

# Procurement of Stores and Services

## Key Message

Under school-based management, aided schools have been given the authority and autonomy to invite, vet and approve quotations/tenders for procurements. In the procurement of stores and services, schools are required to follow the “Guidelines on Procurement Procedures in Aided Schools” attached to the EDBC No. 4/2013.

## Fundamental Principles

Schools should ensure that:

- the designated purpose(s) of each grant is/are met;
- a fair, open and transparent system of procurement procedures is put in place;
- there are adequate checks and balances to prevent favouritism, corruption and malpractices;
- segregation of duties is applied; and
- the accounting and reporting requirements as contained in the Codes of Aid and EDB circulars are followed.

## Dos and Don'ts

### Dos

- ✓ strictly adhere to the financial limits of purchases and procurement arrangements

Financial limits	Procurement arrangements	Approving authorities
\$5,000 or below	Competitive bidding not required provided that a member of staff at an appropriate level certifies that such procurement is essential and the prices are fair and reasonable	Principal/Deputy Head  <i>[Note: For schools without Deputy Head, the approving authority rests with the</i>
Above \$5,000 to \$50,000	By oral quotations (at least two)	<i>Principal.]</i>
Above \$50,000 to \$200,000	By written quotations (at least five)	Principal

<b>Financial limits</b>	<b>Procurement arrangements</b>	<b>Approving authorities</b>
Above \$200,000	By tenders (at least five)	Tender Approving Committee comprising the School Supervisor/Manager, the Principal, a teacher and a representative of the Parent-Teacher Association or a parent manager

- ✓ inform all operators and suppliers in writing that the offer of advantages to the school staff in connection with their official duties is illegal
- ✓ require staff involved in procurement and supplies duties to declare conflict of interest
- ✓ assign different personnel for different stages of the procurement process to observe segregation of duties
- ✓ group items of the same category in the same quotation or tender schedule before inviting suppliers to bid
- ✓ always invite the last successful supplier to bid subject to satisfactory performance
- ✓ specify the written quotation/tender closing date and time
- ✓ include full specifications of the required stores/services in the written quotation/tender documents  
 [If considered necessary, schools may obtain product information from a number of suppliers, digest the information obtained, identify their own needs and draw up the specifications, and avoid stipulating a brand/model of product in the specifications.]
- ✓ provide all suppliers with sufficient and equal knowledge of the written quotation/tender requirements and specifications of stores/services
- ✓ spell out the pre-determined assessment criteria and marking scheme, if applicable, in the written quotation/tender documents for reference of the prospective bidders
- ✓ keep quotation and tender information confidential
- ✓ appoint two staff members for opening and vetting of written quotations
- ✓ set up Tender Opening & Vetting Committee and Tender Approving Committee with different members for each committee
- ✓ normally, should select the lowest offer to specifications
- ✓ maintain proper **records** of quotations and tenders

- ✓ conduct supervisory checks randomly to satisfy that the oral quotations obtained are genuine

#### Don'ts

- × evade the financial limits by dividing procurement requirements into instalments or by reducing the usual duration of contracts to bypass proper quotation/tender procedures
- × conduct the procurement procedures based on monthly payments instead of total contract value
- × open written quotations/tenders before the written quotation/tender closing date and time
- × consider late written quotations/tenders (except that only one supplier has been invited to quote/tender)
- × reject the lowest offer without providing and recording reasons for non-acceptance
- × stipulate a brand/model of product

#### **Reference Materials:**

§ EDBC No. 4/2013

§ Guide to Financial Management for Aided Schools Operated by IMCs

§ Points to Note on Financial Management of Aided IMC Schools

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