

**West Kowloon Cultural District Authority
Internal Circular No. 2016/047-01/HRA**

**Guidelines for Procurement of General Goods and Services by Single
Sourcing**

(Category B)

*This circular should be read by all staff of the West Kowloon Cultural District Authority
and its wholly owned subsidiaries*

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Guidelines for Procurement of General Goods and Services by Single Sourcing

1. Objectives and Scope

- 1.1 This set of guidelines for procurement of General Goods and Services (“G&S”) by Single Sourcing (“Guidelines”) sets out the requirements for Single Source procurements undertaken by the West Kowloon Cultural District Authority and the Authority’s wholly owned subsidiaries (the “Authority” or “WKCDA”). Single Source procurements include the identification and acquisition of G&S without an open or restricted tender or RFQ process as specified under Category B in the General Procurement Policy (“Policy”). The Policy, these Guidelines and other corresponding procurement guidelines supersede Internal Circular No. 2012/028-05/HR. Staff involved in procurement activities must follow and observe the requirements of the Policy and all relevant guidelines.
- 1.2 Single Sourcing shall only be used under exceptional situations with prior approval. Single Sourcing of items under Category B is primarily classified into the following 2 groups:-
 - (a) Normal Single Sourcing (SS1) (i.e. those items that cannot be acquired through the normal procurement process)
 - (b) Exceptional Single Sourcing (SS2) (i.e. those items that cannot be acquired through a competitive bidding process)
- 1.3 This set of Guidelines covers the standard procedures and processes, and allocates levels of responsibility, for approvals and financial authority levels for the procurement of G&S by Single Sourcing under Category B in Section 1.2 above.
- 1.4 While reasonably comprehensive, these Guidelines are not exhaustive, if employees have questions about either or both of these Guidelines or the procurement procedures or find that an activity is not fully or properly covered by these Guidelines or other corresponding procurement guidelines, they must raise the matter with the Central Procurement Team (CPT) for clarification.

2. Definitions

Words and expressions defined in the Policy and the “Guidelines for Procurement of General Goods and Services” (Category A) shall have the same meanings when used in these Guidelines. The following terms when used in these Guidelines and related guidelines shall have the meanings given to them below:

“Central Procurement Team” or “CPT”	Means the team in the central procurement function responsible for the management of the Procurement Policy and the Guidelines for Category A and Category B, and administrative support to the User Department for procuring goods and/or services under Category C. The roles and responsibilities of CPT are stipulated in Section 4.2 of the General Procurement Policy.
“Single Quotation”	Means the procurement process used when a single supplier is invited to quote based on pre-determined criteria approved by a higher level of the relevant Approving Authority for estimated contract values above HK\$50,000 and up to HK\$1.5 million.
“Single Tendering”	Means the procurement process used when a single supplier is invited to tender based on pre-determined criteria approved by a higher level of the relevant Approving Authority for estimated contract values above HK\$1.5 million.

3. Types of Single Sourcing

3.1 **Normal Single Sourcing (SS1)** (i.e. those items that cannot be acquired through normal procurement process) can be used subject to approval where:

- (a) no alternative or substitute or service exists that meets the specific or unique requirement(s) of the G&S required, and the requirement(s) can only be fulfilled by the particular suppliers;
- (b) a specific brand or special product or service is required;
- (c) spare parts are required from the original equipment supplier or the equipment or services to be purchased must be compatible or interchangeable with already existing equipment or services;
- (d) any alterations, extensions or maintenance are required to be done by the original vendor; or

(e) the validity of a warranty or guarantee may be affected.

3.2 **Exceptional Single Sourcing (SS2)** (i.e. those items that cannot be acquired through a competitive bidding process) can be used subject to justification and approval:

(a) where there is extreme urgency brought about by unforeseeable events and the urgency of the situation will not allow sufficient time for a competitive process;

(b) due to prior involvement in related works that clearly make the consultant/ supplier better qualified or more competitive than any other consultant or supplier in that specific scenario;

(c) a consultant or supplier possesses unique knowledge, skills or experience that clearly make the consultant/ supplier better qualified or more competitive than any other consultant or supplier in that specific scenario; or

(d) where the third party consultant or supplier is specified or to be selected via a competitive procurement process in accordance with the provisions specified in a contract with a consultant or supplier (i.e. intermediate agent) pre-approved by the relevant Approving Authority. For the avoidance of doubt, Single Sourcing to select a consultant or supplier by an intermediate agent is only allowed where there are provisions in the contract with the intermediate agent which specify in detail the circumstances pursuant to which Single Sourcing would be approved. The Authority shall retain the sole discretion not to accept the appointment of the consultant or supplier sourced via the intermediate agent if any non-compliance is identified or the proposed consultant or supplier's offer is not to the advantage of the Authority.

4. Procurement Process

4.1 Procurement of Normal Single Sourcing (SS1) Items

4.1.1 With prior approval to specific items in the list of SS1 (Appendix 1) subject to justifications meeting the criteria stipulated in Section 3.1 above, normal procurement process of SS1 items is not required. The list of SS1 should be reviewed and updated regularly by CPT and the Finance Department to be approved by CEO or his delegate. An updated list of SS1 should be maintained at the share drive ("S:\Public\Administration") for staff information.

4.1.2 User Departments should check the availability of funds or budget with the support of Finance Department and purchase the SS1 items directly. User Departments must verify their expenditure (by the provision of invoices or vouchers or debit notes, etc. from the supplier detailing the G&S ordered and requiring payment (“Invoices”) and certifying upon the Invoices that the G&S ordered have been delivered and are satisfactory). The Approving Authority should then approve payment and the Responsible Officer should pass the Invoices and the Authority’s payment approval documents to Finance Department, who will check and make payment against the approved Invoice. User Departments shall keep written records of all expenditures on SS1 items for audit inspection.

4.1.3 When User Departments identify any item meeting the criteria stipulated in Section 3.1 but not yet covered by the list of SS1, they shall nominate the item for inclusion onto the list of SS1, with detailed justifications. Finance Department and the CPT will review all applications and justifications before they are to be submitted to the CEO for consideration and approval.

4.2 Procurement of Exceptional Single Sourcing (SS2) Items

4.2.1 User Departments should involve the CPT at an early stage to carry out market research to explore if there are alternatives in the market. Once Single Sourcing is identified as the most appropriate procurement method, User Departments should seek comments from the CPT prior to submitting the PR or Procurement Proposal where applicable to **a higher level** Approving Authority than is required according to delegation levels specified in the “Delegation of Authority Manual” for approval. Subject to justifications meeting the criteria stipulated in Section 3.2 above, procurement of SS2 items (i.e. other than items approved in the list of SS1 above) shall follow the processes and procedures for handling Restricted Quotations or Tendering, whichever may be applicable, in the “Guidelines for Procurement of General Goods and Services (Category A)” except that only one supplier or tenderer is to be invited and approval is to be obtained from **a higher level** Approving Authority than is otherwise required according to delegation levels specified in the “Delegation of Authority Manual” or the Board for RFQ or Open Tendering.

4.2.2 In order to maintain fairness and reduce the risk to the Authority of receiving unfavourable quotations or tenders, selected suppliers of or

tenderers for the supply of SS2 items are not to be informed that the quotation or tender they are being invited to submit is being invited on a single tender or quotation basis, and they shall be required to submit their quotation or tender in the same manner as for an open and competitive procurement process. RFQ's or Invitations to tender where applicable shall be sent in writing to the supplier or tenderer, otherwise justifications should be provided for not doing so to the Approving Authority for approval in the PR or Procurement Proposal.

- 4.2.3 The relevant officer(s) of the AP/TAP and Procurement Team involved in the quotations or tenders shall make the usual "conflicts of interest declarations" to the chairman of the AP/TAP, relevant Senior Executive ("SE") or CEO. The chairman of the Assessment Panel/TAP, relevant SE or CEO shall decide whether in all the circumstances a person making a declaration of a potential conflict of interest should stand down from the procurement process. In the event that there is any doubt, the chairman of the Assessment Panel/TAP, relevant SE, or CEO shall consult the Legal and Secretarial Department.

5. Procurement Self-Service

- 5.1 User Departments can carry out the entire procurement process for Single Sourcing items by themselves (i.e. without the need to procure via the CPT), where:
- (a) there is a need for G&S to be obtained for use outside Hong Kong (for example in preparing an exhibition in a foreign country/city) and there is strong justification for buying the G&S locally in the location outside Hong Kong;
 - (b) the G&S are needed immediately and the urgency of the situation precludes the CPT from carrying out the procurement process. (for example as on-site variations or recovery of goods or services); or
 - (c) the CPT does not have personnel with the necessary knowledge, skills or experience to undertake the procurement of the specific goods or services; or
 - (d) the items are under the approved list of SS1.
- 5.2 With the exception of the requirement to invite multiple suppliers to bid and other requirements necessarily implied by calling for multiple bids, User Departments and officers doing Single Quotation or Tendering and self-

service procurement activities must follow the same procedural and process requirements as are required by the Policy and corresponding procedures for RFQ, Open and Restricted Tendering.

6. Reporting and Registering

- 6.1 Any contract awarded through Single Quotation or Tendering should be recorded in a register to be maintained by the designated officer of the User Department for audit inspection. Contract of SS2 items awarded through Single Quotation or Single Tendering should be reported to the CEO quarterly and copied to the CPT, the Finance Department and the Head, Internal Audit on a quarterly basis.
- 6.2 Reporting and registering of approved Variations, contracts approved and awarded through Single Tendering by the Executive Team (ET) (including Subsidiary Boards), and procurements of SS2 items undertaken without the involvement of the CPT (i.e. procurement self-service) where applicable shall follow the same procedures as stipulated in Section 6 of the Guidelines for Procurement of General Goods and Services (Category A).

West Kowloon Cultural District Authority

Approved List of Normal Single Sourcing (SS1)

Normal Single Sourcing (SS1) Items approved by the CEO for using Single Sourcing in accordance with the “Guidelines for Procurement of General Goods and Services by Single Sourcing”, include:

1. Utilities
2. Banking and financial services (Services provided by banks and other financial institutions including bank accounts operation, deposit-taking, bond investment services, loans and notes issue, credit ratings, credit and debit card, trust services and all forms of financial or market intermediation)
3. License/Copyright application (non-arts and culture related)
4. Event/Exhibition venue pre-approved by the relevant Approving Authority
5. Specific publication/subscription issued by recognized professional bodies or authorized institutions
6. Newspapers and magazines including direct advertising media channels
7. Vehicle fuel card, Autotoll & tunnel fees
8. Government licence/service or by-law fees/taxes e.g. stamp duty, Government rates & rent for properties
9. Subscription of television channels/electronic news
10. Office accommodation expenses under engaged rental agreement
11. Professional data portal and information database services

** The above list of SS1 should be subject to review on a regular basis and approval by the CEO or his delegate.*