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TO:	Triple Adjudication	Date:	19 June 2023
NAME OF COMPILER AND BUSINESS UNIT	Nomaswazi Mgidi Duvha Power Station	Tel:	013 690 0212
NAME OF END-USER BUSINESS UNIT	Dithole Kubyane Duvha Power Station		
DESCRIPTION	Duvha Power Station HVAC Upgrade for 6 (Six) Months		
PR NO.	1074589910		
ENQUIRY NO.	MPDUV10405GX		

1. INTRODUCTION

In accordance with Eskom Procurement Instruction Note 2 of 2021, approval is requested from the **Triple Adjudication** as the relevant DAA, to cancel the above enquiry for the Duvha Power Station HVAC Upgrade for 6 (Six) Months.

2. BACKGROUND


2.1 THE COMMERCIAL PROCESS

BUDGETED / ESTIMATED VALUE	R5 070 000.00
DATE ORIGINAL STRATEGY WAS APPROVED	26 August 2021
ENQUIRY ISSUE DATE	04 October 2022
PUBLISHED PLATFORMS	NT e-Tender, Eskom Tender Bulletin and CIDB
ORIGINAL TENDER CLOSING DATE	24 November 2022
ORIGINAL VALIDITY END DATE	03 June 2023

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2.2 TENDER CANCELLATION PROCESS

NUMBER OF RESPONSES RECEIVED	9
NUMBER OF RESPONSES EVALUATED FOR FUNCTIONALITY	8
FIRST TENDER CANCELLATION	
REASON FOR TENDER CANCELLATION (<i>Tick which is applicable</i>)	
a) Changed business circumstances where there is no longer a need for the goods, works or services as described in the enquiry document;	
b) Improper / unrealistic specifications and functionality criteria in the enquiry document;	
c) Funds no longer being available to cover the whole envisaged expenditure for the goods, works or services;	
d) No acceptable tenders received;	
e) Material irregularities (such as non-compliance with legislation or where the constitutional principles of fairness etc is breached);	
f) A market-related price not being agreed after negotiating with the top three tenderers (see process under Post tender Negotiations section)	
g) If the Commercial Strategy was to establish a panel of consultants / service providers or to award the contract to more than one supplier (not a panel) due to the different regions or scope of work, and there were no successful supplier/contractor/service provider for every region or scope of work, the process should be concluded with the successful supplier and the enquiry should be re-issued for the remaining regions/scope of work.	
h) Where invited suppliers to a closed enquiry choose not to respond, but the tender list is valid, and all procurement processes have been fairly and correctly followed.	
i) Informal Tendering - If only one quote is received, the Procurement Practitioner must re-issue to the completed list of potential tenderers again.	
j) Informal Tendering - Should it be found that the outcome of the evaluation shows that the lowest acceptable tender is more than R1m, the process must be cancelled	
Other:	X
State "Other" reasons in detail: Tender validity expired.	

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DATE FIRST TENDER CANCELLATION WAS APPROVED	Not yet approved, this is the request to cancel the enquiry for the first time
RELEVANT DAA THAT APPROVED FIRST / SECOND TENDER CANCELLATION	Triple Adjudication
IF SECOND TENDER CANCELLATION, STATE REASON FOR PREVIOUS CANCELLATION	Not Applicable
DATE REVISED STRATEGY WAS APPROVED	Not applicable
ENQUIRY ISSUE DATE	Not yet established
PUBLISHED PLATFORMS	NT e-Tender / Eskom Tender Bulletin
TENDER CLOSING DATE	Not yet established, the original tender closing date was 28 November 2022
VALIDITY END DATE	03 June 2023
DATE THE MANDATE TO NEGOTIATE (POST TENDER) WAS APPROVED	Not yet established
DATE THE MANDATE (PT) WAS APPROVED	Not applicable in this instance
DID NATIONAL TREASURY APPROVE REQUEST FOR SECOND CANCELLATION?	Not applicable, this is the first cancellation request

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3. INTERNAL CONTROL DEFICIENCIES

ROOT CAUSE			
Not having a contract in place due to Tender validity being expired.			
IMPACT			
<p>Due to the following safety reasons:</p> <ul style="list-style-type: none"> • C & I upgrade at the automation and server roomswill affect the capacity of the current HVAC system(i.e. system cooling capacity will be inadequate) • The assessment concluded that a separate and adedicated HVAC system be provided for the abovementioned rooms • A dedicated HVAC system is required to achievethe temperature control of 22 ± 2 0 C 			
RISKS			
Risk	Risk Description	Risk Mitigation	Likelihood
Quality control:	1.1. Deviation from pre- approved QCP. 1.2 Incorrect items to be delivered	1. ISO 9001 Quality Management System tobe adhered to. 2. The QCP and method statement documents will need to be submitted for approval prior to commencing with the works. 3. Progress quality checks to be done continuously as per the approved QCP	High Medium Medium
Health and Safety	Injury to personnel during deliveryto site	The supplier to adhere to the Eskom safety requirements as per the approved safety file.	Medium
Environmental	Possible environmental degradation	Ensuring that the contractor adhere to OHS Actand others such as NEMA, induction or awareness and risk assessment.	Medium

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Time	Possible shortage of the required items due to late delivery	Deliveries by supplier will be monitored and delay damages will be charged to the supplier.	High
Cost	Possibility of cost increases	Cost control to be done. Cost comparison for similar works executed elsewhere in Eskom to be done.	Medium

CORRECTIVE ACTIONS REQUIRED AVOIDING SIMILAR FUTURE INCIDENTS

Contracts meeting will be re-instated to track progress on a weekly basis.

RECOMMENDATION

Based on the above provide information, it is recommended that enquiry **MPDUV10405GX** be cancelled and an enquiry be re-issued to the market .

4. MANAGEMENT'S RESPONSE

MANAGEMENT COMMENT ON CANCELLATION

Cancellation would delay the process of placing new contract but for fair and common bases in tendering this is worth a while to be cancelled and re-issued. Furthermore technical evaluation took longer and due to workload it was difficult to keep track.

MANAGEMENT COMMENT ON INTERNAL CONTROL DEFICIENCIES

This is regarded as an honest mistake based on the process that was followed during documentation preparation which also included external auditors for support to review all tender documents

MANAGEMENT COMMENT ON ROOT CAUSE AND IMPACT

Contracts meeting will be re-instated to track progress on a weekly basis.

MANAGEMENT COMMENT ON RECOMMENDATION

It is therefore recommended that the enquiry be cancelled and re-issued to the market.


REMEDIAL ACTION

WHAT ACTIONS WILL BE TAKEN?	BY WHOM	BY WHEN
Contracts meeting will be re-instated to track progress on a weekly basis.	Mandla Mkhonza Neo Mashishi	On going

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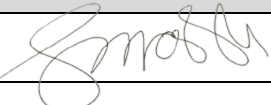
NAME OF MANAGER WHO RESPONDED	
NAME:	Mandla Mkhonza
POSITION:	Manager Procurement
GRADE:	
DATE:	26/6/2023

5. SIGNATURES


5.1 COMPILED BY:

NAME	DESIGNATION	SIGNATURE	DATE OF SIGNATURE	REASON FOR SIGNING
Dithole Kubyane	Engineer Prof Mechanical		20 June 2023	End-User / Appointed Contracts Manager
Nomaswazi Mgidi	Officer: Procurement		26/06/2023	Delegated Procurement Practitioner

5.2 SUPPORTED BY:

NAME	DESIGNATION	SIGNATURE	DATE OF SIGNATURE	REASON FOR SIGNING
Neo Mashishi	Senior Advisor Procurement		2023/06/26	Manager in Support


5.3 MANAGEMENT RESPONSE RECOMMENDED BY:

NAME	DESIGNATION	SIGNATURE	DATE OF SIGNATURE	REASON FOR SIGNING
Mandla Mkhonza	Procurement Manager		26/6/2023	Manager responsible for Management Response


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5.4. ACCEPTED BY:

NAME	DESIGNATION	SIGNATURE	DATE OF SIGNATURE	REASON FOR SIGNING
Bonny Mlambo	Middle Manager PSCM		30/06/2023	Middle Manager responsible for supporting Management Response

5.5. ACKNOWLEDGED BY:

NAME	DESIGNATION	SIGNATURE	DATE OF SIGNATURE	REASON FOR SIGNING
Lourence Chauke	Power Station General Manager		2023/07/04	In Acknowledgement thereof

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