

**Quality Education Fund
General Guidelines on Staff Administration
and Procurement Matter**

These guidelines serve as a ready reference for the Grantee who is allocated with any grant from the Quality Education Fund (“QEF”). These guidelines should be read and adhered to by the Grantee, project leaders and staff handling QEF projects. The Grantee is requested to ensure that the requirements under these QEF guidelines are followed even though the Grantee has adhered to the internal procedures of its organisation.

(A) Staff Administration

Introduction

This part deals with the adoption of a system of staff administration where staff is employed to carry out the QEF projects. The main issues are openness and fairness in staff recruitment, redeployment of teaching duties as a result of the implementation of QEF projects, permission for outside work and conflict of interest situations.

Staff Recruitment

2. Normally, the Grantee should appoint a staff member from its organisation as the project leader or the principal investigator (in the case of research project) to oversee and lead a project. As a general rule, **no award** in the form of cash allowance to these staff is permitted. Should the Grantee wish to employ a project manager, a consultant or other experts outside the organisation to help with the implementation of QEF projects as stipulated in the project proposals, he may do so by adopting a credible and open recruitment procedure. To ensure fairness, staff **must** be recruited through an open and competitive system. The Grantee is not allowed to directly employ staff of its previous or current QEF project for another QEF project or deploy staff from one QEF project to another without conducting a proper and open recruitment procedure. All staff for each specific QEF project should be recruited through an independent recruitment procedure. A gist of the recruitment procedures is at **Annex A** for compliance.

Redeployment of Teaching Duties as a Result of the Implementation of QEF Projects

3. As a general rule, where teachers are nominated to take a lead in organising and implementing any QEF project, award in the form of cash

allowance to the teachers is not permitted. Should the normal teaching duties be affected because of a project, consideration should be given to redistributing or assigning their duties to other teachers or supply teachers.

Permission for Outside Work

4. Where staff of tertiary institutions and organisations are required to work on QEF projects outside or within periods of their normal duties, they should follow the rules of their institutions/organisations to seek permission for outside work as appropriate. The Grantee should ensure that proper control, due diligence and impartiality are observed (e.g. **open** internal recruitment) in the selection of staff to undertake project work when grant money is involved for the remuneration of the staff.

Conflict of Interest

5. The Grantee should ensure that its staff are aware of the situations where conflict of interest may arise. Examples of such situations are given in **Annex B**. A system should be in place for declaration of interest in case a staff or member of the organisation has any real or perceived conflict of interest while implementing QEF projects. A sample form on declaration of conflict of interest is given in **Annex C** for reference. **Please note that conflict of interest situations may lead to criminal sanctions under the Prevention of Bribery Ordinance (Chapter 201) or other relevant ordinances in Hong Kong, and the QEF reserves the right to recall the grant in full should any irregularities or criminal elements are discovered after the disbursement of grant to a Grantee.**

(B) Procurement Matter

Introduction

6. This part provides guidelines to the Grantee for procurements made with grant from the QEF. The Grantee is required to ensure that all procurements for goods (including equipment) and services are carried out in an open, fair and competitive basis.

Key Principles of Procurement

Segregation of Duties

7. The Grantee should ensure that segregation of duties is properly adopted in the purchase of goods and services, and a responsible person at an

appropriate level within the organisation should be designated as the approving officer. To provide adequate checks and balance, a clear segregation of staff functions is essential. Different personnel should be responsible for different stages of the quotation or tendering process, where feasible. The person who is authorised to approve a quotation or tender should be different from the person who is responsible for calling the quotation or tender.

8. Also, staff dealing with procurement matters should note the conflict of interest situations at **Annex B** and declare any possible conflict of interest with any suppliers, and where appropriate, abstain from the evaluation or decision making process (A sample form on declaration of conflict of interest is given in **Annex C**). They should also note the potential adverse consequences of a conflict of interest situation as described in paragraph 5 (bold text).

Fair Competition

9. All quotation bidders or tenderers should be provided with sufficient and equal knowledge of the procurement requirements and specifications of the goods or services through the Request for Quote or tender documents. No one should get more information or more notice about the procurement. There should be no distortion of competition in discussions with actual or potential participants in contract award procedures. **Any parties that have participated in the preparation of a project or in drafting the Request for Quote / tender documents should be excluded from participating in quote biddings / tenders.**

Clear Specifications

10. Specifications in the Request for Quote or tendering documentation should be clear and specific. The specifications should be worded in easily comprehensible general terms based on the functional and performance characteristics of the products required so they are not restricted to a particular brand or supplier.

Transparency

11. There should be sufficient publicity in the quotation or tendering processes. All appropriate information should be supplied in good time to enable quote bidders or potential tenderers to properly assess whether they wish to provide the goods or services. Once the bid or tender selection has resulted in the award of a new contract to a supplier, it is good practice to notify all other bidders / tenderers in writing that they are not successful. There should be in place an auditable documentation trail regarding key decisions which provides

clear accountability and could be subject to review.

Confidentiality

12. Quotation and tender information should be kept confidential with restricted access on a need-to-know basis. Each response from a potential supplier should be viewed as commercially confidential information and the staff involved should sign an undertaking that they would not make any unauthorised disclosure of quotation or tender information to any party outside of the formal evaluation process.

Value for Money

13. All procurement of goods and services should be based on value for money. Grantee should ensure goods or services they purchase for the QEF project can deliver the output in an efficient and economical manner.

Procurement Procedures

14. The QEF procurement procedures are mainly structured in line with the financial thresholds set out in the Government's Store and Procurement Regulations. For the purchase of goods, equipment and the procurement of services including consulting services with a value –

- (a) over \$5,000 but not exceeding \$50,000, a minimum of two verbal or written quotations should be obtained;
- (b) over \$50,000 but not exceeding \$1,430,000, at least five written quotations should be obtained; and
- (c) over \$1,430,000, a competitive tendering procedure should be adopted.

15. The Grantee should not evade any of these procurement procedures by dividing a single requirement into a number of requisitions for the purpose of obtaining prices below any of the dollar thresholds contained in these procedures.

Direct Purchasing

16. Competitive bidding is not required for direct purchasing of goods or services at a value up to \$5,000 but the Grantee should ensure that the purchase prices are fair and reasonable. The Grantee should seek alternative suppliers if it is doubtful that their first choice of supplier would represent value for money. For regular purchases, the Grantee should use different suppliers from time to

time to test value for money.

Quotations

17. The Grantee should ensure that the purchase of goods or services in relation to its project with a purchase value within the thresholds stated in paragraphs 14(a) and (b) should be made on a competitive basis by obtaining quotations from the respective number of suppliers to ensure openness and value for money.

18. For verbal quotations, the Grantee should prepare a brief description of the goods or services to be supplied. For written quotations, the Grantee should issue a Request for Quote to potential suppliers and set up an evaluation committee of no less than two appropriately skilled and knowledgeable persons. Potential suppliers should have a reasonable amount of time to respond. After receiving and evaluating the quotations, the Grantee should accept the lowest conforming offer, any deviation should be justified. The Grantee should advise the successful supplier and confirm by sending an order or a written acceptance, and also advise the unsuccessful bidders. All quotations, including both verbal and written, must be properly documented and recorded.

Tendering

Inviting Tenders ("Open" and "Single or Restricted")

19. There are two main types of tender. Under open tendering, all relevant suppliers are openly invited to tender through publicity channels like newspaper advertisement. The Grantee **must** use open tendering which is the normal method for procurements using the QEF money.

20. For single or restricted tendering, tenders are invited from only one or a limited number of contractors or suppliers (for example, where service is provided by a limited number of companies with the monopoly right). As a general rule, these tendering procedures are not encouraged and **must** be well justified and properly approved.

Tender Document

21. Documentation for tender should include the following:

- The tender specifications, terms, conditions, mandatory requirements, etc, for the goods or service required.
- The tendering period including the period of issue of tender

document date and time for submission of tender document.

- Evaluation criteria and relative weights if criteria other than price are to be used in the evaluation.
- When a two-envelope tender system is used, the needs of submitting quality and price offers in separately sealed envelopes for assessment.
- The address or location where the bids are to be deposited.
- Point of contact for inquiries, clarifications, etc should be provided.
- The grantees should include anti-bribery and anti-collusion clauses in the tender documents and a probity clause prohibiting the service provider and his staff from offering, soliciting or accepting bribes when performing duties under the contract. Samples of such clauses are attached (**Annex D**).

Receiving and Opening Tender

22. A Tender Opening (TO) Committee presides over the tender opening. It should consist of at least two staff members who should be appointed at least three working days before the tender opening date. They must not be member of the Tender Approving Authority. The TO Committee should ensure the following:

- Tenderers should return tenders in duplicate to the Grantee by registered mail or by hand. They should also be requested to return the tender forms to the Grantee stating “No Offer” even if they do not intend to submit any tender.
- Tenderers should be advised not to give any indication on the cover of their tenders which may relate them to a particular contractor/supplier.
- Tenders received should be dated and time stamped.
- There is a clear audit trail of all tenders received, from whom and when they are received, to ensure that there is no preferential or unfair treatment.
- Tenders should be deposited in a tender box in a secure location.
- The tender box should be under double lock. The key to each lock should be held by different staff, one of whom should be at a supervisory level.
- Bids should remain in the locked tender box until tender opening.
- The TO Committee should open the tender on the tender closing date as specified in the tender document.
- The TO Committee should check if the duplicate copies of every tender are identical. It should keep one set of duplicate copies in a secure location before passing the other set to the evaluation body.

- Late tenders should not be opened and their covers should be clearly marked. In principle, late tenders should not be considered. Late tenders which the Grantee does not want to consider further should be returned under a covering letter.
- In the event that a Rainstorm Black Warning or typhoon signal No. 8 or above is hoisted, the tender box should be opened on the next working day at the same time.

Tender Evaluation

23. The Grantee is required to establish a Tender Evaluation (TE) Committee consisting of not less than two persons who possess a range of skills and experience relevant to the nature of the purchase. They must not be member of the Tender Approving Authority. Some main points in tender evaluation are:

- Tenders should be assessed based on pre-determined criteria and a marking scheme.
- The criteria and marking scheme cannot be changed after the tenders are opened.
- Make sure that tenderers have the financial, economic and technical capability to deliver the goods or service.
- If important information received in a tender is not clear, clarification can be requested from the tenderer. The clarification sought must not give the tender an unfair advantage over other tenders or allow the tenderer to revise or enhance its original tender.
- Under two-envelope tender assessment systems, the envelope containing the "Quotation" (price) should only be opened after the technical (quality) proposal has been properly assessed.
- For recommendation to the Tender Approving Authority, the TE Committee should select the conforming bid with the lowest price offer or the one with the highest score, any deviation should be justified and approved by an appropriate authority independent of the assessment team.
- The TE Committee should prepare a written report recording the reasons for the recommendation. The report should be a complete account of the evaluation and can be subject to review.

Outsourcing

24. The principal purpose of the QEF to transfer money to the Grantee is to accomplish the grant's stated goal using the Grantee's best effort. The Grantee is not allowed to contract out the proprietary expertise of the project team members which is essential for achieving the purpose of the project.

25. In case non-proprietary services are to be outsourced, the Grantee/project team members and their direct relatives are not allowed to bid for the contract as a general rule.

26. When outsourcing is used as stipulated in the project proposal, the Grantee has the responsibility to ensure compliance with the requirements of the QEF. The Grantee should have in place a credible system to monitor the outsourced services.

(C) Reference Material

27. For reference materials, the Grantee should refer to the “Staff Administration” and “Procurement Practices” in the Best Practice Packages published by the Corruption Prevention Department (“CPD”) of the Independent Commission Against Corruption (“ICAC”) and the relevant web address site at the time of publishing this version of Guidelines is:

http://www.icac.org.hk/en/prevention_and_education/pt/index.html.

28. The CPD has also developed Best Practice booklets tailored for particular sectors such as “Staff Administration in Schools”, “Procurement Procedures in Schools”, “Subvented Social Welfare Non-governmental Organisations – Staff Administration” and “Subvented Social Welfare Non-governmental Organisations – Procurement Procedures”, which are available free from the Advisory Services Group of the CPD (tel. 2526 6363). The Grantee is strongly advised to obtain these booklets for reference and should seek advice from the CPD to help them adopt good procurement and/or staff administration practices.

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Staff Recruitment Procedures

(Normally, project staff include teachers, supply teachers, clerks, research assistants, instructors, social workers, technicians and consultants)

- Job vacancies should be advertised in local newspapers and/or other channels.
- The advertisement should set out clearly the job descriptions and requirements, and other essential information such as the application deadline and the contact point for enquiries.
- All applications received should be systematically recorded.
- Shortlisting and selection of candidates should be based on predetermined criteria approved by the management, and should involve more than one person.
- A recruitment panel should be formed to conduct selection interviews and skill tests as necessary.
- An objective assessment method should be devised and a standard form should be used to record assessment by individual panel members.
- Assessment of candidates and recommendations of panel members should be properly documented.
- The approving authority should be clearly defined.
- In approving appointments, the approving authority should ensure that the recruitment procedures have been adhered to and that the candidate selected is recommended with adequate reasons.

Examples of Conflict of Interest Situations

The following are examples of conflict of interest situations:

- A school head, teacher or staff of tertiary institution/organisation serving as a member of a Board to consider the recruitment, posting or promotion of staff, one of the candidates being his family, relative or personal friend.
- A school head or staff of tertiary institution/organisation making nominations or selecting staff for training courses, study trips or academic awards, one of the nominees/candidates being his family, relative or personal friend.
- A school head or staff of tertiary institution/organisation soliciting or accepting donations from a staff member who is a candidate for promotion, study trip, etc.
- A school head, teacher or staff of tertiary institution/organisation acquiring investment, or any financial or other interest, in activities which may lead to conflict of interest with his official duties.
- A school head, teacher or staff of tertiary institution/organisation takes part in the selection of suppliers or contractors, and one of them under consideration is his family member, relative or close personal friend.
- A school head, teacher or staff of tertiary institution/organisation has a financial interest in a company under consideration for selection as the supplier of goods or services.
- A school head, teacher or staff of tertiary institution/organisation accepts frequent or lavish entertainment or expensive gifts from the suppliers or contractors.

(Name of the Organization) - Declaration of Conflict of Interest**Part A – Declaration (To be completed by Declaring Staff)**To : (Approving Authority)

I would like to report the following existing/potential* conflict of interest situation arising during the discharge of my official duties :-

Persons/companies with whom/which I have official dealings
My relationship with the persons/companies (e.g. relative)
Relationship of the persons/companies with our Organization (e.g. supplier)
Brief description of my duties which involved the persons/companies (e.g. selection of staff, handling of tender exercise, etc)

(Date)

 (Name of Declaring Staff)
 (Title / Department)

Part B – Acknowledgement (To be completed by Approving Authority)To : (Declaring Staff)**Acknowledgement of Declaration**

The information contained in your declaration form of _____ (Date) is noted. It has been decided that :-

- You should refrain from performing or getting involved in performing the work, as described in Part A, which may give rise to a conflict.
- You may continue to handle the work as described in Part A, provided that there is no change in the information declared above.
- Others (please specify) : _____

(Date)

 (Name of Approving Authority)
 (Title / Department)

* Please delete as appropriate

Sample Probity Clauses for Tender/Quotation Invitation Documents

Offering Gratuities

- (1) The tenderer shall not, and shall procure that his employees, agents and sub-contractors shall not, offer an advantage as defined in the Prevention of Bribery Ordinance, (Cap 201) in connection with the tendering and execution of this contract.
- (2) Failure to so procure or any act of offering advantage referred to in (1) above committed by the tenderer or by an employee, agent or sub-contractor of the tenderer shall, without affecting the tenderer's liability for such failure and act, result in his tender being invalidated.

Sample Anti-collusion Clauses for Tender/Quotation Invitation Documents

Anti-collusion

- (a) The Tenderer shall not communicate to any person other than [name of the Organization] the amount of any tender, adjust the amount of any tender by arrangement with any other person, make any arrangement with any other person about whether or not he or that other person should or should not tender or otherwise collude with any other person in any manner whatsoever in the tendering process. Any breach of or non-compliance with this sub-clause by the Tenderer shall, without affecting the Tenderer's liability for such breach rules and laws or non-compliance, invalidate his tender.
- (b) Sub-clause (a) of this Clause shall have no application to the Tenderer's communications in strict confidence with his own insurers or brokers to obtain an insurance quotation for computation of tender price and communications in strict confidence with his consultants / sub-contractors to solicit their assistance in preparation of tender submission.
- (c) The Tenderer shall submit to [name of the Organization] a duly signed warranty the effect that he understands and will abide by these clauses. The warranty shall be signed by a person authorized to sign the contract on the Tenderer's behalf.
- (d) Any breach of any of the representations and/or warranties by the Tenderer may prejudice the Tenderer's future standing as a contractor of [name of the Organization].