



Administrative Policy
INFORMAL PROCUREMENT

AP No.

5-8

Effective Date:

Upon Approval

1. POLICY STATEMENT

The City of Houston (City) seeks to obtain the best value when making purchases that do not require formal competition.

2. POLICY PURPOSE

- 2.1 To promote cost-effective and timely delivery of goods and/or services to departments.
- 2.2 To provide departments with guidance on compliance with procurement laws and rules.
- 2.3 To encourage competition when making purchases that do not require a formal competitive process and increase participation of local minority women and small business enterprises (MWSBEs) in making purchases for City departments.

3. SCOPE

- 3.1 This policy applies to all City departments. It does not apply to:
 - 3.1.1 Purchasing card purchases as detailed in Administrative Policy (AP) 5-6 Purchasing Card Policy and Procedures.
 - 3.1.2 Petty cash purchases made pursuant to AP 5-3 Petty Cash.

4. DEFINITIONS

Authorized Departments: Departments with employees receiving partial delegation of procurement authority from the Chief Procurement Officer (CPO) or designee.

5. POLICY DETAILS

- 5.1 Informal Procurement
 - 5.1.1 Informal bids must be solicited for purchases in excess of \$3,000 and up to the amount set by relevant law (currently \$50,000). Written quotations are required and must be current and properly documented. Quotations obtained for a specific requisition are considered stale after 90 days and must be refreshed before proceeding.
 - 5.1.2 A no-bid response does not satisfy the three quotation minimum. If three quotations cannot be obtained, efforts shall be documented and reported to the CPO.
 - 5.1.3 Before any expenditure of more than \$3,000 but less than \$50,000 are made, bids must be solicited from at least two Historically Underutilized Businesses (HUBs), if certified as such by the Office of Business Opportunity (OBO). If there are no OBO-certified firms for the particular purchase, the State of Texas Historically Underutilized Business Directory shall be consulted

Approved:

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Date Approved:

3/4/2016

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to determine if there are any locally certified HUBs eligible to bid on the project.

5.2 Compliance

- 5.2.1 All employees through the department director shall comply with this policy from the date of approval. Violations of this policy may subject the offending employee to disciplinary action up to and including indefinite suspension/termination.

6. RESPONSIBILITIES

6.1 Strategic Procurement Division (SPD) of the Finance Department:

- 6.1.1 Publishes informal procurement opportunities on its website.
- 6.1.2 Obtains quotes from at least three entities for purchases greater than \$3,000 but less than \$50,000 and reports results back to departments to make the purchase.

6.2 Authorized Department Directors or designees:

- 6.2.1 Designate Departmental Purchasing Unit (DPU) or other contact person to work with SPD.
- 6.2.2 Monitor spending authority and ensure purchases are made pursuant to contract when a contract is in effect.
- 6.2.3 Authorize purchases under \$50,000 when such purchases comply with City policies and the City Code of Ordinances.
- 6.2.4 Ensure that scopes of work/scopes of services or specifications are complete and meet standards established by the CPO.
- 6.2.5 Receive goods and/or services and inspect goods and services timely to ensure compliance with contract terms.
- 6.2.6 Monitor performance and review invoices for accuracy before payment.
- 6.2.7 Ensure compliance with this policy, the City Charter and Code of Ordinances, and other relevant law.
- 6.2.8 Conduct performance evaluations of vendors on the form provided by SPD.

7. RELATED DOCUMENTS AND INFORMATION

This administrative policy supersedes Administrative Procedure 5-2, effective April 1, 2010, which shall be of no further force or effect. If the provisions of this policy conflict with any law, that law shall prevail.

8. POLICY SPONSOR

Department: Finance Department Strategic Procurement Division