	TENDER CANCELLATION REPORT DUAL / TRIPLE / R300M SITE BASED PTC	Document Identifier	240-169448751	Rev	1
		Effective Date	June 2022		
		Review Date	June 2025		

TO:	Dual Adjudication Authority Generation Division	Date:	15 June 2023
NAME OF COMPILER AND BUSINESS UNIT	Nkhensani Maluleke Hendrina Power Station	Tel:	013 296 3234
NAME OF END-USER BUSINESS UNIT	Zinhle Khoza Hendrina Power Station		
DESCRIPTION	Cleaning of Ash Water Return Dams on an "as and when required" basis at Hendrina Power Station for a period of 36 Months.		
PR NO.	1074908847		
ENQUIRY NO.	MPHEN10501GX		

1. INTRODUCTION


In accordance with Eskom Procurement Instruction Note 2 of 2021, approval is requested from the **Dual Adjudication Authority** as the relevant DAA, to cancel the above enquiry for the **cleaning of Ash Water Return Dams on an "as and when required" basis at Hendrina Power Station for a period of 36 Months.**

THE COMMERCIAL PROCESS BACKGROUND

BUDGETED / ESTIMATED VALUE	R25 000 000.00
DATE ORIGINAL STRATEGY WAS APPROVED	21 September 2022
ENQUIRY ISSUE DATE	26 September 2022
PUBLISHED PLATFORMS	NT e-Tender and Eskom Tender Bulletin
ORIGINAL TENDER CLOSING DATE	03 November 2022
CLOSING DATE AFTER EXTENSION	N/A
ORIGINAL VALIDITY END DATE	02 March 2023
NUMBER OF RESPONSES RECEIVED	14
NUMBER OF RESPONSES EVALUATED FOR FUNCTIONALITY	13

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1.1 TENDER CANCELLATION PROCESS

FIRST TENDER CANCELLATION	
REASON FOR TENDER CANCELLATION (Tick which is applicable)	
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: This is due to insufficient information being provided on the tender bulletin, etc. CIDB Level.	

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2. INTERNAL CONTROL DEFICIENCIES


ROOT CAUSE			
CIDB not included.			
<p>The CFT was under the impression that CIDB was not applicable. According to the Construction Industry Development Board (CIDB) Act of 2000, "construction works" means the provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a fixed asset including building and engineering infrastructure".</p> <p>Under Table B of CIDB Application Form "Construction Works primarily concerned with materials such as steel, concrete, earth and rock and their application in the development, extension, installation, maintenance, removal, renovation, alteration, or dismantling of building and engineering infrastructure. The resultant examples are operations such as dredging, earthworks and geotechnical processes."</p>			
IMPACT			
No long term contract in place, Eskom currently procures spares through once-off purchase orders.			
RISKS			
Risk	Risk Description	Risk Mitigation	Likelihood
Dam(s) not dredged prior to rainy season	The dams may not be ready for rainy season timeously	The procurement process will be optimised.	Medium
CORRECTIVE ACTIONS REQUIRED AVOIDING SIMILAR FUTURE INCIDENTS			
<p>Include CIDB Level relevant to the works.</p> <p>The cross-functional team will ensure that the SOW is carefully checked against CIDB's definition of construction work and if it's CIDB related ensure that CIDB requirements are included.</p>			
RECOMMENDATION			
The recommendation is to cancel the enquiry and re-issue, with CIDB being applicable. The procurement strategy be revised to include CIDB.			

3. MANAGEMENT'S RESPONSE

MANAGEMENT COMMENT ON CANCELLATION
The tender is cancelled in order to ensure compliance with all applicable regulations, procedures and policies. This will include amongst others CIDB requirements.
MANAGEMENT COMMENT ON INTERNAL CONTROL DEFICIENCIES

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The CIDB training needs to be extended to end-users and contract managers who are responsible for preparing and signing off SOW. This will ensure that the SOW is correctly worded and is reflective of the business requirements.

MANAGEMENT COMMENT ON ROOT CAUSE AND IMPACT

This tender cancellation seeks to amend the error of judgment in determining the applicability of CIDB requirements on this specific tender and request to re-issue in order to ensure compliance with all known regulations, procedures etc.

The impact is that the contract placement date will be delayed. The end-user has been advised to consider a once off order placement through informal tendering process to avert risks associated with delayed contract placement.

MANAGEMENT COMMENT ON RECOMMENDATION

The tender cancellation is supported and will ensure compliance with all applicable regulations, procedures and policies. This will include amongst others CIDB requirements.

REMEDIAL ACTION

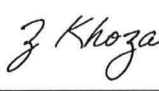

WHAT ACTIONS WILL BE TAKEN?	BY WHOM	BY WHEN
No consequence management is required	N/A	N/A
The tender will be re-issued to the market	CFT	TBA

NAME OF MANAGER WHO RESPONDED

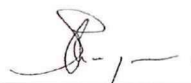
NAME:	Ntuthuko Zulu
POSITION:	Middle Manager – P&SCM
GRADE:	M17
DATE:	2023/07/05

4. SIGNATURES

4.1 COMPILED BY:


NAME	DESIGNATION	SIGNATURE	DATE OF SIGNATURE	REASON FOR SIGNING
Zinhle Khoza	Snr Technician Mechanical		2023/07/07	End-User / Appointed Contracts Manager
Nkhensani Maluleke	Officer Procurement		2023/07/07	Delegated Procurement Practitioner

4.2 SUPPORTED BY:

NAME	DESIGNATION	SIGNATURE	DATE OF SIGNATURE	REASON FOR SIGNING
Obed Shongwe	Line Manager of End User / Contract's Manager		2023/07/11	Manager in Support

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4.3 APPROVED BY:

NAME	DESIGNATION	SIGNATURE	DATE OF SIGNATURE	REASON FOR SIGNING
Ntuthuko Zulu	Middle Manager – P&SCM		2023/07/24	Accepted on behalf of transgressor

4.4 ACKNOWLEDGED BY:

NAME	DESIGNATION	SIGNATURE	DATE OF SIGNATURE	REASON FOR SIGNING
Tebogo Lekalakala	Hendrina Power Station - General Manager		28/07/2023	In Acknowledgement thereof

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