

Guidelines and Procedures

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Procurement Policies and Principles

1. The following principles should be adhered to in the procurement of goods and services:

(a) Fair Competition

[Hong Kong, China Mountaineering and Climbing Union, “the Union”] should treat all bidders with fairness and ensure that they are given the same level of information when preparing quotations or tenders.

(b) Conflict of Interest

Situations of conflict of interest with the business of the Union should be declared to the designated approving authority in accordance with the code of conduct of the Union.

(c) Cost-effectiveness

Quotations and tenders should be evaluated not only on competitiveness in pricing but also factors such as the quality of the products/services and track records of the bidders.

(d) Transparency

To ensure transparency, tender documents should provide all the necessary information to facilitate submission of appropriate and competitive tenders.

(e) Public Accountability

The Union shall be held accountable to the Leisure and Cultural Services Department and the public for any procurement involving the use of public fund.

Authorisation and Approval

2. Written authorisation or approval should be sought from the following designated approving authority (a) for procurement before inviting suppliers to submit tender/quotations and/or selecting

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suppliers for tendering/seeking quotations; and (b) for acceptance of offer of tender/quotation:

Values of the Materials or Services to be Procured	Procurement Authorized by	Tender/Quotation Approved by
HK\$200,001 or above	President or 1 st Vice-President, General Secretary or Treasurer	Executive Council
HK\$50,001 to HK\$200,000	General Secretary / Treasurer / Senior Sports Executive	President or 1st Vice-President, General Secretary or Treasurer
HK\$20,001 to HK\$50,000		General Secretary / Treasurer / Senior Sports Executive / Assistant Senior Sports Executive / Sports Executive
HK\$5,001 to HK\$20,000		
HK\$5,000 or below		

3. In case the standard procedures are not followed, the reasons should be recorded and an authorised person at a more senior level should be designated for giving special approval with justifications in writing.

Types of Procurement

4. The requesting officers should provide specifications and requirements for the procurement to the procurement officer. The request should then be submitted to the designated approving authority as stated in paragraph 2 above for approval to procure and confirmation of funds. For replacement of goods, the requesting officers should make sure the goods to be replaced are beyond economical repair before making the request for procurement. The types of procurement to be adopted should be in accordance with the amounts and nature of the procurement of goods or services:

(a) Open Tendering (applicable to procurements of value exceeding HK\$200,000.00).

Notice of tender invitations should be advertised in the press for free response by all

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interested suppliers or service providers. Tender evaluation report

should be submitted to the Executive Council for approval of tender (i.e. award of contract).

- (b) Restricted or Single Tendering (applicable to procurements of value exceeding **HK\$200,000.00** with only a limited number of suppliers available)

This type of tendering is applicable to procurements of goods or services that can only be provided by a limited number of suppliers or suppliers who are sole agents or patented distributors. Therefore, only one or several suppliers or service providers will be invited to submit written tenders. Sufficient justification should be made for prior approval by the Executive Council before proceeding the tendering exercise. The above information should be clearly recorded in the tender evaluation report for examination and approval by the Executive Council.

- (c) General Procurement (applicable to procurements of value **HK\$200,000.00** or below.

- (i) Written Quotation (applicable to procurements of value above **HK\$50,000.00** upto **HK\$200,000.00**) should be sought from **at least five (5)** suppliers, including the successful bidder in the last procurement exercise (whose goods or services meeting the requirements).
- (ii) Written Quotation (applicable to procurements of value above **HK\$20,000.00** upto **HK\$50,000.00**) should be sought from **at least two (2)** suppliers, including the successful bidder in the last procurement exercise (whose goods or services meeting the requirements)

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(iii) The management and invitation to bid for (i) and (ii) above should follow the procedures as set out in Paragraphs 9 and 10. The procurement officer must make a written record of the quotations invited and responses. The lowest quotation meeting the requirements should be accepted unless there are other factors such as the quality of products/services or track records of the bidders that will affect the offer of the quotation. Should the lowest quotation not be accepted, sufficient justifications should be submitted for endorsement by the designated approving authority.

(iv) Verbal Quotation (applicable to procurements of value above HK\$5,000.00 upto HK\$20,000.00).

To enhance administrative efficiency, verbal quotations from **not less than two (2)** suppliers or service providers may be used for procurement of miscellaneous item or service. The responsible officer must make a written record of the verbal quotations for verification and approval. The responsible officer should also state the reasons in case the lowest offer is not accepted.

(v) Quotations may be dispensed with (applicable to procurements of value HK\$ 5 , 000 . 00 or below).

(vi) Exemption

All procurements must follow and comply with the above procedures. Only in acceptable circumstances should exemption from the above procedures be granted

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with special approval from the designated approving authority/person holding a higher office. Any exemption should be supported by full justifications and properly documented on the procurement records.

5. As far as possible, the officer responsible for seeking quotations from the suppliers/service providers should NOT be the approving officer for the acceptance of quotations in the same procurement exercise.
6. The total cost of a purchase of stores or services of similar nature but not the unit price of a product should be used for determining the appropriate procurement method.
7. Supervisors of procurement officers should randomly verify the quotations obtained, for instance, by confirming with the bidders.
8. All staff members and board/Executive Council members of the Union involved in the procurement process should declare any actual, potential or perceived conflict of interest for all types of procurement. Any declaration and the corresponding action to mitigate the declared conflict should also be properly documented.

Sourcing of Suppliers and Service Providers

9. Procurement officers should compile suppliers/service providers lists (e.g. based on the size of their companies and experience), and categorizing them by the types of goods/services they provide

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and/or their geographical locations. The lists should be approved by a designated officer for the purpose of sourcing of suppliers/service providers for goods and services frequently required or of high values. Tenders/Quotations should be invited according to the required number of suitable suppliers/service providers on the respective lists to bid on a fair-share basis (e.g. by rotation). The requesting officer may add other suppliers with justification of their nominations.

10. In the absence of approved list, the procurement officer may source suitable suppliers/service providers for invitation to bid, taking into account their company size, experience and past performance record if any, through searching on the Internet, recommendation from requesting officer/user and inclusion of the current suppliers/service providers with satisfactory performance as appropriate.

Tendering Procedures

11. There should be stringent tendering procedures to be followed for open tendering as stipulated in the following paragraphs.

Tender documents

12. Procurement officers should prepare the tender documents and provide all the required information in the documents to facilitate bidding from tenderers. The information should include tender specifications and requirements, conditions of contract, required quantity of items and service and timing of provision, assessment criteria, tender closing date and time, the place for depositing the tender, the contact person, the officer to whom enquiries may be made, and a warning against corrupt offers to the officers of **Union** and the consequence that the Union may terminate the contract and

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claim damages if the contract is obtained through bribery or collusion with other bidders.

Submission of Tenders and Opening of Tenders

13. Unless in exceptional circumstance of urgency, tenderers should be allowed sufficient time to submit their tenders. Tenderers must submit their tenders before the tender closing date and time specified in the tender documents. Any tenders received after the tender closing time shall not be considered.

14. Tenders should be deposited in the tender box by tenderers in person. For confidentiality, the tender box should be properly locked with two individual padlocks, and the respective keys should be separately kept by two authorized persons. To ensure fairness of the procedures, the tenders should be taken out of the tender box immediately after the tender closing time. All tenders received after the tender closing time will not be processed. At least two (2) officers shall open the tenders simultaneously and shall each initial beside each quotation figures as confirmation.

Tender Evaluation

15. In general, tender evaluation should be carried out by an assessment panel consisting of at least two (2) members. Evaluation of bids of small amounts may be carried out by one staff member. ALL the assessment panel members should be required to make undertakings and declarations before conducting the tender evaluation. If there is any declared conflict of interest, a designated authority should review the situation and decide whether the concerned panel

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member should be refrained from the panel. The decision of the designated authority should also be properly documented.

16. A 'two-envelope system' should be used for procurement involving the technical aspects and service quality. Tenderers should be required to submit price information and technical information in separate envelopes. Appropriate weights should also be given to the two areas. It is normal practice for the assessment panel firstly to evaluate and award an assessment score on technical aspects of the proposals before opening the price envelope to evaluate the price information.

17. The assessment panel should conduct a preliminary evaluation of the tenders based on the required information and documents stipulated in the tender documents. This will ascertain full compliance with the stipulated conditions and requirements.

18. The assessment panel should select the most competitive and cost-effective tender among the eligible tenders by evaluation according to the pre-set assessment criteria. For contracts involving higher construction costs or requiring higher standards in technology and service areas, a scoring system should be adopted for giving scores in terms of tender price, tenderer's reputation, track records and management quality, as well as the professional and technical standard of staff for implementation of the project/service.

19. The assessment panel shall prepare a tender evaluation report to state clearly its recommendations and the justifications. Where a scoring system has not been adopted and the

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successful tenderer is not the lowest bidder, full and sufficient justifications must be stated in the evaluation report.

Acceptance of Tender

20. The assessment panel should submit the tender evaluation report to the Executive Council for approval in accordance with the guideline. After endorsement and approval of the selection result, the successful tenderer should be officially notified by post and be invited to enter into a contract with the Union. For protection of commercial secrets, it should be ensured that disclosure of the details shall not lead to revelation of any tender information provided in confidence by other tenderers.

21. Should none of the tenders received can fulfill the required specifications and conditions, the tendering exercise should be cancelled. The original specifications and conditions should be amended as necessary for purpose of re-tendering.

Procedure of Handling Complaints

22. The Union should be committed to maintaining a fair and open procurement system. Tenderers who consider themselves being treated unfairly can lodge a complaint with the Union.

Receipt of Goods

23. The Union should assign a staff member as the goods checking officer, preferably one not participating in selecting the supplier (if resources allow), to inspect the goods delivered against the



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purchase order to ensure that there is no short delivery or substandard goods. For high-value purchases, a supervisor should monitor and counter-sign the receipt of goods. The Union should require the staff to certify acceptance of goods within a reasonable time limit upon delivery and ensure the supplier makes good any shortfall without delay. Testing, if any, of the goods delivered should be undertaken by competent staff (e.g. for specialised sports equipment) before acceptance. The lists of assets (if any) should also be updated where appropriate.

Purchases made by Petty Cash

24. The Union should lay down the procedures for maintaining a Petty Cash Account for small amount purchases. Original invoices or receipts should be produced upon claims of payment. For the essential procedures and the approving authority for replenishment of the petty cash, please refer to the Accounting Procedures and Guidelines.

Procurement Records

25. The Union should keep proper procurement records for all transactions including but not limited to requests for purchases, verbal and written quotations, tender/quotation assessment records, justifications and authorization sought for cases deviated from standard procurement procedures. Executive Council/Board members and staff members of the Union should ensure, to their best knowledge, that any purchase records they submit to the Union give a true representation of the events or transactions reported in the document. Intentional use of documents containing false information to deceive or mislead the Union may constitute an offence under the Prevention of Bribery Ordinance.



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Monitoring Performance of Suppliers/Service Providers

26. Users or goods checking officer as mentioned in Paragraph 23 should inform the procurement officer in writing in case there is adverse performance of the suppliers' or service providers with details of adverse performance such as sub-standard quality of goods/services, delay in goods delivery without reasonable excuse, and unsatisfactory after-sale service. The aforesaid adverse performance record will be taken into account in deciding whether the supplier/service provider is invited to bid in the next round of invitation as mentioned in Paragraphs 9 and 10. Suppliers/service providers with persistent adverse performance should be suspended from bidding as appropriate with proper approval.

Disposal of Assets

27. If the assets are identified to be surplus, obsolete or unserviceable, they can be disposed by means of trade-in or sales quotation/tender. The Union should ensure that such items are disposed of in the most cost effective and timely manner. The disposal of assets and the means of disposal must be authorised by the designated approving officer approved by the Executive Council. The means of disposal and the approval authority should depend on the expected saleable values. The sales proceeds received should be properly accounted for in the ledgers. Besides, for fixed assets disposed, the disposal should also be reported on the 'Fixed Assets Register'.

National Security

28. The Union shall manage their procurement to the extent that it can disqualify a tenderer/terminate a contract upon the occurrence of any of the following events:

- (a) The Tenderer/Contractor has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would



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otherwise be contrary to the interest of national security;

- (b) The continued engagement of the Contractor or the continued performance of the Contract is contrary to the interest of national security; or
- (c) The Union reasonably believes that any of the events mentioned above is about to occur.