



Africa Top-Level Domains Organization (AFTLD)

STANDARD OPERATING PROCEDURES (SOP)

ON

PROCUREMENT AND FINANCE

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PART A - PROCUREMENT

A I PURPOSE AND SCOPE

The objective of these Procurement guidelines is to ensure that AFTLD receives the best value and its funds are optimized for any purchases on a transparent and fair basis. These guidelines serve to explain the components of the procurement cycle.

These guidelines do not cover any commitment which is non-procurement related, such as financial contributions (whether recurrent or one-off) to any organization, movement or initiative, or grant of fellowship to participate in any meeting. AFTLD Board's approval is required for all these financial commitments.

A II GUIDELINES & PROCEDURES

Establishing the Requirement Specifications

1. Appropriate specifications, performance terms and acceptance criteria must be properly developed and communicated. This involves estimating as accurately as possible the value of the procurement i.e. the Estimated Procurement Value (EPV). The following factors should be considered when setting the requirement specifications:
 - Determining the EPV of goods/services as specified in the scope of purchase (multiplying the unit price with quantity) based on, for examples:
 - the price of previous purchases, current price lists, similar items in related industries, opinion of specialists, personal knowledge and information from any appropriate sources, including all forms of remuneration but exclusive of any goods and services tax.
 - Including any specified option clauses such as contract options, possible extensions of contract and contingency orders.
 - Ensuring no splitting of quantity for the purchase of similar scope.
 - Ensuring that the purchase of good and services meets the requirements.
 - Avoiding unanticipated costs above the budgeted amount.
 - Communicating clearly to all interested parties the complete requirements and expectations.
 - Meeting applicable national and international standards that are mandatory (e.g. conformity to WTO requirements, industry regulations, and national agreements).
 - Including optional requirements, e.g. maintenance, appointment of third party vendors.

Determining Procurement Type

2. The EPV will determine the appropriate type of procurement to be used.

EPV	Procurement Type
Up to US\$1,000	Small Value Purchase
Up to US\$10,000	Closed Quotation
Above US\$10,000	Open Quotation

Procurement Process

3. Approval for procurement has to be sought before staff can procure the goods or services. Payment will only be processed upon receipt of invoice.

Small Value Purchase (Up to US\$1,000)

4. Where the price is known, it is not necessary to obtain more than one quotation if:
 - a. The prices are judged to be reasonable based on previous purchases; or
 - b. The prices are posted by suppliers, the media or any other reliable sources such as a flyer or the Internet.
5. Where the price is unknown, it is a best practice to obtain more than one quote to ascertain the best value-for-money purchase. The method used can be verbal, through email or Internet catalogues.
6. Obtain written approval from Closed Quotation Approval Authority (CQAA) [See A III below], listing down the needs, budget, justification (reason for purchase) and the recommendation (based on best value).
7. Payment for small value purchases can only be made when the invoice is submitted upon delivery of goods or rendering of services.

Closed Quotation (Purchase Above US\$1,000 and Less than US\$10,000)

8. A Purchase Request (PR) or Purchase Memo (PM, with more information than a PR) is required for purchases above US\$1,000 but less than US\$10,000 unless it satisfies the conditions for Exemption in paragraph 22.
9. A closed quotation of at least three (3) quotations should be invited. The invitation should consist of the scope, validity period, requirement specifications, evaluation criteria and any other information relevant to the quotation.
10. Where obtaining three quotes is impractical, approval must be sought from the Chair for inviting a limited quotation (i.e. closed quotation from one or more

selected suppliers only) if it meets the criteria for Waiver of Competition in paragraph 24. The desired supplier must not be aware that there is no competition unless it is a Direct Contract. As such, the supplier shall be issued in the normal way with an ITQ for the intended procurement in general terms, without mentioning any proprietary name.

11. Financial Approving Authority (FAA)'s approval [See B II below] is required for the PR/PM and ITQ (Invitation to Quote) documents. CQAA's approval is required for the award of contract.
12. When evaluating bids and recommending award, the selection criteria must include key considerations and the completeness of submission. The common criteria are price, compliance with requirement specifications and terms and conditions, financial soundness, track records, experience, etc. to achieve the best value for money. For some projects, the design concept proposed becomes a priority. If any evaluation criteria have been defined in the invitation, they should be used for consistency. The criteria chosen should always be objective, aiming at meeting the procurement requirements and ensuring value-for-money goods and services. Counter-proposed terms and conditions from vendors need CQAA's approval. If the vendor proposes to amend their quotations after the closing date, the provisions in Quotation Amendments below should apply.

Open Quotation (Purchase Above US\$10,000)

13. A PR/PM is required for purchases above \$10,000 unless it satisfies the conditions for Exemption in paragraph 22.
14. An Open Quotation is issued and consists of the scope, validity period, requirement specifications, evaluation criteria, and any other information relevant to the invitation.
15. Where quotes for the Open Quotations cannot be obtained or it is impractical to do so, approval from the Board must be sought from the Board for inviting a limited quotation (i.e. closed quotation from one or more selected tendering parties only) if it meets the criteria for Waiver of Competition in paragraph 24. The desired supplier must not be aware that there is no competition unless it is a Direct Contract. As such, the supplier shall be issued in the normal way with an ITQ for the intended procurement in general terms, without mentioning any proprietary name.
16. FAA's approval is required for the PR/PM and ITQ documents. Open Quotation Approving Authority (OQAA)'s approval is required for the award.
17. When evaluating bids and recommending award, the selection criteria must include key considerations and the completeness of submission. The common criteria are price, compliance with requirement specifications and terms and conditions, financial soundness, track records, experience, etc. to achieve the best value for

money. For some projects, the design concept proposed becomes a priority. If any evaluation criteria have been defined in the open invitation, they should be used for consistency. The criteria chosen should always be objective, aiming at meeting the procurement requirements and ensuring value-for-money goods and services. Counter-proposed terms and conditions from vendors need CQAA's approval. If the vendor proposes to amend their quotation after the closing date, the provisions in Quotation Amendments below should apply.

Direct Contract

18. Direct Contracting is the procurement process where there is only ONE SUPPLIER for the goods and services you need, i.e. there are no known alternatives or substitutes.
19. The EPV will determine the approving authorities.

Quotation Amendments

20. A Quotation Amendment could be considered if it does not give rise to discriminatory or unfair practices. Accepting prices not quoted in the original bid or change in pricing may be perceived as being discriminatory and unfair so extra care must be taken to ensure it is a genuine error. The following are some examples of Quotation Amendments:
 - missing financial report;
 - missing statement of compliance;
 - computational errors in price schedule submitted; and
 - changes to payment terms/schedules or project timeline upon clarification.
21. The Quotation Amendment must be approved by the General Manager.

Exemptions from Calling Quotations

22. Exemptions from calling quotations/tenders are allowed for:
 - a. Public Utilities;
 - b. Postal services;
 - c. Courier company;
 - d. Public transport
 - e. Air services/ hotel accommodation;
 - f. Legal fees for service rendered by AFTLD appointed legal firm;
 - g. Training expense;
 - h. Telecommunication (fixed lines) expense;
 - i. Rental of office space, if applicable;
 - j. Purchases made overseas during overseas trips;
 - k. Corporate secretarial fees for service rendered by AFTLD appointed entity;

- l. Renewal of datacenter services and leased line service with existing vendors;
and
 - m. Membership fees, contributions, subscriptions specific to organizations.
23. Except for items 22 (a) to (h), obtain written approval from CQAA or OQAA listing down the needs, budget, and justification (reason for purchase).

Waiver of Competition

24. Limited quotation can be invited if circumstances warrant a waiver of competition. The criteria for waiver of competition are:
- a. Additional deliveries by the original supplier which are intended either as parts replacement for existing supplies, or installations, or as the extension of existing supplies, services, or installations where a change of supplier would compel AFTLD to procure equipment or services not meeting requirements of interchangeability with already existing equipment or services (e.g. maintenance contract for corporate website);
 - b. Extreme urgency brought about by unforeseen and urgent events; or
 - c. Works of art or for reasons connected with protection of exclusive rights, such as patents or copyrights, or in the absence of competition for technical reasons, the products or services can be supplied only by a particular supplier and no reasonable substitute exists (e.g. Oracle database service).
 - d. GM's travel and accommodation costs.
25. GM's business travel and accommodation costs generally are subject to effect of clauses 4-6 herein, except for:
- a. Where the cost of travels and/or accommodation is in excess of USD 1,000 but less than USD 10,000, then they are subject to effect of clauses to 8-12, and 22.
 - b. For the sake of transparency GM should comply with Clause 6 herein and also notify the Board of the upcoming travel and submit an estimated budget thereof as an individual item of the Board meeting but no less than in 14 working days prior to the intended travel date.
 - c. Where GM has to undertake an emergency travel, then they act per sub-clause 24b.
 - d. Where due to emergency GM and/or travel member incurred the costs by themselves, they should claim refund by submitting a Request for Refund to the Treasurer.
Such a Request for Refund should comprise as a minimum the following supporting documents:
 - Good-quality PDF-format copies of bills, receipts, tickets and other supporting documents;

- An Excel-format spreadsheet containing basic information of the nature of the cost incurred, its value, and amount due for refund in US dollars.
 - Where the cost was incurred in a currency other than the US Dollars, then GM shall specify its amount and the name of the currency, and use the exchange rate as of the date when such a cost was incurred and www.oanda.com as a reference.
- e. . Upon completion of the business trip, GM should also submit to the Treasurer a signed invoice in the PDF format wherein GM shall clearly state the purpose of the business trip, its dates, and the amount claimed (in figures and in writing)

A III PROCUREMENT APPROVING AUTHORITIES

In-principle Approval to Proceed with a Purchase

Financial Approving Authority (FAA) for Operating and Capital Expenditure

Before any commitment is made for the purchase of any goods and services, whether they are for operating expenditure (OPEX) or capital expenditure (CAPEX), in-principle approval from relevant authorities must be sought. These authorities, known as Financial Approving Authorities (FAA) and are prescribed in paragraph 5 of PART B (FINANCE) below according to the expenditure limits of the purchases.

Approval to Award

1. Closed Quotation Approving Authority (CQAA)

Procurement Limit	Supporting Authorities	Approving Authorities
Up to US\$1,000 (Small Value Purchase)	GM	Treasurer
Up to US\$10,000 (Closed Quotation)	GM and Treasurer	Chairman

2. Open Quotation Approving Authority (OQAA)

Procurement Limit	Supporting Authorities	Approving Authorities
Above \$10,000	GM, Treasurer & Chairman	Board

3. The Supporting and Approving Authorities in the above CQAA and OQAA must declare whether there is any conflict of interest in relation to the procurement requirements, and if there is, seek advice from AFTLD Board.

4. No downward delegation of authority is allowed unless approval has been sought from AFTLD Board.

PART B - FINANCE

B I PURPOSE

The purpose of these Finance guidelines is to ensure that rules and procedures and internal financial control are established and consistently adhered to by AFTLD.

B II OPERATING & CAPITAL EXPENDITURE

Financial Approving Authority (FAA)

1. The Financial Approving Authority (FAA) refers to the approving authority for expenditure (operating and capital).
2. Approval of expenditure must first be obtained in the annual budget or in a separate approval before the expenditure can be committed.
3. For capital expenditure, written justifications are required before any commitment can be made for the expenditure.
4. Factors to be considered before commitment of capital expenditure include:
 - a. Decision to either lease or purchase the fixed assets, e.g. equipment, machine, computers, etc.
 - b. Other costs incurred after purchase of the fixed assets, e.g. other subsequent costs of buying a photocopier includes the cost of paper, toner, cartridges, maintenance, etc.
 - c. Generally, fixed assets should be purchased if the net present value of the total lease payment is higher than the purchase price.
 - d. Subsequent purchases required should also be taken into consideration in order to determine the total cost of the capital expenditure.
5. Commitment of expenditure shall be approved in accordance with the approval limit and authorities for commitment and payment (purchase requisition, memo payment form, delivery acceptance report and signing of contracts) as set out below.
- 6.

Expenditure Limit	To Be Supported By	Financial Approving Authorities	Conditions for Approval
(a) <u>Recurrent and Explicitly Approved by Board</u>			
(i) Up to US \$5,000	GM	GM to notify Treasurer for information	See Note 1 below
(ii) Up to US\$10,000	GM and Treasurer	Treasurer. Treasurer to notify Chair for information	
(iii) Up to US\$20,000	GM, Treasurer and Chair	Chair. Chair to notify Board for information	
(iv) Up to US\$50,000	Board	Board	
(v) Above US\$50,000		Annual General Meeting	
(b) <u>Unbudgeted (One-off) and Explicitly Approved by Board</u>			
(i) Up to US\$1,000	GM	GM. GM to notify Treasurer for information	See Note 2 below
(ii) Up to US\$5,000	GM and Treasurer	Treasurer. Treasurer to notify Chair for information	
(iii) Up to US\$10,000	GM, Treasurer and Chair	Chair. Chair to notify Board for information	
(iv) Up to US\$50,000	Board	Board	
(v) Above US\$50,000		Annual General Meeting	

Note 1: Cumulative approved amounts in a month under (i), (ii) and (iii) must not exceed US\$5,000, US\$10,000 and US\$20,000 respectively. When they exceed, the next higher approving authorities must be sought. Approval Authority must not approve its own claims. Such claims must be approved by the next higher approving authorities.

Note 2: Cumulative approved amounts in a month under (i), (ii) and (iii) must not exceed US\$1,000, US\$5,000 and US\$10,000

respectively. When they exceed, the next higher approving authorities must be sought. Approval Authority must not approve its own claims. Such claims must be approved by the next higher approving authorities.

7. No downward delegation of authority is allowed unless approval has been sought from AFTLD Board.

B III BANK ACCOUNTS OPERATIONS

Current Accounts Operation

1. Three signatures (Chairman Treasurer and General Manager) (see Note below) are required for signing of cheques and fund transfers. The signing authorities are as follows:

Expenditure Limit	Signatory 1	Signatory 2	Signatory 3
Up to USD \$20,000	Chairman	Treasurer	General Manager
Above USD \$20,000	Chairman	Treasurer	General Manager

2. If any of the authorized signatories resign, the banks should be informed within 7 working days from the effective date of resignation.

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