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Education Bureau
Government Secretariat, The Government of the Hong Kong Special Administrative Region
The People's Republic of China
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2 March 2017

Mr Raymond SZETO
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr SZETO,

**Finance Committee
Follow-up to Meeting on 6 January 2017**

I refer to your email dated 11 January 2017. Regarding the question raised by Hon KWONG Chun-yu on Item FCR(2016-17)77, our reply is set out at Appendix.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Woo Chun-sing', written over a white background.

(WOO Chun-sing)
for Secretary for Education

Encl.

Finance Committee

**Follow-up to Meeting on 6 January 2017
Item FCR(2016-17)77**

Regarding the request raised by Hon KWONG Chun-yu at the above meeting for the Government to provide kindergartens (KGs) with guidelines on the usage of the one-off start-up grant (the Grant), the Education Bureau (EDB)'s reply is as follows:

2. The Free Quality KG Education Scheme (the Scheme) will be implemented from the 2017/18 school year. The Government will provide KGs joining the Scheme (Scheme-KGs) in the 2017/18 school year with the Grant in the 2016/17 school year to facilitate their planning and preparatory work concerned. In this connection, EDB issued a circular to KGs on 16 January 2017 (EDB Circular Memorandum No. 23/2017) announcing the details of the Grant, including the guidelines on the usage of the Grant.

3. Regarding the guidelines on the usage of the Grant, in brief, Scheme-KGs are expected to deploy the Grant for preparatory work in the implementation of the Scheme from the 2017/18 school year, which may include:

- (a) devising/enhancing school-based administration procedures and mechanism, for instance, in respect of the accounting system/guidelines, asset register system, procurement procedures, or policies/procedures for handling personnel matters, to meet the requirements under the Scheme;
- (b) enhancing transparency of school operation by providing more information (including support for students with diverse needs, such as participation in the pilot scheme on on-site pre-school rehabilitation services) through the school website;
- (c) strengthening communication with parents, non-Chinese speaking parents in particular, to, among others, comply with the guidelines concerning student admission by, for example, translating school information; or
- (d) furnishing/renovating the school premises as necessary.

4. For the above usage, Scheme-KGs can use the Grant flexibly for employing additional staff (for instance, an accountant clerk, or administrative assistant), hiring services, procuring furniture and equipment for additional teachers under improved teacher-pupil ratio or conducting small-scale renovation. The Grant must not be used for purposes other than the preparatory work for implementation of the Scheme, for instance, employment of additional teachers to take up class teaching, paying the cost of routine maintenance, etc., which should be borne by subsidy under the Pre-primary Education Voucher Scheme and school fees in the 2016/17 school year, and recurrent subsidies under the Scheme starting from the 2017/18 school year. To allow room and time for Scheme-KGs to plan and adjust school-based procedures and guidelines in the initial years of implementation, if necessary, they may use the Grant up to 31 July 2019.

5. On the other hand, Scheme-KGs are accountable for their procurement/employment/competitive bidding arrangements as well as the proper and prudent use of public funds. They are required to comply with the guidelines drawn up by the EDB and may supplement with additional school-based procurement/employment/competitive bidding procedures having regard to their individual circumstances as necessary. In this connection, Scheme-KGs are requested to make reference to the latest "Guide to Procurement of Goods and Services and Appointment of Staff" on EDB's website (Annex 1). Besides, Scheme-KGs are required to reflect the income and expenditure of the Grant in the audited accounts to be submitted to EDB annually. Detailed reporting requirements will be set out in the circular memorandum calling for submission of annual audited accounts.

6. The above-mentioned guidelines facilitate KGs' clear understanding of the ambit of the Grant and relevant arrangements, and help KGs use the Grant properly and effectively.

Guide to Procurement of Goods and Services and Appointment of Staff

One-off Start-up Grant for Kindergartens

Joining the Free Quality Kindergarten Education Scheme in the 2017/18 School Year

The following paragraphs set out the guiding principles and requirements for compliance by kindergartens, kindergarten-cum-child care centres and schools with kindergarten classes (hereafter collectively referred as KGs) in their procurement and staff appointment and related arrangements using the One-off Start-up Grant for Kindergartens Joining the Free Quality Kindergarten Education Scheme (“Scheme-KGs”) (Start-up Grant). In this connection, **Scheme-KGs should make sure that the designated purposes of the Start-up Grant as set out in Education Bureau Circular Memorandum No. 23/2017 on “One-off Start-up Grant for Kindergartens Joining the Free Quality Kindergarten Education Scheme in the 2017/18 School Year” are met.**

Procurement of Goods and Services

Guiding Principles

2. As the goods/services are procured out of public funds, Scheme-KGs are accountable for the conduct of the affairs and related expenditure. They are required to establish a set of proper procedures for procurement and competitive bidding that are in line with the guidelines issued by the Education Bureau (EDB) and may supplement with additional school-based procurement and competitive bidding procedures having regard to their individual circumstances as necessary. They should also ensure that the procedures are conducted in a fair, open and well-documented manner. All Scheme-KGs are encouraged to make reference to the Corruption Prevention Best Practice on Procurement issued by ICAC via http://www.icac.org.hk/filemanager/en/Content_1031/procurepractices.pdf and Sample Code of Conduct for Managers and Staff of Kindergartens issued by ICAC via http://www.icac.org.hk/filemanager/en/Content_1031/kindergartens-full.pdf
3. Scheme-KGs should take note of the following requirements in the procurement-
 - All procurement must meet the principle of maintaining open and fair competition;
 - The specifications of the items to be acquired should be worded in easily comprehensible general terms based on the functional and performance characteristics of the products required;
 - A quotation with no offer from a supplier is not a valid quotation. When it is impracticable to invite the minimum number of quotations (please refer to the table under paragraph 4 below), an explanatory note should be made on the Quotation Record Form;
 - All suppliers invited to bid (selected from a supplier base by rotation) should be provided with sufficient and equal knowledge of the requirements and specifications of the stores/equipment through the invitation for quotation. No one should get more information or more notice about the quotation;
 - The lowest offer which meets specifications should be accepted as a general rule, except where there are good reasons to the contrary, which should be explicitly stated in writing;
 - A clear segregation of staff function should be established. The staff obtaining quotations and the staff accepting the offer for that purchase should not be the same person;

- Proper records of the purchases/quotations must be maintained; and
- Items of the same category should be grouped in the same quotation schedule before inviting suppliers to bid. Schools should not evade the financial limits by dividing procurement requirements into instalments.

Financial Limits for Direct Purchase and Quotations

4. The financial limits for different levels of procurement and the forms to record the procurements are as follows-

Value (HK\$)	Procurement Procedures	Record Form
Not exceeding \$1,000	Not compulsory to obtain quotations	Form A
Exceeding \$1,000 to \$30,000	Oral quotation from a minimum of two suppliers	Form B
Exceeding \$30,000 to \$50,000	Written quotation from a minimum of two suppliers	
Exceeding \$50,000	Written quotation from a minimum of five suppliers	

5. Scheme- KGs should note that a single purchase is taken as a bill of purchase of relevant items from a single company on any one occasion. Staff obtaining the quotations should record particulars including full names of the suppliers contacted, reasons for their selection and details of the quotations received. They should be reminded to place order with the suppliers before the expiry of the quotation validity period.

6. All records of procurement shall be made available to the EDB for inspection when required.

Warning Against Bribery

7. Scheme-KGs should not permit their staff to receive advantages (including payment of commission) from suppliers. KGs should also, in writing, inform all suppliers that the offer of such advantages to school staff in connection with their official duties is illegal. This could be done by incorporating a statement in the order form or the terms of quotation.

Declaration of Conflict of Interest

8. All persons involved in purchasing duties should declare that any current or future connection they or their families have with suppliers (e.g. being relatives, owners, shareholders, etc.) by signing an undertaking and declaring their interest when conflict of interest arises. A sample "Undertaking" is at Annex 1 and "Declaration" at Annex 2.

Appointment of Staff

Guiding Principles

9. Scheme-KGs should draw up guidelines and procedures governing the appointment of staff. Selection of staff must be determined solely on the basis of merit and ability

assessed according to a set of criteria relevant to the requirements of the work to be performed.

10. The basic principles and some key features of an effective selection system are highlighted below-

- A proper selection procedure should be set up under the principles of fairness and transparency;
- Information in the advertisement, if applicable, should be gender-neutral and discrimination-free (including race, religion, sex, marital status, pregnancy, disability, family status, etc.);
- Selection procedures for appointment (such as any arrangement for written assessment, number of interviews and the time for the announcement of result(s)), should be clearly understood by applicants and should be made known to parties concerned;
- A selection panel should be appointed to consider all applications; and
- Applicants should be assessed according to predetermined criteria and specified procedures and the assessment must be free from bias and discrimination in terms of disability, sex, marital status, pregnancy, etc.

11. KGs are strongly advised to adopt the Sexual Conviction Record Check scheme launched by the Hong Kong Police Force in their appointment procedures to safeguard the well-being of students. For details, please refer to Education Bureau Circular Memorandum No. 179/2011.

**One-off Start-up Grant for Kindergartens
Joining the Free Quality Kindergarten Education Scheme in the 2017/18 School Year**

Quotation Record Form

(This serves as a purchase record at a value of not exceeding HK\$1,000)

School Name: _____

File Reference: _____

Item No.	Description	Qty/Unit	Supplier	Amount	Invoice No.	Receipt No.	Recorded by		Endorsed by	
							Name/Initial	Date	Name/Initial	Date
Total Amount										

Signature of School Supervisor / Principal: _____

Name (in Block Letter): _____

Date: _____

One-off Start-up Grant for Kindergartens
Joining the Free Quality Kindergarten Education Scheme in the 2017/18 School Year

Quotation Record Form

(This serves as a quotation record at a value of exceeding HK\$1,000)

School Name: _____ File/Quotation Ref.: _____

(Please ✓ as appropriate)

- For purchase exceeding \$1,000 and up to \$30,000 (oral quotation from a minimum of two suppliers)
- For purchase exceeding \$30,000 and up to \$50,000 (written quotation from a minimum of two suppliers)
- For purchase exceeding \$50,000 (written quotations from a minimum of five suppliers)

I. Requirement:

Item No.	Description	Qty. / Unit

II. Quotation Obtained By:

Signature, Name & Post : _____ / _____ Date : _____

Reason(s) for not inviting the required minimum no. of quotation: _____

III. Quotation Summary:

Supplier	Item	1	2	3	4	5	Total Amount (HK\$)	Item Accepted
	Qty.							
1. Tel. :	Unit Rate (HK\$)							
	Sub-total							
2. Tel. :	Unit Rate (HK\$)							
	Sub-total							
3. Tel. :	Unit Rate (HK\$)							
	Sub-total							
4. Tel.:	Unit Rate (HK\$)							
	Sub-total							
5 Tel.:	Unit Rate (HK\$)							
	Sub-total							

IV. Offer Accepted By: * Delete whichever is in appropriate

Signature, Name & Designation : _____ / _____ Date : _____

Lowest Offer / Lower Offer / Bid Other Than Lowest Offer / Others* : _____

Reason(s) for rejecting the lowest offer/lower offer(s)*: _____

One-off Start-up Grant for Kindergartens
Joining the Free Quality Kindergarten Education Scheme in the 2017/18 School Year

Undertaking by Staff Involved in Procurement

File/Quotation Ref: _____

1. I undertake to hold in strict confidence all quotation information that I have access to through my involvement in procurement under the One-off Start-up Grant. Quotation information includes details of quotations received and any other sensitive, restricted or confidential information relating to a quotation.
2. I undertake not to make any unauthorized disclosure or take advantage of any quotation information referred to in paragraph 1 above whether or not for personal gain.
3. I undertake to declare any actual, potential or perceived conflict of interest with my duty as a staff involved in procurement immediately when I become aware of any such conflict.
4. I undertake to take steps to avoid any conflict of interest with any potential suppliers or suppliers by not putting myself in a position of obligation towards any of them; for example, by not accepting any favour or lavish or excessive entertainment, and not over-socializing with any of them.

Signature : _____

Name (in block letter) : _____

Post : _____

School Name : _____

Date : _____

All staff involved in procurement irrespective of its value, including those responsible for preparing quotation documentation/specifications, selecting suppliers/contractors for obtaining quotations, obtaining or evaluating quotations, or approving acceptance of quotations, etc. must **sign an undertaking [Annex 1] and declare their interest** when conflict of interest arises [Annex 2].

One-off Start-up Grant for Kindergartens

Joining the Free Quality Kindergarten Education Scheme in the 2017/18 School Year

Declaration of Interests by Staff Involved in Procurement

File/Quotation Ref : _____

1. I declare that *I / my spouse / my family / my relatives / my close personal friends / the clubs and associations I belong / the persons to whom I am indebted or owe a favour *have (has)/have no (has no) private interests in relation to the stores or services being procured, or in relation to the parties offering the stores or services being procured.
(*Delete whichever is inappropriate)

2. I declare the following conflict of interest situation described in 1 above –
(Use separate sheet if the space provided is insufficient)

Signature : _____

Name (in block letter) : _____

Post : _____

School Name : _____

Date : _____

All staff involved in procurement irrespective of its value, including those responsible for preparing quotation documentation/specifications, selecting suppliers/contractors for obtaining quotations, obtaining or evaluating quotations, or approving acceptance of quotations, etc. must **sign an undertaking [Annex 1] and declare their interest** when conflict of interest arises [Annex 2]