

mSCOA Rules Register



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Aim of Rules Register

- **Purpose**
 - Provide direct guidance on business processes
 - Inform users on system requirements
 - Ensure that systems enforces the rules
 - Shortened version of position papers and Project Summary Document
- **Types of rules**
 - Business Rules – the way we do our business
 - Segment usage rules – the way we use the mSCOA segments

Business Rules (1)

- **Sub-ledger detail:**
 - Data available in sub-ledger is not required in main ledger
 - Roll-up of data strings from the sub-ledger into the main ledger
 - Reference number in both ledgers will act as link

Business Rules (2)

- **Double Entry:**
 - Double entry ensures that Debit = Credit
 - **mSCOA Debit (6 segments) = Credit (6 segments)**
 - Only **one** segment determines the change, **Item**
 - Rest of the segments remains the same for the transaction

Example: Paying a contractor to do work in the Sewer network

	Debit	Credit
Project	Internal Sanitation Reticulation	Internal Sanitation Reticulation
Function	Waste Water - Sewerage	Waste Water - Sewerage
Item	<i>Contractors – Sewerage</i>	<i>Bank</i>
Fund	Service Charge: Waste Water	Service Charge: Waste Water
Region	Ward 1	Ward 1
Costing	Default	Default

The Statement of Financial Position consists mainly of the Item segment, with the other segments attached to the transactions as attributes.

Business Rules (3)

- **Budget Double Entry**
 - **Pre-mSCOA**
 - Pre-mSCOA budgeting was done on E&I accounts only
 - No ML budgets of cash flow budgets were done
 - **mSCOA**
 - Budgeting must be done on the system on both accounts (debit and credit)
 - Full cash flow budget must be included in the process

Example: Budget for levy of Refuse Removal and receipt thereof (*Item segment only*)

Raise debt:	Revenue: Service Charges: Refuse		- 1,000
	Debtors: Refuse	+1,000	
Receipt:	Debtors: Refuse		- 900
	Bank	+ 900	
Impairment:	Debtors: Refuse		- 100
	Impairment Loss	+ 100	

Business Rules (3.1)

IR: Service Charges: Refuse			
Dr	R	Cr	R
		Levy	1 000

Business Rules (3.1)

IR: Service Charges: Refuse			
Dr	R	Cr	R
		Levy	1 000

Debtors: Waste			
Dr	R	Cr	R
Levy	1 000		

Business Rules (3.1)

IR: Service Charges: Refuse			
Dr	R	Cr	R
		Levy	1 000

Debtors: Waste			
Dr	R	Cr	R
Levy	1 000		

Business Rules (3.1)

IR: Service Charges: Refuse			
Dr	R	Cr	R
		Levy	1 000

Debtors: Waste			
Dr	R	Cr	R
Levy	1 000		

Business Rules (3.1)

IR: Service Charges: Refuse			
Dr	R	Cr	R
		Levy	1 000

Debtors: Waste			
Dr	R	Cr	R
Levy	1 000		
		Receipt	900

Bank			
Dr	R	Cr	R
Receipt	900		

Business Rules (3.1)

IR: Service Charges: Refuse			
Dr	R	Cr	R
		Levy	1 000

Debtors: Waste			
Dr	R	Cr	R
Levy	1 000		
		Receipt	900

Bank			
Dr	R	Cr	R
Receipt	900		

Business Rules (3.1)

IR: Service Charges: Refuse			
Dr	R	Cr	R
		Levy	1 000

Debtors: Waste			
Dr	R	Cr	R
Levy	1 000		
		Receipt	900
		Impairment	100

Bank			
Dr	R	Cr	R
Receipt	900		

Impairment Loss: Waste Management			
Dr	R	Cr	R
Impairment	100		

Business Rules (3.1)

IR: Service Charges: Refuse			
Dr	R	Cr	R
		Levy	1 000

Debtors: Waste			
Dr	R	Cr	R
Levy	1 000		
		Receipt	900
		Impairment	100

Bank			
Dr	R	Cr	R
Receipt	900		

Impairment Loss: Waste Management			
Dr	R	Cr	R
Impairment	100		

Six budget items required for mSCOA

Business Rules (4)

- **Main ledger transactions**
 - Main ledger consists mainly of Item segment
 - Other segments can be seen as attributes
- **Segments**
 - Project
 - Applicable project
 - Function
 - Source transaction will inform the function
 - Fund
 - Cash transactions (Bank) must carry Fund to determine cash flow
 - Region
 - Whole of municipality
 - Assets is specified
 - Cost
 - Default

Business Rules (5)

- **Period Control**
 - Period 12
 - 30 June
 - Carry over opening balances
 - No-backdating
 - 5 Days
 - Period 13
 - Open for two months
 - Open till AFS submitted
 - Journals in this period must be opening balance transactions in new year
 - Period 14
 - Audit period
 - Open until audit is finalised
 - Journals for this period must be opening balance transactions in new year
 - Period 15
 - Prior period corrections

Business Rules (6)

- **Unknown / unallocated income**
 - Liability suspense account created
 - Must be receipted to this account
 - This account must age to ensure prescription rules
 - Account must be in register format, meaning that transactions will only be driven from the register side
 - Audit trail of all monies receipted and transferred
 - No “normal” journals and foreign transactions to this account
 - Only special transfer transaction allowed
 - Bank reconciliation unallocated deposits must be cleared monthly to ensure correct recording and reporting of cash flow
 - VAT become payable immediately when allocated to this account - SARS

Business Rules (7)

- **Breakdown Required**
 - Breakdown allowed not mentioned in version 6
 - Breakdown required changed in version 6
 - **Project**
 - All Projects are breakdown required – need to add every project PC and PO
 - **Function**
 - No breakdown allowed – must use MSC for detail
 - **Item**
 - Changes to version 6 on Salaries
 - **Funding**
 - Changes in version 6
 - **Region**
 - No breakdown
 - **Costing**
 - No breakdown

Business Rules (7.1)

- **Breakdown Required**
 - Liabilities
 - Current Liabilities
 - Bank Overdraft
 - » **Specify (Add Institutions and Account Number)**
 - » **Specify (Add Institutions and Account Number)**
 - Assets
 - Current Assets
 - Cash and Cash Equivalents
 - » Cash at Bank
 - » Bank Account
 - » **Specify (replace with account description)**
 - » Opening Balance
 - » Deposits
 - » ...

Business Rules (8)

- **Other**
 - Stores
 - Issues to Inventory
 - Issue to Asset WIP
 - District municipalities
 - DM creates an asset for LM, Project segment is PO
 - Transfer of asset will be Transfer-in-Kind
 - LM will capitalise the asset
 - LM must specify the asset in IDP -> PC
 - Data extract file
 - Format in position paper
 - Changes to Breakdown Required on GUID
 - Workshop next week

Segment Rules (1)

- Item
 - IE
 - Default with Costing
 - Project validity – only operating projects
 - IR
 - Default with Costing
 - Project link rules – Default project but can be changed
 - IA
 - Debtors rules
 - IL
 - Creditors
- Costing
 - Default – all non-costing transactions
 - Other – Rules on Debit and Credit

Segment Rules (2)

- Fund
 - No Funding rules yet
- Region
 - Use with Item
- Project
 - Default
 - Capital
 - Operating

?