



# ISLAMIC REPUBLIC OF AFGHANISTAN

## Supreme Audit Office (SAO)

### TECHNICAL EVALUATION REPORT

**Title of Consulting Services:** Hiring Consultancy Firm to Conduct SAO's Financial Audit for 3 years

**Project Name:** Fiscal Performance Improvement Support Project (FSP)

**PP reference:** AF-SAO-FSP-1422192-2019

**Project ID:** P159655

**Grant Agreement No:** IDA-D2630

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March, 2020



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## Section I. Technical Evaluation Report—Text

### 1. Background

The Supreme Audit Office (SAO) is the Supreme Audit Institution which conducts audit of the accounting and financial activities of the Government entities and organizations of Afghanistan. The SAO has the mandate to conduct Qatia Statements Audit, Financial Audits, Compliance Audits, Performance Audits, IT Audit and special audits. Its mandate, functions and powers are enshrined in the Supreme Audit Office Law, 2012.

The SAO also undertakes Audit of the Financial Statements of the World Bank grants projects and provide audit opinion on the financial statements and compliance of the projects with terms and conditions of the respective / relevant financing agreements.

The SAO's financing is sourced from the Government funding as well as the support from the World Bank. All the financial resources made available to the SAO through the sources are routed through the National Budget of Afghanistan and are on-budget transactions. Financing from the Government is under both the operating budget and the development budget. Financing of the World Bank's FSP is invariably under the development budget.

The budgeting and approval of appropriations, incurring the expenditure and control thereon, and annual reporting of the transactions follow nationally applicable authorities, rules, regulations and guidelines and also relevant World Bank's requirements, as applicable. The transactions are annually reported as part of the Government Annual Report on Accounts (called Qatia Accounts). Processing of the transactions and payments made are managed as per the Treasury Single Account (TSA) operated by the GoIRA MoF and the SAO does not control any cash separately, except petty cash from time to time.

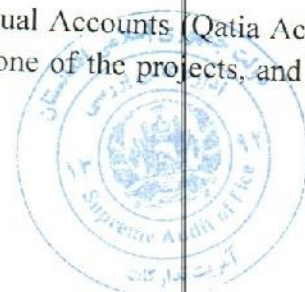
### 2. Objective of the Work

The objective of the audit of SAO's statements of expenditure is to enable the auditor to express an independent audit opinion on fair presentation of the transactions of the SAO – (i) SAO's component in the Government's annual accounts (Qatia Accounts), and (ii) SAO's component of the WB-FSP, and that the expenditures have been applied for the purpose intended for and comply with the applicable authorities, laws and regulations, including the WB's financing terms and conditions.

The books of accounts of the SAO, kept as per the requirements of the GoIRA financial management and regulatory framework (e.g., PFEM Law, Budget Guidelines, Cash Accounting Manual / Codes, and Chart of Account) and also as per the specific requirements under the WB-FSP, provide the basis for preparation of the SAO's Statement of Expenditure (SoE).

### 3. Scope of the Work

The SAO conducts audit of the Government's Annual Accounts (Qatia Accounts) as well as the World Bank's grants projects, WB-FSP being one of the projects, and provides its audit reports.



Given that the SAO does not cover under its audit the transactions pertaining to its own operations and activities both under the Qatia Accounts and the WB-FSP, as it is the auditor of both of them, the SAO intends to hire an independent external auditor for undertaking audit of the statement of expenditures on both counts and for providing audit report thereon.

**3. The Selection Process (Prior to Technical Evaluation)**

The request for EOI for this assignment was sent to the 9 firms list of which was received from the needy directorate.

The deadline for submission of EOIs was 23 January 2020. By the deadline, **six** EOIs were received. The numbers of EOIs were adequate to allow evaluation and shortlisting.

To evaluate the EOIs and develop a shortlist report in compliance with the requirements of the World Bank Guidelines for Employment and Selection of Consultants, an Evaluation Committee was assigned by the competent authority of SAO. The Evaluation Committee members for shortlisting are:

1. Mr. Mukhtar Agha Saecdi, Director Internal Audit & Quality Control
2. Mr. Hoveyda Abbas, Policy Advisor to the Auditor General
3. Mr. Nasim Sahar, Legal Advisor of SAO
4. Mr. Fazel Hadi Fazel, Deputy Auditor General (Professional)

The Evaluation Committee reviewed all the **six** EOIs listed below -

- 1- Crowe Horwath
- 2- Afghan Holding Group
- 3- AHLN (RSM)
- 4- Grant Thornton
- 5- Rifaqat Babar
- 6- Lynx Eyed

The Evaluation Committee shortlisted **three** EOIs based on the short listing criteria set out in the REOI a follows.

- 1- Crowe Horwath – 1<sup>st</sup>
- 2- Afghan Holding Group – 2<sup>nd</sup>
- 3- Grant Thornton – ranked 3<sup>rd</sup>

The Supreme Audit Office approved the RFP on 4 March 2020 and issued REP to the company Ranked No.1/short listed consultant on 4 March 2020 with a submission deadline of 15 March, 2020 for Technical and Financial proposals.

1. Crowe Horwath



4. Technical Evaluation

The deadline for submission of proposal was 15 March 2020 and the firm submitted its Technical and Financial Proposals on the given deadline as of 15 March, 2020. The consultant submitted proposals (Technical & Financial) in separate sealed envelopes, as required:

1. Crowe Horwath.

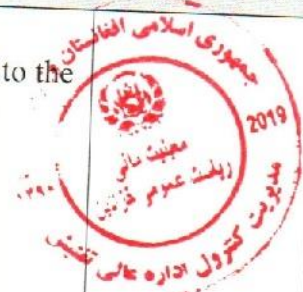

The following members of the Evaluation Committee have been appointed by the competent authority for evaluation of the technical proposal, :

1. Fazel Hadi Fazel, Deputy Auditor General (Professional)
2. Bashir Ahmad Rashidi, Senior Auditor Grants Audit
3. Mohammad Idrees Masoud, National Technical Advisor, SAO

After completing individual evaluation, the EC met and jointly conducted evaluation of the proposal. The result of the evaluation of Technical Proposal is presented as follows:

S/N	Consultant Name	Technical Scoring
1	Crowe Horwath	84%

The strengths and weaknesses of the evaluated proposal are noted by the EC as follows:

Crow Horwath				
	Evaluation Criteria	Strength	Weakness	Comments/Recommendations
1	<b>Adequacy and quality of the proposed methodology, and work plan in responding to the Terms of Reference:</b>			
A	Technical Approach and methodology	The firm uses the International standard of Auditing (ISA), which is also adopted by the INTOSAI and has mentioned the methodology accordingly.	No weakness relevant to the assignment has been identified.	
B	Work Plan	The firms has mentioned work plan in details for the following - (a) Risk based plan (b) Pre-engagement	No weakness relevant to the assignment has been identified.	

		(c) Planning (d) Execution (e) Reports as per deliverables (f) Quality Control		
C	Organi- zation	(a) Crowe Haworth consist of 34 permanent staff and 30 adjunct staff. (b) They have affiliation with the International firm. (c) Crowe Haworth has demonstrated sufficient experience and have experience in the relevant field.	No weakness relevant to the assignment has been identified.  However, the Audit partner proposed as team leader has worked with Supreme Audit office (SAO) earlier and if the firm could not replace him, it could lead to conflict of Interest. As such the firm shall be asked at the negotiation time to replace the team leader with equal or more qualification and experience.	
<b>2 Key Experts' qualifications and competence for the Assignment:</b>				
A	Positio- n K- 1: Natio- nal [Team Leader ]	(a) Qualification: FCA, CPA, CISA, ACS, CIA (b) Experience: 25 years	Mr. S.S.N Badya, have worked with Supreme Audit office that could lead to a conflict of Interest, as also mentioned above. As such the firm shall be asked at the negotiation time to replace the team leader with equal or more qualification and experience.	Fully/Substanti- ally meet the qualification requirement disclosed in the TOR  <b>Recommendations:</b> The conflict of interest matter needs to be discussed during the contract negotiation to replace this key staff with the one similar



Section II. Technical Evaluation Report—Forms

				or higher competency and experience.
B	Position K-2: National [Audit Manager]	(c) Qualification: ACCA, ACPA, BA. Eco (d) Experience: 10 years	We did not identify any weakness relevant to this assignment.	

4.0 Recommendation

As also stated in Section I (Technical Evaluation Text) in details, the consultant secured the minimum qualifying marks. Therefore, the evaluation committee recommend opening the financial proposal of the consultant which have secured the minimum qualifying mark:

1. Crowe Horwath



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EVALUATION COMMITTEE:

Date: 06/04/2020

Name	Title	Signature
Fazel Hadi Fazel	Deputy Auditor General Professional	
Bashir Ahmad Rashidi	Senior Auditor Grants Audit	
Mohammad Idrees Masoud	National Technical Advisor, SAO	

Approved by

Mohammad Naiem Haqmal  
Auditor General

02  
99/1/24



## Section II. Technical Evaluation Report—Forms

- Form IIA. Technical Evaluation—Basic Data  
Form IIB. Evaluation Summary—Technical Scores/Ranking  
Form IIC. Individual Evaluations—Comparison (Average Scores)



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## Form IIA. Technical Evaluation - Basic Data

- 2.1 Name of country  
Name of Project  
Afghanistan  
Fiscal Improvements Support (FSP) Project.
- 2.2 Client:  
(a) name  
(b) address, phone, facsimile  
Supreme Audit Office.  
Six District Darul Aman Road,  
Beside Darul Aman Palace next to Human  
Rights Commission
- 2.3 Type of assignment (pre-investment,  
preparation, or implementation), and brief  
description of sources  
Consulting services  
Consulting firms
- 2.4 Method of selection:  
Consultants Qualification Based Selection  
(CQS)
- 2.5 Request for Proposal:  
(a) submission to the Bank for no-  
objection  
(b) Bank's no-objection  
(c) issuance to Consultants  
Date: N/A  
Date: N/A  
Date: 4 March, 2020
- 2.6 Amendments and clarifications to the  
RFP (describe)  
No
- 2.7 Contract:  
(a) Standard Time-Based  
(b) Standard Lump Sum  
(c) other (describe)  
No  
Yes
- 2.8 Pre-proposal conference:  
(a) minutes issued  
No
- 2.9 Proposal submission:  
(a) two envelopes (technical and  
financial proposal)  
(b) one envelope (technical)  
(c) original submission  
(d) extensions(s)  
Yes  
Yes  
Date. 15 March, 2020 time 10:00 AM
- 2.10 Submission of Financial Proposal  
15 March, 2020
- 2.11 Opening of Technical Proposal by  
proposal opening committee  
15 March 2019



- 2.12 Number of proposal submitted One (Technical and Financial proposals)
- 2.13 Evaluation committee:  
Members' names and titles (normally three to five)
1. Fazel Hadi Fazel: Deputy Auditor General Professional
  2. Bashir Ahmad Rashidi: Auditor Grants Audit
  3. Mohammad Idrees Masoud: National Technical Advisor, SAO
- 2.14 Proposal validity period (days):  
(a) original expiration date 120 days after the deadline for submission  
(b) extension(s), if any 15 July, 2020  
No

Criteria, sub-criteria, and point system for the evaluation of the Simplified Technical Proposals are:

- (i) **Adequacy and quality of the proposed methodology, work plan and organization in responding to the Terms of Reference:**

	<u>Points</u>
Total points for criterion (i):	
a) Technical Approach and methodology	[20]
b) Work Plan	[10]
c) Organization	[10]

- (ii) **Key Experts' qualifications and competence for the Assignment:**

*{Notes to Consultant: each position number corresponds to the same for Key Experts in Form TECH-6 to be prepared by the Consultant}*

a) Position K-1: National [Team Leader]	[35]
b) Position K-2: National [Audit Manager]	[25]
Total points for criterion (ii):	[60]

The number of points to be assigned to each of the above positions shall be determined considering the following two sub-criteria and relevant percentage weights:

- 1) Qualifications & Experience (Education/ professional qualification, training, and experience): **40%**
- 2) Adequacy for the Assignment (relevant education / professional qualification, training, and experience in the sector/similar assignments ): **60%**

**Total points for the two criteria: 100**

**The minimum technical score (St) required to pass is: 70**



Section III. Annexes

2.15 Technical scores by Consultant

The minimum technical score :70

Consultants' names	Technical scores
Crowe Horwath	84.00

**Form IIB. Evaluation Summary**

**Technical Scores/Ranking**

Criteria	Allocated Scores	Obtained Score by Crowe Horwath
Work Plan, Methodology & Approach	40	31.00
Proposed staff	60	53.00
<b>Total score</b>	<b>100</b>	<b>84.00</b>

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### Form IIC. Individual Evaluations—Comparison

Consultants' Names	
Methodology, work plan, organization and staffing	A: 31.0 B: 30.5 C: 31.5 Average: 31.00
Key staff	A: 51.5 B: 52.0 C: 55.5 Average: 53.0
<b>Total</b>	<b>53.0</b>

Note: A, B and C = scores given by evaluators, see Annex I(i).

### Section III. Annexes

Annex I. Individual Evaluations

Annex I (i). Individual Evaluations (per consultant)

Annex I (ii). Individual Evaluations (per consultant)—Key Personnel

Annex I (iv). Combined Evaluation (Per Consultant)

Annex II. Request for Proposals

Annex III. Miscellaneous Annexes—Ad Hoc

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### Annex I (i). Individual Evaluations

Consultant's name: Crowe Horwath

Criteria	Points	
	[40]	31
<b>a Adequacy of the proposed methodology and work plan in responding to the Terms of Reference</b>		
1- Technical Approach & Methodology	20	16.5
2- Work Plan	10	8
3- Organization & Staffing	10	6.5
<b>b Key long – term international professional staff qualifications and competence for the assignment</b>	<b>[60]</b>	<b>51.5</b>
Position K-1 Team Leader	35	29.5
Position K-2 Audit Manager	25	22
<b>TOTAL</b>	<b>[100]</b>	<b>82.5</b>

Evaluator's Name:

Fazel Hadi Fazel: Deputy Auditor General professional

Signature: \_\_\_\_\_

Date: 12/ Apr / 20




**Annex I (i). Individual Evaluations (per consultant)—Key Personnel**

Consultant's Name: Afghanistan Holding Group

Position	Qualifications & Experience (Education/ professional qualification, training, and experience): 40%	Adequacy for the Assignment (relevant education / professional qualification, training, and experience in the sector/similar assignments ): 60%	TOTAL 100%
Position K-1 National Team Leader	10	19.5	84.28
Position K-2 National Audit Manager	9.5	12.5	88

Evaluator's Name:

Fazel Hadi Fazel: Deputy Auditor General professional

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

12 / Apr / 20

*Fazel Hadi Fazel*

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### Annex I (ii). Individual Evaluations

Consultant's name: Crow Horwath

Criteria	Points	
<b>a Adequacy of the proposed methodology and work plan in responding to the Terms of Reference</b>	[40]	30.5
1- Technical Approach & Methodology	20	16.5
2- Work Plan	10	7.5
3- Organization & Staffing	10	6.5
<b>b Key long – term international professional staff qualifications and competence for the assignment</b>	[60]	52
Position K-1 Team Leader	35	30
Position K-2 Audit Manager	25	22
<b>TOTAL</b>	[100]	82.5

Evaluator's Name:

Bashir Ahmad Rashidi Senior Auditor Grants Audit

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

12.04.2020

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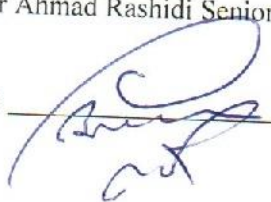
### Annex I (ii). Individual Evaluations (per consultant)—Key Personnel

Consultant's Name: Afghanistan Holding Group

Position	General Qualification (general education, training, and experience) 40%	Adequacy for the assignment (relevant education, training, experience in the sector/similar assignments) 60%	TOTAL 100%
Position K-1 National Team Leader	9.5	20.5	85.7
Position K-2 National Audit Manager	9.5	12.5	88

Evaluator's Name:

Bashir Ahmad Rashidi Senior Auditor Grants Auditor

Signature: 

Date: 12.04.2020









### Annex I (iii). Individual Evaluations

Consultant's name: Crow Horwath

Criteria	Points	
<b>a Adequacy of the proposed methodology and work plan in responding to the Terms of Reference</b>	[40]	31.5
1- Technical Approach & Methodology	20	15
2- Work Plan	10	8.5
3- Organization & Staffing	10	8
<b>b Key long – term international professional staff qualifications and competence for the assignment</b>	[60]	55.5
Position K-1 National Team Leader	35	30.5
Position K-2 National Audit Manager	25	25
<b>TOTAL</b>	[100]	87

Evaluator's Name:

Mohammad Idrees Masoud National Technical Advisor, SAO

Signature: \_\_\_\_\_

Date: 19-4-2020



**Annex I (iii). Individual Evaluations (per consultant) — Key Personnel**

Consultant's Name: Afghanistan Holding Group

Position	General Qualification (general education, training, and experience) 40%	Adequacy for the assignment (relevant education, training, experience in the sector/similar assignments) 60%	TOTAL 100%
Position K-1 National Team Leader	10.5	20	87.14
Position K-2 National Audit Manager	11	14	100

Evaluator's Name:

Mohammad Idrees Masoud National Technical Advisor, SAO

Signature: \_\_\_\_\_



Date: \_\_\_\_\_

12-04-2020

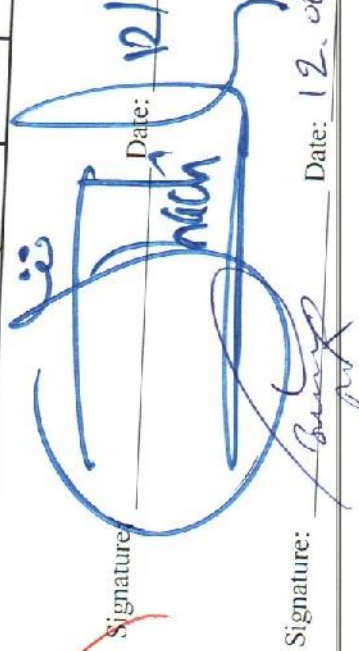


**Annex I (iii). Combined Evaluation**

Criteria	Points	Evaluators			Average Scores
		1	2	3	
<b>a Adequacy of the proposed methodology and work plan in responding to the Terms of Reference</b>	[40]				31
1- Technical Approach & Methodology	20	16.5	16.5	15	16
2- Work Plan	10	8	7.5	8.5	8
3- Organization & Staffing	10	6.5	6.5	8	7
<b>b Key long - term international professional staff qualifications and competence for the assignment</b>	[60]	31	30.5	31.5	53
Position K-1 National Team Leader	35	29.5	30	30.5	30
Position K-2 National Audit Manager	25	22	22	25	23
<b>TOTAL</b>	[100]	51.5	52	55.5	84

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1. Evaluator's Name: Fazel Hadi Fazel Deputy Auditor General Professional

Signature:  Date: 12 Apr 2020

2. Evaluator's Name: Bashir Ahmad Rasheed Senior Auditor Grants



Signature:  Date: 12.04.2020

3. Evaluator's Name: Mohammad Idrees Masoudi National Technical Advisor

Signature:  Date: April 10, 2020