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EXCLUSIVE MWT CREDIT

Observation No: 17
Audit area: Procurement
Issue title: Non-compliance with provisions of Afghanistan Procurement Law

Condition

During the course of review of procurement contracts at Central Ministry, we noted instances where evidences of required approvals by Special Procurement Commission were not available with the contracts. Instances are as follows:

Contractor's Name	Contract Amount Afs	Contract Type	Approved by
Yousuf Sulaiman Ltd	130,002,650	Contract for supply of food (bread products)	Minister
New Parshar Ltd	442,326,800	Contract for supply of meat	Minister
Mudasir Malik Zada	32,937,920	Contract for supply of vegetables	Minister

Criteria

Article 92 of Afghanistan Procurement Law requires that "Where the monetary value of supply and procurement of Goods, Works and Services exceeds the thresholds limits set by Article 91 of this Law, the contracts shall be approved by the Special Procurement Commission. Threshold limits as per Article 91 are as follows;

Procurement Method	Approval authority of Minister (Amounts in Afs)		
	Goods	Works	Services
National open tendering	20,000,000	100,000,000	20,000,000
International open tendering	40,000,000	200,000,000	40,000,000
National restricted tendering	8,000,000	16,000,000	8,000,000
National single source	5,000,000	25,000,000	5,000,000
International single source	10,000,000	50,000,000	10,000,000
Quotations	500,000	500,000	500,000

Cause

Lack of/or inadequate guidance/supervision at project level

Impact or risk

Approval of contracts above the prescribed threshold limit affects the transparency process of procurement activities which may result in financial losses. Furthermore, it also exposes the Project to Legal and State actions due to non-compliance with the provisions of the Afghanistan Procurement Law.

Recommendation

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We recommend that the provisions of the Afghanistan Procurement Law should be complied and all the contracts exceeding the authorized threshold limit should be properly approved by the Special procurement Commission.

Priority

High

Management comments

All contracts above than Ministry authorization are processed through SPC; please refer to attached letters issued by SPC.

Responsible Manager

Expected Completion Date