

Professional Management Services: Contracts Management

Contract Management

- New Engineering Contract: Professional Services Contract 3 (NEC: PSC 3) will be used for this transaction
- The standard Clauses PLUS Eskom Z clauses shall apply
 - Professional Services Contract readily available in the market.
 - The Z clauses are found in the Contract Data of the Draft contracts in the tender bulletin
- The contracts is for a period of 1 year
- Prices Fixed and firm for 1 year
- CPA clause will apply in the even that the contract is extended beyond 1 year
- Eskom endeavours to develop and build long term relationships with Suppliers so its important that Suppliers have a working knowledge of the contract so that you know what you're getting yourself into.
- Eskom calls for mutual trust and corporation

Contract Management

Points to consider when submitting a tender

- Clarity on Scope of Works and Complete BOQ with specs incl. P&G
- The Scope of Works takes precedence over the Pricing Document, price inline with what the scope requires
- Supply and Service: the supplier to supply any consumables
- Material Availability where applicable: supplier to have enough cash flow whenever required
- Start and Completion dates: resources and equipment to be available for entire project duration
- Special Eskom requirements from supplier to do the work: emergencies in the OPS environment require supplier availability at all times
- Look out for interdependent projects and plan accordingly (work efficiently in a live office environment)

Contract Management – Task Orders

- Eskom will provide Access to site (Approved H&S Plan pre-requisite)
- Management of Task Orders:
 - Eskom informs Supplier as soon as event is identified
 - Supplier provides quote where necessary
 - On **written** acceptance by *Employer's Representative* carry on with the works
 - Supply may not execute work that is not signed off by the *Employer's Representative*

Contracts Management – Early Warning & Payment

- Provide Early warning on matters which could:
 - Increase Project Values
 - Delay Completion
 - Impair performance of the *works*
- Payment
 - Pro-forma invoice to be issued by Contractor to Eskom Rep
 - Acceptance or changes of pro-forma communicated by Eskom to Supplier (Work Assessment)
 - Supplier submits invoice to APS online.
 - Payment Certificate processed by QS and Eskom Rep then forwarded to APS to effect payment.
 - Payment within 15, 30 or 60 days depending on how you registered on Vendor Management.

Contracts Management – Payment cont...

- Eskom will only pay for Work Done to Date at the time of Assessment
- Assessment will be on the 25th of each month unless otherwise mutually agreed
- No advance payment shall be made
- It is critical that the Supplier has the liquidity to carry this project

Contracts Management cont.

- Defaults
 - Defaults will be notified in terms of Early Warning/ Notification of default, with specified time frame for correction
 - If not corrected, Non-Conformance will be made out
 - Three or more open Non Conformances may lead to contract termination
 - For critical defaults, a Non-conformance will be issued without following notification of default process.
- Completion and defects
 - On completion, hand-over inspection will be done, and defects certificate made out
 - Notification of Defects can be issued during any stage of the contract.
 - Contractor's Performance Appraisal to be completed by *Eskom*.

Thank you

Questions