



ISLAMIC REPUBLIC OF AFGHANISTAN
Supreme Audit Office of Afghanistan
Minutes of technical and financial Negotiation
Between Supreme audit office and Crowe Horwath Afghanistan

Consultancy services: Hiring of Consultancy firm to conduct SAO' financial audit for 3 years

Contract Ref: AF-SAO-FSP-142192-CS-CQS-2019

Project ID: P159655

Grant No: IDA D 2640

Venue: Second Floor, SAO HQ

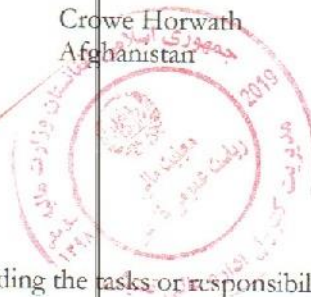
Date and Time: April 22-23, 2020 10:00 AM (Kabul Time)

Participants:

Name	Designation	Organization
1. Mr. Fazel Hadi Fazel	Deputy Auditor General professional	Supreme Audit office
2. Mr. Bashir Ahmad Rashidi	Senior Auditor Grants Audit	Supreme Audit office
3. Mr. Mohammad Idrees Masoud,	National Technical Advisor,	Supreme Audit office
4. Mr. Mirza Omerzai	President	Crowe Horwath Afghanistan

Negotiations shall not be conducted to:

- (I) substantially change the technical quality or details of the proposal, including the tasks or responsibilities of the Consultants;
- (ii) Materially alter the terms and conditions of contract;
- (iii) Or substantially alter anything, which was a deciding factor in selection of the consultants;



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The issues and the agreement reached are as below:

Technical Proposal		
Clause Ref	Issues Raised by the Evaluators	Consultant 's Response
28. Negotiation a. Availability of Key Experts	Consultant is required to confirm the availability of its key personnel.	We confirm the availability of our key experts.
From Tech 6. Team Composition, Assignment, and Key Experts' inputs	<p>Consultant is required to introduce the replacement for the team leader with equivalent or higher qualification due to the conflict of interest of Mr. S.S Badya, the proposed team leader, as he worked for the SAO till 2018.</p> <p>K-1: Team leader: Charter Accountant or Certified Public Accountant having at least 8 years of Experience in statutory audit with at least 4 years of experience of having led statutory audit team or similar assignments. The team leader is responsible for ensuring the quality of audit, preparation and timely submission of the deliverables and coordination with the SAO. The team leader along with audit manager is responsible for overall audit.</p>	<p>We propose the bellow mentioned key experts for replacement of MR.S.S.N Badya Team Leader because of his conflict of interest and Mr. Hakim Shukoor Audit manager. He is in USA now and because of covid-19 pandemic there is no flight to Kabul. And the clients want to start the audit immediately after awarding the contract we also propose a replacement for the position of Audit manager Mr. Barakatullah Uzbek,</p> <p>1- Mr. LLAQAT HAYAT Team Leader ACCA, CPA, CAT, FSC, SSC. Bachelor in Arts (Economics) Countries of work experience: Afghanistan-9 years, Pakistan-3 years Total-12 years Other Details are attached with his CV</p> <p>2- Barakatullah Uzbek ACCA Affiliate, Adv. Diploma in Accounting and business, Cat- Qualified Countries of Work Experience : Afghanistan -05 years Total experience -05 years Other qualification and details are attached in CV,</p>

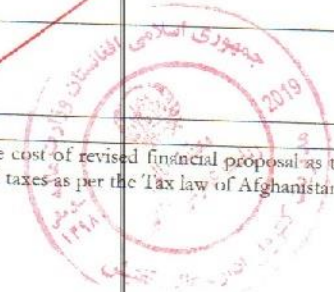
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Tech-4	Approach and Methodology		
Tech-5	Work Schedule and Planning for Deliverables		
Tech-5	Work Schedule and Planning for Deliverables		
Tech-6	Team Composition, Assignment and Key Experts Inputs		
GC Clause	41.2		
Financial Proposal			
FORM-FIN 2	The consultant has quoted the price exclusive of taxes, which needs to be included in the proposal. This needs to be discussed and negotiated, as it has additional cost implication. 2 percent of withholding tax will be deducted from the total amount of contract.	We accept the cost of revised financial proposal as total cost included of all taxes as per the Tax law of Afghanistan.	
FIN 3	Crowe Horwath Afghanistan seems to be charging high rates for the remuneration section of the financial proposal. We Request the consultant to give some discount on the remunerations.	We accept the request of the Negotiation Team members and offer some discount, also revised our financial proposal as below.	

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No	Position	Y1	Y2	Y3	Total
1	Team Leader	429,450	429,450	429,450	1,288,350
2	Audit Manager	357,000	357,000	357,000	1,071,000

The three years remuneration fee is equal to **2,359,350 AFN**

No	Position	Y1	Y2	Y3	Total
1	Team Leader	387,450	387,450	387,450	1,162,350
2	Audit Manager	315,000	315,000	315,000	945,000

The three years remuneration fee is equal to **2,107,350 AFN**

FIN 3

As per RFP-Data sheet section (21.1 for STP, the Client requested to provide 2 national experts (Team Leader & Audit Manager). The firm has quoted for one international expert (the team leader).
 This was to minimize costs towards international travel, accommodation and other incidental costs associated with international experts or any such experts requiring these compensations.
 The client (SAO) is not agreeing with International Travel and Accommodation Expenses for National Key experts one year cost (137,000) AFN and total cost for 3 years 411,000 AFN




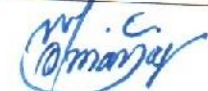
We proposed international team leader for this project to provide best quality services to the client.
 In addition, we agreed to Deduct the international travel and accommodation for the both key experts are deducted on revised Form FIN -4 reimbursable expenses.
 And total Reimbursable expenses for three years are equal to **303,000 AFN**

Conclusion: The consultant has successfully provided all the information (technical and financial) as required by the Client's negotiating team. The Client has accepted the clarifications and information provided by the consultant including changes in the Expert and the Financial Proposal. As a result, Supreme Audit office negotiating team recommends to award the contract in favor of Crowe Horwath Afghanistan, for a total price included all applicable taxes of **AFN 2,410,350** Two million four hundred ten thousand three hundred fifty Afghani only
Grand Total: AFN 2,410,350 Two million four hundred ten thousand three hundred fifty Afghani only

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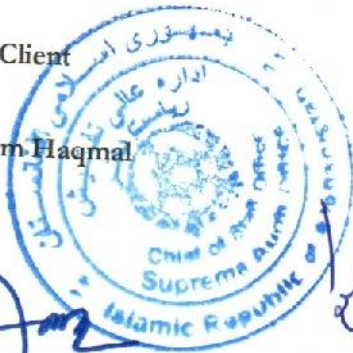
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4	Mr. Mirza Omerzai	President	Crowe Horwath Afghanistan	

Signatures:

On behalf of the Client
Consultant

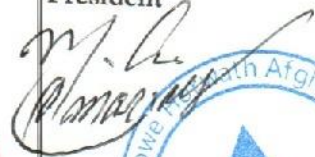
Mohammad Naiem Haqmal
Auditor General

On behalf of the

Mirza Omarzay

President




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