

Trading Operations

Key Message

For schools managed by incorporated management committees (IMCs), trading operations should be *approved by the IMC* and the procurement procedures as stipulated in the EDB Circular No. 4/2013 should be followed.

In handling trading operations (such as textbooks, tuckshops, lunch boxes, school uniforms, exercise books, school buses, etc.), schools are required to *comply* with the relevant provisions in the Education Regulations, Codes of Aid, guidelines, circulars and letters issued by the Education Bureau.

Fundamental Principles

- **No** procurement or acceptance of paid services should be compulsory;
- As a rule, schools should not solicit or accept donations/advantages in any form from trading operators/suppliers except under very exceptional circumstances with justification of compelling reasons and should be approved by the IMC;
- The profits/net income arising from trading operations should be applied for the purposes of directly benefiting the students of the schools as stipulated in the regulations 99A(3) and 99B(2) of the Education Regulations;
- Profits/net income arising from trading operations should not be transferred to the respective parent-teacher associations (PTAs) or school sponsoring bodies (SSBs); and
- Schools should select the trading operators/suppliers through competitive quotation/tender exercises at regular intervals, preferably not exceeding three years.

Dos and Don'ts

Dos

- ✓ conduct competitive quotation/tender exercises at regular intervals, preferably not exceeding three years
- ✓ maintain security and confidentiality of all the quotation/tender information

- ✓ require PTAs or SSBs to observe the principles and arrangements as set out in the circular on trading operations should they be delegated to make arrangements
- ✓ require those school staff/managers involved in trading operations to declare conflict of interest
- ✓ properly inform parents of donations and advantages received
- ✓ maintain donation register properly including donations and advantages received, compelling reasons for acceptance as well as subsequent disposal

Don'ts

- × compel students to purchase items or accept paid services
- × generate profit from sale of textbooks and keep the profit from other sales exceeding 15% of the cost price purchased from the suppliers
- × solicit donations or advantages in any forms from trading operators/suppliers
- × accept donations or advantages without compelling reasons and/or IMC approval
- × transfer profits/net income of trading operations to the respective PTAs or SSBs

Source Documents and Reference Materials:

- § EDBC No. 24/2008
- § Reference Materials on Trading Operations
- § Points to Note on Financial Management of Aided IMC Schools

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