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Departement van Finansies

Kgoro ya Matlotlo

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Ref No : DOF 14/4/1/1

CIRCULAR NO 8 OF 2013: THE ESTABLISHMENT OF A PROVINCIAL PRICE STANDARDISATION COMMITTEE

TO : THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (DR NONHLANHLA MKHIZE)
THE ACCOUNTING OFFICER: VOTE 3: FINANCE (MS N.Z. NKAMBA)
THE ACCOUNTING OFFICER: VOTE 4: COOPERATIVE GOVERNANCE & TRADITIONAL AFFAIRS (MR D. MAHLOBO)
THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT & LAND ADMINISTRATION (MS N.L. SITHOLE)
THE ACCOUNTING OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT & TOURISM (DR D.V. DLAMINI)
THE ACCOUNTING OFFICER: VOTE 7: EDUCATION: (MRS M.O.C. MHLABANE)
THE ACCOUNTING OFFICER: VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT (MR K.M. MOHLASEDI)
THE ACCOUNTING OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY & LIAISON (MR S.T. SIBUYI)
THE ACCOUNTING OFFICER: VOTE 10: HEALTH (MR R.M. MNISI)
THE ACCOUNTING OFFICER: VOTE 11: CULTURE, SPORT & RECREATION (MS S.P. MJWARA)
THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS N.L. MLANGENI)
THE ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR S. M. MTSWENI)

THE CHIEF FINANCIAL OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR T. NKOJOANA)
THE CHIEF FINANCIAL OFFICER: VOTE 3: FINANCE (MS P. SEMENYA)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COOPERATIVE GOVERNANCE & TRADITIONAL AFFAIRS (MR M.D. SHIPALANA)
THE CHIEF FINANCIAL OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT & LAND ADMINISTRATION (MR CT. DLAMINI)
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM (MS J.P. HLATSHWAYO)
THE CHIEF FINANCIAL OFFICER: VOTE 7: EDUCATION (MR C.B. MNISI)
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT (MR S.E.B. MATSEBULA)
THE CHIEF FINANCIAL OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY & LIAISON (MR B.H. NGOMA)
THE CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH (MS B. MOJAPELO)
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 11: CULTURE, SPORT & RECREATION (MS P. KHOZA)
THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS P. MORGAN)
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 13: HUMAN SETTLEMENTS (MS S.A. SEFALA)

THE CHIEF EXECUTIVE OFFICER: MPUMALANGA ECONOMIC GROWTH AGENCY (ADV. B. MKHIZE)
THE CHIEF EXECUTIVE OFFICER: MPUMALANGA GAMBLING BOARD (MR B. MLAMBO)
THE CHIEF EXECUTIVE OFFICER: MPUMALANGA TOURISM & PARKS AGENCY (MR B.J. MODIPANE)
THE CHIEF EXECUTIVE OFFICER N: MPUMALANGAREGIONAL TRAINING TRUST (MR N.D. MOROPANE)

OFFICE OF THE AUDITOR-GENERAL: MPUMALANGA (MS S. LUBAMBO)

1. PURPOSE

- 1.1. This circular is intended to implement a Provincial Government resolution on the establishment of a Price Standardisation Committee as resolved by the Provincial Management Committee on the 15 April 2013.

2. BACKGROUND

- 2.1. In its endeavour to continuously improve the efficiency and effectiveness in the acquisition and utilisation of resources, the Provincial Treasury has planned to establish a Provincial Price Standardisation Committee. The plan by the Provincial Treasury is necessitated by challenges experienced by Provincial Government emanating from price manipulation, collusion between officials and service providers, cover quoting, lack of competitive trading or bidding despite the availability of a clear legislative framework.
- 2.2. All the above defeats the spirit of competitive trading, good governance and instead further promotes fraud and corruption in the public service. Further, if such practice is not confronted the Provincial Government will not be able to deliver on its Constitutional obligations including that of delivering service to the people of the province.
- 2.3. During the 2013 Budget Speech Honourable MEC MB Masuku said: "In addition to the measures such as forbidding public servants from doing business with government and introducing Price Standardisation Committee as announced by the Premier; the Department of Finance is also investing resource to enhance the integrity of our financial systems. That some of the departments fail to submit their monthly reports to the Provincial Treasury on time as required. This therefore delays our submission of the consolidated report to National Treasury and constitutes a huge non-compliance.

3. THE ROLES AND RESPONSIBILITIES OF THE PRICE STANDARDISATION COMMITTEE

- 3.3. The roles and responsibilities of the Price Standardisation Committee will be as follows:
 - 3.3.1. To scan the market to determine reasonable prices for the frequently procured commodities,
 - 3.3.2. Standardise prices for various cross cutting commodities within specific price ranges,
 - 3.3.3. Develop price schedules and catalogues where necessary to be used by all departments,

- 3.3.4. Investigate the need where required for the implementation transversal contracts in order to derive benefit from economies of scale,
- 3.3.5. Sub-committees will be established within the bigger committee to focus on various areas where necessary,
- 3.3.6. The establishment of the sub-committees will be made in consultation with the Head of Treasury and other Accounting Officers for the nomination of members to fulfil these responsibilities within specific time-frames.
- 3.3.7. Determine the views and recommendations on empowerment,

4. APPLICABILITY

- 4.3. This circular is applicable to all Provincial Departments in the Mpumalanga Province.

5. INTERGRITY AND ETHICS

- 5.3. The following integrity and ethics measures will be introduced as part of the Committee's operations
 - 5.3.1. The Committee and its individual members will abide by all public service laws, supply chain management and various Treasury regulations.
 - 5.3.2. The Committee members will sign a Code of Conduct for Supply Chain Management Practitioners.
 - 5.3.3. At each Committee meeting declaration of interests will be signed by all members.

6. COMPOSITION OF THE COMMITTEE

The composition of the committee will be as follows;

- 6.3. Accounting Officers will nominate their preferred officials to be part of the committee. These nominations will constitute a mix of Chief Financial Officers (CFOs) and Supply Chain Managers preferable at senior management level (level 13 and above),
- 6.4. The Head of Treasury will based on the submission of nominations appoint a minimum of five (05) and a maximum of seven (07) committee members,
- 6.5. Each Committee member will be appointed in writing by the Head of Treasury,
- 6.6. The Head of Treasury will appoint the General Manager: Assets and Liabilities Management as Chairperson of the Committee,

- 6.7. The Provincial Supply Chain Management (PSCM) unit will serve as secretariat of the Committee,

7. REPORTING AND ACCOUNTABILITY

- 7.3. The Committee will report as follows;

- 7.3.1. The Committee will report on a quarterly basis to the Head of Treasury on performance and recommendations,
7.3.2. The Head of Treasury will based on the Committee's recommendations report to the Provincial Management Committee for inputs and submissions,
7.3.3. Similar reports will be presented to the Budget and Finance Committee for resolutions and further instructions,

8. NOMINATIONS DEADLINE

- 8.3. The deadline for submission of nominations to the Provincial Treasury is Friday, 03 May 2013.

Kind regards,



MS N.Z. NKAMBA
HEAD OF DEPARTMENT

DATE: 16/4/13