

# SCOA INTEGRATED CONSULTATIVE FORUM MUNICIPAL REGULATIONS ON SCOA PHASE IV CHANGE MANAGEMENT AND PILOTING

## Frequently Asked Question

Presented by National Treasury: Chief Directorate Local Government Budget Analysis – 2 December 2014



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Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# Frequently Asked Question: Summary to Date

Number of Queries	Status
3	FAQ O/s
316	ICF 3
79	ICF 3 - Function
28	Information O/s
35	O/s Research
47	Resolved
<b>508</b>	<b>Total Queries Since Regulation</b>



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# Frequently Asked Question: Received From

- Knysna Municipality
- Buffalo City Municipality
- Elias Motsoaledi Municipality
- Hesseque Municipality
- Msunduzi Municipality
- Senqu Municipality
- Sol Plaatjie Municipality
- Witzenberg
- City of Johannesburg
- City of Cape Town
- City of Tshwane
- Nelson Mandela Bay Metros
- SAMRAS
- Sebata
- PASTEL
- Munsoft
- Ethos
- Invictus
- Mabesko Africa
- Nkangala District Municipality
- Sarah Baartman District Municipality
- Tlokwe District Municipality
- Ugu District Municipality
- Department of Finance: Mpumalanga
- Provincial Treasury: Western Cape
- Provincial Treasury: Kwazulu-Natal



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Number	Matter	Response
7	<b>Assistance to the Poor</b> <ul style="list-style-type: none"> <li>•Cost of Free basic Services</li> <li>•Revenue Foregone</li> </ul>	Position Paper pending Some aspects out of the scope
	<b>Change Management:</b>	
2	<ul style="list-style-type: none"> <li>•Capacity</li> </ul>	FMIP II will make support available to Provincial Treasuries
1	<ul style="list-style-type: none"> <li>•Circular 57</li> </ul>	Discussed: Introduction to Day 1 of ICF 3
1	<ul style="list-style-type: none"> <li>•Use of Consultants</li> </ul>	At the discretion of the Municipality/Vendor
7	<ul style="list-style-type: none"> <li>•Funding</li> </ul>	Discussed: Introduction to Day 1 of ICF 3
1	<ul style="list-style-type: none"> <li>•GRAP vs SCOA</li> </ul>	GRAP one of many consideration. Reporting Requirement informed by SCOA Classification
1	<ul style="list-style-type: none"> <li>•Project Steering Committee</li> </ul>	Accounting Services, Local Government Budget Analysis and Public Finance – any other Units on Invitation Supported by: SCOA Technical Work Group [NT Internal]
2	<ul style="list-style-type: none"> <li>•Risk Management</li> </ul>	Discussed: Risk Matrix Statistics to Date Day 1 of ICF 3
1	<ul style="list-style-type: none"> <li>•SCOA Technical Committee</li> </ul>	Ensconed in the SCOA Regulation. [Not constituted as yet]
8	<ul style="list-style-type: none"> <li>•System Readiness</li> </ul>	Risk overseen by National Treasury – Functional compliance

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	<b>Change Management (Continue...)</b>	
6	•Training	Demystifying SCOA 3-day session by mid 2015
3	<b>Code Structure</b>	✓code to be defined by system developers – if need to X Vote structure – consisting of “string made up of selections from segments” not supported in the context of a flat structure ✓Selection based on descriptions
10	<b>Control, Interface and Clearing Accounts</b>	Detail provided added if appropriate or linked to existing accounts Principle: See General Ledger Detail Position Paper [ICF4] Need: Definition, Explanation and Typical Transactions
5	<b>Costing</b>	See Costing Segment for internal charges, departmental charges and activity based recoveries.
	<b>Current Assets</b>	
2	•Property Rates - Impairment	See for example: Current Assets: Receivables from Non-exchange Transactions - Property Rates: Communal Land - Business and Commercial: Impairment [Added Version 5.2]
1	•Receivables from Non-Exchange Transactions	Added Version 5.2: Fines and Penalties, for example traffic fines

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Number	Matter	Response
	<b>Expenditure</b>	
6	•Operating Grant Expenditure	Project and Item Segment Detail
2	•General Expenditure	X No General/Other/Sundry/Miscellaneous ✓Specific
1	•Recoveries of Cost	Set-off against expenditure
1	•Depreciation and Amortisation	X Community Assets = by Function
1	•Expenditure vs Project	For example: Training, Operational Projects,
1	•Bulk Purchase	Water – See Inventory [Water Balance Reporting – see MFMA Circular 70 and Position Paper to be developed]
1	•Consumables	✓Inventory [direct purchased included]
	Contracted Services:	
1	•Travel Agency Fees	Operational Cost
1	•Prepaid Water	Added Version 5.2
1	•Grave Building	Outsourced Services: Burial Services
1	•Council Remuneration	Structure to be “replicated”

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Number	Matter	Response
	<b>Expenditure</b>	
2	•Employee Related Cost	Structure to be “replicated”
1	•Contribution to Provisions: Rehabilitation of Landfill Sites"	Expenditure: Operational Cost - Contribution to Provisions: Decommissioning Cost
1	•Travel and Subsistence	Councillor vs Staff – function to make this distinction
	<b>Fixed and Intangible Assets</b>	
1	•Community Assets	Applied “nature” rather than “function”
1	•Machinery and Equipment •Transport Assets	More detail? See Version 5.2 update to PSD for detail table [Jan 2015]
	<b>Funding Segment</b>	
1	Equitable Share	Added Version 5.2 – unbundling – see summary
62	<b>General Ledger (1 Vendor)</b>	Various matter raised and opinions provided Position Paper to follow – detail remain!
20	Employee Benefits	Questions dealt with in Position Paper
27	<b>Transfers and Subsidies</b>	Detail checked/added in Version 5.2

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11	<b>SCOA Tables</b>	<ul style="list-style-type: none"> <li>•Definitions</li> <li>•Descriptions changes</li> <li>•Code Changes</li> <li>•Structure - limited</li> </ul>
1	<b>Expenditure: Interest, Dividends and Rent on Land</b>	Account to be added: Expenditure: Interest, Dividends and Rent on Land - Unamortised Discount
5	<b>Reserves and Funds</b>	Various request – Position Paper – Changes Version 5.3
	<b>Non-current Liabilities/Current Liabilities</b>	
1	Provision Alien Vegetation	Add Version 5.3
1	Non-piloting Project Plan	Discussion included in Training Material
15	<b>Project</b>	
	Maintenance and Repair	Detail – Project and Item Segment In-house – Costing Segment [Cost Allocation]
	Temporary Project	Principle accepted for piloting phase
	Various request for Project	Provided – no changes made
6	<b>Regional Identifier</b>	Wards based – flexible to provide for regions/service areas Provide detail – National Treasury to add

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	<b>Revenue</b>	Add Insurance Claims [Version 5.3]
5	•Other Interest	Exchange Revenue: Interest, Dividend and Rent on Land - Interest: Receivables - Merchandising, Jobbing and Contracts
10	•Exchange vs non-exchange	Various comments received – check with preparation of reporting tables
2	•Sundries/General/Other	Need to be specific
8	•Clarification	Various request for linking accounts
1	•Serviced Charges: Water/Waste Water - Connection/Reconnection	Added Version 5.2
1	<b>NERSA - Detail Ridiculous</b>	Provide for alternative NERSA to get municipalities to comply
33	<b>Transfers and Subsidies</b>	Detail for DORA updated – see Fund and Item
7	<b>Water Balance Reporting</b>	MFMA Circular 70 Position Paper to be developed

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**Thank you for the requests**

**See Table to be placed on Web for detail**



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