

National CIGFARO *m*SCOA WORKSHOP 2020

Proposed Version 6.5 Chart Changes

Presented by National Treasury – Kgomotso Baloyi – 12 November 2020



national treasury



ITEM SEGMENT

REVENUE



national treasury



Item Revenue

➤ **9989:** The number of City Improvement Districts grow from year to year. In the next version of the GRID, may we ask that National Treasury discontinue all of the GUID's in the GRID (and their "friends" in the other segments and replace it by 1 GUID which can be described as "City of Cape Town CID's". This will simplify the roll-out of GUID's for a new budget cycle. Keep in mind that in our own reporting we can still report the breakdown per individual CID.

— Private Enterprises(IR-003-005-002-002-008)
+ Subsidies to Non-financial Private Enterprises(IR-003-005-002-002-008-001)
+ Subsidies to Financial Private Enterprise(IR-003-005-002-002-008-002)
— Private Enterprises(IR-003-005-002-002-008-003)
CID: Central(IR-003-005-002-002-008-003-013)
CID: Epping(IR-003-005-002-002-008-003-014)
CID: Sea Point(IR-003-005-002-002-008-003-015)

Solution: Retire all CIDs for Cape Town and replace with the item City Improvement Districts in IR, IL and Fund segments

GRAP 11 – Construction Revenue

- 10005 - According to GRAP 11, construction revenue should be classified as Financial Performance as a separate line item and is not classified as Exchange or Non-Exchange transaction. V6.4 does not make provision for such a revenue. Could you please incorporate in next version V6.5

■ Exchange Revenue(IR-002)

■ Sales of Goods and Rendering of Services(IR-002-005)

Stone and Gravel(IR-002-005-046)

Sale of Carbon Credits(IR-002-005-047)

Demolition Application Fees(IR-002-005-048)

Solution

The *m*SCOA Chart under Item Revenue: Exchange Revenue: Sale of Goods and Rendering of Services

Add a line for “Construction contract revenue”

Definition : “ Construction revenue as a result of a Construction contract per GRAP 11.”

Contract Revenue for Non Exchange revenue are covered under Transfers and Subsidies

Item Revenue

- **8954:** Interest is received by the municipality on amounts paid and held by attorneys
- **8955:** The municipality/municipal entity pays deposits to Eskom of which the municipality earns interest on these deposits. Where on the item revenue chart should the interest received be recorded? Please add Interest received on deposit held by suppliers to the item review chart

- Interest(IR-002-002-001)
+ Receivables(IR-002-002-001-001)
- Current and Non-current Assets(IR-002-002-001-002)
Bank Accounts(IR-002-002-001-002-001)
Financial Assets(IR-002-002-001-002-002)
Short Term Investments and Call Accounts(IR-002-002-001-002-003)
Deemed Interest(IR-002-002-001-003)

Solution: Utilise Financial Assets: Expand definition to include that Financial Assets refers to interest received from any third party(GRAP)

Item Revenue

- **10015** A request to add a Revenue Item GUID under Sale of Goods & Rendering of Services for Telephone services. We bill private / government departments for the usage of telephone services at our Thusong Centre. There is no relevant Revenue Item GUID for this

Sales of Goods and Rendering of Services
6978d072-787a-4f09-9659-0b5e7134a1c2
7b91900a-f19d-40af-9dcd-30eb0448c1a6
IR00200502500000000000000000000000
Photocopies and Faxes
Yes
Yes
No
No
Fees collected from providing photocopying and fax services to individuals and entities.

Solution: Item Revenue : Exchange revenue: Sales of Goods and Services:
Photocopies and Faxes

Propose to change the name to “Photo copies, Faxes and Telephone charges” and to include “Telephone charges” in the definition.



ITEM SEGMENT EXPENDITURE



national treasury



Item Expenditure

- **8932:** The Chart does not allow you to split the "Cellphone and Telephone Allowance" between the Allowance and the reimbursement. There must be a line item where the expenditure is re-imbursive. An employee here bought airtime because a building burnt down and he (and others) could not use the landline. He bought for himself and others. We cannot re-imburse him from the allowance and maybe we need a line item for that

Level Description:	Cellular Contract (Subscription and Calls)
LGDB Import Level?:	Yes
Posting Allowed?	Yes
Breakdown Allowed?:	No
Has Children:	No
Definition of SCOA Code:	Monthly service provider subscription fees, call costs, itemised billing, CLI, 3G and other operating expenses for cellular phones should be allocated to this item.

Solution: Amend the description: to Cellular Expenditure and definition to include reimbursements of cellular expenditure

Item Expenditure

- **9985:** On behalf of City power: Please add 'Oil Testing' under Laboratory services under the item expenditure - consultants and professional fees.
Logged by City of Joburg : March 2020

— Laboratory Services(IE-003-002-003)
Agriculture(IE-003-002-003-001)
Medical(IE-003-002-003-002)
Roads(IE-003-002-003-003)
Water(IE-003-002-003-004)
Sewer(IE-003-002-003-005)
Food(IE-003-002-003-006)
+ Legal Cost(IE-003-002-004)

Solution: To add a line called “Electrical” –Definition to include “Oil Testing of Electrical equipment”

Item Expenditure

- **8918:** Can the definition of GUID 6834793e-9435-47ab-9f83-10bdb8df588e: Rewards Incentive be expanded to include Reward Incentives to Individuals and Organisations. Council has approved the "Taxi Incentive Programme" whereby we reward Taxi Owners who register for the programme incentives for good driving.

Parent Level Description:	Operational Cost
Parent SCOAIID:	a4721d03-69cb-46ef-af42-3463bf43d5b3
SCOAIID:	7a249b59-ee30-4d49-9472-39657dc62682
Account Number:	IE01000100000000000000000000000000
Level Description:	Achievements and Awards
LGDB Import Level?:	Yes
Posting Allowed?	Yes
Breakdown Allowed?:	No
Has Children:	No
Definition of SCOA Code:	Cost incurred in giving awards in reconnection of achievements.

Solution: Correct the word reconnection to “recognition” .Refer the logger to use this line item.

Item Expenditure

- **8919:** NMBM would like to request a new additional item on Revenue: Exchange: Operational Revenue: Councillors Recoveries. The definition will be recoveries made from councillors for various reasons, e.g. private use of telephone, etc.

Parent Level Description:	Operational Revenue
Parent SCOAIID:	e7c1df4e-ba5d-43aa-a495-beee1718ca81
SCOAIID:	e9aae554-f13a-441a-88b3-b6158294a246
Account Number:	IR00200301000000000000000000000000
Level Description:	Staff Recoveries
LGDB Import Level?:	Yes
Posting Allowed?:	Yes
Breakdown Allowed?:	No
Has Children:	No
Definition of SCOA Code:	Recoveries made from staff for various reasons, e.g. security cards, private use of telephones etc.

Solution: Staff Recoveries description and definition be expanded to include Councillors: Councillor and staff recoveries

Item Expenditure

- **FAQ 8963:** Which Item: Expenditure can be utilized for an Arbitration Settlement pay out? The chart does not cater for employees that have been dismissed and have now reached a settlement pay out in an arbitration hearing.

- Transfers and Subsidies(IE-011)
+ Capital(IE-011-001)
- Operational(IE-011-002)
+ Allocations In-kind(IE-011-002-001)
- Monetary Allocations(IE-011-002-002)

- Households(IE-011-002-002-004)
- Employee Social Benefits(IE-011-002-002-004-001)
Injury on Duty(IE-011-002-002-004-001-001)
Post Retirement Benefit(IE-011-002-002-004-001-002)
Severance Package(IE-011-002-002-004-001-003)
Leave Gratuity(IE-011-002-002-004-001-004)

Solution: In the case of an arbitration award for a person leaving the employ of the entity after a Bargaining Council decision a separate line under Item :Expenditure: Transfers and Subsidies : Operational: Monetary allocations: House holds : Employee social benefits :**Arbitration awards** should be added



ITEM SEGMENT

ASSETS



national treasury



Item Assets

- **9998: The definitions in ITEM ASSETS: PPE for all categories for Transfers received and Transfers Made does not make sense. We request that it be changed**

IA00201500100400200100700000000000000000

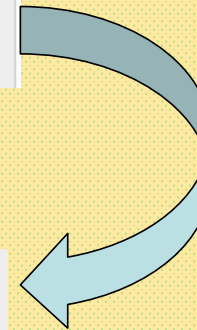
Transfers Received

This account is used for recording of property, plant and equipment transferred to other entities or individuals at the initial cost.

IA00201500100400200100800000000000000000

Transfers Made

This account is used for recording of property, plant and equipment transfers received by the municipality at the initial cost.



Solution: Change Definitions of Transfers Made and Transfers Received on the whole of PPE classifications.

Item Assets

- 8820: Movement account used in Non-current Investment to be renamed to "Current Assets" and not "Non-current Assets."

+ Investment in Subsidiary(IA-002-009)
- Investments(IA-002-010)
- Bankers Acceptance Certificate(IA-002-010-001)
- Specify (replace with account description)(IA-002-010-001-001)
Opening Balance(IA-002-010-001-001-001)
Deposits(IA-002-010-001-001-002)
Withdrawals(IA-002-010-001-001-003)
Interest Earned(IA-002-010-001-001-004)
Charges(IA-002-010-001-001-005)
Transfers to Non-current Investments(IA-002-010-001-001-006)

Solution: Retire "Transfer to Non-Current Investments"

Item Assets

- 8930(dup) & 8931: The following item accounts needs to be added to the item segment as they are included in the illustrative AFS: Carrying value of investments: Provision for impairment Reclassifications

Investments(IA-002-010)
Bankers Acceptance Certificate(IA-002-010-001)
Specify (replace with account description)(IA-002-010-001-001)
Opening Balance(IA-002-010-001-001-001)
Deposits(IA-002-010-001-001-002)
Withdrawals(IA-002-010-001-001-003)
Interest Earned(IA-002-010-001-001-004)
Charges(IA-002-010-001-001-005)

Solution: The carrying balance in the AFS specimen is the opening balance in the mSCOA chart. No change to be made.

Add: Provision for impairment on investments, with breakdown as per list

Impairment(IA-001-001)
Opening Balance
Recognised(IA-001-001-001)
Reversal(IA-001-001-001-001)

Item Assets: Heritage Assets

- **8950:** Please include the following for a FAQ for V6.4 for MSCOA:
- Heritage assets does not have an option for Correction of Error on V6.3, like under Property, Plant and Equipment.

Biological Assets (IA-002-001)
+ Defined Benefit Asset (IA-002-002)
+ Deferred Tax Assets (IA-002-003)
- Heritage Assets (IA-002-004)
- Cost Model (IA-002-004-001)
+ Other Heritage Assets (IA-002-004-001-001)
- Historic Buildings (IA-002-004-001-002)
- Areas of Land of Historic Specific Significance Cost (IA-002-004-001-002-001)
Opening Balance (IA-002-004-001-002-001-001)
Acquisitions (IA-002-004-001-002-001-002)
Change in Accounting Policy (IA-002-004-001-002-001-003)
Disposals (IA-002-004-001-002-001-004)
Transfers Received (IA-002-004-001-002-001-005)
Transfers Made (IA-002-004-001-002-001-006)

Parent Level Description:	Cost
Parent SCOAIID:	23ad220f-7d1d-4cba-8237-53f21f350a19
SCOAIID:	41716160-4ae2-4ec6-bf11-75f6ad5c6c8d
Account Number:	IA002015001001001001001004000000000000
Level Description:	Correction of Error
LGDB Import Level?:	Yes
Posting Allowed?:	Yes
Breakdown Allowed?:	No
Has Children:	No
Definition of SCOAI Code:	This account should be used for recording any correction made to the opening balance in the current reporting period due to errors made in the previous reporting period.

Solution: Include Correction of Prior Period Errors in all Heritage assets classifications exactly like in PPE Add to definition “as per GRAP 3”



Item Assets – Land inventory

- **8951** "Please add the following FAQ for V6.4: There is no ""Prior Period Corrections and Adjustments"" option under any Inventory lines, for example Land. Please include ""Prior Period Corrections and Adjustments"" option for V6.4 under Inventory and other Assets and Liabilities as well, which does not have that option to correct the AFS for prior period errors/restatements."

— Land(IA-001-009-008) 3	
Opening Balance(IA-001-009-008-001)	
Acquisitions(IA-001-009-008-002)	
Sales(IA-001-009-008-003)	

Solution: "Correction of Prior period errors"

Definition: Outline Prior period errors in the definition and add "as per GRAP 3"



Item Assets

- 10007 - No impairment votes available for Non Current Receivable from Non-Exchange Transactions: Housing Selling Scheme
- 9996: Non-Current Receivables - No separate string for impairment and write off. Municipalities are required to determine if there are any impairment and recovery of non-current assets. There is no accommodation for this on the current version of the 6.4 chart under item assets.

— Non-current Receivables from Non-exchange Transactions(IA-002-011)
+ Associates(IA-002-011-001)
+ Car(IA-002-011-002)
+ Computer and Electronic Equipment(IA-002-011-003)
+ Housing Land Sales(IA-002-011-004)
+ Housing Loans(IA-002-011-005)
— Housing Selling Schemes(IA-002-011-006)
Opening Balance(IA-002-011-006-001)
Transfer from Current Assets(IA-002-011-006-002)
Transfer to Current Assets(IA-002-011-006-003)

— Impairment(IA-001-001)
Opening Balance
Recognised(IA-001-001-001)
Reversal(IA-001-001-002)

NB: Guidance on forbidden activities as per S164 of the MFMA to be provided in the budget circular

Solution: Add Impairment both Current and non-current receivables for Housing selling schemes, Operating leases, Associates, Subsidiaries and Joint ventures.

Item Assets

- **9971** Please align the classification structure for Investment Properties: Cost model and Fair value adjustments in such a way that it promotes roll-up reporting in the long codes

- Investment Property(IA-002-008)		- Investment Property(IA-002-008)
- Cost Model(IA-002-008-001)		+ Cost Model(IA-002-008-001)
Opening Balance(IA-002-008-001-001)		- Fair Value Model(IA-002-008-002)
Additions(IA-002-008-001-002)		Opening Balance(IA-002-008-002-001)
Direct(IA-002-008-001-003)	Sub category	- Additions(IA-002-008-002-002)
Subsequent Expenditure(IA-002-008-001-004)		Direct(IA-002-008-002-002-001)
Business Combinations(IA-002-008-001-005)		Subsequent Expenditure(IA-002-008-002-002-002)
Disposals(IA-002-008-001-006)		Business Combinations(IA-002-008-002-002-003)
Transfers to/from(IA-002-008-001-007)		Disposals(IA-002-008-002-003)
Other Changes(IA-002-008-001-008)		Fair Value Adjustments(IA-002-008-002-004)
		Transfers to/from(IA-002-008-002-005)
		Other Changes(IA-002-008-002-006)

Solution: Create a sub reporting level for Additions (Direct, Subsequent and Business combinations) in **Investment Property Cost model** similar to Investment Property Fair Value Model

ITEM SEGMENT

LIABILITIES



national treasury



Item Liabilities

- **10004 GRAP 11** : Construction contracts – In line with newly effective GRAP standard, Mossel Bay has received an opinion from AFS consultants on how to treat Unspent portion of Human Settlements Grant, if the contract is treated in AFS as a construction contract..
- GRAP 11 par 58 states the following:
- An entity shall present:
- (b) the gross amount due to customers for contract work as a liability.

- Trade and Other Payable Exchange Transactions(IL-001-006)
+ Affiliates, Related Parties and Associated Companies(IL-001-006-001)
+ Accrued Interest(IL-001-006-002)
- Advance Payments(IL-001-006-003)
Opening Balance(IL-001-006-003-001)
Deposits(IL-001-006-003-002)
Withdrawals(IL-001-006-003-003)

Solution: For Construction work that is a commitment due to customers, funded from Exchange revenue the users should utilize Trade and other Payable Exchange Transactions:

Advance payments

Add "Transfer to Revenue" as these advance payments will not be refunded but will be recognised by delivery of the construction commitment.

Item Liabilities

- Expanding Trade and other Payables and Accruals to cater for detailed information to populate the cashflow for Inventory purchased and payment of Services delivered.
 - Payables and Accruals: Contractors
 - This account is the accrual for Liabilities for payments of Contractors
 - Payables and Accruals: Inventory
 - This account is the Accrual for Liabilities for Inventory purchased
 - Payables and Accruals: General
 - This account is the Accrual for Liabilities for Payable and Accruals for other Expenses

Solution: Add 2 items to Payables and Accruals “ Inventory” and “Contractors” with movement accounting

- Opening
- Deposits
- Withdrawals

Rename Payables and Accruals to Payables and Accruals : General



Item Liabilities

- Change Description of “Dividends declared not paid” to “Dividends declared” the line item is a Liability that already means it is and accrual that is payable.

– Trade and Other Payable Exchange Transactions(IL-001-001)
+ Affiliates, Related Parties and Associated Companies(IL-001-002)
+ Accrued Interest(IL-001-006-002)
+ Advance Payments(IL-001-006-003)
+ Control, Clearing and Interface Accounts(IL-001-006-004)
+ Leave Accrual(IL-001-006-005)
+ Retentions(IL-001-006-006)
+ Dividends Declared not Paid(IL-001-006-007)

Solution: Change name of Dividends declared not Paid to “Dividends declared”



Item Liabilities

- Vat Control – Changes to the chart
 - Vat Payable (Control) (IL-001-008)– retire Receipts

– VAT Payable (Control)(IL-001-008)
Opening Balance(IL-001-008-001)
Transfers(IL-001-008-002)
Payments(IL-001-008-003)
Receipts(IL-001-008-004)

- Vat Control (IA-001-011-004) – retire payments

– VAT Control(IA-001-011-004)
Opening Balance(IA-001-011-004-001)
Transfers(IA-001-011-004-002)
Payments(IA-001-011-004-003)
Receipts(IA-001-011-004-004)

**Solution: Change description VAT Control in IA to “VAT Control (Receivable)” and
Change description VAT Payable (Control) in IL to “VAT Control (Payable)”
Retire VAT Control IL- Receipts
Retire Vat Control IA- Payments**

ITEM SEGMENT

GAINS & LOSSES



national treasury



Item Gains & Losses

- **10018** Remove Actuarial Gains/ losses from Expenditure chart and add to Gains and Losses chart

- Fair Value Adjustment(IZ-003)
+ Biological Assets(IZ-003-001)
+ Investment Property(IZ-003-002)
+ Investments(IZ-003-003)
+ Interest rate Swaps(IZ-003-004)
+ Foreign Exchange(IZ-004)
+ Impairment Loss(IZ-005)
+ Reversal of Impairment Loss(IZ-006)
+ Inventory(IZ-007)
+ Water Losses(IZ-008)

In Gains and losses under Fair value Adjustments

Add **Actuarial assessments**

- Medical Aid (gains & loss)
 - Pension funds (gains & loss)
 - Long Service (gains & loss)
 - Leave gratuity (gains & loss)
-
- **Retire** Actuarial gains/ losses from Item Expenditure

Solution: Move Actuarial gains and losses to Item Gains and losses Retire actuarial gains and losses in Item Expenditure: Employee benefits



FUND SEGMENT



national treasury



Fund segment

- **8899:** Parent-subsidiary transactions for borrowings is included on the current mSCOA Item Charts: Liabilities: Non-current Liabilities: Financial Liabilities: Borrowings: Intercompany /Parent-subsidiary Transactions: Specify: Opening Balance. There are various GUIDS. For the fund segment this has been excluded: Please add this to the fund chart.

-	Borrowings(IL-002-003-005)
+	Annuity and Bullet Loans(IL-002-003-005-001)
+	Bankers Acceptance Certificate(IL-002-003-005-002)
+	Derivative Financial Liability(IL-002-003-005-003)
+	Government Loans(IL-002-003-005-004)
+	Local Registered Stock(IL-002-003-005-005)
+	Marketable Bonds(IL-002-003-005-006)
+	Non-marketable Bonds(IL-002-003-005-007)
+	PPP Liabilities(IL-002-003-005-008)
+	Securities(IL-002-003-005-009)
-	Intercompany/Parent-subsidiary Transactions(IL-002-003-005-010)
+	Specify(IL-002-003-005-010-001)

Solution: Add a Funding source: Borrowing: Parent Municipality in the Fund Segment

Fund Segment

➤ 9969 and 9970: Fund Capital Borrowing mismatch to Non-current Liabilities Borrowings.


- Borrowing(FD-002-003)	- Borrowings(IL-002-003-005)	- Financial Liabilities(IL-002-003)
- Non-current(FD-002-003-001)	+ Annuity and Bullet Loans(IL-002-003-005-001)	Concessionary Loan(IL-002-003-001)
+ Annuity Loans(FD-002-003-001-001)	+ Bankers Acceptance Certificate(IL-002-003-005-002)	Interest Rate Swaps(IL-002-003-002)
+ Bankers Acceptance Certificate(FD-002-003-001-002)	+ Derivative Financial Liability(IL-002-003-005-003)	Finance Lease Liability(IL-002-003-003)
+ Derivative Financial Liability(FD-002-003-001-003)	+ Government Loans(IL-002-003-005-004)	Operating Lease Liability(IL-002-003-004)
+ Finance Lease(FD-002-003-001-004)	+ Local Registered Stock(IL-002-003-005-005)	
+ Government Loans(FD-002-003-001-005)	+ Marketable Bonds(IL-002-003-005-006)	
+ Local Registered Stock(FD-002-003-001-006)	+ Non-marketable Bonds(IL-002-003-005-007)	
+ Marketable Bonds(FD-002-003-001-007)	+ PPP Liabilities(IL-002-003-005-008)	
+ Non-annuity Loans(FD-002-003-001-008)	+ Securities(IL-002-003-005-009)	
+ Non-marketable Bonds(FD-002-003-001-009)	+ Intercompany/Parent-subsidiary Transactions(IL-002-003-005-010)	
+ PPP Liabilities(FD-002-003-001-010)	+ Concessionary Loan(IL-002-003-005-011)	
+ Securities(FD-002-003-001-011)		

Solution: Item Liabilities: **Retire** – IL002003001Concesionary loans and Interest rate swaps, **Move** Finance Lease to Borrowings (Provide movement accounting), Add Non-Annuity loans(with movement accounting)
In Fund: Borrowings: Non Current Annuity loans change to Annuity and Bullet Loans, add Concessionary loans and Parent Municipality

Fund Segment

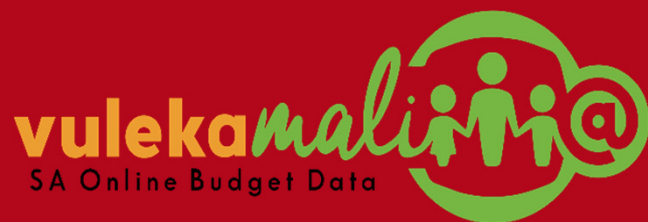
- Interest earned definitions for Current and Non-Current Assets and Receivables must be swopped as it is currently not referring to the correct meaning.

Interest, Dividend and Rent on Land(FD-001-001-001-004)
Interest(FD-001-001-001-004-001)
Current and Non-current Assets(FD-001-001-001-004-001-001)
Receivables(FD-001-001-001-004-001-002)




Solution: Change the definitions of this 2 funding sources as it is wrongly allocated

THANK YOU



For additional information on national and provincial budgets, please visit our new budget data portal: <https://vulekamali.gov.za>

www.municipalmoney.gov.za

open **local government budget** data portal 

Explore easy-to-understand, verified financial information for **every single municipality** in South Africa in one place.

For information on local government finances, please visit: <https://municipalmoney.gov.za>