

30 April 2013

Education Bureau Circular No. 4/2013
Procurement Procedures in Aided Schools

[Note: This circular should be read by-

- (a) School Management Committees or Incorporated Management Committees and Heads of all aided schools - for necessary action;
- (b) Supervisors and Heads of Caput and Direct Subsidy Scheme schools - for reference and action where applicable; and
- (c) Heads of Sections - for information.]

SUMMARY

This Circular promulgates the revised procurement procedures in aided schools and updates the relevant guidelines. Education Bureau Circular No. 15/2007 is hereby cancelled.

2. School Management Committees (SMCs)/Incorporated Management Committees (IMCs) of all aided schools should ensure that the procurement system of their schools is properly established and administered with checks and balances in place. Also, schools need to adopt a sound control system, maintain proper records and conduct periodic inspections of all procurement. Schools are required to follow the procedures in this circular and the “Guidelines on Procurement Procedures in Aided Schools (April 2013)” (Guidelines) available on the Education Bureau (EDB) homepage [<http://www.edb.gov.hk/en/index.html> (*EDB homepage* → *School Administration and Management* → *Financial Management* → *General Finance* → *Procurement Procedures in Aided Schools*)] when using Government subventions to procure stores and services and carry out minor repairs as well as when using the set-up fund to procure stores in case of new schools.

DETAILS

3. The revised financial limits of procurement and their corresponding procurement arrangements and approving authorities are summarised below:

Financial limits	Procurement arrangements	Approving authorities
\$5,000 or below	Competitive bidding not required for procurement of any stores or services provided that a member of school 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 Principal.]</i>
Above \$5,000 to \$50,000	By oral quotations (at least two)	Principal
Above \$50,000 to \$200,000	By written quotations (at least five)	
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

4. Other than the above financial limits, SMC/IMC's attention is drawn to the following major updates of the Guidelines:

- (a) Schools may only make repeated procurement of the same items within 12 months by oral quotations and written quotations if the cumulative value of the procurement does not exceed \$50,000 and \$200,000 respectively. Schools must not split an order as a way to circumvent approval requirement or quotation/tendering procedures. Items of stores and services of the same category are to be grouped in the same quotation/tender schedule before inviting suppliers to bid. Schools should not evade the financial limits set out in paragraph 3 by dividing procurement requirements into instalments or by reducing the usual duration of contracts.
- (b) Schools are strongly advised to report to the SMCs/IMCs, on an annual basis, of any irregularities in the procurement procedures by completing the “Exception Report on Procurement Activities for Aided Schools” available on the EDB homepage [<http://www.edb.gov.hk/en/index.html>] (EDB homepage → School Administration and

Management → Regulations → Checklist on Common Administrative Issues in Aided Schools].

- (c) When inviting suppliers, the last successful supplier should always be invited to bid subject to satisfactory performance. For the remaining suppliers, schools may refer to the Supplier List provided by the EDB or other possible sources of supply identified. Suppliers should be invited by rotation to ensure equity.
- (d) Procurement of stores and services should be made through competitive bidding as far as possible. Schools should note that single quotation/tendering should be fully justified and used only under specific circumstances. Schools are required to comply with the procedures on single quotation/tendering as set out in paragraphs 53 to 55 of the Guidelines.
- (e) The School Sponsoring Bodies (SSBs) may be involved in the procurement of stores and services of schools. Under this condition, schools are required to comply with the procedures on the involvement of the SSBs in the procurement activities of schools as set out in paragraphs 56 to 63 of the Guidelines.

5. In the procurement of stores and services, the SMC/IMC of the school should ensure that:

- (a) the revised procedures on quotation/tendering as set out in the Guidelines are complied with;
- (b) the designated purpose(s) of each grant is/are met;
- (c) proper records of quotations and tenders are available for inspection by the EDB; and
- (d) in case of a new school, the audited annual account includes a separate section on the set-up fund for furniture and equipment with details by items and subjects.

6. When handling procurement of stores and services, Direct Subsidy Scheme (DSS) schools are required to observe the principles of openness, fairness and competitiveness. While DSS schools are given flexibility in formulating their own procurement policy, they should follow as far as possible the Guidelines. Any variation from the Guidelines has to be approved by the SMC/IMC and documented for information of stakeholders. Furthermore, DSS schools have to observe other relevant procurement requirements as set out in the EDB Circular No. 17/2012 on “Use of Government and Non-government Funds in Direct Subsidy Scheme (DSS) Schools” in drawing up their procurement policy and practice.

7. When opportunity arises, schools are encouraged to acquire services from social enterprises set up by non-governmental organisations. Please refer to paragraphs 65 and 66 of the Guidelines for more information.

8. The EDB will conduct inspections to schools to ensure compliance with the procurement procedures and give advice on supplies management and inventory control.

ENQUIRY

9. If you have any enquiries, please contact the Senior School Development Officer of your school.

Miss P L WU
for Permanent Secretary for Education