Charge against the Revenue Fund												149	N	N
Direct Charge against the Expenditure Fund Vote												150	N	N
Expenditure against the Direct Charge Revenue Fund Vote												293	Y	N
General Account of the Direct Charge Revenue Fund Vote Expenditure												151	N	N

² SCOA includes all National Departments with a list of Earmarked and Specifically and Exclusively Appropriated Funds under separate headings. The Department of Agriculture is used for illustration purposes.

³ SCOA includes all national departments with a list of conditional grants. The Department of Agriculture is used for illustration purposes.

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
				General Account of the Direct Charge Revenue Fund Vote Expenditure								292	Y	N

5. *Expenditure voted* represents the source of funds appropriated to a department per the Appropriation Act and the Adjusted Appropriation Act. This source of funds includes direct charges against the revenue fund (or previously so called Statutory Appropriations) as listed in Schedule 5 to the PFMA. Direct charges on the National/Provincial Revenue Fund are amounts appropriated in terms of statutes and do not require parliamentary approval.
6. Direct charges are amounts allocated to national/provincial departments in terms of specific legislation applicable to the department. The department is still accountable for the administration of the charge vested in them.
7. Unexpended direct charges and voted funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised as current liabilities in the statement of financial position.
8. Examples of expenditure allocated via direct charges to some departments for administration are:
 - Remuneration of Public Office Bearers Act, Act No 20 of 1998 - covering the President's salary and the salaries of members of Parliament.
 - Remuneration and Allowances of Deputy Presidents, Ministers and Deputy Ministers Act, Act No 53 of 1994 – covering the salary of the Deputy President.
 - Judges' Remuneration and Conditions of Employment Act, Act No 88 of 1989 – covering salaries and allowances of Judges and Judges seconded to governments of other countries.
9. The "General Account of the Direct Exchequer Expenditure" is for opening/closing entries which are automatically recorded by BAS.

Voted Funds Discretionary

10. Expenditure not relating to "Earmarked and Specific Funds" or "Conditional Grants" is recorded against this fund code.

For example:

The payment of salaries to permanent clerical staff in the finance department of the Department of Water Affairs would be recorded against the code for Voted Funds Discretionary.

Earmarked and Specific Funds

11. In order to monitor expenditure that is earmarked for a specific purpose, the Fund segment is expanded to identify these as separate sources of funding, as a sub-category of the "Voted Funds" main category. These would include items identified in the departmental allocation letters as earmarked funds, as well as amounts

appropriated as “specifically and exclusively appropriated” in the Appropriation Act and the Adjusted Appropriation Act.

12. The code created for Departmental Specific is a “non posting level” but “breakdown allowed” for Departments to add posting levels according to specific needs.
13. In the case of national departments, this information will be centrally loaded onto the fund structure by National Treasury. Provincial treasuries will be responsible for creating codes following the same principles as used for national departments.

Conditional Grant

14. “Conditional Grants” is as the name suggests, grants allocated with certain conditions attached. These codes should be used for recording of expenditure incurred funded by a conditional grant, e.g. the accounts as provided for in DORA.

For example:

The National Department of Provincial and Local Government made a Municipal Infrastructure Grant to the Albert Luthuli Municipality in Mpumalanga.

General Account of the Departmental Vote

15. This fund code is to be used for opening/closing entries, which are automatically recorded by BAS.

Direct Exchequer Fund

Illustration: Direct Exchequer Fund

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Direct Exchequer Fund												2	N	N
Direct Exchequer Expenditure												146	N	N
Direct Exchequer Expenditure												294	Y	N
General Account of the Direct Exchequer Expenditure												147	N	N
General Account of the Direct Exchequer Expenditure												296	Y	N

16. The “Direct Exchequer Fund” or more specifically “Direct Exchequer Expenditure” is the fund code that should be used for withdrawals made directly from the National Revenue Fund established in terms of Section 213 of the Constitution. Money may be withdrawn from the National Revenue Fund only in terms of an appropriation by an Act of Parliament or as a direct charge against the National Revenue Fund, when provided for in the Constitution or an Act of Parliament. A province’s equitable share of revenue raised nationally is a direct charge against the National Revenue Fund.
17. Similarly this fund code should be used for withdrawals made directly from the Provincial Revenue Fund established in terms of Section 226 of the Constitution. Money may be withdrawn from a Provincial Revenue Fund only in terms of an appropriation by a provincial Act or as a direct charge against the Provincial Revenue Fund, when it is provided for in the Constitution or a provincial Act. Revenue allocated through a province to local government in the province is a direct charge against that province’s Revenue Fund.

18. The “*General Account of the Direct Exchequer Expenditure*” is the fund code used for opening/closing entries which is automatically recorded by BAS.

Revenue

Illustration: Revenue

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Revenue												3	N	N
Departmental Revenue												143	N	N
Trading Account DPW: Client Departments Revenue												662	N	Y
General Account of the Departmental Revenue												144	N	N
General Account of the Departmental Revenue												298	Y	N

19. All departmental revenue is paid into the National/Provincial Revenue Fund when received. This Fund is used for the recording of revenue collected during the financial year and paid over to the relevant revenue fund.
20. The fund code for the “*Trading Account Department of Public Works: Client Departments Revenue*” is to be used for revenue collected by the trading account from the client departments for utility charges and other accommodation expenses.
21. “*General Account of the Departmental Revenue*” is the fund code used for opening/closing entries which is automatically recorded by BAS.

Direct Exchequer Revenue

Illustration: Direct Exchequer Revenue

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Direct Exchequer Revenue												4	N	N
Direct Exchequer Revenue												141	N	N
Direct Exchequer Revenue												300	Y	N
General Account of the Direct Exchequer Revenue												142	N	N
General Account of the Direct Exchequer Revenue												301	Y	N

22. The Constitution Sections 213 and 226 respectively provides for a National/Provincial Revenue Fund (for each province), into which all money received by the national/provincial government must be paid, except money reasonably excluded by an Act of Parliament.
23. Receipts other than departmental revenue, that are not expected to recur frequently such as special dividends and special restructuring proceeds received from public sector entities such as Telkom, Transnet and SAFCOL are regarded as direct exchequer revenue.
24. All direct exchequer fund receipts are paid directly into the National/Provincial Revenue Fund via the departmental PMG/Bank Account of the department.
25. “*General Account of the Direct Exchequer*” is the fund code used for opening/closing entries, which is automatically recorded by BAS.

Assets and Liabilities

Illustration: Assets and Liabilities

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Assets and Liabilities												5	N	N
Assets and Liabilities Fund												299	Y	N
Interdepartmental Services Advances												280	N	N
Interdepartmental Services/Advances: National												281	N	N
Interdepartmental Services/Advances: National Public Entities												284	N	Y
Interdepartmental Services/Advances: National Departments ⁴												283	N	N
Interdepartmental Services/Advances: National Departments: Agriculture												329	Y	N
Interdepartmental Services/Advances: Provincial												282	N	N
Interdepartmental Services/Advances: Provincial Public Entities												288	N	Y
Interdepartmental Services/Advances: Provincial Departments												289	N	Y

Assets and Liabilities Fund

26. The “*Assets and Liabilities Fund*” accounts are to be used for the recording of transactions underlying the Statement of Financial Position, e.g. receivables, payables and cash and cash equivalents.

For example:

A standing allowance is paid to a staff member which would be repayable if the job requirements change or at resignation. This is not an expense but an advance made to a staff member and accordingly the transaction will be recorded against the “*Asset and Liabilities Fund*”.

Inter-departmental Expenditure incurred Recoverable from another Department (Assets and Liabilities Fund)

27. To facilitate the identification of inter-departmental expenditure incurred by departments such as the National Department of Public Works, which spends on behalf of other departments (e.g. the payment of municipal services), several new categories have been created as part of the Assets and Liabilities section. A claim against the vote of another department can now be identified in the Fund and Item segment (using suspense accounts). Consequently, the matching fields can be used as a further means of identifying the nature of the claim.

⁴ SCOA includes a comprehensive list of all National Departments. The Department of Agriculture is used for illustration purposes.

For example:

This example illustrates the change made to the chart of accounts to provide for the identification of claims recoverable from another department in the Fund segment. The Department of Public Works pays rates and taxes to the Tshwane municipality on a building occupied by National Treasury (NT). This amount is recoverable from National Treasury.

Entry by Department of Public Works	
DR - Claims recoverable <i>Fund: Interdepartmental services/advances (National Treasury)</i>	CR – Bank <i>Item: Claims recoverable (national department)</i> <i>MF1: Rates and taxes</i> <i>MF2: 2008.01</i>
Entry by National Treasury	
DR - Rates and taxes <i>Fund: National Treasury - Devolution of funds from Public Works</i>	CR - Bank <i>Item: Rates and taxes</i>

Criminal Asset Recovery Account

Illustration: Criminal Asset Recovery Account

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Criminal Asset Recovery Account												6	N	N
CARA Funds												139	N	Y
General Account of CARA Expenditure												140	N	N
General Account of CARA Expenditure												287	Y	N

28. The Criminal Asset Recovery Account (CARA) is established in terms of the Prevention of Organised Crime Act, Act No 121 of 1998 in the National Revenue Fund. The account consists of all money derived from the execution and confiscation and forfeiture orders contemplated in terms of this Act, the balance of all moneys derived from the execution of foreign confiscation orders as defined in the International Co-operation in Criminal Matters, Act No 75 of 1996 after payments have been made to requesting States in terms of the Act, any moneys appropriated by Parliament or paid into the account in terms of any other act, domestic and foreign grants, any amount of money received or acquired from any source and all moneys transferred to the Account in terms of the Act.

29. If and when the Minister of Justice and Constitutional Development approves an allocation of funds from CARA, the fund segment must be used to distinguish

between voted and CARA expenditure. This segment will also be used to distinguish between the various CARA funded projects where applicable.

30. CARA money is not “voted funds”, as these are accounted for separately from the department’s annual appropriation. Any excess cash remaining in the department’s bank account at the end of the financial year need not be surrendered to the National Revenue Fund. Refer to Classification Circular 3 of 2008/09: Accounting for Money received from the Criminal Assets Recovery Account (CARA) for more guidance.
31. “*General Account of the CARA Expenditure*” is the fund code used for opening/closing entries which is automatically recorded by BAS.

Donor Funds

Illustration: Donor Funds

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Donor Funds												7	N	N
	General Account of Donor Expenditure											665	N	N
	General Account of Donor Expenditure											666	Y	N
	Donor Funds: African Renaissance											119	N	Y
	Donor Funds: Air Traffic and Navigation Services ⁵											120	N	Y
	Donor Funds: Angola											121	N	Y
	Donor Funds: Anonymous											123	N	Y

32. Departments might also derive funding from donor agencies, which is in terms of legislation excluded from depositing into the National/Provincial Revenue Fund if paid into the RDP fund.
33. Expenditure incurred funded from specific donors is recorded against the specific donor in the fund segment.
34. Departments will be allowed to subdivide these main funds into specific detail according to the needs of the department. Departments that do not use the above-mentioned funds will not be required to activate them for use.
35. The details listed in the Fund segment are a list of donors providing funding and not a list of projects or programmes.
36. The “*General Account of Donor Expenditure*” is the fund code used for opening/closing entries, which is automatically recorded by BAS.

⁵ SCOA includes a comprehensive list of all donors. Only a few examples extracted for illustration purposes.

Trading Accounts

Illustration: Trading Accounts

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Trading Accounts												8	N	N
Trading Accounts: Expenditure												13	N	Y
Trading Accounts: Revenue												14	N	Y
Trading Accounts: Assets and Liabilities												15	N	Y

37. A trading entity is regarded as an entity operating within the administration of a department, for example the Government Printing Works, the Water Services and the MEDSAS Trading Account.
38. These accounts are used if the financial records of the trading account are incorporated in the accounting system of the department.
39. Departments will be allowed to subdivide these main funds into specific detail according to the needs of the department. Departments that do not use the above-mentioned funds will not be required to activate them for use.

Trade Account: Expenditure

40. Expenditure incurred by the trading entity is allocated to this fund code.

Trade Account: Revenue

41. Revenue collected by the trading entity is allocated to this fund code.

Trading Account: Assets and Liabilities

42. Transactions relating to “Assets and Liabilities” are allocated to this fund code.

For example:

The purchase of Construction Vehicle by the Water Trading Account, which would be recognised as Property, Plant and Equipment will be allocated to the “*Trading Account: Assets and Liabilities*”.

Trust Funds

Illustration: Trust Funds

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Trust Funds												9	N	N
Trust Fund Expenditure												10	N	Y
Trust Fund Revenue												11	N	Y
Assets and Liabilities Trust Funds												12	N	Y

43. Treasury Regulation 14 deals with money and property in trust. Money and property held in trust will be excluded from money to be deposited into a National/Provincial revenue as this money or property is held in “trust on behalf of other persons or

entities” to be utilised as determined by the trust deed or its equivalent. An administration fee may be charged payable from the trust account, which would be revenue accruing to the department and this should be paid over to the National/Provincial Revenue Fund.

- 44. Trust money or property is money or property that does not belong to the State and that is held by an institution on behalf of other persons or entities in terms of a deed of trust or equivalent instrument that details the specific purposes for which it may be used.
- 45. Departments will be allowed to subdivide these main funds into specific detail according to the needs of the department. Departments that do not use the above-mentioned funds will not be required to activate them for use.

Trust Funds: Expenditure

- 46. Expenditure incurred by the trust is allocated to this fund code.

Trust Funds: Revenue

- 47. Revenue collected by the trust is allocated to this fund code.

Trust Funds: Assets and Liabilities

- 48. Transactions relating to “Assets and Liabilities” are allocated to this fund code.

For example:

The investment of funds for the administration of a trust fund at the CPD would be allocated to this fund code.

Agency Service

Illustration: Agency Services

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Agency Services												664	N	Y

- 49. The PFMA in section 13(1)(f)(iii) specifically excludes money received by a national department from another department to render an agency service to be paid into the National Revenue Fund. a similar exclusion is contained in section 22(1)(d)(iii) for money received by a provincial department to render an agency service on behalf of another department not to be paid into the Provincial Revenue Fund.
- 50. The principle underlying agency services is that the department performs a service on behalf of another department.
- 51. Funding received by the department to compensate the department for cost to provide the agency service should be recognised as receipts and not set off against the expenditure. The actual expenditure incurred to deliver the agency services must be recognised by the department as expenses.

52. This funding code is therefore used for the recording of transactions relating to the provision of “Agency Services”.

For example:

Money transferred by the National Skills Fund (NSF) to a department should be treated as “*agency revenue*” received in the books of the receiving department. Any excess cash remaining in the provincial or national department’s bank account on completion of the project pertaining to the NSF should be refunded to the NSF (within three months).

Refer to Practice Note 9 of 2008/09 for the detail on the accounting for monies received from the National Skills Fund.

Standard Chart of Accounts (SCOA) Toning

Section 2: The Objective Segment

PURPOSE

Illustration: Overview of the Objective Segment

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Expenditure												1	N	N
Provincial Expenditure												8	N	N
Eastern Cape Provincial Expenditure Objective ⁶												914	N	N
EC: Trading Entities												3648	N	Y
EC: Education												3247	N	N
Administration												3533	N	N
Office of the MEC												3567	N	Y
Corporate Services												3568	N	Y
Education Management												3569	N	Y
Human Resource Development												3570	N	Y
Education Management Information System												3571	N	Y
Public Ordinary School Education												3534	N	N
<i>Sub programmes listed</i>														
Departments listed														
Free State Provincial Expenditure Objective												915	N	N
<i>Departments, programmes and sub programmes listed</i>														
Gauteng Provincial Expenditure Objective												916	N	N
<i>Departments, programmes and sub programmes listed</i>														
Kwazulu Natal Provincial Expenditure Objectives												917	N	N
<i>Departments, programmes and sub programmes listed</i>														
Limpopo Provincial Expenditure Objectives												918	N	N
<i>Departments, programmes and sub programmes listed</i>														
Mpumalanga Province Expenditure Objectives												919	N	N
<i>Departments, programmes and sub programmes listed</i>														
Northern Cape Provincial Expenditure Objectives												920	N	N
<i>Departments, programmes and sub programmes listed</i>														
North West Provincial Expenditure Objectives												3913	N	N
<i>Departments, programmes and sub programmes listed</i>														
Western Cape												9219	N	N
<i>Departments, programmes and sub programmes listed</i>														
National Expenditure												9	N	N
National Departments												10	N	N
<i>Departments, programmes and sub programmes listed</i>														

⁶ SCOA includes a comprehensive list of all provinces, the departments within the province and the programmes and subprogrammes. For illustration purposes only a programme from the Department of Education in the Eastern Cape has been extracted.

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Revenue												3	N	N
Revenue Objective												3604	Y	N
Assets and Liabilities												5	N	N
Assets												3600	Y	N
General Accounts Expenditure/Revenue (including CARA/DONOR/Direct Exchequer/Statutory/Trust/Trading												3794	Y	N
Liabilities												3601	Y	N
Net Assets/Equity												3602	Y	N

53. In terms of the requirements of the Public Finance Management Act (PFMA), funds are appropriated by programme (or main division within a vote). Financial reporting, in the form of the budget presentation and in-year reporting formats and annual financial statements are also prepared by programme.
54. In order to ensure compliance with this legislative requirement, departments would have to create appropriate data structures within the financial systems environment to cater for the recording of transactions and extraction of reports in terms of programme appropriations. The objective segment is the location within the financial systems that is designed for creating a department's (also for trading accounts and trust funds) programme structure in as much detail as is necessary for both reporting and management purposes.

DISCUSSION OF SEGMENT

Improvement of the Functional Classification

55. The functional classification provides for the presentation of government expenditure according to internationally recognised functional classification categories, where such functions are defined as the purpose for which expenditure is undertaken. This classification is generally used to measure the allocation of resources of government in order to promote various services rendered to the community.
56. In the South African budget documentation this information is presented in the form of functional tables, presenting spending on the generic functions of general government. This information is also used by Statistics South Africa and the South African Reserve Bank for a presentation of functional spending for all spheres of government.
57. The functional classification formed a subset of the Objective structure. In most departments the classification links have not been updated and the quality of data is therefore questionable. To address this issue, National Treasury will liaise with departments in order to implement an appropriate functional classification structure at the lowest level of each objective.

Provincial and National Expenditure

58. The Objective segment identifies the specific budget programmes of departments and in so doing, aims to clearly identify the purpose of departmental spending. The segment establishes a clear link between budget programmes introduced in a department and the detailed activities necessary to ensure delivery in this respect.
59. The first two budgeting levels (programme and subprogramme) presented in the budget documentation and appropriation acts are centrally managed by National

Treasury. This effectively implies that departments are not allowed to amend the first few levels in this segment without the necessary approval and concurrence of the appropriate treasury. Departments are however able to create sub-level activities according to their own requirements.

60. Even though departments will be able to create any activities as required to ensure effective financial management and control beyond the first two budgeting levels, it is important that departments ensure that lower-level activities relate to the sub-programmes to which they are assigned in order to eliminate misclassification.
61. Write-off for debts not recoverable or thefts and losses can no longer be written off against a special programme but rather the programme against which the debt originated. Further guidance on this will be issued by National Treasury in due course.

Revenue Objective

62. This posting level item provides for the recording of revenue related transactions for receipts collected independent of its source.

Assets and Liabilities

63. The assets and liabilities objective group of codes provides for the recording of assets, liabilities and net assets at the objective segment independent of its source. Further included in this group is the general account which is used for year end opening/closing entries, also independent of the source of the transaction.

Standard Chart of Accounts (SCOA Toning)
Section 3 - The Responsibility Segment

PURPOSE

Illustration: Overview of the Responsibility Segment

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Control Responsibility												1	N	N
Control Responsibility (Post)												3	Y	Y
Departmental Responsibilities												2	Y	N

64. The Responsibility segment provides for the organisational allocation of cost incurred according to cost centres within the department. The set-up of the responsibility segment usually follows the organisational structure of the department.

DISCUSSION OF SEGMENT

65. The Responsibility segment is the only remaining non-standardised segment, but by providing for unnecessary duplication between the Responsibility and Regional segments, the magnitude of transactions running through the system will increase and the efficiency of the system will be impacted. However, if the organisational structure of a department requires the inclusion of regional responsibilities, such responsibilities should still be created.

For example:

The organisational structure of National Treasury follows the programme structure as outlined in the 2007 MTEF allocations. The responsibilities on a high level this equate the programme or objectives as identified in the objective segment.

Extract from Vote 8, National Treasury 2007 MTEF Allocations

This is the programme structure of the department and this will go into the objective segment.

R Thousand MTEF Allocations	2007/08 To be appropriated	2008/09	2009/10
Administration	143,732	159,113	180,418
Public Finance and Budget Management	172,407	166,017	173,821
Asset and Liability Management	57,739	60,482	62,906
Finance Management and Systems	722,237	824,834	828,199
Finance Accounting and Reporting	82,076	88,916	93,582
Economic Policy and International Financial Relations	86,663	79,513	82,726
Provincial and Local Government Transfers	7,159,275	8,496,707	9,846,697
Civil and Military Pension, Contributions to Funds and other Benefits	2,338,308	2,245,688	2,590,292
Fiscal Transfers	8,945,741	9,512,442	10,146,679
Total	19,708,178	21,840,682	24,005,300
Direct charges against the National Revenue Fund	224,187,393	248,440,825	266,699,312

R Thousand MTEF Allocations	2007/08 To be appropriated	2008/09	2009/10
Total Expenditure Estimates	243,895,571	268,281,507	290,704,612
Economic Classifications			
Current payments	55,800,869	55,837,085	53,921,232
Transfers and Subsidies	188,282,812	212,431,630	236,771,287
Payments for Capital Assets	11,890	12,792	12,083
Total Expenditure Estimates	243,895,571	288,281,507	290,704,612

Organisational Structure (For illustration purposes only included the sub-directorates for Programme 1)

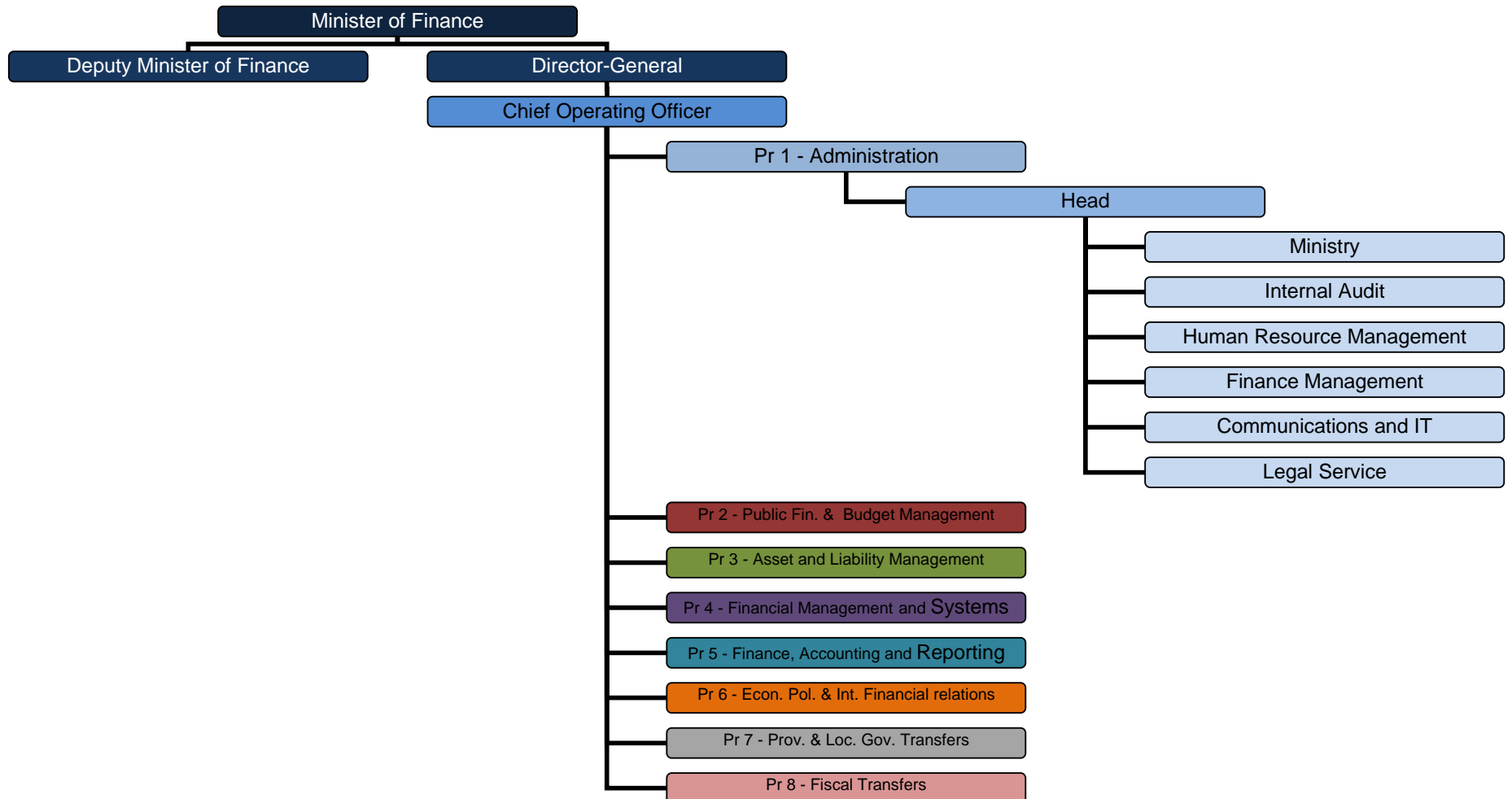


Illustration of responsibilities and sub-responsibilities using the above organisational structure of National Treasury [only programme 1]

Illustration: Overview of the Responsibility Segment

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Departmental Responsibilities												2	Y	N
National Treasury														
Administration (Programme 1)														
Corporate services														
Ministry														
Internal audit														
Human resource management														
Financial management														
Communications & IT														
Legal services														
Public finance and budget management (Programme 2)														
Public Finance														
Budget office														
Intergovernmental relations														
Asset and liability management (Programme 3)														
Financial management and systems (Programme 4)														

Standard Chart of Accounts (SCOA Toning)

Section 4: The Item Segment

PURPOSE

Illustration: Overview of the Item Segment

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Payments												1	N	N
	Payments											308	N	N
		Compensation of Employees										364	N	N
		Goods and Services										365	N	N
		Interest and Rent on Land										366	N	N
		Financial Transactions in Assets and Liabilities										367	N	N
		Fruitless and Wasteful Expenditure										1561	N	N
		Unauthorised Expenditure										1562	N	N
		Trading Entity Depreciation										2716	N	N
		Trading Entity: Loss on Sale of Capital Assets										2717	N	N
	Transfers and Subsidies											309	N	N
		Provincial and Local Governments										324	N	N
		Departmental Agencies and Accounts										325	N	N
		Universities and Technikons										326	N	N
		Foreign Government and International Organisations										327	N	N
		Public Corporations and Private Enterprises										328	N	N
		Non Profit Institutions										329	N	N
		Household										330	N	N
		⁷ Payments for Capital Assets										310	N	N
		Buildings and Other Fixed Structures										311	N	N
		Machinery and Equipment										312	N	N
		Heritage Assets										313	N	N
		Specialised Military Assets										314	N	N
		Biological/Cultivated Assets										315	N	N
		Land and Subsoil Assets										316	N	N
		Software and Intangible Assets										317	N	N
Direct Exchequer Payments												2	N	N
	Direct Exchequer Payments											305	N	N
		Debt Portfolio										306	N	N
		Debt Take Overs										307	N	N
Receipts												3	N	N
	Tax Receipts											166	N	N
	Sales of Goods and Service Non Capital Assets											167	N	N
		Sale Goods and Services Produced by the Department										261	N	N
		Sales: Scrap, Waster and Other Goods										262	N	N
	Transfer Received											168	N	N
	Fines, Penalties and Forfeits											169	N	N
	Interest, Dividends and Rent on Land											170	N	N
	Sales of Capital Assets											788	Y	N
	Trading Entity: Sale of Capital Assets											2741	N	N
	Trading Entity: Property Management Trading Entity Revenue											2863	N	Y
	Financial Transactions in Assets and Liabilities											171	N	N
	Revenue Fund Receipts											4	N	N

⁷ Terminology used in ERF – “Purchase/Construction of Capital Assets”

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Assets, Liabilities and Net Assets												5	N	N
Assets												6	N	N
Current Assets												45	N	N
Cash and Cash Equivalents												75	N	N
Inventory (KZN Province)												76	N	N
Prepayments and Advances CA												77	N	N
Receivables												78	N	N
Non Current Assets												46	N	N
Trading Entity: Capital Assets												277	N	N
Prepayments and Advances												49	N	N
Housing Debtors												50	N	N
Government Motor Transport												51	N	N
Liabilities												7	N	N
Current Liabilities												16	N	N
Payables												17	N	N
Conversion Accounts												18	N	N
Advances												19	N	N
Trading Entity: Provisions												2799	N	Y
Trading Entity: Accruals												2798	N	Y
Revenue Collected to be Paid to SARS												20	N	N
Voted Funds to be Surrendered												21	N	N
MEDSAS												22	N	N
Housing Debtors												23	N	N
Government Motor Transport												24	N	N
Non Current Liabilities												2801	N	N
Trading Entity Provisions												2802	N	Y
Net Assets												2634	N	N
Net Assets												2635	N	N
Recoverable Revenue												2636	N	N
Operational Funds												2637	N	N
MEDSAS Fund												2638	N	N
Government Motor Transport												2639	N	N

66. The Item structure comprises the coding of items used for the classification, budgeting, recording and reporting of receipts, payments assets and liabilities within the accounting system of government.

67. The Item segment identifies the goods, services and other payments to be made in achieving the objective of a department, also commonly referred to as the “what” government is paying for.

DISCUSSION OF SEGMENT

Compensation of Employees

Illustration: Compensation of Employees

3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Compensation of Employees										364	N	N
Salaries and Wages										430	N	N
Salaries and Wages in Cash										447	N	N
Salaries and Wages Residents										448	N	N
Salaries and Wages: Remuneration (Residents)										451	N	N

3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
									Salaries and Wages: Pensionable (Residents)	452	N	N
									Salaries and Wages: Basic Salaries (Residents)	474	Y	N
									Salaries and Wages: Non Pensionable (Residents)	453	N	N
									Salaries and Wages: Performance Reward	454	N	N
									Salaries and Wages: Performance Bonus	475	Y	N
									Salaries and wages: Performance Award Other	476	Y	N
									Salaries and Wages: Service Based	455	N	N
									Salaries and Wages: Service Based Other	477	Y	N
									Salaries and Wages: Leave Discounting (Residents)	478	Y	N
									Salaries and wages: Compensation/Circumstantial	456	N	N
									Salaries and Wages: Overtime (Residents)	479	Y	N
									Salaries and Wages: Compensation/Circumstantial	480	Y	N
									Periodic Payments (Residents)	457	N	N
									Periodic Payments Other	481	Y	N
									Salaries and Wages: Other Non-Pensionable Allowance (Residents)	458	N	N
									Salaries and Wages: Capital Remuneration	486	Y	N
									Salaries and Wages: Home Owners Allowance	487	Y	N
									Salaries and Wages: Non Pensionable All Other	488	Y	N
									Salaries and Wages: Service Bonus	489	Y	N
									Salaries and Wages: Foreign Allowance South African Citizens	459	N	N
									Salaries and Wages: Foreign Allowances: Rent, GAS and Electric	482	Y	N
									Salaries and Wages: Foreign Allowances: Education	483	Y	N
									Salaries and Wages: Foreign Allowances: Post	484	Y	N
									Salaries and Wages: Foreign Allowances: Representative	485	Y	N
									Salaries and Wages Non Residents	449	N	N
									Salaries and Wages: Foreign Officials	450	N	N
									Col Adjustments - LRP	490	Y	N

3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
									Salaries and Wages LRP (Non-Residents)	492	Y	N
Social Contributions										431	N	N
Social Contributions Residents										441	N	N
									Social Contributions: Service Benefits (Residents)	445	N	N
									Employer Contributions	446	N	N
									Employer Contributions: Bargain Council	493	Y	N
									Employer Contributions: Insurance	494	Y	N
									Employer Contributions: Medical	495	Y	N
									Employer Contributions: Officials Union and Associates	496	Y	N
									Employer Contributions: Pensions	497	Y	N
									Employer Contributions: Unemployment Insurance Fund	498	Y	N
Social Contributions Non Residents										442	N	N
									Social Contributions its Service Benefits (Non Residents)	443	N	N
									Employer Contributions (Non Residents)	444	N	N
									Employer Contributions: Medical Locally Recruited Personnel	499	Y	N
									Employer Contributions: Pension Locally Recruited Personnel	500	Y	N

68. This classification group provides a code structure for the recording of compensation of employees. Distinction is made between salaries and wages and social contributions separately classified for residents and non residents.
69. “Salaries and wages” is compensation paid at regular intervals, e.g. weekly or monthly, to government employees.
70. Included in salaries and wages are the following:
- staff hired on a contractual basis if they are paid regularly and listed on the government payroll and are appointed in terms of specific public sector legislation;
 - supplementary allowances paid regularly, e.g. housing or travel allowances;
 - payment to employees away from work for short periods of time, e.g. separation allowances;
 - ad hoc bonuses or other exceptional payments, usually related to incentive schemes; and
 - social contributions made by employees.
71. Not included in salaries and wages are the following:
- Payment for services rendered by people who are not government employees, e.g. consultants or architects.
 - Certain employee expenses (these are listed in the section on goods and services below).

- Payment to staff working on capital projects.
72. A general rule is that taxable allowances are included in compensation of employees, while non-taxable allowances are included in goods and services.
73. Social contributions refer to government's contribution to social insurance schemes, e.g. unemployment insurance fund, pension funds, medical aid funds, on behalf of employees. It excludes the employee's contribution to these funds, which are included in salaries and wages above.

For example:

A department makes contributions to medical schemes for current employees. The payment is recorded in social contributions.

Goods and Services

Illustration: Goods and Services

3.	4.	5.	6.	7.	8.	9.	10.	11.	12.			Segment Detail No	Posting Level	Breakdown Allowed
Goods and Services												365	N	N
	Administrative Fees											392	N	N
	Advertising											393	N	N
	Assets less than R5,000											394	N	N
	Audit Cost: External											395	N	N
	Bursaries (Employees)											1564	Y	N
	Catering: Departmental Activities											1565	Y	N
	Communication											396	N	N
	Computer Services											397	N	N
	Consultants/Professional: Business and Advisory Services											398	N	N
	Consultants/Professional: Infrastructure and Planning											399	N	N
	Consultants/Professional: Laboratory Services											400	N	N
	Consultants/Professional: Legal Cost											401	N	N
	Contractors											402	N	N
	Agency Support and Outsourced Services											390	N	N
	Entertainment											391	N	N
	Government Motor Transport (Trading Account)											372	N	N
	Housing											373	N	N
	Inventory: Food and Food Supplies											374	N	N
	Inventory: Fuel, Oil and Gas											375	N	N
	Inventory: Learning and Teaching Support Material											376	N	N
	Inventory: Materials and Supplies											377	N	N
	Inventory: Medical Supplies											378	N	N
	MEDSAS Inventory Interface											379	N	N
	Inventory: Military Stores											380	N	N
	Inventory: Other Consumable Materials											381	N	N
	Inventory: Stationery and Printing											382	N	N
	Lease Payments											384	N	N
	Owned and Leasehold Expenditure											385	N	N
	Transport Provided Departmental Activities											386	N	N
	Travel and Subsistence											387	N	N
	Training and Staff Development											388	N	N
	Operating Expenditure											389	N	N
	Interest and Rent on Land											366	N	N

3.	4.	5.	6.	7.	8.	9.	10.	11.	12.			Segment Detail No	Posting Level	Breakdown Allowed
	Financial Transactions in Assets and Liabilities											367	N	N
	Fruitless and Wasteful Expenditure											1561	Y	N
	Unauthorised Expenditure											1562	Y	N
	Trading Entity: Depreciation											2716	N	N
	Trading Entity: Lost on Sale of Capital Assets											2717	N	N

74. The difference between goods and services is that goods are tangible, while services are intangible. If something is tangible, it means that it has physical substance, it can be seen or touched. The Item segment is structured to group the “smaller” spending items together and to separate the “larger” spending items into broader categories for management and monitoring purposes.
75. Expenses incurred by employees included in Goods and services are reimbursements of expenses on tools, equipment, uniforms and other work-related items, and uniform allowances, reimbursements of expenses incurred by employees when they take new jobs or are required by their employers to relocate and payments for travel and subsistence made by employees while on government duty away from the duty station (per diem and out-of-town allowance, etc).

For example:

An employee of the Department of Transport buys a helmet, which he wears onsite where a road network is being built. He later submits a claim to the department for the purchases. This amount is classified as Goods and services: since the helmet is only used while on duty.

Administrative Fees

76. Administrative fees includes all administrative related fees such as registration fees, copyright fees, personnel agency, commission for the collection of taxes, drivers licences for employees, etc.

For example:

The department makes use of a travel agency to arrange corporate and staff travel by air, accommodation and car rental. A service fee of 5% is levied on the monthly account to cover administrative cost incurred by the travel agency. How would this cost be classified in the item segment?

Part of Administrative fees.

Advertising

77. Advertising includes accounts for payments made to attract public attention to a product or business by paid announcements in the press or electronic communications. Included in this group of accounts are advertising for auctions, bursaries, gifts and promotional items, marketing, recruitment and tenders.

Assets less than R5,000

78. Assets less than R5 000 are classified as current payments in terms of the Asset Management Framework and the Economic Reporting Format (ERF). A comprehensive list of classification codes has been included for recording purposes.

Audit Cost: External

79. The Constitution of South Africa Section 188 determines that the Auditor-General must audit and report on the accounts, financial statements and financial management of all national and provincial departments and administrations, all municipalities and any other institution or accounting entity required by national or provincial legislation to be audit by the Office of the Auditor-General. This item would therefore only include payments made to the Auditor-General. Any other services procured from Registered Accountants and Auditors will be allocated to "Consultants, contractors and advisory services".

Bursaries (Employees)

80. Bursaries include payments made to provide direct support to employees for studying at universities or other tertiary institutions, where all the conditions and terms have been complied with in terms of the contract with the bursary holder. Direct support could include fees, text books and other aids and accommodation at the university residence. For a transaction to be classified as a bursary in accordance with the above definition, it has to comply with all the conditions and objectives of the department's policy on bursaries. An employee bursary is classified as goods and services because the department will eventually benefit from the increased knowledge gained by the employee.

Catering: Departmental Activities

81. Catering for departmental activities remains a stand alone item in the Goods and services category and the definition for the item remains the same.
82. Classification Circular 2 of 2008/09 issued by the SCOA Technical Committee are relevant to catering and entertainment.

For example:

The department provides food and drinks to the staff in celebration of Madiba's 90th birthday. What would the classification of this expenditure be in the item segment?

Catering for Departmental Activities

Communication

Illustration: Communication

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Communication											
									1922	Y	N
									1923	Y	N
									1924	Y	N
									1925	Y	N
									1926	Y	N
									1927	Y	N
									1927	Y	N
									1929		

83. Payments for the use of telephones, faxes, telegraphs and telex for communication purposes, including costs for teleconferences. Communication by telephones and faxes includes the sending of messages electronically, e.g. the sending of a message, image or document via a fax machine or a telephone or cell phone. Telex is a communications system using teleprinters that communicate via telephone lines. Teleconference is a meeting via telecommunications equipment: a meeting held among people in different places by means of telecommunications equipment. Payments include all costs for the use of telecommunication equipment, including rentals.

Computer Services

Illustration: Computer Services

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Computer Services									397	N	N
									421	N	N
									2430	Y	N
									2431	Y	N
									2432	Y	N
									2433	Y	N
									2434	Y	N
									2435	Y	N
									2436	Y	N
									2437	Y	N
									2438	Y	N
External Computer Service Providers									422	N	N
									2422	Y	N
									2423	Y	N
									2424	Y	N
									2425	Y	N
									2426	Y	N
									2427	Y	N
									2428	Y	N
									2429	Y	N
									423	N	N

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
			External Computer Service: System Development (National Treasury) – Development of System						2466	Y	N
			External Computer Service: System Development (National Treasury) - Implementation						2467	Y	N
			External Computer Service: System Development (National Treasury) – Application Training						2468	Y	N
			External Computer Service: System Development (National Treasury) – Maintenance System						2469	Y	N
			External Computer Service: System Development (National Treasury) – Operational Support						2470	Y	N
			External Computer Service: System Development (National Treasury) – Post Implementation Support						2471	Y	N

84. Expenditure for the utilisation of information technology, information systems and related services provided by SITA or External Service Providers.

Consultants and Professional Services

Illustration: Consultants and Professional Services

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Goods and Services									365	N	N
	Consultants/Professional: Business and Advisory Services								398	N	N
		Consultants/Professional: Business and Advisory Services – Commissions and Committees of Enquiry						1918	Y	N	
		Consultants/Professional: Financial and Advisory - Accountants and Auditors						1914	Y	N	
		Consultants/Professional: Business and Advisory Services – Board Member						2876	Y	N	
		Consultants/Professional: Financial and Advisory – Audit Committee (Non-Officials)						1915	Y	N	
		Consultants/Professional: Financial and Advisory – Financial Management						2807	Y	N	
		Consultants/Professional: Financial and Advisory – Human Resources						2808	Y	N	
		Consultants/Professional: Financial and Advisory – Communication						1916	Y	N	
		Consultants/Professional: Financial and Advisory – Organisational						2809	Y	N	
		Consultants/Professional: Financial and Advisory – Project Management						2810	Y	N	
		Consultants/Professional: Financial and Advisory – Research and Advisory						2811	Y	N	
		Consultants/Professional: Qualification Verification						1919	Y	N	
		Consultants/Professional: Quality Control Inspectorate						1920	Y	N	
		Consultants/Professional: Translations and						1921	Y	N	

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Transcripts									
		Consultants/Professional: Valuer							1917	Y	N
		Consultants/Professional: Infrastructure and Planning							399	N	N
		Consultants/Professional Services: Engineering							420	N	N
				Consultants/Professional Services: Engineering - Aeronautical					2412	Y	N
				Consultants/Professional Services: Engineering – Agricultural					2413	Y	N
				Consultants/Professional Services: Engineering – Engineering Chemical					2414	Y	N
				Consultants/Professional Services: Engineering – Engineering Civil					2415	Y	N
				Consultants/Professional Services: Engineering – Engineering Electrical					2416	Y	N
				Consultants/Professional Services: Engineering – Engineering Industrial					2417	Y	N
				Consultants/Professional Services: Engineering - Mechanical					2418	Y	N
				Consultants/Professional Services: Engineering - Metallurgical					2419	Y	N
				Consultants/Professional Services: Engineering - Mining					2420	Y	N
				Consultants/Professional Services: Engineering – Engineering Structural					2421	Y	N
		Consultants/Professional Services: Architectural							1906	Y	N
		Consultants/Professional Services: Geodetic and Control Services							1907	Y	N
		Consultants/Professional Services: Geoinformatic Services							1908	Y	N
		Consultants/Professional Services: Geologist							1909	Y	N
		Consultants/Professional Services: Land and Quantity Survey							1910	Y	N
		Consultants/Professional Services: Landscape Designer							2656	Y	N
		Consultants/Professional Services: Town Planner							1911	Y	N
		Consultants/Professional Services: Agriculture							1912	Y	N
		Consultants/Professional Services: Ecological							1913	Y	N
		Consultants/Professional: Laboratory Services							400	N	N
				Consultants/Professional: Laboratory Services: Agricultural					1902	Y	N
		Consultants/Professional: Medical Laboratory Services							2547	N	N
				Medical Laboratory Services: NHLS					2548	Y	N
				Medical Laboratory Services: Others					2549	Y	N
		Consultants/Professional: Laboratory Services: Roads Laboratories							1904	Y	N
		Consultants/Professional: Laboratory Services: Water Laboratories							1905	Y	N
		Consultants/Professional: Legal Cost							401	N	N
		Consultants/Professional: Legal Cost – Private Firm							418	N	N
				Consultants/Professional: Legal Cost – Private Firm Advice					2410	Y	N
				Consultants/Professional: Legal Cost – Private Firm Messenger					2411	Y	N
		Consultants/Professional: Legal Cost – State Attorney							419	N	N

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
			Consultants/Professional: Legal Cost – State Attorney Advice						2407	Y	N
			Consultants/Professional: Legal Cost – State Attorney Messenger Conveyance Fees						2408	Y	N
			Consultants/Professional: Legal Cost – State Attorney Private Firm Messenger						2409	Y	N

85. Consulting services refer to specialist services and skills provided that are required for the achievement of a specific objective, with the aim of providing expert and professional advice on a time and material basis. It is unnecessary to maintain these skills in-house, since they are required on a once-off or temporary basis.
86. Therefore, a consultant is a professional person appointed by the department to provide technical and specialist advice or to assist with the design and implementation of specific projects/programmes. The legal status of this person can be an individual, a partnership or a corporation.
87. The fact that a consultant is defined as a professional person implies that the consultant is professionally qualified. The provision of advice or service is in line with a contractual arrangement (usually commissioned on a project basis).
88. Remuneration is usually based on an hourly fee or a fixed fee for a product/deliverable. Consultants are also not paid from PERSAL or as compensation from the approved establishment of the department.

For example:

The department appointed a firm of Registered Accountants and Auditors to perform a GAP analysis of the departmental policies and procedures guiding the management of assets in the department. How would you allocate the expenditure?

Accountants and Auditors

Contractors

Illustration: Contractors

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Contractors									402	N	N
Contractors: Artists and Performers									1886	Y	N
Contractors: Aerial Photography									1887	Y	N
Contractors: Auctioneers									1888	Y	N
Contractors: Audio-Visual Service									1889	Y	N
Contractors: Bore Water Hole Drilling									2882	Y	N
Contractors: Event Promoters									1890	Y	N
Contractors: Maintenance of Equipment									2812	Y	N
Contractors: Rehabilitation and Upgrade of Machinery and Equipment									2898	Y	N
Contractors: Maintenance of Other Assets									2864	Y	N

4.	5.	6.	7.	8.	9.	10.	11.	12.				Segment Detail No	Posting Level	Breakdown Allowed
	Contractors: Rehabilitation and Upgrade of Other Assets										2899	Y	N	
	Contractors: Building Contractors										2848	Y	N	
	Contractors: Graphic Designers										1891	Y	N	
	Contractors: Mint of Decorations										1892	Y	N	
	Contractors: Interior Decorator										1893	Y	N	
	Contractors: Photographer										1894	Y	N	
	Contractors: Medical Services										2550	Y	N	
	Contractors: Sports and Recreation										1895	Y	N	
	Contractors: Stage and Sound Crew										1896	Y	N	
	Contractors: Tracing Agents and Debt Collectors										1897	Y	N	
	Contractors: Transportation Contractor										1898	Y	N	
	Contractors: Plants, Flowers and Other Decorations										1900	Y	N	
	Contractors: Preservation/Restoration Services										1901	Y	N	
	Contractors: SASSA Payment Contractors										2551	N	N	
		SASSA Administration Fees									2552	N	Y	
		SASSA Bank Card Fees									2553	N	Y	
		SASSA Registration Fees									2554	N	Y	
		SASSA Beneficiary Card Fees									2555	N	Y	
		SASSA Help Desk Fees									2556	N	Y	

89. Contractors are required to provide services that are not the core business of the department. It is normally not cost effective to maintain these skills within the department.

90. Contractors include costs associated with the use of contracted individuals on projects or tasks. This does not include amounts payable to contractors in respect of the provision of services (e.g. cleaning or security) even if a staff element can be identified. Note also that it is common practice that the said contractor provides all the materials required for the project – the tenders cover the whole project, materials included.

For example:

The department receives an invoice for the repair of and general maintenance to a photocopy machine. How would this payment be classified in the item segment?

Contractors: Machinery and Equipment

Agency Support and Outsourced Services

Illustration: Agency Support and Outsourced Services

4.	5.	6.	7.	8.	9.	10.	11.	12.				Segment Detail No	Posting Level	Breakdown Allowed
Agency Support and Outsourced Services												390	N	N
	Agency Support and Outsourced Services: Administrative and Support Staff										1872	Y	N	
	Agency Support and Outsourced Services: Burial Services										1884	Y	N	
	Agency Support and Outsourced Services: Catering Services										416	N	N	
		Agency Support and Outsourced Services: Catering Service Detainees									2404	Y	N	

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Agency Support and Outsourced Services: Catering Service Patients							2405	Y	N
		Agency Support and Outsourced Services: Catering Service Prisoners							2406	Y	N
		Agency Support and Outsourced Services: Catering Service Communities							2865	Y	N
		Agency Support and Outsourced Services: Catering Service Armed forces							2557	Y	N
		Agency Support and Outsourced Services: Catering Service Welfare Facilities							2558	Y	N
		Agency Support and Outsourced Services: Catering Service Education Facilities							2559	Y	N
		Agency Support and Outsourced Services: Catering Service Training Colleges							2560	Y	N
		Agency Support and Outsourced Services: Census Field Staff							1878	Y	N
		Agency Support and Outsourced Services: Internal Auditors							1875	Y	N
		Agency Support and Outsourced Services: Land Claim Verification							2900	Y	N
		Agency Support and Outsourced Services: Medical Waste Removal							1881	Y	N
		Agency Support and Outsourced Services: Agency Nursing Staff							1873	Y	N
		Agency Support and Outsourced Services: Personnel and Labour							1876	Y	N
		Agency Support and Outsourced Services: Post Mortem							1885	Y	N
		Agency Support and Outsourced Services: Professional Staff							1874	Y	N
		Agency Support and Outsourced Services: Medical Services							1882	Y	N
		Agency Support and Outsourced Services: Researcher							1877	Y	N
		Agency Support and Outsourced Services: Security Services							1871	Y	N
		Agency Support and Outsourced Services: Steam Provisioning							2561	Y	N
		Agency Support and Outsourced Services: Veterinary Services							1879	Y	N

91. A department should have the capacity and expertise to carry out certain services, but for some reasons is not utilising its own staff. The reasons might include temporary incapacity or the outsourcing of services to save costs, e.g. cleaning, security and recruitment.
92. In evaluating the classification of agency support and outsourced services, it should be established whether the service being procured could have been provided by the department itself. It could also be that the department ordinarily has the expertise to provide this service, but temporarily cannot do so or that in order to save costs, the work has been outsourced.

For example:

The department co-sources the internal audit functions to transfer skills and build capacity within the Internal Audit Directorate. What would the classification be to the private firm providing staff to the department?

Agency and Support/Outsourced Services: Internal Audit

Entertainment

93. Entertainment is reflected as a stand alone item under the Goods and services category with its three levels of detail providing for Management, Ministers and Missions, which do not form part of the catering classification.

Government Motor Transport (Trading Account)

Illustration: Government Motor Transport (Trading Account)

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Government Motor Transport (Trading Account)									372	N	N
Government Motor Transport (Trading Account) Tracking									414	N	N
Government Motor Transport (Trading Account) – Computer Time LIC									2397	Y	N
Government Motor Transport (Trading Account) – Development Fees									2398	Y	N
Government Motor Transport (Trading Account) – Tracking (Phys CS)									2399	Y	N
Government Motor Transport (Trading Account) – Toll Fees									1865	Y	N
Government Motor Transport (Trading Account) – Fleet Services									415	N	N
Government Motor Transport (Trading Account) – Batteries									2387	Y	N
Government Motor Transport (Trading Account) – Depreciation Equipment									2388	Y	N
Government Motor Transport (Trading Account) – Depreciation Vehicles									2389	Y	N
Government Motor Transport (Trading Account) – Fuel, Oil and Gas									2390	Y	N
Government Motor Transport (Trading Account) – Licence Fees									2391	Y	N
Government Motor Transport (Trading Account) – Spares and Parts									2392	Y	N
Government Motor Transport (Trading Account) – Towing Cost									2393	Y	N
Government Motor Transport (Trading Account) – Transaction Costs									2394	Y	N
Government Motor Transport (Trading Account) – Tyres and Tubes									2395	Y	N
Government Motor Transport (Trading Account) – Vehicle Repairs									2396	Y	N
Government Motor Transport (Trading Account) – Loss on the Sale of Equipment									1866	Y	N
Government Motor Transport (Trading Account) – Loss on the Sale of Vehicles									1867	Y	N

94. These classification codes are used by the Government Motor Transport (Trading Account) for the classification of transactions relating to fleet services provided to client departments.

Housing

Illustration: Housing

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Housing									373	N	N
	Housing Capital Adjustments								1860	Y	N
	Housing Devolution of Debtors								1861	Y	N
	Housing Devolution of Properties								1862	Y	N
	Housing Rebate R7500								1863	Y	N
	Housing Subsidy								1864	Y	N

95. These accounts are for interfacing purposes from the Housing subsystem to BAS and should not be used for any other reason.

Inventory

Illustration: Inventory

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Inventory: Food and Food Supplies									374	N	N
	Inventory: Food and Food Supplies – Baby and Special Foods								1852	Y	N
	Inventory: Food and Food Supplies – Bread and Confectionery								1853	Y	N
	Inventory: Food and Food Supplies – Eggs and Egg Products								1854	Y	N
	Inventory: Food and Food Supplies – Fruit (Fresh, Frozen and Canned)								1855	Y	N
	Inventory: Food and Food Supplies - Groceries								1856	Y	N
	Inventory: Food and Food Supplies – Meat, Poultry and Fish								1857	Y	N
	Inventory: Food and Food Supplies – Milk and Milk Products								1858	Y	N
Inventory: Fuel, Oil and Gas									375	N	N
	Inventory: Fuel, Oil and Gas - Gas								1847	Y	N
	Inventory: Fuel, Oil and Gas – Fuel, Oil and Lubricants								1848	Y	N
	Inventory: Fuel, Oil and Gas – General Gas								1849	Y	N
	Inventory: Fuel, Oil and Gas – Household Gas								1850	Y	N
	Inventory: Fuel, Oil and Gas – Medical Gas								1851	Y	N
Inventory: Learning and Teaching Support Material									376	N	N
	Media Collection								412	N	N
	Inventory Media Collection: Books/Magazine/Public								2383	Y	N
	Inventory Media Collection: Library Books								2384	Y	N
	Inventory Media Collection: Library Material								2385	Y	N
	Inventory Media Collection: Library/Media/Film								2386	Y	N
Learning and Teaching Support Material									413	N	N
	Inventory Learning Supporting Material: Consumable Material Subjects								2379	Y	N
	Inventory Learning Supporting Material: Durable Material Subjects								2380	Y	N

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Inventory Learning Supporting Material: Stationery School							2381	Y	N
		Inventory Learning Supporting Material: Text/Prescribed Books							2382	Y	N
		Inventory: Material and Supplies							377	N	N
		Inventory: Material and Supplies – Batteries							1841	Y	N
		Inventory: Material and Supplies – Building Material							2877	Y	N
		Inventory: Material and Supplies – Electrical Supplies							1843	Y	N
		Inventory: Material and Supplies – Hardware							2901	Y	N
		Inventory: Material and Supplies – Painting Material							1844	Y	N
		Inventory: Material and Supplies – Spares and Accessories							1845	Y	N
		Inventory: Material and Supplies – Tyres and Tubes							1846	Y	N
		Inventory: Material and Supplies – Workshop Accessories							2866	Y	N
		Inventory: Medical Supplies							378	N	N
		Inventory Medical: Artificial Aids							1837	Y	N
		Inventory Medical: Antiretroviral Drugs							1838	Y	N
		Inventory Medical: Applications Sets							2813	Y	N
		Inventory Medical: Bandages and Dressing							1839	Y	N
		Inventory Medical: Blood, Blood Products and Plasma							1840	Y	N
		Inventory Medical: Catheters, Tubes and Urine Bags							1817	Y	N
		Inventory Medical: Contraceptives							2711	N	N
		Female Condoms							2712	Y	N
		Male Condoms							2713	Y	N
		Oral Contraceptives							2714	Y	N
		Inventory Medical: Wheelchairs							2562	Y	N
		Inventory Medical: X-Ray Consumables							1835	Y	N
		Inventory Medical: Crutches							2568	Y	N
		Inventory Medical: Disposable Nappies							2567	Y	N
		Inventory Medical: First Aid Kid							2832	Y	N
		Inventory Medical: Gloves, Disposable Sundries							1819	Y	N
		Inventory Medical: Heart valves and pacemakers							1820	Y	N
		Inventory Medical: HIV/Aids Test kits							2814	Y	N
		Inventory Medical: Implantable Sets							2565	Y	N
		Inventory Medical: Intravenous Feeds							2566	Y	N
		Inventory Medical: Animal Medicine							2868	Y	N
		Inventory Medical: Medicine							1821	Y	N
		Inventory Medical: Medicine Medical Depot							1822	Y	N
		Inventory Medical: Occupational Therapy Consumables							1823	Y	N
		Inventory Medical: Optical Items and Hearing Aids							1824	Y	N
		Inventory Medical: Orthopaedic Artificial Limb							1825	Y	N
		Inventory Medical: Patient Clothing							1828	Y	N
		Inventory Medical: Radio-Isotopes							2564	Y	N
		Inventory Medical: Renal Dialysis							1829	Y	N
		Inventory Medical: Stomatherapy Requisitions							2563	Y	N
		Inventory Medical: Surgical Consumables							1826	Y	N
		Inventory Medical: Surgical, Implant Prosthesis							1830	Y	N
		Inventory Medical: Surgical/Medical Supplies							1827	Y	N
		Inventory Medical: Sutures, Ligature and Skin							1831	Y	N

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Staples									
		Inventory Medical: Syringes, Needles							1832	Y	N
		Inventory Medical: Tablets, Capsules' and Lozenges							1833	Y	N
		Inventory Medical: Therapeutically Requisite							1834	Y	N
		Inventory Medical: Animal Vaccines							2867	Y	N
		Inventory Medical: Vaccines							1836	Y	N
		MEDSAS Inventory Interface							379	N	N
		MEDSAS: Price Variance							1805	Y	N
		MEDSAS: Stock Issues							1806	Y	N
		MEDSAS: Breakages and Losses							1807	Y	N
		MEDSAS: Interest Stores							1808	Y	N
		MEDSAS: Miscellaneous Variance							1809	Y	N
		MEDSAS: Overhead Recoveries							1810	Y	N
		MEDSAS: Purchase Variance							1811	Y	N
		MEDSAS: Purchase General							1812	Y	N
		MEDSAS: Purchase System							1813	Y	N
		MEDSAS: Stock Returns							1814	Y	N
		MEDSAS: Stores Surpluses							1815	Y	N
		MEDSAS: Trading Account Receipts							1816	Y	N
		Inventory: Military Stores							3809	N	N
		Inventory Military Stores: Aircraft Spares and Components							1799	Y	N
		Inventory Military: Ammunition and Explosives							1800	Y	N
		Inventory Military: Guided Missiles							1801	Y	N
		Inventory Military: Material, Shooting Range							1802	Y	N
		Inventory Military: Ship and Marine Stores							1803	Y	N
		Inventory Military: Weapons and Armaments							1804	Y	N
		Inventory: Other Consumable Materials							381	N	N
		Inventory: Other Consumable Materials – Ammunition Non SMA							2886	Y	N
		Inventory: Other Consumable Materials – Brooms and Brushes							1791	Y	N
		Inventory: Other Consumable Materials – Camping Material							1792	Y	N
		Inventory: Other Consumable Materials –Cell phone Accessories							1793	Y	N
		Inventory: Other Consumable Materials – Corporate Gear							1794	Y	N
		Inventory: Other Consumable Materials – Crockery and Cutlery							1795	Y	N
		Inventory: Other Consumable Materials – Disposable Paper and Plastic Items							1796	Y	N
		Inventory: Other Consumable Materials – Farming and Garden Requisitions							1797	Y	N
		Inventory: Other Consumable Materials – fencing Material							1798	Y	N
		Inventory: Other Consumable Materials - Fertilizer							1771	Y	N
		Inventory: Other Consumable Materials – Gardening Supplies							1772	Y	N
		Inventory: Other Consumable Materials - Insecticides							1773	Y	N
		Inventory: Other Consumable Materials – Irrigation Material							1774	Y	N
		Inventory: Other Consumable Materials – Jobbing Requirements							1775	Y	N
		Inventory: Other Consumable Materials –							1776	Y	N

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Laboratory Chemicals									
		Inventory: Other Consumable Materials – Laboratory Supplies							1777	Y	N
		Inventory: Other Consumable Materials - Linen							1778	Y	N
		Inventory: Other Consumable Materials – Needlework Accessories							2657	Y	N
		Inventory: Other Consumable Materials – Livestock Fodder and Animal Feeds							1779	Y	N
		Inventory: Other Consumable Materials – Packing Material							1780	Y	N
		Inventory: Other Consumable Materials – Licence Plates							1781	Y	N
		Inventory: Other Consumable Materials – Road Construction and Supplies							1782	Y	N
		Inventory: Other Consumable Materials – Road Signs							1783	Y	N
		Inventory: Other Consumable Materials – Seeds and Seedlings							1784	Y	N
		Inventory: Other Consumable Materials – Sport and Recreation Consumables							1785	Y	N
		Inventory: Other Consumable Materials - Toiletries							1786	Y	N
		Inventory: Other Consumable Materials – Tube lights and Light Bulbs							1787	Y	N
		Inventory: Other Consumable Materials – Uniforms and Protective Clothing							1788	Y	N
		Inventory: Other Consumable Materials - Water							2869	Y	N
		Inventory: Other Consumable Materials – Wash/Clean Detergent							1789	Y	N
		Inventory: Other Consumable Materials – Wood and Coal							1790	Y	N
		Inventory: Stationery and Printing							382	N	N
		Stationery and Printing: Art Requirements							1760	Y	N
		Stationery and Printing: Audio Visual Materials							1761	Y	N
		Stationery and Printing: Binding							1762	Y	N
		Stationery and Printing: Books, Journals, Etc							1763	Y	N
		Stationery and Printing: Computer Consumables							1764	Y	N
		Stationery and Printing: Drawing Material							1765	Y	N
		Stationery and Printing: Magazines/Newspapers							1766	Y	N
		Stationery and Printing: Photographic Material							1767	Y	N
		Stationery and Printing: Printing Departmental							1768	Y	N
		Stationery and Printing: Printing Government Printer							1769	Y	N
		Stationery and Printing: Stationery							1779	Y	N

96. The inventory items reflect the major spending items in government. The inventory categories are as follows:

- Inventory: Food and Food Supplies

For example:

Mrs. Nkau from the Provincial Department of Health Gauteng receives an invoice from the Fresh Produce Market for fruit and vegetables delivered to one of the department's hospitals. What would the classification of this expenditure be in the Item segment?

Fruit and Vegetables

- Inventory: Fuel, Oil and Gas (items for gas that were previously under medical and domestic consumables were all moved to this category)

For example:

The Provincial Department of Health bought Oxygen from AFROX for the hospitals in the province for R100.000. What would the classification of this expenditure be in the Item segment?

Inventory Fuel, Oil and Gas: Medical Gas

- Inventory: Learning and Teaching Support Materials

For example:

The Provincial Department of Education receives an invoice from its supplier for the bulk purchase of prescribed text books for distribution to the schools in the Province. What would the classification of this expenditure be in the item segment?

Text and Prescribed Books

- Inventory: Materials and Supplies

For example:

The department is renovating the entrance to the building and is procuring paint, turpentine, brushes, etc. Which item should be used to classify the transactions?

Painting Material

- Inventory: Medical Supplies (the items under this category were substantially reduced as per request from the health sector to provide only for spending levels up to a specific level and duplicated items have been removed).

For example:

The Provincial Department of Health procures clothing for patients in bulk from its service provider to distribute to hospitals and clinics in the province for internal use.

Patient Clothing

- Inventory: MEDSAS Interface – used by the health sector only.
- Inventory: Military Stores (a separate line item has been created to provide for all military store items that previously were included under various other inventory categories) and should only be used by the Department of Defence.
- Inventory: Other Consumable Materials (items previously provided for under headings such as agricultural and domestic consumables are now under the non-posting level item other consumable materials. Insignificant spending items such as sport and recreational consumables previously reported on their own are also now moved to the category other consumable materials). This category provides for all other inventory items not provided for.

For example:

Department X receives an invoice for the bulk purchases of light bulbs and fluorescent lights from its supplier. What would the classification of this expenditure be in the item segment?

Tube Lights and Light Bulbs

- Inventory: Stationery and Printing – This groups of accounts provides classifications for art requirements, audit visual materials, binding, books, journal etc, computer consumables, drawing material, magazines and newspapers, photographic material, printing departmental, government printer and stationery.

For example:

A graphic designing and printing company designed and printed the annual report of the department. What would the classification of this expenditure be in the item segment?

Printing Departmental

Lease Payments

Illustration: Lease Payments

4.	5.	6.	7.	8.	9.	10.	11.	12.		Segment Detail No	Posting Level	Breakdown Allowed
Lease Payments										384	N	N
Lease Payments										1758	Y	N

97. Lease payments are a separate category within goods and services. The detail of the type of asset such as buildings or machinery and equipment on which rental is payable has been moved to the Asset segment.
98. The lease payment item includes the capital portion of finance lease payments and the rental payment under operating leases. The interest portion of finance lease payments should be allocated to Interest Paid: Finance Leases.

Classification Circular 4 of 2008/09 contains detailed guidance on the classification of leases in SCOA.

For example:

The department is renting photocopiers from Nashua. As per the contract these payments do classify as an “operating lease”. What would the classification of this expenditure be in the Item segment?

Lease Payments

Owned and Leasehold Property Expenditure

Illustration: Owned and Leasehold Property Expenditure

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Owned and Leasehold Property Expenditure									385	N	N
Owned and Leasehold Property Expenditure: Gardening Services									1745	Y	N
Owned and Leasehold Property Expenditure: Cleaning service									2815	Y	N
Owned and Leasehold Property Expenditure: Commission on Municipal Services									1746	Y	N
Owned and Leasehold Property Expenditure: Deeds									1747	Y	N
Owned and Leasehold Property Expenditure: Electrical Compliance Certificate									1748	Y	N
Owned and Leasehold Property Expenditure: Fire Protection									1749	Y	N
Owned and Leasehold Property Expenditure: First Aid									1750	Y	N
Owned and Leasehold Property Expenditure: Fumigation Services									1751	Y	N
Owned and Leasehold Property Expenditure: Gas									1752	Y	N
Owned and Leasehold Property Expenditure: Laundry Services									1753	Y	N
Owned and Leasehold Property Expenditure: Management Fees									1754	Y	N
Owned and Leasehold Property Expenditure: Pest Control									1755	Y	N
Owned and Leasehold Property Expenditure: Safeguard and Security									1756	Y	N
Owned and Leasehold Property Expenditure: Municipal Services									2715	Y	N
Owned and Leasehold Property Expenditure: Contracted Property Maintenance									2880	Y	N
Owned and Leasehold Property Expenditure: Contracted Refurbishment and Rehabilitation									2902	Y	N

99. The item *Owned and Leasehold Property Expenditure* provides for all payments related to contractual obligations contributing to the functionality of the building.
100. In this item provision is made for the payment of municipal services, e.g. water, electricity and waste removal; however in the new structure the names of the municipalities have been relocated to the newly introduced Regional segment in order to limit the duplication of municipal names. The accounting provides for

detail posting levels at the discretion of the user department, e.g. water, electricity, sanitation, waste removal or a general item.

101. It might appear that some of the items under this category have been repeated under the contractor's category. This is not the case as the items under this category relate to contractual obligations in terms of the management and/or upkeep of buildings (owned or leased) only; whereas the items under contractors relate to payments which may not be directly associated with a building.

Transport Provided Departmental Activities

Illustration: Transport Provided Departmental Activities

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Transport Provided Departmental Activity									386	N	N
Transport: Children Vagrants									1738	N	N
Transport: Excursions									1739	N	N
Transport: Illegal Immigrants Deportation									1740	N	N
Transport: Land Reform/Restitution Beneficiaries									1741	N	N
Transport: Patients and Corps									1742	N	N
Transport: Public Events									1743	N	N
Transport: Scholars									1744	N	N

102. Cost incurred in providing transport directly relating to the service delivered by the department. All costs incurred should be allocated to this item even if procured from an external service provider. This is transport not available to the general public, exclusive to the recipient of the benefit of service provided by the department, e.g. the transport of street children, security care and patients.

Travel and Subsistence

Illustration: Travel and Subsistence

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Travel and Subsistence									387	N	N
Per Diem Out of Town Allowance									404	N	N
Per Diem Out of Town Allowance – Non Residents									2377	Y	N
Per Diem Out of Town Allowance – Personnel									2378	Y	N
Travel and Subsistence Domestic									405	N	N
Travel and Subsistence Domestic – Accommodation									2373	Y	N
Travel and Subsistence Domestic – Daily Allowance									2374	Y	N
Travel and Subsistence Domestic – Food and Beverages (Served)									2375	Y	N
Travel and Subsistence Domestic – Incidental Cost									2376	Y	N
Travel and Subsistence Domestic – Transport without Operator									409	N	N
Travel and Subsistence Domestic – Transport without Operator: Car Rental									2462	Y	N
Travel and Subsistence Domestic – Transport without Operator: Kilometre Allowance Own Transport									2463	Y	N

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
			Travel and Subsistence Domestic – Transport without Operator: Kilometre Allowance (SMS)						2464	Y	N
			Travel and Subsistence Domestic – Transport without Operator: Government Garage Vehicle						2465	Y	N
		Travel and Subsistence Domestic – Transport with Operator						410	N	N	
			Travel and Subsistence Domestic – Transport with Operator: Other Transport Providers						2460	Y	N
			Travel and Subsistence Domestic – Transport with Operator: Public Transport						411	N	N
				Travel and Subsistence Domestic – Transport with Operator: Air					2476	Y	N
				Travel and Subsistence Domestic – Transport with Operator: Rail					2477	Y	N
				Travel and Subsistence Domestic – Transport with Operator: Road					2478	Y	N
				Travel and Subsistence Domestic – Transport with Operator: Water					2479	Y	N
			Travel and Subsistence Domestic – Transport with Operator: Government Garage						2461	Y	N
	Travel and Subsistence Foreign						406	N	N		
		Travel and Subsistence Foreign: Accommodation						2369	Y	N	
		Travel and Subsistence Foreign: Daily Allowance						2370	Y	N	
		Travel and Subsistence Foreign: Food and Beverages (Served)						2371	Y	N	
		Travel and Subsistence Foreign: Incidental Cost						2372	Y	N	
		Travel and Subsistence Foreign: Transport without Operator						407	N	N	
			Travel and Subsistence Foreign: Transport without Operator – Car Rental					2459	Y	N	
		Travel and Subsistence Foreign: Transport with Operator						2817	N	N	
			Travel and Subsistence Foreign: Transport with Operator – Other Transport Providers					2818	Y	N	
			Travel and Subsistence Foreign: Public Transport					2819	N	N	
				Travel and Subsistence Foreign: Transport with Operator – Air Transport				2829	Y	N	
				Travel and Subsistence Foreign: Transport with Operator – Railway				2821	Y	N	
				Travel and Subsistence Foreign: Transport with Operator – Road				2822	Y	N	
				Travel and Subsistence Foreign: Transport with Operator - Water				2823	Y	N	
	Travel and Subsistence Non Employees						1737	Y	N		

103. Travel and subsistence are the reimbursement of travel within or outside South Africa for business purposes and subsistence for food and drink, where the employee is required to stay at a location other than his/her permanent residence for one night or more within or outside of South Africa. The amount could also be paid by the department directly to the travel agency responsible for making the travel arrangements or the service provider. PSCBC Resolution No. 3 of 1999 - the employer may meet reasonable costs of travel for official purposes as outlined in sections XI. - XIV.

104. Departments need to allocate payments in terms of their departmental policies on travel and subsistence.

Training and Development

Illustration: Training Development

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Training and Development									388	N	N
Training and Development: External									1735	Y	N
Training and Development: Material and Manuals									1736	Y	N
Training and Development: Non Employees									2946	Y	N

105. This allocation code is used for training and staff development done externally, and training materials and manuals.

Operating Expenditure

Illustration: Operating Expenditure

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Operating Expenditure									389	N	N
Operating Expenditure: Cash Discount (Temporary)									1719	Y	N
Operating Expenditure: Cleaning Services									2903	N	Y
Operating Expenditure: Laundry Services									2904	Y	N
Operating Expenditure: Car Valet and Washing Services									2905	Y	N
Operating Expenditure: Commission on Collection of Taxes									1720	Y	N
Operating Expenditure: Courier and Delivery Services									1721	Y	N
Operating Expenditure: Drivers Licences and Permits									1722	Y	N
Operating Expenditure: Honoraria (Voluntary Workers)									1723	Y	N
Operating Expenditure: Learnerships (18.2)									1724	Y	N
Operating Expenditure: Professional Bodies, Memberships and Subscriptions									1725	Y	N
Operating Expenditure: Resettlement Cost									1726	Y	N
Operating Expenditure: Road Worthy Test									1727	Y	N
Operating Expenditure: School Boarding Cost									1728	Y	N
Operating Expenditure: Storage of Files									1729	Y	N
Operating Expenditure: Storage of Assets									1730	Y	N
Operating Expenditure: Taking over Contractual Obligations									1731	Y	N
Operating Expenditure: Air Services									1732	Y	N
Operating Expenditure: Freight Services									1733	Y	N
Operating Expenditure: Harbour Services									1734	Y	N
Operating Expenditure: Printing and Publications									2870	Y	N
Operating Expenditure: Protective and Special Clothing and Uniforms									2658	Y	N
Witness and Related Cost									403	N	N
Witness Fees									2365	Y	N
Mediator Fees									2366	Y	N
Protective Custody of Witnesses									2367	Y	N
Informer Fees									2368	Y	N

106. Operating expenditure includes items relevant to the day-to-day operation of the department, such as cash discount, cleaning services, courier and delivery services, learnerships (18.2), resettlement costs roadworthy tests, school boarding costs, storage of files and assets, taking over of contractual obligations, air, freight and harbour services, printing and publications, protective and special clothing, witness and related costs, etc.

For example:

The Department of Sport and Recreation sponsors a soccer team and cleans their clothes after matches.

Laundry Services

Venues and Facilities

Illustration: Venues and Facilities

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Venues and Facilities									2871	N	Y

107. Included are the costs incurred from using venues and/or facilities not available within the normal business premises of the department, specialist in nature, e.g. sport facilities for the disabled, cultural exhibitions, training and functions, tents and mobile toilets.
108. The account is a breakdown allowed to give departments the opportunity to add detail posting levels as considered appropriate under their peculiar circumstances.
109. Classification guidance is provided in Classification Circular 2 of 2008/09 on defining the treatment of catering and entertainment in SCOA.

Transfers and Subsidies

Illustration: Overview of Transfers and Subsidies

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Transfers and Subsidies												309	N	N
Provincial and Local Governments												324	N	N
Departmental Agencies and Accounts												325	N	N
Universities and Technikons												326	N	N
Foreign Government and International Organisation												327	N	N
Public Corporations and Private Enterprises												328	N	N
Non Profit Institutions												329	N	N
Households												330	N	N

110. Transfers and subsidies consist of all unrequited payments made by a government unit, including both capital and current transfers. It is unrequited provided that the department making the transfer payment does not receive something of similar value directly in return.

111. Examples of current transfers:
- Social security benefits paid to households.
 - Fines, penalties, compulsory fees paid by reporting unit.
 - Compensation for injuries or damages paid to another unit.
112. Examples of capital transfers:
- Conditional payments provided to a government unit for purchasing new capital assets.
 - Transfers to enterprises to cover large operating deficits or finance their purchases of capital assets.
 - Debt forgiveness (cancellation of a debt by mutual agreement between two parties).
 - Capital taxes paid to other government units.

For example:

The Department of Education transferred R13 million to the Department of Education in Kwazulu Natal for the early childhood development programme. The transaction is classified as a transfer to provinces.

In a bid to decrease usage of drugs in sport, the government pays the SA Institute for Drug Free Sport R5 million to launch campaigns against drug abuse. This transaction is classified as a transfer to departmental agencies and accounts.

Government pays R200,000 for administration purposes to the South African Development Corporation, a global development organisation. This transaction is classified as a transfer to foreign governments and international organisations.

The government pays R500,000 to Children of Destiny for taking care of orphans in Nelspruit. The payment is classified as a transfer to non-profit institutions.

Provincial and Local Governments

Illustration: Transfers to Provinces and Local Governments

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
												309	N	N
												324	N	N
												358	N	N
												362	N	N
												2359	Y	N
												2360	Y	N
												2361	Y	N

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
						Donations and Gifts – Provincial Departments								
						Provincial Departments: Hostels Redevelopment Programme – Provincial Departments						2362	Y	N
						Provincial Departments: Fines and Penalties – Provincial Departments						2363	Y	N
						Provincial Departments: Vehicle Licences – Provincial Departments						2364	Y	N
						Provincial Revenue Funds						363	N	N
						Provincial Equitable Share						2357	Y	N
						Provincial Conditional Grants						2358	Y	N
						Municipalities						359	N	N
						Municipal Bank Accounts						360	N	N
						Municipal Bank Accounts: Hostels Redevelopment Programme						2354	Y	N
						Municipal Bank Accounts: Municipal Conditional Grants						2352	Y	N
						Municipal Bank Accounts: Municipal Equitable Share						2351	Y	N
						Municipal Bank Accounts: Gifts and Donations							Y	N
						Municipal Bank Accounts: Municipal Rates and Taxes						2355	Y	N
						Municipal Bank Accounts: Vehicle Licences Municipalities						2356	Y	N
						Municipal Agencies and Funds						361	N	N

113. The names of provinces and municipalities are provided for in the regional segment. The regional segment provides for details of municipalities and wards within a province with the identification code of the relevant municipality. Refer to the discussion on the regional segment for details on the transfers from national to provincial spheres of government in respect of the equitable share and conditional grants.

Illustration: Transfers to Departmental Agencies and Accounts

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
	Transfers and Subsidies											308	N	N
	Departmental Agencies and Accounts											325	N	N
	Social Security Funds											353	N	N
						Social Security Funds: Compensation Commissioner (Workmen Compensations)						1703	Y	N
						Social Security Funds: Compensation Fund						1704	Y	N
						Social Security Funds: Road Accident Fund						1705	Y	N
						Social Security Funds: Unemployment Insurance Fund						1706	Y	N

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
				Social Security Funds: Claims against the State – Social Security Funds								1707	Y	N
				Social Security Funds: Payment/Refund and Remission / Act of Grace s– Social Security Fund								1708	Y	N
				Social Security Funds: Donations and Gifts – Social Security Fund								1709	Y	N
				Social Security Funds: Fines and Penalties – Social Security Fund								1710	Y	N
				Departmental Agencies								354	N	N
				Provincial Departmental Agencies								355	N	N
				<i>List of Provincial Departmental Agencies included – refer to SCOA</i>										
				Transfers to National Departmental Agencies								356	N	N
				<i>List of National Departmental Agencies included – refer to SCOA</i>										
				Departmental Agency: Claims against the State – Departmental Agencies								1701	Y	N
				Departmental Agency: Donations and Gifts – Departmental Agencies								1702	Y	N
				Departmental Agency: Taxes and Compulsory Fees – Departmental Agencies								357	N	N
				Excise Duty								2061	Y	N
				Skills Development Levies								2062	Y	N

114. Departmental agencies and accounts produce goods and services for government or sell goods and services to the public. It mainly consists of a board, commission, company, corporation, fund or other entity which is not classified as a quasi-corporation and which is established in terms of national legislation and mainly serving the government, fully or substantially funded either from the National/Provincial Revenue Fund; or by way of a tax, levy or other money imposed in terms of national legislation; and - accountable to Parliament.
115. A split has been made in the chart to provide for transfers to provincial entities and transfers to national entities as indicated in the PFMA schedules. This will provide better data for purposes of consolidation and international reporting.
116. The names of the provincial entities remain in the Item segment but the provincial pre-descriptor has been moved to the Regional segment.

Example

The Department of Provincial and Local Government makes a transfer payment to the Municipal Demarcation Board. What would the posting level account be in the Item segment?

The Municipal Demarcation Board

Universities and Technikons

Illustration: Universities and Technikons

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Universities and Technikons										326	N	N
		<i>List of Universities and Technikons included in SCOA</i>											Y	N
		Claims against the State – Universities and Technikons										1543	Y	N
		Payment/Refund and Remission – Act of Grace – Universities and Technikons										1544	Y	N
		Donations and Gifts – Universities and Technikons										1545	Y	N
		Fines and Penalties – Universities and Technikons										1546	Y	N

117. This group of accounts provides for Transfers made to Universities and Technikons as defined in the Higher Education Act 101 of 1997. A University or Technikon means any University or Technikon established deemed to be established or declared as such under the Higher Education Act.

Foreign Government and International Organisations

Illustration: Transfers to Foreign Government and International Organisations

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Foreign Government and International Organisations										327	N	N
		<i>List of Foreign Government and International Organisations included in SCOA</i>											Y	N
		<i>Donations and Gifts: Foreign Government and International Organisations</i>										1527	Y	N
		<i>Fines and Penalties: Foreign Government and International Organisations</i>										1528	Y	N
		<i>Subscription Fees: Foreign Government and International Organisations</i>										352	N	N
		<i>List of Foreign Government and International Organisations to which Subscription Fees are paid is included in SCOA</i>												

118. This group of accounts provide for classification codes for transfers made to Foreign Government and International Organisations as well as subscription fees payable to Foreign and International Organisations.

Public Corporations and Private Enterprises

Illustration: Transfers to Public Corporations and Private Enterprises

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Public Corporations and Private Enterprises										328	N	N
		Public Corporations										342	N	N
		Subsidies on Production										348	N	N

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
					Subsidies: Non Financial Public Corporations							350	N	N
					Subsidies: Non Financial Public Corporations – Product							2247	Y	N
					Subsidies: Non Financial Public Corporations - Production							2248	Y	N
					Subsidies: Financial Public Corporations							351	N	N
					Subsidies: Financial Public Corporations - Product							2245	Y	N
					Subsidies: Financial Public Corporations - Production							2246	Y	N
					Other Transfers Public Corporations							349	N	n
					<i>List of Public Corporations included in SCOA</i>									
					Private Enterprises							343	N	N
					Subsidies on Production							344	N	N
					Subsidies to Non Financial Private Enterprises							346	N	N
					Subsidies Non Financial Private Enterprises - Product							2243	Y	N
					Subsidies Non Financial Private Enterprises - Production							2244	Y	N
					Subsidies to Financial Private Enterprises							347	N	N
					Subsidies Financial Private Enterprises - Product							2241	Y	N
					Subsidies Financial Private Enterprises - Production							2242	Y	N
					Other Transfers Private Enterprises							345	N	N
					<i>List of Private Enterprises included in SCOA</i>									

119. This group of accounts provides for transfers payments made to Public Corporations and Private Enterprises and provides for a split between subsidies on production or products and other transfers.
120. Subsidies are payments by government to business-like entities (namely, public corporations and private enterprises) to influence the price or the volume of production. Subsidies can be based on the quantity of goods produced, or the value of goods that are produced, sold, imported or exported. They can be paid for the production of specific goods (e.g. in the form of a payment per unit of the good produced) or on the basis of production in general (e.g. payment according to the number of employees a company hires). Subsidies can also be provided to public corporations to compensate them for losses they suffer as a result of charging prices lower than the average cost of production. In all cases, to be classified as a subsidy the transfer must be current and must be made to a business oriented entity.

For example:

The government pays R650,000 to a private company (SMME) to sell paraffin in a rural area at a reduced price.

Subsidies Financial Private Enterprises - Product

121. Other transfers to public corporations and private enterprises consist of all transfers that are not directed at subsidising products or production, e.g. of these items are payments to finance purchases of capital assets or to cover large operating deficits that have accumulated over at least two years.

For example:

A department pays a public corporation compensation for damage to their building as a result of a storm.

Other Transfers Public Corporations

Non Profit Institutions

Illustration: Transfers to Non Profit Institutions

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
			Non Profit Institutions									329	N	N
			Claims against the State – Non Profit Institutions									1504	Y	N
			Payment/Refund and Remission / Act of Grace – Non Profit Institution									1505	Y	N
			<i>List of Non Profit Institutions included in SCOA</i>											
			Donations and Gifts – Non Profit Institutions									1502	Y	N
			Fines and Penalties – Non Profit Institutions									1503	Y	N
			Public Schools									339	N	N
			Section 20 Schools									2831	N	Y
			Section 21 Schools:									340	N	N
			Section 21 Schools: Learning and Teaching Support Material									2827	N	Y
			Section 21 Schools: Utilities									2828	N	Y
			Section 21 Schools: Maintenance									2829	N	Y
			Section 21 Schools: Service Rendered									2830	N	Y
			Other Educational Institutions									341	N	N
			School, Support (Other Educational Institutions)									1969	Y	N

122. Transfers to Non Profit Institutions that are private, self-governing, voluntary, non-profit distributing organisations operating, not for commercial purposes but in the public interest, for the promotion of social welfare and development, religion, charity, education and research.

Households

Illustration: Transfers to Households

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
			Household									330	N	N
			Household: Employee Social Benefits									331	N	N
				Household: Employee Social Benefits: Injury of Duty								1634	Y	N
				Household: Employee Social Benefits: Post Benefit Retirement Benefits								2676	N	N
				Household: Employee Social Benefits: Post Retirement Benefits								2677	N	Y
				Household: Employee Social Benefits: Severance Packages								1636	Y	N
				Household: Employee Social Benefits: Leave Gratuity								2873	Y	N
			Household Social Security Payments									332	N	N
				Household Social Security Payments: Social Security								1968	Y	N
			Household Social Assistance									1968	N	N
				Household Social Assistance: Care Dependency								1958	Y	N
				Household Social Assistance: Child Support Grant								2881	Y	N
				Household Social Assistance: Clothing Provide								1961	Y	N
				Household Social Assistance: Disability Grant								1962	Y	N
				Household Social Assistance: Ex Servicemen								1963	Y	N
				Household Social Assistance: Excursions – Place of Safety								1964	Y	N
				Household Social Assistance: Foster Care Grant								1965	Y	N
				Household Social Assistance: Old Age Grant								1966	Y	N
				Household Social Assistance: Poverty relief								1967	Y	N
			Households: Other Transfers									333	N	N
				Households: Other Transfers – Bursaries (Non Employee)								1627	Y	N
				Households: Other Transfers – Taxi Recapitalisation								1628	Y	N
				Households: Other Transfers – Claims against the State								1629	Y	N
				Households: Other Transfers – Payments/Refund and Remission / Act of Grace								1630	Y	N
			Donations and Gifts – Households									334	N	N
				Household – Donations and Gifts								1956	Y	N
				Household – Foreign Affairs Benevolence Payments								1957	Y	N
				Farmer Support – Households								1631	Y	N
				National Housing Programme – Households								335	N	N
				Human Settlement Redevelopment Programme - Households								1632	Y	N

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
					Pocket Money – Households							1633	Y	N
					Land Reform/Restitution (Transfer)							336	N	N
					Land Reform/Restitution: Claim Verification - Transfer							1942	Y	N
					Land Reform/Restitution: Conveyancing - Transfer							1943	Y	N
					Land Reform/Restitution: Environmental Study - Transfer							1944	Y	N
					Land Reform/Restitution: Honorarium (facilitation) – Transfer							1945	Y	N
					Land Reform/Restitution: Land Purchase and Development Cost – Transfer							1946	Y	N
					Land Reform/Restitution: Legal Fees – Transfer							1947	Y	N
					Land Reform/Restitution: Mapping – Transfer							1948	Y	N
					Land Reform/Restitution: Needs Assessment – Transfer							1949	Y	N
					Land Reform/Restitution: Planning Grant – Transfer							1950	Y	N
					Land Reform/Restitution: Printing and Publications – Transfer							1951	Y	N
					Land Reform/Restitution: Surveying – Transfer							1952	Y	N
					Land Reform/Restitution: Town and Regional Planning – Transfer							1953	Y	N
					Land Reform/Restitution: Valuer – Transfer							1954	Y	N

123. Transfers to households consist of social benefits payable to households and other transfers to households. Social benefits are current transfers to households, including funds to protect such households against events that may negatively affect their social welfare, e.g. the child support grant and old age pensions. This category includes the cost of providing free housing or housing sold at prices below market value. In addition, it includes leave gratuities and exit packages which are paid to employees.

For example:

The Department of Social Development pays R215 million to individuals qualifying for a child support grant.

Transfers to households

124. Other transfers to households consist of all transfers other than social benefits, including:

- All capital transfers to households.
- Payments of bursaries (except government employees – these are recorded under goods and services since Government is assumed to benefit from additional training and education in the form of the employee’s increased job productivity).

- Fines and penalties paid to households.
- Compensation for injuries and damage caused by natural disaster or government units if paid to households.

For example:

The Department of Education gave a bursary to the value of R40,000 to a paralysed student to continue his studies at the University of Fort Hare.

Households: Other Transfers – Payments/Refund and Remission / Act of Grace

125. Transfers to households allow for a split between social benefits: injury on duty, post-retirement benefits to households, severance packages and social benefits to local recruited staff, household social security payments (including social assistance grants) and post-retirement benefits.

Payments for Capital Assets

Illustration: Payments for Capital Assets

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
			Purchase/Construction of Capital Assets									310	N	N
			Buildings and Other Fixed Structures									311	N	N
			<i>Posting level item listed in SCOA</i>										Y	N
			Machinery and Equipment									312	N	N
			Transport Equipment									319	N	N
			<i>Posting level item listed in SCOA</i>										Y	N
			Machinery and Equipment									2569	N	N
			Other Machinery and Equipment									2570	N	N
			<i>Posting level item listed in SCOA</i>										Y	N
			Heritage Assets									313	N	N
			<i>Posting level item listed in SCOA</i>										Y	N
			Specialise Military Assets									314	N	N
			<i>Posting level item listed in SCOA</i>											
			Biological and Cultivated Assets									315	N	N
			<i>Posting level item listed in SCOA</i>											
			Land and Subsoil Assets									316	N	N
			<i>Posting level item listed in SCOA</i>											
			Software and Intangible Assets									317	N	N
			<i>Posting level item listed in SCOA</i>											

126. A payment is of a capital nature when the payment is for a good that can be used continuously or repeatedly in production for more than one year and from which future economic benefits or service potential can be derived.

127. A payment for stand-alone is if individual goods or services are bought, provided that these are not part of a project. The value of an individual item is used for classification between a major or minor asset (asset less than R5,000). Project is a collection of tasks to achieve a goal. Projects are carried out in one of three ways:

- construction of a new asset;

- improvement/extension/rehabilitation/enhancement to existing assets; and
- repair/maintenance of existing assets.

128. Payments for capital assets consists of:

a. Buildings and other fixed structure:

- Buildings – these are fixed structures inhabitable by people, animals or plants, or which can be used for storage purposes.

For example:

1. The Department of Foreign Affairs purchased an old house in Italy to be used as a mission office for Eu200,000.

The purchase will be classified as a payment for Building and Other Fixed Structures and additional detail will be carried in the asset/project segment.
2. The Provincial Department of Public Works is constructing an office building and make payment to its contractor. What would the classification of this expenditure be in the Item segment?

Buildings and Other Fixed Structures and additional detail will be carried in the asset/project segment.

- Other fixed structures – this consist of all fixed structures other than buildings, including roads, bridges and dams.

For example:

- The Department of Water Affairs and Forestry pay a municipality for taking over a dam. What would the account be to use for this transaction?
- Building and Other Fixed Structures.

b. Machinery and equipment (movable equipment):

- Transport equipment – Includes vehicles, ships, aircraft and any other asset used for the transportation of goods or persons.

For example:

- The Department of Agriculture purchased a small aircraft for R155,000 to spray insecticides over a farming area. The purchase is classified as Transport Equipment.

- Other machinery and equipment – Includes machinery, engines, motors, generators and computer hardware.

For example:

1. A department purchases a new fax machine for R5,500 to replace the previous one that was stolen.

The purchase is classified as a payment for Office Equipment.

2. Department X buys a single stand alone computer to the value of R18,000.00. What would the classification of this expenditure be in the item segment?

Computer Hardware and Systems.

- c. Heritage Assets – Some assets are described as “heritage assets” because of their cultural, environmental or historical significance, e.g. historical buildings and monuments, archaeological sites, conservation areas and nature reserves, and works of art. Certain characteristics, including the following, are often displayed by heritage assets (although these characteristics are not exclusive to such assets): (a) their value in cultural, environmental, educational and historical terms is unlikely to be fully reflected in a financial value based purely on a market exclusive to such assets); (b) legal and/or statutory obligations may impose prohibitions or severe restrictions on disposal by sale, (c) they are often irreplaceable and their value may increase over time even if their physical condition deteriorates, and (d) it may be difficult to estimate their useful lives, which in some cases could be several hundred years.
- d. Specialised Military Assets – This group of items includes flying suits and parachutes, rigging, ammunition and exposure equipment, weapons, ships and marine equipment, etc. This category will only be used by the Department of Defence.
- e. Biological and Cultivated Assets – Biological and cultivated assets are animals and plants that are used repeatedly or continuously for more than one year to produce other goods or services. Examples of animals to be included in this category are dairy cattle, draft animals, wool-producing, breeding stocks, game and animals used for transportation and entertainment. Examples of plants are trees, vines and shrubs cultivated for production of fruits, nuts, sap, resin, bark and leaf products. Slaughter animals are not cultivated assets, because they can only be used once.
- f. Land and Subsoil Assets: Land – Excludes improvements to land or the cost of land ownership transfer. It also excludes the value of fixed structures on the land. Improvements to land and the cost of ownership transfer of land are recorded under buildings and other fixed structures. However, it is not possible to separate the value of land from the value of structures on it, record the combined value under building or other fixed structures.

For example:

The Department of Land Affairs purchases a vacant piece of land for future land distribution. The purchase forms part of this category.

Land for resale

- Subsoil assets – Consist of proven reserves of oil, minerals and ore.

For example:

Any purchases of subsoil assets will be recorded here. The purchase of mineral exploration rights are excluded from this category and should be recorded under software and other intangible assets.

129. The movable items (all items classified under machinery and equipment) have been duplicated in the item and the asset segment. The reason for this duplication is to allow for the separate identification of assets purchased that were subsequently allocated to an immovable asset (as a component), e.g. where a department purchases new blinds for the office building windows. The blinds are not accounted for separately in the asset register of the department but are added to the value of the building, assuming these blinds were custom made for the office windows and cost more than R5,000 per window.

For example:

The Department of Public Works in the construction of a campus to house a department receives an invoice for the installation of CCTV throughout the building. What would the classification of this expenditure be in the item segment?

Security Equipment Systems and Materials Fixed

130. Any purchases of movable assets that are not associated with an immovable asset will be accounted for in the Item segment and the asset segment in the same manner, e.g. if a national department purchases a ministerial vehicle the account used in the item segment and the asset segment will be “motor vehicles”

Receipts

Illustration: Receipts

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Receipts												3	N	N
	Tax Receipts											166	N	N
	Sales Goods and Services Non Capital Asset											167	N	N
	Transfers Received											168	N	N
	Fines, Penalties and Forfeits											169	N	N
	Interest, Dividend and Rent on Land											170	N	N
	Sales of Capital Assets											788	Y	N
	Trading Entity: Sales of Capital Assets											2741	N	N
	Financial Transactions in Assets and Liabilities											171	N	N

131. Receipts refer to money collected by government. Receipts are the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.
132. The term definition is the same as "revenue" defined in the GRAP Standards, the only difference here is that "receipts" includes actual cash flows where "revenue" includes both actual and accrued income. This item includes receipts from:
- the rendering of services;

- the sale of goods;
- the use by others of entity assets yielding interest, royalties and dividends
- voted funds being the amount appropriated to a department in accordance with the Estimates of National Expenditure and the Adjusted Estimates of National/Provincial Expenditure;
- Local and Foreign Aid Assistance;
- Taxes Receipts;
- Interest; and
- other transactions resulting from the cash basis of accounting and surrendering of revenue and surplus on the vote to the National/Provincial Revenue Fund, e.g. interest, stale cheques, receivables inflows, refunds of expenditure and dividends received.

133. At the provincial level, this will consist of the province's equitable share and any conditional grants received from national government, as well as the province's own revenue, e.g. gambling tax receipts or rental of official buildings

Tax Receipts

Illustration: Tax Receipts

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
			Tax Receipts									166	N	N
			Casino Taxes									2681	N	N
			Casino Taxes									2684	Y	N
			Horse Racing Taxes									2682	N	N
			Horse Racing Taxes									2683	Y	N
			Liquor Licences Tax									304	N	N
			Liquor Licences Tax: Annual Renewal of Registration									808	Y	N
			Liquor Licences Tax: Application Fee Section 11									809	Y	N
			Liquor Licences Tax: Appointment of Person Section 16									810	Y	N
			Liquor Licences Tax: Lodgement Fees Section 19									811	Y	N
			Liquor Licences Tax: Lodgement Fees Section 113 & 120									812	Y	N
			Liquor Licences Tax: New Licence Fees to in Reg									813	Y	N
			Liquor Licences Tax: Notice Change in Location Section 16(3)									814	Y	N
			Liquor Licences Tax: Notice to review Schedule 1									815	Y	N
			Liquor Licences Tax: Request for variation of Conditions Section 16(1)									816	Y	N
			Liquor Licences Tax: Transfer Fees Section 15									817	Y	N
			Motor vehicle Licences Tax									2685	N	N

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
												2862	Y	N

134. Tax receipts refer to compulsory, unrequited revenue collected by government units. These receipts are compulsory because the other party making the payment is required by law to pay taxes in certain circumstances or under certain conditions. These transactions are unrequited because the party does not receive anything of similar value directly in return.

For example:

A casino needs to purchase a licence for the right to operate its gambling facility. This is required by law, and the casino gets nothing directly in return from the government after purchasing the licence.

Casino taxes

Sales of Goods and Services Non Capital Assets

Illustration: Sales of Goods and Services Non Capital Assets

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
												167	N	N
												261	N	N
												263	N	N
												301	N	N
												302	N	N
												1140	Y	N
												303	N	N
												1138	Y	N
												1139	Y	N
												2732	Y	N
												2824	N	N
												2825	N	N
												2826	Y	N
												853	Y	N
												264	N	N
													Y	N
												289	N	N
												265	N	N
												266	N	N

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
					List with different services given in SCOA								Y	N
				Sale of Goods							267	N	N	
					List with different sales given in SCOA								Y	N
		Sales: Scrap, Waste and Other Goods							262	N	N			
			List with different sales given in SCOA								Y	N		

135. This category consists of sales by government units provided that the government unit has produced the good or service. Sales of capital assets are never included in this category.

136. *Sales by market establishments* - When a department sell goods and services at market-related prices the receipts should be included here. If a department provides rental services with respect to buildings or other fixed structures that it owns, the receipts should be included here if the rental fee is in line with prices charged in the private sector.

For example:

A department has a bookshop on the ground floor of its office building. If it sells certain books at the same price as that charged by a bookshop in the local shopping mall the transaction is regarded as a sale by market establishments.

137. *Administrative fees* – This refers to revenue collected from the provision of regulatory and administrative services, e.g. verifying the competence of a licence holder (in the case of trading, game or fishing licences) or verifying that equipment functions safely. Passport fees, identity document fees and exam fees are included here.

For example:

In order to own and operate an abattoir an individual must submit an application and a prescribed fee to the necessary authority. Once all conditions for registration have been met a certificate will be issued for a predetermined period. The owner has to maintain certain standards and conditions imposed by the relevant authority and will be subject to regular inspections. For this reason the money received from the registration of the abattoir is an administrative fee because the government conducts a regulatory function in return.

138. *Other sales* – To be classified here, the fee charged must be below the price prevailing in the private market. This category includes receipts from items bought from one economic unit and then resold, e.g. a postcard sold by a museum.

For example:

The department auctioned an old computer (Cost Price – R4,000) and received R1,000. How would you classify this receipt? What would the classification of this expenditure be in the item segment?

Sale Assets < R5,000.

139. *Sales of scrap, waste and other used current goods (excluding capital assets)* – This category includes sales of all used goods that are not considered capital assets (decided and date of purchase) and that are not produced by government. This means that sales of goods that can be used continuously or repeatedly in production for more than one year but cost less than R5,000 when originally purchased – e.g. small tools and equipment should be recorded here.
140. Also included in this item would be goods taken up as inventory and that subsequently become obsolete or redundant.

For example:

A department purchases chicken feed in large containers on a regular basis. Once these containers are empty they are sold to individuals from the surrounding community. The amount for the sale of these “used” items is recorded here.

Sale: Scrap

Transfers Received

Illustration: Transfers Received

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
	Transfers Received											168	N	N
	Transfers Received other Government Units											254	N	N
	Transfers Received other Government Units											256	N	N
	Transfers Received: Departmental Agencies											257	N	N
	Transfers Received: Social Security Institutions											258	N	N
	Transfers Received: Provincial Government											259	N	N
	Transfers Received: Local Government											260	N	N
	Transfers Received: National Departments											844	Y	N
	Transfers Received: Universities and Technikons											781	Y	N
	Transfers Received: Foreign Governments											782	Y	N
	Transfers Received: International Organisations											783	Y	N
	Transfers Received: Public Corporations and Private Enterprises											255	N	N
	Non-Life Insurance Claims: Transfers received – Private Enterprises											806	Y	N
	Local Donations: Transfers received – Private Enterprises											807	Y	N

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Transfers Received: Households and Non Profit Institutions										784	Y	N

141. Transfers are all unrequited, voluntary receipts from other parties. The receipts are voluntary as the party making the payment is not obliged to do so. Both capital transfers, e.g. cash received for the purpose of purchasing capital assets, and current transfers are included in this category.
142. This account would be used for the recording of donor funding not deposited into the RDP fund.

For example:

An individual bequeaths a certain percentage of his will to the Department of Health for HIV/AIDS research. The department will record the amount received under transfers received from households and non-profit institutions. This is a transfer because the individual was not obliged to make the donation but did so out of his own free will.

Fines, Penalties and Forfeits goods (excluding capital assets)

Illustration: Fines, Penalties and Forfeits goods (excluding capital assets)

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
	Fines, Penalties and Forfeits											169	N	N
	Fines											249	N	N
	<i>List of fines included in SCOA.</i>												Y	N
	Penalties											250	N	N
	<i>List of fines included in SCOA.</i>												Y	N
	Forfeits											251	N	N
	<i>List of fines included in SCOA.</i>												Y	N

143. This category consists of all compulsory receipts relating to obligations imposed by a court or quasi-judicial body, including out-of-court settlements. Like taxes these are unrequited, compulsory receipts; however they are imposed by court of law unlike taxes that are required by law.

For example:

A bottle store is required by law to obtain a liquor licence. A fine was imposed for not obtaining this licence prior to commence trading activities. What would the account be for recording the fine?

Fines

Interest, Dividends and Rent on Land

Illustration: Dividends and Rent on Land

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Interest, Dividend and Rent on Land										170	N	N
		Interest										214	N	N
		Interest: Cash and Cash Equivalents										218	N	N
		<i>Detail list of items included in SCOA</i>											Y	N
		Interest: Investments										219	N	N
		<i>Detail list of items included in SCOA</i>											Y	N
		Interest: Loans										220	N	N
		Interest Loans: Public Sector										236	N	N
		<i>Detail list of items included in SCOA</i>											Y	N
		Interest Loans: Private Sector										237	N	N
		<i>Detail list of items included in SCOA</i>											Y	N
		Interest Receivable										221	N	N
		Interest Receivable: Public Sector										227	N	N
		<i>Detail list of items included in SCOA</i>												
		Interest Receivable: Private Sector										222	N	N
		<i>Detail list of items included in SCOA</i>												
		Dividends										215	N	N
		Dividends: Shares and Other Equity										790	Y	N
		Rent on Land										216	N	N
		<i>Detail list of items included in SCOA</i>											Y	N

144. *Interest* - This is revenue from ownership of interest-bearing financial instruments (including extended loans, bills and bonds). A financial instrument is a document involving a legal right or obligation that a monetary value or that records a monetary transaction.

For example:

Interest earned on cash deposit in a departments commercial bank account is recorded here.

145. *Dividends* – a dividend refers to revenue associated with ownership of capital of a productive unit. This category is typically used to record dividends received from state owned enterprises.

For example:

Government departments may receive dividends from public corporation such as Telkom. Distribution of profits by public corporations may take place irregularly and may not be explicitly labelled as dividends. Proceeds from privatisation receipts and exceptional once-off payments based on accumulated reserves or holding gains are withdrawals of equity rather than dividends.

These amounts should be deposited in the departmental revenue account at the SARB but should be recorded as Revenue Fund receipts, via the departmental PMG/Bank account of the department.

146. *Rent on land* – this refers to revenue due to the ownership of land, subsoil assets and commercially exploitable naturally occurring assets, including forests, game and fisheries. Note that if it is not possible to separate revenue from ownership of land from revenue earned on fixed structures built on the land, the whole amount should be recorded under sales of goods and services produced by departments (excluding capital assets).
147. If the rent collected on a building is market related the account “*Market Establishments Rental Dwellings*” should be used.

For example:

The Department of Minerals and Energy enters into an agreement with a company giving them permission to mine on mineral rights owned by the State.

The money received is classified as rent on land.

Sales of Capital Assets

Illustration: Sale of Capital Assets

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Sale of Capital Assets												788	Y	N

148. Collection of money from the sale of capital assets not used by the department either due to redundancy or obsolescence. This item consists of sale of capital assets that were worth more than R5,000 when they were originally purchased if the purchase date was after 1 April 2004. Sales of capital assets purchased before 1 April 2004 should also be recorded here if the asset was previously classified as a capital asset. This means that if in the past the entities policy was to record all assets that cost more than R1,000 as capital and the item is now sold it should be included here.

149. Details of the asset posting level has been provided for in the asset segment, refer to Section 6.

For example:

1.	When a department disposes of old computers or motor vehicles that were purchased as capital assets, the money received from the sale is classified as sales of other capital assets.
2.	The department sold a vehicle at a public auction for R20,000. How would you allocate this receipt in the item segment?
Sale of Capital Assets	

Trading Entity: Sales of Capital Assets

Illustration: Trading Entity: Sales of Capital Assets

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
	Trading Entity: Sales of Capital Assets											2741	N	N
	Trading Entity: Profit on Sale of Capital Assets											2742	N	N
		<i>SCOA include list of items for classification purposes</i>											Y	Y
	Trading Entity: Profit on Sale of Machinery and Equipment											2744	N	N
		<i>SCOA include list of items for classification purposes</i>											Y	Y
	Trading Entity: Profit on Sale of Software and Other Intangible Assets											2745	N	Y

150. This item provides for the recognition of the profit made by a trading entity on the sale of capital assets not used by the trading entity either due to redundancy or obsolescence. Trading entities are recording transactions in accordance with accrual accounting prescripts.

Trading Entity: Property Management Trading Entity Revenue

Illustration: Trading Entity: Property Management Trading Entity Revenue

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
	Trading Entity: Property Management Trading Entity Revenue											2745	N	Y

151. A Trading entity has been established in the National Department of Public Works (DPW) for the purpose of receiving and spending on the accommodation charges. The Trading Entity operates as a self-sustaining entity, with the costs associated with the planning and operational units of the Department being included in the accommodation charges. The DPW devolved its leasing, maintenance, property rates and municipal services budgets to its client departments. Departments are paying the funds back to DPW in the form of an accommodation charge made up of an amount for actual leases and an amount for pre-determined rentals of state-owned property.

Financial Transactions in Assets and Liabilities

Illustration: Financial Transactions in Assets and Liabilities

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
	Financial Transactions in Assets and Liabilities											171	N	N
	Revenue: Financial Assets											172	N	N
	Revenue: Financial Assets - Loans											173	N	N
	Revenue: Financial Assets – Loans – Public Sector											195	N	N
	<i>SCOA includes a list of detailed items</i>												Y	N
	Revenue: Financial Assets – Loans – Private Sector											196	N	N
	<i>SCOA includes a list of detailed items</i>												Y	N
	Revenue: Financial Assets – Receivables											174	N	N
	Revenue: Financial Assets – Receivables – Public Sector											176	N	N
	<i>SCOA includes a list of detailed items</i>												Y	N
	Revenue: Financial Assets – Receivables – Private Sector											177	N	N
	<i>SCOA includes a list of detailed items</i>												Y	N
	Revenue: Financial Assets – Other Receipts											175	N	N
	<i>SCOA includes a list of detailed items</i>												Y	N

152. It is necessary to provide for receipts associated with certain transactions in “financial assets and liabilities”.

153. Repayments of loans and advances previously extended to employees and public corporations for policy purposes, as the repayment of loans and advances previously extended to employees and public corporation for policy purposes, as the repayment is treated as a receipt item and recorded here. The rationale for recording this financial transaction as receipts is that it is fundamentally different from other financial transactions, which are market oriented. A stale cheque from a previous accounting period is also recorded here, because this transaction results in a temporary increase in income before a new cheque is issued. The reason that it must be recorded this way is because payments for the current period must not be reduced by a payment from a previous accounting period. Thus, the cheque must be paid into income instead. When reissued, the payment is made from receipts.

Revenue Fund Receipts

Illustration: Revenue Fund Receipts

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Revenue Fund Receipts												4	N	N
	Agricultural Debt Account											773	Y	N
	Exc of Roadshow Adv IRO USD 750 Mill											774	Y	N
	GFECRA											775	Y	N
	Incorrect Deposit into Exchequer											776	Y	N
	Incorrect transfer from DPSA											777	Y	N

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Limpopo Minerals Trust Fund										778	Y	N
		Motor Finance Scheme										779	Y	N
		SFF and NSPF										780	Y	N
		Revenue Fund Transfers Received										159	N	N
		Fines, Penalties and Forfeits										160	N	N
		Penalties										165	N	N
		<i>Detailed list of Penalties included in SCOA</i>											Y	N
		Interest and Dividends										161	N	N
		Special Dividends										164	N	N
		<i>Detailed list of Institutions included in SCOA</i>											Y	N
		Restructuring of State Assets										162	N	N
		<i>Detailed list of Institutions included in SCOA</i>											Y	N
		Debt Portfolio										163	N	N
		<i>Detailed list included in SCOA</i>											Y	N

154. This group of accounts provides for the revenue received that is meant directly for the National Revenue Fund or a Provincial Revenue Fund. These amounts are received and banked through the departmental revenue account of the controlling department.

Assets, Liabilities and Net Assets

Illustration: Overview of Assets, Liabilities and Net Assets

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Assets, Liabilities and Net Assets										5	N	N
		Assets										6	N	N
		Current Assets										45	N	N
		Cash and Cash Equivalents										75	N	N
		<i>Detailed items listed in SCOA</i>											Y	N
		Inventory (KZN Province)										76	N	N
		<i>Detailed items listed in SCOA</i>											Y	N
		Prepayments and Advances CA										77	N	N
		<i>Detailed items listed in SCOA</i>											Y	N
		Receivables: CA										78	N	N
		<i>Detailed items listed in SCOA</i>											Y	N
		Unauthorised Expenditure: CA										79	N	N
		<i>Detailed items listed in SCOA</i>											Y	N
		Irregular Expenditure: CA										269	N	N
		<i>Detailed items listed in SCOA</i>											Y	N
		Fruitless and Wasteful Expenditure: CA										2697	N	N
		<i>Detailed items listed in SCOA</i>											Y	N
		Foreign Affairs FCS Interface										80	N	N
		<i>Detailed items listed in SCOA</i>											Y	N
		MEDSAS										81	N	N
		<i>Detailed items listed in SCOA</i>											Y	N
		Housing Debtors										82	N	N
		<i>Detailed items listed in SCOA</i>											Y	N
		Non Current Assets										46	N	N
		Trading Entity: Capital Assets NCA										2770	N	N
		<i>Detailed items listed in SCOA</i>											Y	N
		Trading Entity: Accumulated Depreciation on Capital Assets NCA										2771	N	N
		<i>Detailed items listed in SCOA</i>											Y	N

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
			Investments: NCA									47	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
			Loans: NCA									48	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
			Prepayments and Advances: NCA									49	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
			Housing Debtors: NCA									50	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
			Government Motor Transport: NCA									51	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
		Liabilities										7	N	N
		Current Liabilities										16	N	N
		Payables: CL										17	N	N
		Conversion Accounts: CL										18	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
		Advances CL										19	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
		Trading Entity: Provisions – CL										2799	N	Y
		Trading Entity: Accruals – CL										2798	N	Y
		Revenue Collected to be paid SARS: CL										20	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
		Voted Funds to be Surrendered: CL										21	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
		MEDSAS: CL										22	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
		Housing Debtors - CL										23	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
		Government Motor Transport - CL										24	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
		Non-Current Liabilities										2801	N	N
		Trading Entity: Provisions										2802	N	N
		Net Assets										2634	N	Y
		Net Assets										2635	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
		Recoverable Revenue										2636	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
		Operational Funds										2637	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
		MEDSAS Fund – Net Assets										2638	N	N
			<i>Detailed items listed in SCOA</i>										Y	N
		Government Motor Transport: Net Assets/Equity											N	N
			<i>Detailed items listed in SCOA</i>										Y	N

Assets

155. Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity. A good meets the definition of an asset when:

- The department controls the benefits or can prevent others from sharing benefits derived from its use. In many cases a legal title and physical possession are good indicators of control.
- Some event or transaction transferred control to the department.

- The good contributes, directly or indirectly, to the cash and cash equivalents of the department or in providing a service to another party. A good purchased for resale will result in cash flowing to the entity (economic benefits) but a good purchased to facilitate the delivery of primary health care will contribute towards the entity achieving its strategic objectives (service potential).

For example:

The Department of Transport purchases two new vehicles. The first vehicle is used by the government garage and generates cash for the department. The second vehicle is used as a pool car for their staff should they need to travel for business purposes. Although the two vehicles have different purposes they are both considered to be an asset. The one directly results in an increase in cash and the other indirectly contributes to the department's operation objectives.

Current Assets

156. Current assets refer to assets which would recover in no more than 12 months after the reporting date or if the normal operating cycle in more than 12 months - the longer period.

Cash and Cash Equivalents – Current Assets

Illustration: Cash and Cash Equivalents – Current Assets

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Assets												6	N	N
Current Assets												45	N	N
Cash and Cash Equivalent												75	N	N
Cash and Cash Equivalents – Domestic												146	N	N
Consolidated Bank Account: Domestic												151	N	N
Bank Account: Domestic												154	N	N
Bank Account: Domestic												1385	Y	N
Bank Adjustment Account: Domestic												1386	Y	N
Bank Exception Account: Domestic												1387	Y	N
Cheques Payable: Domestic												1388	Y	N
CPD Account: Domestic												1389	Y	N
Deposit Account: Domestic												1390	Y	N
Other Debits/Credits: Domestic												155	N	N
EBT Control Accounts: Domestic												156	N	N
BAS Electronic Banking Transfer Control: Domestic												1418	Y	N
SAL: PERSAL Electronic Banking Transfer Control												1419	Y	N
Social Pensions Electronic Banking Transfer Control												1420	Y	N
Credit Transfers: Domestic												157	N	N
BAS Credit Transfers:												1416	Y	N

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
							Domestic							
							PERSAL Credit Transfer: Domestic					1417	Y	N
							PMG Transfers Domestic					158	N	N
							Departmental Transfer Issued: Domestic					1413	Y	N
							Departmental Transfer Received: Domestic					1414	Y	N
							PMG Schedules – Domestic					1415	Y	N
							Debit Order Transfer Account					1382	Y	N
							Outstanding Payments: Domestic					1383	Y	N
							3 rd Party Transport Control Account					1384	Y	N
							Fund Requisition Account: Domestic					1290	Y	N
							Cash Receipts: Domestic					152	N	N
							Receipt Control Account: Domestic					1343	Y	N
							Receipt Deposit Control: Domestic					1344	Y	N
							Receipt Exceptions: Domestic					1345	Y	N
							Receipt Pending Control: Domestic					1346	Y	N
							Unallocated Cancel Receipts: Domestic					1347	Y	N
							Disbursements: Domestic					148	N	N
							Credit Notes Cancellation: Domestic					1340	Y	N
							EBT Rejection Account: Domestic					1341	Y	N
							UNP/RC BAS EBT Control Account: Domestic					1342	Y	N
							Interface Cheques: Domestic					153	N	N
							Cancel Cheque/Re-issue (PERSAL)					1379	Y	N
							Erroneous Persal Cheque Cancellation					1380	Y	N
							Unpaid Cheque/Re-issue					1381	Y	N
							Cash on Hand Domestic					149	N	N
							Petty Cash: Domestic					1339	Y	N
							Cash in Transit: Domestic					1291	Y	N
							Investments: Domestic					150	N	N
							Cash with Commercial Banks: Domestic					1336	Y	N
							CPD Investments: Domestic					1337	Y	N
							Interest on CPD Investments: Domestic					1338	Y	N
							Cash and Cash Equivalents: Foreign					147	N	N

157. Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. This is for cash on hand and balances with banks and investments in money market instruments held with investors and commercial banks within the Republic of South Africa.

Prepayments and Advances – Current Assets

Illustration: Prepayments and Advances – Current Assets

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Prepayments and Advance – Current Assets									77	N	N
Prepayments and Advances: Domestic									116	N	N
Advances: Domestic CA									123	N	N
National Departments: Advances Domestic CA									126	N	N
Advances Domestic: National Departments Advances Accounts CA									1378	Y	N
Provincial Departments: Advances Domestic CA									127	N	N
<i>Posting level items included in SCOA per Province</i>										Y	N
Public Entities: Advances Domestic CA									128	N	N
Advance Domestic: Public Entities Advance Account CA									1377	Y	N
Private Enterprises: Advances Domestic CA									129	N	N
Advance Domestic: Private Enterprises Advance Account CA									1376	Y	N
Advance Domestic: Petrol Account CA									136	N	N
SOCPEN Advances									131	N	N
<i>Detailed posting level items provided for in SCOA</i>											
Non-Profit Institutions: Advance Domestic CA											
Advances Domestic Non Profit Institutions: Advance Account CA									1373	Y	N
Local Government: Advance Domestic CA									132	N	N
Advances Domestic Local Government: Advance Account CA									1372	Y	N
Households: Advance Domestic CA									133	N	N
Staff Advances: Domestic CA									134	N	N
Salary Advances: Domestic CA									1403	Y	N
Travel and Subsistence Domestic CA									135	N	N
<i>Detailed posting level items provided for in SCOA</i>											
Prepayments CA									124	N	N
Deposits: Domestic CA									125	N	N
Deposits Municipalities: Domestic CA									1370	Y	N
Tender Deposits: Domestic CA									1371	Y	N
Prepayments and Advances: Foreign CA									117	N	N
Advances: Foreign CA									118	N	N
Households: Advance Foreign CA									120	N	N
Staff Advances: Foreign CA									121	N	N
Salary: Advances Foreign CA									1401	Y	N
Travel and Subsistence Foreign CA									122	N	N
Travel and Subsistence Advances Foreign: Current Assets									1400	Y	N
Deposits: Foreign CA									119	N	N
Deposit Municipalities: Foreign CA									1335	Y	N
Tender Deposits: Foreign CA									2692	Y	N
Tender Deposits: Foreign CA									2934	Y	N

158. Pre-payments are payments in advance for goods and services to be received in future. The actual amount paid is known. Advances are amounts made available to other entities or employees for expected operating expenditure (S&T), as well

as preliminary salary advances to employees who were employed during the month and did not receive their salary at month end. Transactions classified under non-current assets would be where these are not realised within 12 months or the normal operating cycle.

Receivables - Current Assets

Illustration: Receivables - Current Assets

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Receivables: CA									78	N	N
Receivables: Domestic CA									87	N	N
Receivables: Claims Recoverable Domestic CA									90	N	N
National Departments: Claims recoverable Domestic CA									101	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
Provincial Departments: Claims recoverable Domestic CA									102	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
Public Entities									103	N	N
Receivable Domestic Claims: Public Entities – Claims Recoverable									1368	Y	N
Private Enterprises									104	N	N
Receivable Domestic Claims: Private Enterprises – Claims Recoverable									1367	Y	N
Universities and Technikons									105	N	N
Receivable Domestic Claims: Universities and Technikons – Claims Recoverable									1366	Y	N
Households and Non-Profit Institutions									106	N	N
Receivable Domestic Claims: Household and Non-Profit Institutions – Claims Recoverable									1365	Y	N
Local Government									100	N	N
Receivable Domestic Claims: Local Government – Claims Recoverable									1364	Y	N
Trade Debt (Rend of Services/Sale of Goods)									91	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
Recoverable Expenditure									92	N	N
General Disallowances: CA									98	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
Staff Disallowances: CA									99	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
Arrear Wages Debt: CA									93	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
National Skills Fund: CA									94	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
Penalties									95	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
Staff Debt: CA									96	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Other Recoveries							97	N	N
		<i>Detailed posting level items provided for in SCOA</i>								Y	N
		Receivables Foreign CA							88	N	N
		Receivables Foreign Staff Debt							89	N	N
		Foreign Staff Debt Account: Current Assets							1301	Y	N
		Foreign Government and International Organisations							2878	N	N
		Receivables: Foreign – Claims Recoverable							2879	Y	N

159. Receivables comprise of amounts due to the State as a result of the sales of goods or provision of services by the state, for example hospital debtors where the service is rendered to patients long before payment is received.

Unauthorised Expenditure - Current Assets

Illustration: Unauthorised Expenditure - Current Assets

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Unauthorised Expenditure: CA							79	N	N
		Unauthorised Expenditure: Departmental Vote – CA							1227	Y	N
		Unauthorised Expenditure: Donor Fund – CA							1228	Y	N
		Unauthorised Expenditure: Statutory – CA							1229	Y	N

160. Unauthorised Expenditure is the overspending of a vote or a main division within a vote; or expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Irregular Expenditure - Current Assets

Illustration: Irregular Expenditure - Current Assets

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
		Irregular Expenditure: CA							2693	N	N
		Irregular Expenditure: Departmental Vote - CA							2694	Y	N
		Irregular Expenditure: Donor Fund - CA							2695	Y	N
		Irregular Expenditure: Statutory - CA							2696	Y	N
		Irregular Expenditure: Departmental Vote - CA							2928	Y	N
		Irregular Expenditure: Donor Fund - CA							2929	Y	N
		Irregular Expenditure: Statutory - CA							2930	Y	N

161. Irregular expenditure means expenditure other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including: the PFMA, State Tender Board Act, or any regulations made in terms of this act, or Provincial legislation providing for procurement procedures.

Fruitless and Wasteful Expenditure - Current Assets

Illustration: Fruitless and Wasteful Expenditure Current Assets

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Fruitless and Wasteful Expenditure: CA									2697	N	N
Fruitless and Wasteful Expenditure: Departmental Vote - CA									2893	Y	N
Fruitless and Wasteful Expenditure: Donor Fund – CA									2894	Y	N
Fruitless and Wasteful Expenditure: Statutory - CA									2895	Y	N

162. Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Non Current Assets

Trading Entity: Capital Assets - Non Current Assets

Illustration: Trading Entity: Capital Assets – Non Current Assets

3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Non Current Assets												46	N	N
Trading Entity: Capital Assets												2770	N	N
Trading Entity: Buildings and Other Fixed Structures												2785	N	N
Trading Entity: Buildings												2793	N	N
Trading Entity: Dwellings												2796	N	Y
Trading Entity: Non-Residential Buildings												2797	N	Y
Trading Entity: Fixed Structures												2794	N	N
Trading Entity: Water												2795	N	Y
Trading Entity: Machinery and Equipment												2786	N	N
Trading Entity: Transport Equipment												2789	N	Y
Trading Entity: Other Machinery and Equipment												2788	N	N
Trading Entity: Other Machinery and Equipment												2792	N	Y
Trading Entity: Furniture and Office Equipment												2791	N	Y
Trading Entity: Computer Equipment												2790	N	Y
Trading Entity: Software and Other Intangible Assets												2787	N	Y

163. This group of items is for capital assets held by the trading entities which in terms of accrual accounting capitalises property, plant and equipment.

164. These accounts should only be used by the Trading Entities and not by National/Provincial Departments as the latter expense purchase of capital assets in the statement of financial performance for the modified cash basis.

Trading Entity: Accumulated Depreciation on Capital Assets – Non Current Assets

Illustration: Trading Entity: Accumulated Depreciation on Capital Assets – Non Current Assets

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Non Current Assets												46	N	N
Trading Entity: Accumulated Depreciation on Capital Assets												2771	N	N
Trading Entity: Accumulated Depreciation on Buildings and Other Fixed Structures												2772	N	N
Trading Entity: Accumulated Depreciation on Buildings												2780	N	N
Trading Entity: Accumulated Depreciation on Dwellings												2783	N	Y
Trading Entity: Accumulated Depreciation on Non-Residential Buildings												2784	N	Y
Trading Entity: Accumulated Depreciation on Fixed Structures												2781	N	N
Trading Entity: Accumulated Depreciation on Water												2782	N	Y
Trading Entity: Accumulated Depreciation on Machinery and Equipment												2773	N	N
Trading Entity: Accumulated Depreciation on Transport Equipment												2776	N	Y
Trading Entity: Accumulated Depreciation on Other Machinery and Equipment												2775	N	N
Trading Entity: Accumulated Depreciation on Other Machinery												2779	N	Y
Trading Entity: Accumulated Depreciation on Furniture and Office Equipment												2778	N	Y
Trading Entity: Accumulated Depreciation on Computer Equipment												2777	N	Y
Trading Entity: Accumulated Depreciation on Software and Other Intangibles												2774	N	Y

165. This item is for accumulated depreciation on capital assets held by the trading entities. Depreciation accounts should only be used by the Trading Entities and not by National/Provincial Departments up to such time that reporting by departments will be done on the full accrual accounting basis.
166. The amount of a long term asset's cost that has been allocated to depreciation expense since the time that the asset was acquired. Accumulated depreciation is a long-term contra asset account (an asset account with a credit balance) that is reported on the statement of financial position under the heading Property, Plant, and Equipment.

Investments: Non Current Assets

Illustration: Investments - Non Current Assets

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Investments: NCA									47	N	N
Security Other than Shares									71	N	N
Securities: Domestic NCA									74	N	N
Investment Account: Trust Funds – NCA									752	Y	N
Investment Account: MDF – NCA									753	Y	N
Investment Account: Trading Account - NCA									754	Y	N
Shares: NCA									72	N	N
Shares: Domestic – NCA									73	N	N
Shares: Domestic – NCA									751	Y	N
Shares: Domestic – NCA									2932	Y	N

167. Assets held by an entity primarily for the creation of wealth through receipt of distributions (such as interest, royalties, dividends and rentals), for capital appreciation.

Loans – Non Current Assets

Illustration: Loans – Non Current Assets

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Loans: NCA									48	N	N
Loans: Domestic – NCA									64	N	N
Loans: Public Corporations: Domestic - NCA									69	N	N
Loans: SABC Recoverable Capital – NCA									748	Y	N
Loans: SABC Recoverable Interest – NCA									749	Y	N
Loans: SABC – NCA									750	Y	N
Loans: Universities and Technikons									70	N	N
Loans: Universities and Technikons – Higher Educational Institutions – NCA									745	Y	N
Loans: Universities and Technikons – Receivable Capital – Higher Educational Institutions – NCA									746	Y	N
Loans: Universities and Technikons – Receivable Interest – Higher Educational Institutions – NCA									68	N	N
Loans: Private Enterprises: Domestic – NCA									68	N	N
Loans: Private Enterprises: Domestic – Private Enterprises - NCA									742	Y	N
Loans: Receivable Interest Private Enterprises: Domestic – NCA									743	Y	N
Loans: Receivable Capital Private Enterprises: Domestic – NCA									744	Y	N
Loans: Foreign – NCA									65	N	N
Loans: Foreign Government – NCA									66	N	N
Loans: Foreign Government – Portuguese Government – NCA									739	Y	N
Loans: Foreign Government – Receivable Capital Portuguese Government - NCA									740	Y	N
Loans: Foreign Government – Receivable Interest Portuguese Government – NCA									741	Y	N
Loans: Staff Loans NCA									67	N	N

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
									738	Y	N

168. A loan is an arrangement in which a lender gives money to a borrower, and the borrower agrees to repay the money, usually along with interest, at some future point(s) in time. Usually, there is a predetermined time for repaying a loan, and generally the lender has to bear the risk that the borrower may not repay a loan.

169. Loans are recognised in the statement of financial position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in the disclosure notes. Loans that are outstanding at year-end are carried in the statement of financial position at cost.

Prepayments and Advances: Non Current Assets

Illustration: Prepayments and Advances - Non Current Assets

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
									49	N	N
									56	N	N
									60	N	N
									63	N	N
									2703	Y	N
									2912	Y	N
									61	N	N
									62	N	N
									757	Y	N
									57	N	N
									58	N	N
									59	N	N
									755	Y	N
									756	Y	N

170. Pre-payments are payments in advance for goods and services to be received in the future. The actual amount paid is known. Advances are amounts made available to other entities or employees for expected operating expenditure, e.g. Travel and Subsistence and preliminary salary advances to employees who were employed during the month and did not receive their salary at month end. Transactions classified under non-current assets would be where these are not realised within 12 months or the normal operating cycle. These types of advances should be dealt with in terms of departmental policies and prescripts issued.

Liabilities

Current Liabilities

Payables - Current Liabilities

Illustration: Payables - Current Liabilities

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Payables: CL									17	N	N
Payables: Domestic – CL									32	N	N
Deposits Received – CL									33	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
Salary Control Accounts – CL									34	N	N
Deduction Control Accounts – CL									44	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
Telephone Control Accounts - CL									35	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
Transport: Control Activities – CL									670	Y	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
Travel and Subsistence – CL									37	Y	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
Debit Order: CL									38	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
General Accounts: CL									39	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N
VAT Control Account: CL									40	N	N
<i>Detailed posting level items provided for in SCOA</i>											
Creditors Control: CL									41	N	N
<i>Detailed posting level items provided for in SCOA</i>											
Claims Receivable: CL									42	N	N
<i>Detailed posting level items provided for in SCOA</i>											

171. Current payables comprise of all money owed by an entity which is due within one year after the reporting date. Payables are only raised when cash has flown and are not raised if or when one department provides a service to another department.

Conversion Accounts: Current Liabilities

Illustration: Conversion Accounts - Current Liabilities

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Conversion Accounts: CL									18	N	N
<i>Detailed posting level items provided for in SCOA</i>											

172. These accounts will be used when another financial system's figures are transferred into BAS. The user will either debit or credit this account and debit or credit the correct allocation in BAS. This account must have a zero balance when the conversion process is finalised.

173. These accounts could also have balances arising through conversion from old databases to the "new" SCOA database but must be cleared by 31 March 2009.

Advances: Current Liabilities

Illustration: Advances - Current Liabilities

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Advances: CL									19	N	N
National Departments: CL									26	N	N
Payable: Advance National Department: Advance Account – CL									1239	Y	N
Provincial Departments: CL									27	N	N
<i>Detailed posting level items provided for in SCOA</i>										Y	N

174. Advances are amounts received by the department for expected operating expenditure.

Trading Entity: Provisions – Current Liabilities

Illustration: Trading Entity: Provisions – Current Liabilities

3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Trading Entity: Provisions – CL										2799	N	Y

175. This account is specific to Trading Entities recording transactions on the accrual basis of accounting for provisions. A provision is a liability of uncertain timing or amount.

Trading Entity: Accruals – Current Liabilities

Illustration: Trading Entity: Accruals – Current Liabilities

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Trading Entity: Accruals – Current Liabilities									2798	N	Y

176. This account is specific to Trading Entities reporting on the accrual basis of accounting. An adjusting entry made at the end of the accounting period in order to report:
- revenues that have been earned but not yet entered into the accounting records,
 - expenses that have been incurred but have not yet been entered into the accounting records,
 - revenues already recorded that involve more than the current accounting period, or
 - expenses already recorded that involve more than the current accounting period.

Revenue Collected to be paid to SARS: Current Liabilities

Illustration: Revenue Collected to be paid to SARS - Current Liabilities

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Revenue Collected to be paid to SARS: Current Liabilities									20	N	N
Revenue Accrual Account: Current Liabilities									2707	Y	N

177. During the financial year no transactions are posted to this account. After the close of the financial year either a debit or credit balance will be realised on this account. A debit balance indicates that too much revenue was paid to the National/Provincial Revenue Fund. This balance must be cleared within the next month after appropriation by crediting the Revenue Accrual Account and proportionally debiting the revenue items included in March month's revenue reconciliation. A credit balance indicates that too little revenue was paid to the National/Provincial Revenue Fund. This balance must be cleared within the next month after appropriation by debiting the Revenue Accrual Account and proportionally crediting the revenue items included in March month's revenue reconciliation.
178. At close of the financial year-end this account is automatically debited with the debit balance on the General Account of Revenue. This account is credited with the total income (all transactions posted to revenue allocations during the financial year) during appropriation. (These transactions are affected by a special batch run which is activated when the supervisor authorises the month-close of March in a financial year. The accounts that are involved in the above-mentioned transactions are specified in the year-end mappings under the Period Opening and Closing functionality.

Voted Funds to be Surrendered: Current Liabilities

Illustration: Voted Funds to be surrendered - Current Liabilities

4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Voted Funds to be Surrendered - CL									21	N	N
Exchequer Grant Account – CL									2708	Y	N

179. A debit balance on this account is forthcoming from the opening journal that debits this account with an amount equal to the total of the budget of the department as published in the Appropriation Act. (The credit leg of the opening journal is posted to the General Account of the Vote Available.) During the financial year the diminishing debit balance on this account indicates the amount of voted funds that was not requested (through fund requisitions from National/ Provincial Treasury) by the department on the date of the report.

180. This account is credited on a monthly basis with the amount of funds received for that month and the Fund Requisition Account is debited. At close of financial year end this account is automatically credited with the balance of the Gen. Acc of the Vote and debited with the total expenditure (all transactions posted to expenditure allocations during the financial year) during appropriation. A debit balance at year end on this account shows the department's expenditure was more than the Appropriation Act. This amount constitutes unauthorised expenditure and must be journalised to the Unauthorised Exp. Dept. Vote: CA. A credit balance shows that the department's expenditure was less than the Appropriation Act. This amount must be paid to the National/Provincial Treasury with a normal BAS payment from this account.

MEDSAS: Current Liability

Non-Current Liabilities

181. Current liabilities comprise of all money owed by an entity which is due more than one year after the reporting date.

Trading Entity: Provisions – Non Current Liabilities

Illustration: Trading Entity: Provisions – Non Current Liabilities

3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Non-Current Liabilities										2801	N	N
Trading Entity: Provisions										2802	N	Y

182. This account is specific to Trading Entities recording transaction on the accrual basis of accounting. A provision is a liability of uncertain timing or amount.

Net Assets

Net Assets

Illustration: Net Assets

3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Net Assets										2635	N	N
Accumulated Funds: Net Assets										2652	Y	N
Capital Control Other Government Units: Net Assets										2653	Y	N
Capitalisation reserve: Net Assets										2654	Y	N
Revaluation Surplus: Net Assets										2655	Y	N

183. The difference between total assets and total liabilities (assuming the value of assets is higher than the value of its liabilities) is termed net assets.

Recoverable Revenue – Net Assets

Illustration: Recoverable Revenue – Net Assets

3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Recoverable Revenue										2636	N	N
Department of Foreign Affairs Motor Vehicle Loans										2650	Y	N
Department of Foreign Affairs Rental Advances										2651	Y	N

184. Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

Operational Funds – Net Assets

Illustration: Operational Funds – Net Assets

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Operational Funds												2637	N	N
Period Open and Close – Expenditure												2645	N	N
General Account of Fund/Vote												2709	Y	N
Period Open and Close – Revenue												2646	N	N
General Account of Revenue												2710	Y	N

185. This group of accounts provide for the period open/close journals for revenue and expenditure.

Standard Chart of Accounts (SCOA Toning)
Section 5: The Project Segment

PURPOSE

Illustration: Overview of the Project Segment

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Projects												1	N	N
Projects: Existing Infrastructure Assets												3	N	N
Maintenance and Repair Current												6	N	N
Maintenance and Repairs: No Projects Listed												10	Y	N
Upgrades and Additions Capital												7	N	Y
Upgrades and Additions Capital: No Projects Listed												11	Y	N
Refurbishment and Rehabilitation												8	N	Y
Refurbishment and Rehabilitation: No Projects Listed												12	Y	N
Projects: New Infrastructure Assets (Capital)												4	N	Y
New Infrastructure: No Projects Listed												13	Y	N
Infrastructure Transfers (Capital)												20	N	Y
Infrastructure Transfers (Current)												21	N	Y
Projects not related to Infrastructure Assets												5	N	N
Projects not related to Infrastructure Assets: Current												22	N	Y
Projects not related to Infrastructure Assets: Current												27	N	Y
Projects not related to Infrastructure Assets: Maintenance and Repairs Current												28	N	Y
Projects not related to Infrastructure Assets: Transfers Project Current												30	N	Y
Not Related Infrastructure Assets Project Capital												23	N	N
Projects not related to Infrastructure Assets: Capital												24	N	Y
Projects not related to Infrastructure Assets: Maintenance and Repairs Capital												25	N	Y
Projects not related to Infrastructure Assets: Transfers Project Capital												26	N	Y
No Projects (Stand Alone Item)												2	N	N
No Projects (Stand Alone Item) Current												16	Y	N
No Projects (Stand Alone Item) Capital												17	Y	N
No Projects (Stand Alone Item) Transfer Expenditure Current												18	Y	N
No Projects (Stand Alone Item) Transfer Expenditure Capital												19	Y	N
No Projects Stand Alone Direct Charge National Revenue Fund Expenditure												29	Y	N
No Projects Stand Alone Direct Charge Revenue Fund Transfer Expenditure												52	Y	N
No Projects (Stand Alone Item) Internal Charges												32	Y	N
No Projects (Stand Alone Item) CARA Expenditure												33	Y	N
No Projects (Stand Alone Item) Direct Exchequer												34	Y	N

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
	Expenditure													
	No Projects Non Expenditure											35	N	N
	No Projects: Stand Alone – Revenue											36	Y	N
	No Projects: Stand Alone – Assets											37	Y	N
	No Projects: Stand Alone – Liability											38	Y	N
	No Projects: Stand Alone – Net Equity											39	Y	N
	No Projects: Stand Alone – General Account of Revenue											40	Y	N
	No Projects: Stand Alone – General Account of the Vote											41	Y	N
	No Projects: Stand Alone – Direct Exchequer Revenue											42	Y	N
	No Projects: Stand Alone – Direct Charge National Revenue Fund General Account											43	Y	N
	No Projects: Stand Alone – General Account of Donor Expenditure											44	Y	N
	No Projects: Stand Alone – General Account CARA Expenditure											51	Y	N
	No Projects: Stand Alone – General Account Direct Exchequer Expenditure											45	Y	N
	No Projects: Stand Alone – General Account Direct Exchequer revenue											46	Y	N
	No Projects: Stand Alone – General Account of Trading Revenue											47	Y	N
	No Projects: Stand Alone – General Account of Trading Expenditure											48	Y	N
	No Projects: Stand Alone – General Account of Trust Revenue											49	Y	N
	No Projects: Stand Alone – General Account of Trust Expenditure											50	Y	N

186. Spending on infrastructure is a priority of government, aiming at improving access to and the quality of service delivery, and as a means to address unemployment and poverty. As such there has been a substantial increase in the budget allocation for infrastructure since 2000/01 and budgets for infrastructure are set to accelerate sharply over the medium term.
187. Problems of slow spending of infrastructure budgets and inadequate reporting on infrastructure spending have been experienced, resulting in the design and implementation of a complex and diverse range of infrastructure reporting requirements.
188. Such reporting is currently reliant on departments providing financial and non-financial data inputs via an Excel driven database. This procedure places undue pressure on departments to comply as data produced by the financial systems has to be recaptured in the Excel environment. In many instances departments have to consult source documentation for the completion of standard reporting tables.
189. In order to improve the flow of financial data inputs, amended systems reporting procedures in the form of changes to the chart need to be implemented. This will result in BAS being able to provide systematic reporting of infrastructure expenditure at the project level.

190. The implementation of the SCoA in 2004 saw the introduction of a new segment catering for reporting on spending on projects. At that first stage of implementation, the new segment was not standardised, as it was agreed that departments would be extended the opportunity to provide for departmental specific reporting requirements to ensure proper project reporting.
191. Numerous departments did not utilise this new segment after its introduction in 2004, whilst others introduced detailed structures to provide for departmental management and reporting purposes.
192. However, with the roll-out of the Infrastructure Reporting Model (IRM) it has become clear that it would be necessary to provide for a standardised project segment in order to ensure that all aspects of the reporting requirement for infrastructure reporting are covered. For this purpose a standardised project segment was proposed.

Recording of the economic classification in an appropriate segment in the chart

193. Economic classification distinguishes between those activities where the benefits are short-term (current) and those that have a benefit over a longer period, being capital or transfers and subsidies.
194. The ERF has been implemented across five different segments of BAS on 1 April 2004, namely Fund, Objective, Item, Asset and Project. Each of these segments provides for the recording of a different aspect of each transaction, that all contribute to the appropriate recording of the transaction on the system.
195. The Project segment is a standardised segment specifically addressing the economic classification of transactions. In this segment departments will have to take the decision on whether payments are capital, current or transfer payments. In most cases the categories in the project segment are structured such that when a specific item is selected, the economic classification is automatically assigned.

For example:

Maintenance is identified as current and rehabilitation as capital spending.

DISCUSSION OF SEGMENT

196. At the highest level, the Project segment distinguishes between payments for projects and payments for stand alone items not related to projects (Level 1). This will provide for a direct link to the reporting requirements as discussed in the Reference Guide to the Economic Reporting Format (ERF) where such distinction is required.

Definitions

Stand-alone items - Expenditure on stand-alone items occurs when government buys individual goods or services from outside units, provided that such purchases are not part of a project, e.g. the government buying computers or vehicles, not part of a project, constitutes expenditure on stand-alone items. The

government paying an institution to train government employees is another example of expenditure on a stand-alone item.

Projects - A project is a collection of tasks to achieve a certain goal, e.g. the construction of a new road. Normally, projects are related to a capital asset, e.g. building a new road, extending a building or repairing a car.

197. The Project item is then further sub-classified into projects on existing infrastructure, projects on new infrastructure, infrastructure transfers and projects not related to infrastructure, (Level 2). These categories provide for the high level reporting requirements of the IRM. The first two categories include all projects directly related to the infrastructure formation process. These can relate to new or existing infrastructure.

For example:

Building of a new road, building of a new hospital, or it could relate to existing infrastructure, e.g. maintenance on an existing road, building of a new ward in a hospital, etc.

198. Provision is made for the recording of infrastructure related transfers, a requirement in terms of the IRM, as a separate item. Care should be taken not to misclassify other capital transfers, which should be included as part of no-projects, as part of this item. Infrastructure transfers will include all transfers that directly relate to the infrastructure creation process.

For example:

1. Capital transfers to the SARCC for rolling stock or transfers to households in terms of the housing fund allocations, while other capital transfers not directly linked to an infrastructure capital project will be included in the no-projects category, e.g. capital transfers to municipalities for the purchase of ambulances.
2. These would include initiatives such as the SCoA Project, Land Restitution Projects, etc. the structuring of which is completely at the discretion of the department.

199. The category projects on existing infrastructure are then further disaggregated into maintenance and repairs, upgrade and additions, and refurbishment and rehabilitation, again to ensure alignment with the IRM. National Treasury will provide clarification in a classification circular to be issued in due course.

200. In the new Project segment, outsourced and own account maintenance as well as small repairs and maintenance have been categorised together as maintenance and repairs (current). The detailed maintenance items in the Item segment, previously forming part of goods and services in the Item segment, have been moved to the Asset segment and only one line is provided on the item list for spending on maintenance. This new detailed maintenance list in the Assets segment is in line with the requirements of the IRM.

Definitions

Maintenance and repairs – Includes activities aimed at maintaining the capacity and effectiveness of an asset at its intended level. The maintenance action implies that the asset is restored to its original condition and there is no significant enhancement to its capacity, or the value of the asset.

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.

Rehabilitation and refurbishment – Includes activities that are required due to neglect or unsatisfactory maintenance or degeneration of an asset. The action implies that the asset is restored to its original condition, enhancing the capacity and value of an existing asset that has become inoperative due to the deterioration of the asset.

201. At the lowest posting level provision is then made for departments to identify the specific projects or combinations of projects. It is envisaged that this level will not be standardised, but that departments will be allowed to create the appropriate projects as is required for management purposes.
202. The Item projects not related to infrastructure can be used by departments to monitor all other projects within the department that do not relate to infrastructure but that is of significance to the department.
203. In addition to infrastructure and nationally identified projects the following consideration may be useful in the identification of projects:
 - the materiality of the amount estimated to be invested in a specific project;
 - strategically identified projects for the department relating to the execution of mandate function;
 - information possible needed for reporting on performance information and meeting the measurability requirement;
 - projects having specific reporting requirements, e.g. donor funded projects managed directly by the department or by implementing agencies, DORA projects;
 - initiatives the legislature or other users of information may have an interest in, e.g. project relating to HIV-AIDs, preparation cost in implementing requirements derived from meeting future GRAP requirements; and
 - growth and sustainable development initiatives, e.g. community upliftment, early childhood development, etc.
204. In some instances projects of national importance will be identified and such projects will be built into the standardised project structure in order to provide information for national reporting. This would include projects like the Gautrain

project, World Cup 2010, Working for Water, Taxi Recapitalisation programme etc. National Treasury, in collaboration with provincial treasuries and national departments will identify such projects of national importance and will provide for such projects in the standardised project segment.

Sub-systems

205. A number of departments, e.g. Public Works, run separate sub-systems to record project information. Where such sub-systems are utilised, an appropriate level of systems interface be agreed to ensure that all information required for project reporting is provided for in BAS. The balance of the data will be carried in the appropriate sub-system for departments to access if so required.

Standard Chart of Accounts (SCOA Toning)
Section 6: The Asset Segment

PURPOSE

206. The purpose of this segment is to improve the allocation and recording of expenditure on assets and in so doing, facilitate enhanced management of assets that have either been created or purchased by government.
207. Assets might be acquired through various methods, e.g. asset purchasing (buy), asset construction (build), hiring of assets, asset transfers and asset exchanges. Independent of how the asset had been acquired the appropriate class of asset should be selected from the asset segment.

Illustration: Overview of Asset Segment

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Tangible Capital Assets												1	N	N
Buildings and Other Fixed Structures												5	N	N
Residential Buildings *												237	N	N
Non-Residential Buildings *												238	N	N
Investment Property *												455	N	Y
Heritage Assets *												489	N	N
Other Fixed Structures *												39	N	N
Machinery and Equipment												7	N	N
Other Machinery and Equipment *												288	N	N
Transport Equipment *												13	N	N
Heritage Assets *												8	N	N
Biological/Cultivated Assets *												9	N	N
Specialised Military Assets *												10	N	N
Land and Subsoil Assets *												11	N	N
Software and Intangible Assets												2	N	N
Other Intangible Capital Assets *												4	N	N
Non-Asset Related												3	N	N
Non-Asset Related												31	Y	N
Minor Assets <R5,000												352	N	N
Tangible Assets <R5,000 *												353	N	N
Software and Intangible Assets *												354	N	N

(*) SCoA include detail posting level items which have not been indicated in the segment overview

DISCUSSION OF THE SEGMENT

208. The segment centralises the list of assets in the chart of accounts and hence, allows for both spending on capital asset as well as for spending related to capital formation (own-account construction) in government. The economic classification of assets, previously in the objective segment is now moved to the projects segment (refer to discussion on the project segment in Section 5 of this document).

209. At the highest level, the asset segment is broken down in terms of tangible, intangible and minor assets and a category for transactions not related to assets. The category not related to assets should be used for all expenditure that is not directly related to asset formation and therefore not recorded as one of the other categories.
210. The details of the category Buildings and Other Fixed Structures in the item segment have been moved to this segment to provide for the proper recording of own account construction on such assets. This implies that spending on Compensation and Goods and Services in the production of such assets can now be capitalised
211. Departments need to create a posting level in this segment, e.g. relating to the name of the building or structure in order to identify the asset. With regard to infrastructure assets the posting level is the “name of the building” or the “name of the facility/structure”. Detail is then posted against the specific type of building that needs to be identified according to the nature of the building.
212. Details of the costs associated with the asset will then be available against the name of the building or asset and the specific nature of the asset. These costs will include all associated costs in the purchasing or construction of assets such as compensation of employees involved in the construction process, expenditure incurred in getting assets operational or costs associated with the dismantling and removal of an asset.
213. The introduction of this segment prevents the unnecessary duplication of items on the item list in BAS and allowance codes on PERSAL. If own-account capital formation was provided for in the item list, it would imply that when compensation was paid on a capital project, an additional line item would have to be added under payments for capital assets as well as additional allowance codes created on PERSAL, in order to record such capitalised compensation. This is true for all capitalised items, which implies that the item list and allowance codes for compensation and goods and services would have to be repeated four times, once for buildings, once for other fixed structures, once for transport equipment and once for other machinery and equipment. This would imply the addition of about 10 000 items to the list, with far reaching implications for the IT infrastructure.
214. The additional advantage is that spending on infrastructure can now be extracted with greater confidence for reporting as well as planning purposes. Furthermore, departments can now use SCoA as a resource for managing assets, to a certain extent.
215. All minor asset (assets <R5,000) classes have also been included in this segment. These accounts are used when the asset is not part of or linked to another asset category but where the asset is purchased on its own.
216. The non-posting levels under other machinery and equipment have been aligned to the classes in the annual financial statements and asset registers of departments.

Standard Chart of Accounts (SCOA Toning)

Section 7: The Regional Segment

PURPOSE

Illustration: Overview of the Regional Segment

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	Segment Detail No	Posting Level	Breakdown Allowed
Non Expenditure – No Regional Identifier												1	N	N
Non Expenditure – No Regional Identifier												5	Y	N
Regional Identifier												2	N	N
National Functions: Foreign Region												403	N	Y
National Functions: Whole Country Domestic												447	N	Y
Provisional Regions ⁸												3	N	N
Eastern Cape												42	N	N
EC: Whole Province												349	Y	N
EC: Metros												350	N	N
NMA Nelson Mandela Bay												402	N	Y
EC: Municipalities												351	N	N
CACADU Municipalities												352	N	N
All Municipalities DC 10												404	Y	N
EC 101 Camdeboo												392	N	Y
EC 102 Blue Crane Route												393	N	Y
EC 103 Ikwezi												394	N	Y
EC 104 Makana												395	N	Y
EC 105 Ndlambe												396	N	Y
EC 106 Sundays River Valley												397	N	Y
EC 107 Baviaans												398	N	Y
EC 108 Kouga												399	N	Y
EC 109 Kou-Kamma												400	N	Y
DC 10 Cacadu District Municipality												401	N	Y

217. As part of the budget reform process and for purposes of evaluating resource allocations in government, National Treasury intends to start monitoring the allocation of resources and actual spending at a regional level. The aim is to capture details of all national and provincial government resource allocation and spending at the regional level. This perspective is not provided fully by the usual analysis of Programme and Item segments in the SCoA.
218. The purpose of the regional identifier is to assign government expenditure to the lowest relevant geographical region to identify the communities that benefit from government spending.
219. This implies that expenditure must be recorded so that the final impact of such spending can be measured by region in order to get a regional view of the economic impact of government spending.
220. It is envisaged that this information will enable and support enhanced analysis of:

⁸ The Eastern Cape has been used for illustration purpose but similar classifications had been provided for all Provinces and Municipalities within the Province. Please refer to the latest version of SCoA for the detail classification codes.

- Whether services are being provided impartially, fairly, equitably and without bias, as required by the Constitution.
- Whether progress is being made in addressing regional backlogs in social infrastructure and access to services.
- Whether government spending by different departments is being properly sequenced and co-ordinated.
- Whether actual spending by national and provincial departments is aligned to the relevant plans of the three spheres of government.

DISCUSSION OF SEGMENT

Core Principle: Identify where the beneficiaries are located?

221. The core principle to assigning government expenditure in line with the above purpose of the regional identifier is: *“to identify the lowest relevant geographical region of the intended beneficiaries of the service or capital investment that is being financed by the particular expenditure”*.

222. In applying this core principle the following must be kept in mind:

- ‘the lowest relevant geographical region’ refers to the ward, municipality, district or province where the intended beneficiaries normally live or are located. Note that the ‘lowest relevant geographical region’ is not necessarily restricted to the municipality where the service or capital investment is located, since the intended beneficiaries may be from neighbouring municipalities, even neighbouring provinces, depending on the nature of the service or investment (for further details see below);
- ‘intended beneficiaries’ refers to the individuals or entities (such as businesses) that are intended to benefit directly from the given service or capital investment;
- ‘the service or capital investment’ refers to the output that is being delivered or produced by the government department; and
- ‘the particular expenditure’ refers to the expenditure that is being captured. Note that in nearly all instances this expenditure will only constitute a part of the cost of the service or capital investment.

Location of Beneficiaries versus Location of Service Provider

223. It is important to note that the location of the service provider is not relevant when it comes to capturing information in relation to the regional identifier.

For example:

Consider a payment that is made by the Eastern Cape Department of Education to a service provider situated in Gauteng for the supply of textbooks for a specific school. In this instance the regional identifier will not be Gauteng, where the supplier is located. The correct regional identifier will be the municipality in the Eastern Cape in which the school receiving the textbooks is located.

224. The regional identifier is constructed such that expenditure data can be allocated according to the following levels within the government structure:

National

Provinces

Metros/Districts

Municipalities

Wards (optional category that may be added by departments)

225. At the highest level a distinction is made between National functions and Provincial regions, where the National functions allocation will be used for allocating all transactions that have a national impact and cannot be allocated to specific regions. Examples of these include most payments made by National Treasury, the Department of Defence, etc.
226. This does not imply that all transactions of national departments should be classified as National functions, but only for those where National is recognised as the appropriate lowest geographical region to which the transaction relates. Payments made by national departments within regions and to regional authorities should be classified in the Provincial regions category to the appropriate municipality.
227. National functions is divided into two sub-categories:
- Whole Country Domestic: is the posting level for all transactions that relate to services rendered or infrastructure investments made within the borders of the Republic of South Africa.

For example:

The South African Police Service purchases vehicles for its 'Border Control Unit'. Although this unit operates along South Africa's borders, the service it renders is intended to benefit the whole country. So expenditure should be posted under National functions: Domestic

- Foreign region: is for all transactions that relate to services rendered or infrastructure investments made outside of the borders of the Republic of South Africa. Note that this is not a posting level and departments are allowed to provide for the appropriate breakdown, e.g. breakdown by international organisations, regions or countries where the transactions occur.

For example:

The Department of Foreign Affairs rents office space for a consulate in Perth, Australia. It is to the benefit of the whole country that the department maintains a network of consulate offices and the expenditure is for a service being rendered in Australia. So the expenditure should be posted under National functions: Foreign region

228. The *National functions* categories are not available to provincial departments, as it is assumed that all the services rendered are for the benefit of persons within the province.
229. The *Provincial regions* category is divided into the nine provinces and then further disaggregated into Whole province, Metros and Municipalities, where the municipalities' item is not a posting level item, but breakdown of this item is allowed providing departments with the option to create one posting level for the whole municipality, or to include Wards in the further breakdown.
- The Whole province posting option is to be used for expenditures where the province is the lowest relevant geographical region of the intended beneficiaries of the service or capital investment that is being financed by the particular transaction.

For example:

Expenditure on services rendered by the head office of a Provincial Health Department is intended to benefit the whole province, and so should be posted Provincial regions: Whole province.

- The Metros and Municipalities category provides for all transactions that can be allocated to this specific level. Within the Municipalities category a posting level breakdown (All Municipalities: DC) is provided which should be used in instances where transactions should be classified to specific municipalities in a region, but not enough information is available to affect such a breakdown. This category will include all transactions that benefit more than one municipality but are not related to the specific transactions of the District Council.

For example:

Payment to a service provider on a contract to supply a district hospital with X-Ray equipment would be to the benefit of the whole district. The expenditure should therefore be posted to All Municipalities: DC

- District Councils are also listed in the list of municipalities, and all transactions related directly to such councils should be allocated to the appropriate municipality identified with a DC code in front of its name.
230. The categories Whole province and all municipalities should also be used for recording transactions when it is clear that the expenditure should be allocated at a lower level, but there is uncertainty as to how this ought to be done correctly. In effect this is a temporary posting that should be used subject to obtaining more information on how to correctly allocate the expenditure concerned either from the relevant manager responsible for the service or capital project, or from National Treasury.

For example:

Consider a payment to a service provider on a contract to do maintenance at a number of schools in a particular district. It is clear that payment should be divided up between the municipalities (or if so required to the wards) where the relevant schools are located, but at the time of processing the payment this information is not available. The payment would then be posted to All Municipalities: DC, until such time as the information on the location of the schools is obtained.

231. When such transactions are encountered the payments should be effected within these categories and the SCoA Technical Committee should be consulted for further classification advice.
232. National departments will be able to allocate expenditures to the National functions and Provincial regions categories.

For example:

The Department of Justice and Constitutional Development purchases office equipment for a small claims court located in George. Such expenditure should be posted to WC Municipalities: Eden Municipalities: WC044 George within the Provincial regions category.

233. Provincial departments will only be able to allocate expenditures to their particular Province, and the sub-categories within their province. It is assumed that the intended beneficiaries of provincial expenditure are located within each province.
234. The current version of the Regional segment does not provide for a standardised breakdown by municipal ward. However, the municipality classification is a non-posting level and departments would either have to create a single posting level with the same name as that of the municipality or; choose to include the different wards as posting levels. At this stage the SCoA Technical Committee is of the opinion that allowing systems controllers in departments to add the names of wards as posting-level items would be more efficient than managing this list centrally. The effectiveness of the decentralised approach will however, be monitored centrally in terms of the quality of data extracted periodically from the financial systems.

Services Benefiting Multiple Regions

235. Often allocating a particular expenditure to the 'the lowest relevant geographical region' will be complicated by the fact that either:
 - The relevant service or capital investment benefits people in more than one province, metro, district, municipality or ward (e.g. a road whose route crosses a number of municipalities).
 - The expenditure is in relation to a contract for the provision of goods and services required to deliver services in more than one province, metro, district, municipality or ward. A typical example is expenditure on goods purchased under a transversal contract, or normal bulk purchase contracts.
236. To address both of these instances, the system allows for the identification of multiple regions at the province, metro, district, municipality or ward level. So if the necessary detailed information is available at the time of posting a particular expenditure, the

operator can post the portions of the total expenditure that have been allocated to each of the regions simultaneously.

For example:

The Northern Cape Department of Agriculture and Land Reform has an agricultural extension office based in Upington which provides services to farmers in the Kal Garib, Khara Hais and Kheis municipalities. All expenditures related to this extension office would need to be posted to one or more of these three municipalities using one of the allocation methodologies described below. Ideally the department would use a combination of allocation options, and choose the one that is most appropriate for the particular expenditure on each occasion.

237. Where a department is aware that a particular expenditure should be allocated to multiple regions, but does not have the necessary information to make an informed decision as to how it should be divided up among them, then the department should allocate the expenditure to the Whole Province or All Municipalities: DC posting item, whichever represents 'the lowest relevant geographical region'.

For example:

The Mpumalanga Department of Health bulk purchases medicines in terms of a transversal contract. The medicines are delivered to the department's medicines depot in Middleburg. Hospitals and clinics requisition the medicines they require from the depot. In the absence of an inventory accounting system, it is not possible to make a precise allocation of the expenditure on the medicines to the municipalities where the hospitals and clinics are located. In this scenario, unless the department has developed an appropriate alternative methodology to allocate the expenditure, the expenditure would be posted to Mpumalanga: Whole Province.

Allocation Principles

238. In order to assist departments in using the regional identifier segment consistently, National Treasury has developed the following 'allocation principles' to guide the allocation of transactions in different circumstances.

Methods of Allocating Expenditures to Multiple Regions

239. Where a department needs to divide an expenditure up among a number of provinces, districts, etc., the department could decide:
- To allocate the expenditures equally among the provinces, districts, etc.,
 - To allocate the expenditures according to a fixed percentage based on the proportion of the services delivered in each province, district etc., or based on the population of the province, district, etc.,
 - To allocate transactions according to management's decision of how the provinces, districts etc. are benefiting from the services related to that particular expenditure.
240. Ideally the department would use a combination of these different allocation options, and choose the one that is most appropriate for the particular expenditure on each occasion.

Classification of Institutions and Services

241. The majority of government services are delivered through institutions – schools, clinics, hospitals, police stations, courts, prisons, extension offices etc. Hence, the majority of government expenditure can be associated with one or other government institution. This fact needs to be used to facilitate the allocation of expenditures in the regional segment.
242. In each sector the area/communities that particular institutions are intended to serve are clearly defined within the operational plans of the relevant departments. This information must inform the posting of expenditures within the regional segment.
243. Consequently, the principle that must be followed is:

All expenditures related to a particular institution must be allocated to the geographic region that the institution is intended to provide services to, unless it is clear that the expenditure is financing a service or capital investment that is directed exclusively at a particular sub-region within the institution's service area, or a region outside of the institution's normal service area.

For example:

A police station provides services to a very clearly demarcated policing district. So all expenditures on personnel, goods and services and capital linked to that police station must be allocated to the geographical areas covered by its policing district.

A district hospital is located within a particular municipality, but it is intended to service communities in the three neighbouring municipalities as well. All expenditures linked to the hospital must be divided between the municipalities it is intended to serve. If not possible the expenditure should be allocated to All Municipalities: DC.

244. In many instances institutions provide services to clients from areas or communities, other than those they are intended to serve. Departments should not try to capture these dynamics, unless there are systematic trends that indicate that a particular institution is in practice providing services to clients from a specific geographic area other than the area it is intended to serve.

For example:

A high school is intended to serve the education needs to three Wards in a particular area of town. However, in practice 50 percent of the learners are bussing in from an informal settlement in another Ward, where there is no high school. The department would need to consider dividing the expenditure on the school up between the Wards it is intended to serve, and the Ward where the informal settlement is located

Allocating Personnel Expenditures

245. Expenditure on compensation of employees must be allocated in line with:
- the institution where the official works – which will cover the majority of employees, or

- the scope of the employees' responsibilities.

For example:

1. The salary of a nurse working at a clinic must be allocated in line with the area the clinic is intended to serve.
2. An agricultural extension officer is based in the district office, but is responsible for providing services to farmers in two municipalities. The officer's salary (and other expenses related to her work) should be posted to the two municipalities she is responsible for servicing.
3. An official is responsible for managing a national programme dealing with recidivism among youth offenders. The official's salary (and other expenses related to his work) should be posted to National functions: Domestic, unless the programme is only operational within in say three Metro's, in which case the officials salary should be divided between National functions: Domestic and the three Metro's according to how the official allocates his time.

246. If personnel are deployed in numerous municipalities, e.g. Road Maintenance Teams, the allocation of compensation should be to either the Whole Province or All Municipalities: DC category.

Head Office Expenses

247. National department's expenditures on functions carried out by their head offices should generally be posted to National functions: Domestic, unless:

- it is clear that the expenditure is incurred for services delivered outside of the borders of the Republic of South Africa, in which case the expenditure should be posted to the relevant item under the National functions: Foreign region category; or
- it is obvious that the expenditure is incurred for a service or capital investment that benefits a specific region, in which case the expenditure should be posted to one or more of the relevant Provinces, Metros, Districts or Municipalities.

248. Please note that it is highly unlikely that a national departments' head office will make expenditures on services that benefit only one or a number of Municipalities.

249. Provincial departments' spending on functions carried out by their head offices should generally be posted to Provincial regions: Whole province, unless it is obvious that the expenditure is for a service or capital investment that benefits a specific region within the province, in which case the expenditure should be posted to one or more of the relevant Metros, Districts or Municipalities.

250. Please note that it is highly unlikely that a provincial departments' head office will make expenditures on services that benefit only one or a number of Municipalities.

Regional Office Expenses

251. National departments that maintain regional offices to manage the services they deliver should:

- In instances where the regional office services only one province, generally post the expenditures to the relevant Provincial regions: Whole province.
 - In instances where the regional office services more than one province divide the expenditures up (using an appropriate methodology) between the relevant province's Provincial regions: Whole province.
 - The same principles apply to services rendered by national departments to specific Metros or Municipalities.
252. The above principle also applies to national and provincial departments that maintain district or local offices.

Allocating Bulk Purchases

253. Government makes extensive use of bulk purchasing. In the absence of inventory accounting, allocating these expenditures in line with where the relevant goods and services are actually used to deliver services or make capital investments is impossible to do accurately.
254. Until such time as inventory accounting can be used to allocate these expenditures, departments will have to:
- Allocate the expenditures using one of the allocation methodologies identified above.
 - Post the expenditure to the general posting item (i.e. either National functions: Domestic; Provincial region: Whole Province or All municipalities: DC) representing 'the lowest relevant geographical region'.

Allocating Expenditure on Capital

255. Where the capital expenditure is on capital goods (e.g. furniture, vehicles and equipment) for an existing institution (school, hospital, police station, court, prison etc.) then the expenditure must be allocated in line with the principle:

All expenditures related to a particular institution must be allocated to the geographic region that that institution is intended to provide services to unless it is clear that the expenditure is financing a service or capital investment that is directed exclusively at a particular sub-region within the institution's service area, or a region outside of the institution's normal service area.

For example:

A provincial department of health purchases a new X-Ray machine for an existing regional hospital. The expenditure must be allocated to the regions that that hospital is intended to provide services to.
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256. Where the capital expenditure is on maintenance and rehabilitation of existing institutions or existing physical infrastructure (e.g. schools, hospitals, roads, dams etc.) then the expenditure must be allocated in line with the above principle as well.

For example:

1. The Department of Water Affairs and Forestry makes payments in relation to a contract to rehabilitate the Gariep Dam's pump house and equipment. The dam is an existing piece of infrastructure and classified as a national asset, therefore the expenditure should be posted under National functions: Domestic.
2. The Limpopo Department of Roads and Transport makes payments in relation to a contract to rehabilitate the R518 provincial road between Mokopane and Zebediela. The road is an existing piece of infrastructure and classified as a provincial asset, therefore the expenditure should be posted under Provincial region: Whole Province.

257. Where the capital expenditure is for the building and equipping of new physical infrastructure or the conversion of buildings to be used as service offices or a government institution then the expenditure must be allocated to the specific Municipality or, if so required, the specific Ward where the new infrastructure or the new institution is located.

For example:

The KwaZulu-Natal Department of Health builds a new regional hospital in Mtubatuba. Although the hospital is intended to serve communities in the neighbouring municipalities of Hlabisi, Mbonambi and the St Lucia area, the expenditure must be posted to KZ275 Mtubatuba.

258. The reason for allocating capital expenditure relating to the building of new physical infrastructure or new institutions on this basis is to enable government to track the local impacts of its infrastructure building programme.

Allocating Transfers to Provinces and Municipalities

259. Where a national department makes a transfer to a province or a municipality in terms of the annual Division of Revenue Act, the transfer must be posted to the relevant province or municipality.
260. Where a province makes a transfer to a municipality the transfer must be posted to the relevant municipality.

Allocating Transfers to Public Entities and Non Profit Institutions

261. Where a national department makes a transfer payment to a national public entity or to a Non Profit Institution (NPI's) the transfer must be posted under National functions: Domestic, unless the mandate of the public entity or NPI is restricted to providing services to a specific geographic area, in which case the transfer should be posted to the relevant set of provinces or municipalities.

For example:

1. The National Department of Social Development makes a transfer to the National Student Financial Aid Scheme in order to enable it to fund bursaries for social workers. The scheme is designed to benefit the country as a whole and so it must be posted to National functions: Domestic
2. The national Department of Arts and Culture makes a transfer to the Robben Island Museum. Because it is a national cultural asset the transfer should be posted to National functions: Domestic.
3. The national Department of Arts and Culture makes a transfer to The Playhouse Company in Durban. Because this theatre is intended to serve the KwaZulu-Natal community the transfer should be posted to Provincial region: KZN; Whole Province.

262. Where a provincial department makes a transfer to a provincial public entity the transfer must be posted under Provincial region: Whole Province, unless the mandate of the public entity is restricted to providing services to a specific geographic area, in which case the transfer should be posted to the relevant district or municipalities.

For example:

The Eastern Cape Department Economic Development and Environmental Affairs make transfers to Eastern Cape Development Corporation for the further development East London IDZ. Because the East London IDZ is designed to benefit the East London and surrounding areas, the transfer should be posted to Provincial region: EC: Amathole Municipalities: All municipalities DC12

263. Where a provincial department makes a transfer to an NPO the transfer must be posted to the lowest relevant geographical region of the intended beneficiaries of the NPO.

For example:

The Free State Department of Social Development makes a transfer to the Bloemfontein Hospice. The NPO provides services to terminal patients in the Bloemfontein area so the transfer should be posted to FS172 Mangaung.

Allocating Agency Payments by One Province to another Province

264. Where a province makes an agency payment to another province for particular services, it is purchasing the service on behalf of its provincial residents. Although this service is rendered by another province, the intended beneficiaries are from the province making the payment, and so the expenditure needs to be posted to either the province making the payment, or a region within that province if appropriate.

Potential Difficulties

265. The greatest challenge is to get all national and provincial departments to:

- Align their regional structures with the provincial, district and municipal boundaries as defined by the Municipal Demarcation Board.
 - Define the service areas of each of the institutions and offices of the department.
266. Neither of these processes will be easy to accomplish. They require detailed strategic and organisational planning. It is nevertheless an essential process if departmental planning and service delivery are to be aligned to the Integrated Development Plans of municipalities.

Standard Chart of Accounts (SCOA Toning)
Project Team Contact Details

CONTACT DETAILS

267. Below are the contact details for the various project members responsible for the development, rollout and implementation of the SCOA Toning Project

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