

PROVINSIALE TESOURIE • PROVINCIAL TREASURY •  
UNONDYEBO WEPHONDO



Verwysing  
Reference  
Isalathiso PT 19/1/3

Navrae  
Enquiries  
Imibuzo LD Jeffery

**TREASURY CIRCULAR NO: 20/2008**

THE PREMIER

THE MINISTER OF AGRICULTURE  
THE MINISTER OF COMMUNITY SAFETY  
THE MINISTER OF CULTURAL AFFAIRS, SPORT AND RECREATION  
THE MINISTER OF EDUCATION  
THE MINISTER OF ENVIRONMENT, PLANNING AND ECONOMIC DEVELOPMENT  
THE MINISTER OF FINANCE AND TOURISM  
THE MINISTER OF HEALTH  
THE MINISTER OF LOCAL GOVERNMENT AND HOUSING  
THE MINISTER OF SOCIAL SERVICES AND POVERTY ALLEVIATION  
THE MINISTER OF TRANSPORT AND PUBLIC WORKS

THE SPEAKER: PROVINCIAL PARLIAMENT  
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

ALL OTHER MEMBERS OF PARLIAMENT

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (MS V PETERSEN)  
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR P WILLIAMS)  
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (DR JC STEGMANN)  
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (DR GA LAWRENCE)  
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR RB SWARTZ)  
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (PROF KG HOUSEHAM)  
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MS S FOLLENTINE) (ACTING)  
THE ACCOUNTING OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MS S MAJJET)  
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR R ELLIS) (ACTING)  
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR T MANYATHI)  
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)  
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS J JOHNSTON) (ACTING)  
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR MN LINDIE)

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR H ARENDSE)  
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS A SMIT)  
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)  
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M FRIZLAR)  
THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)  
THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH (MR A VAN NIEKERK)  
THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MR JO SMITH)  
THE CHIEF FINANCIAL OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MR D BASSON)  
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR AA GAFFOOR)  
THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)  
THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)  
THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)  
THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR A ASSIM)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)  
THE HEAD: SUSTAINABLE RESOURCE MANAGEMENT (MR A PHILLIPS) (ACTING)  
THE HEAD: ASSET MANAGEMENT (MR TD PILLAY)  
THE HEAD: FINANCIAL GOVERNANCE (MR TC ARENDSE)  
THE HEAD: PUBLIC FINANCE (MR H MALILA)  
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)  
THE SENIOR MANAGER: HUMAN RESOURCE MANAGEMENT (MS PG PIEDT)  
THE SENIOR MANAGER: ACCOUNTING (MR A REDDY)  
THE SENIOR MANAGER: NORMATIVE FINANCIAL MANAGEMENT (MR F JACOBS) (ACTING)  
THE SENIOR MANAGER: ENTERPRISE RISK MANAGEMENT AND GOVERNANCE SYSTEMS (MR B VINK) (ACTING)  
THE CHIEF AUDIT EXECUTIVE (MS H ROBSON) (ACTING)  
THE SENIOR MANAGER: INTERNAL AUDIT (MS B CAIRNCROSS)  
THE SENIOR MANAGER: ECONOMIC ANALYSIS (MS W MAPIRA) (ACTING)  
THE SENIOR MANAGER: FISCAL POLICY: PROVINCIAL GOVERNMENT (MS A PICK) (ACTING)  
THE SENIOR MANAGER: FISCAL POLICY: LOCAL GOVERNMENT (MR G PAULSE) (PRO TEM)  
THE SENIOR MANAGER: BUDGET MANAGEMENT (MR PP PIENAAR) (ACTING)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK)  
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (MR G PAULSE)  
THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)  
THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)  
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)  
THE HEAD: OFFICE OF THE MINISTRY (MR G GESWINDT)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

} For information

**STANDARD CHART OF ACCOUNTS (SCoA): NATIONAL TREASURY CLASSIFICATION  
CIRCULAR 2 OF 2008/09**

1. Accounting Officers and Chief Financial Officers of departments are hereby informed of the SCoA Classification Circular 2 of 2008/09 as issued by the National Treasury.
2. This Classification Circular pertains to the defining and treatment of catering and entertainment in the SCoA.
3. Attached, please find a copy of the SCoA Classification Circular 2 of 2008/09 dated 14 May 2008 which is available on National Treasury's website at <http://oag.treasury.gov.za/publications/SCOA/circulars>. Please note that a copy of the SCoA Classification Circular was e-mailed to you on Monday, 19 May 2008.
4. Please revert to the writer if you have any queries in this regard.

  
**SENIOR MANAGER: ACCOUNTING**

**Date:** 19 May 2008





**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

## **CLASSIFICATION CIRCULAR 2 OF 2008/09**

### **DEFINING AND TREATMENT OF CATERING AND ENTERTAINMENT IN THE STANDARD CHART OF ACCOUNTS (SCOA)**

#### **Purpose**

To provide all government financial practitioners with the definition of entertainment and catering expenditure in the chart of accounts and how it should be dealt with in the financial system.

#### **Background**

This circular replaces circular 2/2005 dated 25 November 2005 and 1 of 2007/08 dated 11 May 2007, issued by the SCOA Technical Committee.

With the implementation of a revised chart of accounts 1 April 2008 the SCOA project team separated the item catering to provide for catering on *departmental activities* and *agency support and outsourced services: catering services*. The item agency support and outsourced services: catering services will provide for food provided to detainees, patients, armed forces, prisoners, communities, social welfare facilities, education facilities and training colleges. The reason for not grouping all catering items together is to obtain a clearer picture of catering services for employees and their departmental activities and other catering services outsourced by the department.

The hiring of a venue and the purchase of catering services are often not separated on the invoice supplied by the services provider. In such instances, the following applies:

- (a) Departments **must** request detailed quotations and invoices that separate the cost of the meals and refreshments from the hiring of the venue. Upon payment the cost for meals and refreshments must be recorded as '*catering*' and the hiring of the venue as must be allocated to '*venues and facilities*';
- (b) Where this is not possible due to the service provider only offering a total package deal, the total amount shall be allocated to '*venues and facilities*'.

## CLASSIFICATION CIRCULAR 2 OF 2008/09

### Definitions

The following definitions will apply to entertainment and catering departmental:

**Entertainment:** This item includes entertainment expenditure incurred by members of the Senior Management Service (SMS) as well as Ministers and his/her office bearers in performance of their duties. Such expenditure includes, but is not limited to:

- (a) Luncheon meetings held with colleagues, foreign delegations and/or other individuals in and outside the public sector; and
- (b) Purchase of dinner during authorised overtime, if no compensation in the form of time off or additional pay is approved, provided that the closing time is later than 20h00. (Chapter 7 of the PSCBC Resolution No. 3 of 1999 – paragraph 3.1 (b)).

This item does not include, but is not limited to, spending on:

- (a) Gifts (including flowers) to individuals;
- (b) Private entertainment;
- (c) Cost of meals claimed by individuals when away from home on official duty;

**Catering departmental:** Expenditure incurred on individuals employed or contracted to the department or individuals outside the employ of the department, in connection with the activities of a department, or division within a department, that directly relates to the achievement of its objectives. Such expenditure includes, but is not limited to:

- (a) Catering for lekgotla's, conferences, bosberade, workshops, indabas, courses, forums, hearings and meetings held with the intention to discuss the governments' or departments' initiatives;
- (b) Catering for a function for the launching/roll-out of an product of the department or division within a department (for example the Public-Private Partnership Manual);
- (c) Catering for interviews or training sessions;
- (d) Diner and drinks supplied at year-end functions of a department or a division within a department;
- (e) Catering for the opening of Parliament;
- (f) Eatery provided for members of standing boards, other government bodies and official commissions or committees of enquiry.

This item does not include, but is not limited to, spending on:

- (a) Gifts (including flowers) to individuals; and
- (b) Venues in connection with the function/event or any other expenditure incurred in addition to the catering of the function/event.



## CLASSIFICATION CIRCULAR 2 OF 2008/09

### Structure in the SCOA

The following accounts under entertainment support the above definition:

Account Name	Posting level	BAS segment number
Entertainment	N	391
Management	Y	1868
Ministers	Y	1869
Missions	Y	1870

The following account must be used for allocation of any departmental catering costs:

Account Name	Posting level	BAS segment number
Catering departmental	Y	1565

The chart of accounts separates departmental catering payments from catering that is procured from an expert or private outsourced agency that is not related to catering for departmental activities. The reason for not grouping all catering items together is to obtain a clearer picture of catering services for employees and their departmental activities and other catering services outsourced by the department. The agency support and outsourced catering services will be used where a department does not have the capacity or expertise to carry out the catering service not relating to the catering for departmental activities. The following accounts must be used for allocation of agency support and outsourced catering services:

Account Name	Posting level	BAS segment number
Agency and support/outsourced services: Catering services	N	416
A&S/O Catering ser: Detainees	Y	2404
A&S/O Catering ser: Patients	Y	2405
A&S/O Catering ser: Prisoners	Y	2406
A&S/O Catering ser: Communities	Y	2865
A&S/O Catering ser: Armed forces	Y	2557
A&S/O Catering ser: Social welfare facilities	Y	2558
A&S/O Catering ser: Education facilities	Y	2559
A&S/O Catering ser: Training colleges	Y	2560

The project segment introduced 1 April 2008 has been standardised by the National Treasury. In order to cost an event, where a number of spending items are available, the committee recommends the use of the project segment. The project segment provide for an item *Projects not related to infrastructure assets current BAS code 27 (N)*, which may be used by the department to monitor spending on a current project. For example, the launch of the New Economic Reporting Format (NERF) resulted in the National Treasury hosting workshops in the different provinces. Using the above proposed

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accounts, the total cost of the launch would be allocated to the SCOA items using the project segment as follows:

<b>Project – Launch of the NERF<sup>1</sup></b>		
<b>Items</b>		
Catering	Lunches provided for the delegates	XXX
Venues & Facilities	Cost of hiring the venue	XXX
Compensation of employees	Compensation paid to the National Treasury officials during the road shows	XXX
Travel & Subsistence - Domestic – Accommodation	Accommodation costs of National Treasury officials	XXX
Travel & Subsistence – Domestic – Food & Beverages	Cost of meals purchased by National Treasury officials. This excludes the lunch supplied at the venues	XXX
Travel & Subsistence – Domestic – Air Transport	Flights taken by National Treasury Officials	XXX
Travel & Subsistence – Domestic – incidental costs	Airport parking	XXX
	<b>TOTAL COST</b>	<b>XXX</b>

This circular comes into effect from the date on this circular. Please contact the SCOA project team via the **SCOA call center at (012) 315 5311** if further clarity or discussion is required regarding the above. Alternatively, practitioners can communicate via email, by sending a concise mail to [scoa@treasury.gov.za](mailto:scoa@treasury.gov.za).

Regards,  
SCOA Technical Committee

Date: 14 May 2008

<sup>1</sup> The launch of the NERF did not result in a capital asset and is therefore seen as a current project