

Points to Note
Handling of Improper Sales by Schools

Background

This Bureau has received complaints from schools concerning the practices of improper sales of some suppliers. The suppliers were alleged of delivering goods to the schools direct despite that no purchase order had been placed. The schools received the goods without knowing the intent of the suppliers who subsequently refused to re-collect the goods and repeatedly pressed for payment. The incidents have brought nuisance or even incurred losses to the schools.

Schools should take note of the following in handling improper sales.

I) Sales Practices and Types of Goods

- Items of goods sold in connection with improper sales are mainly computer equipment, stationery and appliances priced below \$5,000, such as printer toners, claimed-to-be-green products, etc.
- Suspected unscrupulous suppliers will send quotations to schools direct, or contact school staff first by telephone to persuade them to purchase their products by offering free gifts and then deliver the products to the schools direct.

II) Procurement System and Related Procedures in Schools

1. Procurement System

- Schools should lay down clearly the procurement procedures of goods priced at \$5,000 or below and the related details (e.g. specifying who should be responsible for placing orders and/or taking delivery, proper keeping of procurement records/purchase orders) for compliance by school staff.
- If telephone calls are received from suppliers enquiring about the particulars of school staff and goods used in the school, school staff should refuse to disclose the particulars and ask them to make enquiries in writing and specify the reasons.
- If telephone calls are received from suppliers soliciting business, school staff should not discuss with them in details, especially the prices and free gifts, on the telephone.
- If schools do not wish to make purchases, they should definitely decline the

offer; if they wish to make purchases, they should ask the suppliers to submit written quotations so that they will have adequate time for better understanding, making a decision and placing orders in writing.

2. Procedures of Receipt of Goods

- Consistent procedures of receipt of goods should be adopted and purchase orders should be properly kept. Receipt of goods should be undertaken by the staff member who has placed the order as far as possible. If the staff member concerned is unable to do so in person, he/she should give a copy of the purchase order and/or relevant information to the person who is going to receive the goods for proper checking.
- Before acknowledging receipt, the staff member concerned should carefully check the goods against the purchase order for their name, model number and price, etc., to ensure that the goods has been ordered by the school.
- Schools may consider revising the wordings on the school chop used for receipt of goods, stating that the act of stamping with the chop does not necessarily represent an acknowledgement of purchase of the goods and that the final decision should rest with the school.

3. Handling of Unordered Goods

- Schools should refuse receipt of unordered goods and should not stamp or sign to acknowledge receipt.
- In case unordered goods has been taken, the school should leave it intact and send a registered mail to the sender requesting return of goods and stating refusal to pay on the ground that no order of any kind has been placed. The school should also request re-collection of goods by the supplier within a reasonable period of time (say within 14 days).
- In case the supplier has caused nuisance repeatedly, the school should report to the police for assistance.