General Order

Houston Police Department

ISSUE DATE:	NO.
May 24, 2016	200-12

REFERENCE: Supersedes all prior conflicting Circulars and Directives, and General Order 200-12, dated March 24, 2009

SUBJECT: PURCHASING PROCESS

POLICY

Unauthorized expenditures shall not be made. All employees shall adhere to the procurement procedures of the City of Houston, Strategic Procurement Division, unless otherwise directed by HPD's Office of Budget and Finance.

This General Order applies to all employees.

DEFINITIONS

DPU. HPD's Departmental Purchasing Unit, which is responsible for purchasing functions within the department, designated by the Chief of Police.

Emergency. For the purpose of this General Order, circumstances that require action by an administrative official or City Council to obtain goods and/or services through other than the formal bidding procedures required by the Texas Local Government Code; includes the following conditions described in that Code: (a) a public calamity that requires the immediate appropriation of money to meet the needs of the city's residents or to preserve the property of the City, (b) a threat to the public health or safety of the city's residents, or (c) an occurrence of unforeseen damage to public machinery, equipment, or property.

Formal Bid. Sealed bid to provide goods or services valued at greater than $50,000.

Informal Bid. Bid to provide goods or services valued at greater than $100 and equal to or less than $50,000.

Sole Source Procurement. Purchases available only from a single vendor because other competing products or services are not available.

1 GENERAL REGULATIONS

Goods or services may be procured utilizing one of the following methods:

a. Purchase order (PO)

b. Emergency purchase order (EPO)

c. Contracts greater than $50,000

d. Professional services

e. Purchasing card (P-Card)

f. Fuel card

g. Petty cash

Funds for purchasing goods and/or services are appropriated to the designated accounts during the annual budget process. Expenditures are applied against the appropriations in these accounts as prescribed by the City of Houston chart of accounts. Employees are expected to manage their financial affairs within the appropriated amounts.

If goods and/or services must be purchased because of an emergency or unforeseen circumstance, budgeted funds for the affected division shall be reallocated through the budget transfer process.

2 PURCHASE ORDER

For purchases greater than $100 and equal to or less than $50,000, a routine requisition

shall be prepared and submitted to HPD's Departmental Purchasing Unit (DPU).

The department is authorized to issue purchase orders (POs) against an existing supply contract in conjunction with the department contract allotment.

The following procedures shall be used for the issuance of a PO for the procurement of goods and/or services such as, but not limited to, office supplies, equipment, professional services, uniforms, and maintenance supplies.

To ensure proper accounting of the transaction, approval shall be obtained from the appropriate assistant chief (or civilian equivalent) or above. The command's budget coordinator shall determine if funds are available for the expenditure and shall verify the organization and account numbers.

If an expenditure is to be charged to an assigned account outside the division, approval shall be obtained from the persons responsible for that account.

If the requisition is for goods and/or services currently available under an existing contract, it shall be forwarded to the DPU where it shall be processed in accordance with standard operating procedures.

If the requisition is for goods and/or services not currently available under an existing contract, then the requesting division shall follow the procedures contained herein for the informal bidding process. Upon completion of this process, the requisition shall then be forwarded to the DPU where it shall be processed in accordance with standard operating procedures. If the requesting division does not have the necessary expertise to conduct the informal bidding process, the DPU shall be contacted and they shall provide the necessary guidance to help the requesting division accomplish the task or they shall obtain the bids as required.

The requisition shall be verified and the financial system updated to reflect a decrease in funds. The DPU shall issue a PO in accordance with the department's purchasing authority limit.

The DPU shall forward a copy of the approved PO to the ordering division and the vendor. The DPU shall also file the PO in a purchase order file. Upon receipt of the material and/or services, the ordering division shall forward the delivery receipt/packing slip to the command office. The command office shall enter the receipt into Systems Applications and Products (SAP) and forward the original delivery receipt to Accounts Payable in HPD's Office of Budget and Finance (B&F). Accounts Payable shall process the invoice in a 3-way match (i.e., PO, delivery receipt, and invoice).

3 EMERGENCY PURCHASE ORDER

An emergency purchase order (EPO) shall be used when an item or service is needed on an *emergency* basis.

To purchase goods and/or services using an EPO, the below listed procedures shall be followed:

a. The DPU may issue an EPO up to the department's purchase order limit.

b. Only the City of Houston, Finance Department's Strategic Procurement Division (SPD) may issue an EPO for purchases in excess of the department purchase order limit.

c. The user division shall follow the guidelines or steps in preparing the requisition. If the nature of the emergency does not permit the solicitation of bids, the written approval of the department *single point of contact* (SPOC) is required.

d. To expedite the process during an emergency situation, the purchasing

employee shall contact the appropriate assistant chief (or civilian equivalent) or above to discuss the urgency of the emergency condition and vendor recommendations. The purchasing employee shall also obtain an emergency control number from the SPOC authorizing a continuation of the process prior to the preparation of the requisition.

e. The requisition package shall be submitted to the DPU.

f. The DPU shall review the requisition, verify if an emergency exists, obtain the required approvals, and post it in the system.

g. If approved, the DPU shall issue an EPO to the vendor, send a copy to the user division, and maintain a copy in the file.

h. If the EPO is in excess of the department's purchase order limit, the posted requisition shall be submitted to SPD for review and issuance of an EPO to the vendor.

4 SEQUENTIAL PURCHASES

Should combined City of Houston purchases of the same or similar items from the same vendor knowingly exceed $50,000 within any 12-month period, it is necessary to establish a City contract. The SPOC shall monitor department purchase requisitions to determine if a City contract is required.

5 CONTRACTS GREATER THAN $50,000

New Contracts

Once it is determined the required goods and/or services are not currently under contract, the division requiring the goods and/or services shall develop the necessary specifications. A written request including a justification for the requirement, the specifications, estimated quantities, and accounting information shall be submitted to the DPU.

When required, the requesting division shall work with the DPU and SPD to conduct the formal bidding process, which may include quantity verification or modification of the specifications.

Once the bid package is complete, the requesting division shall review it for accuracy and suggest modifications as necessary to the DPU. The requesting division shall also attend the pre-bid conference and work with the DPU to prepare any necessary clarification letters.

After the bidding is complete, the requesting division shall review and help evaluate the bids and make a recommendation to the DPU as to which bidder should be recommended.

Contract Renewal

Requesting divisions shall be notified approximately nine months prior to the expiration of an existing contract.

The division shall review the current contract and revise the scope of work (SOW) or specifications as necessary, note the anticipated expended dollars and item quantity for the contract term, and forward this information along with accounting information to the DPU.

6 PROFESSIONAL/PERSONAL SERVICES

These contracts have as their predominant purpose the procurement of services that can be performed competently only by persons having special skills, expertise, education, or knowledge that is primarily mental or intellectual in nature.

a. If the cost of professional services required is within department purchasing

authority, the requesting division shall prepare a requisition document, prepare a scope of services, and secure the approval of the appropriate assistant chief (or civilian equivalent) or above. The command's budget coordinator shall determine if funds are available. The requisition and supporting documents shall be routed to the DPU to be processed in accordance with standard operating procedures.

b. If the cost of professional services required is not within the department purchasing authority, the same procedure in the previous paragraph shall be followed with the exception that the request shall be routed by the DPU to SPD. SPD shall then determine if it should be processed in accordance with their standard operating procedures or forwarded to the City Legal Department for final processing.

7 PURCHASING CARD

A purchasing card (P-Card) is a credit card used for small dollar purchases of contract and non-contract goods and/or services for official City business.

Purchases on a P-Card shall be made according to approved P-Card procedures and in accordance with the expenditure approval procedures for the concerned division or command.

SPD develops and administers procedures for the use of P-Cards. They also establish guidelines and criteria for transactions and cumulative dollar limits for the cards.

Designated departmental purchasing card coordinators are responsible for setting limits based on the purchasing requirements for each P-Card. Under no circumstance shall these limits exceed the limits established by the Purchasing Card Program administrator in SPD.

P-Cards may be used to purchase items or services for immediate use and not prohibited by procedures consistent with City of Houston Administrative Procedure No. 5-6: **Purchasing Card Policy and Procedures**, any policy approved by the Mayor, or any ordinance of the City of Houston.

The City's tax-exempt number shall be given to the vendor when a P-Card is used to pay for City business expenditures. The City's tax-exempt number can be obtained from the DPU.

Restrictions

The City P-Card restrictions are governed by Administrative Procedure No. 5-6, which contains a list of items for which P-Cards shall not be used. The most common prohibited uses are:

a. Cash advances

b. Personal expenditures

c. Furniture (except for unforeseen or emergency purchases of less than $500)

d. Food, travel, or entertainment of any kind (except for food and/or travel expenditures approved in writing by the department director pursuant to the City's then-current travel policy. Written approvals by department directors shall be renewed at the beginning of each budget year.)

e. Technology (software, personal computers, laptops, notebooks, smart phones, tablets, and other hardware)

f. Sales tax, except in cases of rental equipment (for which state law does not exempt local government), and some expenses associated with travel

g. Gift cards

h. Car washes

Any improper disbursements from the fund shall be the responsibility of the cardholder and the approving authority. Those persons shall be held personally liable for the reimbursement of improper expenditures and shall be subject to disciplinary action.

8 FUEL CARD

Fuel card procedures shall be consistent with City of Houston Administrative Procedure 5-5: **Corporate/Government Fuel Cards**.

To obtain a fuel card, the requesting division shall submit a request to Staff Services Command's Fleet Unit indicating all of the following:

a. Name of employee requesting the fuel card

b. The employee number

c. The shop number of the vehicle

d. The requesting division

e. The work location the vehicle is assigned

f. A justification explaining the need for the fuel card

The Fleet Unit shall provide all of the following information to the City of Houston's Fleet Management Department (FMD):

g. A budget verification stating sufficient funds are available to support the request

h. Justification for fuel card use

i. Signature of approval for the card

Once issued, the Fleet Unit shall maintain records on fuel card transactions, receipts, reconciliations, and reimbursements. The Fleet Unit shall initiate an investigation against any employee who abuses or misuses the fuel card (see General Order 200-03, **Investigation of Employee Misconduct**).

Fuel cards shall be used only for fuel and oil.

9 VEHICLE PURCHASES

All divisional vehicle purchases shall be coordinated with the HPD Fleet Unit. The HPD Fleet Unit shall coordinate with the FMD on vehicle purchases for the department.

10 PETTY CASH

For petty cash purchasing, see General Order 200-40, **Petty Cash Funds**.

11 INFORMAL BID(S)

The informal bidding process shall be used for one-time purchases when the total cost of an item or service is greater than $100 and equal to or less than $50,000.

When purchasing goods or services that are not City contract items, the following procedures shall be followed. The purchaser shall:

a. Pursue bids from capable vendors listed in the City's Minority, Women and/or Small Business Enterprises and Persons with Disabilities Business Enterprises and Disadvantaged Business Enterprises (MWSBE/PDBE and DBE) Directory.

   1. One quote for purchases ranging from $100.01 through $3,000.

   2. Three or more quotes for purchases ranging from $3,000.01 through $50,000.

b. Request written or faxed bids as follows:

   1. If there are three or more certified vendors listed in the MWSBE/PDBE and DBE Directory for the specific goods or services needed, the originating division shall contact a minimum of three of those vendors.

   2. If there are fewer than three certified vendors listed in the MWSBE/PDBE and DBE Directory for the specific goods or services needed, the originating division shall contact those vendors plus one or more non-MWSBE/PDBE and DBE vendors to make a total of at least three vendor contacts.

c. Prepare a requisition in accordance with guidelines provided by SPD, including the cost center and general ledger account numbers, and the material code.

d. Strictly follow the informal bidding process with the exception of when goods and/or services can be obtained only from a sole source supplier or manufacturer. In this case, the sole source procurement shall apply.

e. Evaluate and determine the lowest bid that meets bid specifications.

12 FORMAL BIDS

The formal bidding process is used for one-time purchases to secure goods and/or services valued at greater than $50,000.

When purchasing goods and/or services that are not City contract items, the requestor shall provide DPU the following:

a. Detailed specifications or an SOW

b. Justification for the purchase

c. One quote

d. Approval by the appropriate assistant chief (or civilian equivalent) or above

e. Funding source information

f. A requisition

The DPU shall evaluate the required documents then forward them to SPD for handling.

13 RECEIVING PROCESS

Upon receipt of goods requested, the receiving party shall do all of the following:

a. Obtain a delivery receipt/packing slip (hereinafter referred to as packing slip).

b. Verify the packing slip shows an accurate description of the item.

c. Verify the requested quantity was delivered.

d. Verify the supplies or services meet the City's published specifications.

e. Notify the delivery agent of any overages, shortages, or damages.

f. Stamp, sign, and date the packing slip.

An authorized employee shall indicate receipt of accepted items in SAP within five business days following receipt, unless the receipt is in dispute.

If furniture or capital assets are delivered, employees shall verify the items have HPD property tags in accordance with General Order 400-14, **Control of Police Department Property**. HPD property tag numbers may be obtained from the Office of Planning, Office Services Section. Once an HPD property tag number has been assigned, B&F's Fixed Assets Group shall be contacted to obtain a SAP fixed asset number if required.

If the receiver finds any overages, shortages, or damage, it shall be indicated on the packing slip and on the PO. This information, along with the original packing slip shall immediately be forwarded to the division's command office for SAP entry. The receiver shall retain a file copy of the packing slip. Following SAP entry, the command office shall forward the PO and the original packing slip to B&F.

The packing slip shall reference the PO number.

14 INVOICE PROCESSING

Original invoices are sent to B&F Accounts Payable for processing. All invoices shall reference a PO number. B&F Accounts Payable shall process invoices for payments to vendors.

15 SAP BUDGET BALANCES REVIEW

Financial reports shall be reviewed for accuracy of budget transfers, encumbrances, and expenditures. Any overspending shall be addressed immediately. Balances not liquidated shall be adjusted for outstanding POs to determine available funds.

Discrepancies between a division's internal accounting records and the City's SAP reports are to be investigated and corrected with the assistance of B&F.

Division personnel are responsible for tracking their division's requisitions and performing other responsibilities as defined in the SAP procedures.

16 CHANGES

Any formalized changes to the bidding process require the approval of the SPOC.

17 RELATED GENERAL ORDERS AND REFERENCE MATERIAL

200-03, **Investigation of Employee Misconduct**
200-40, **Petty Cash Funds**
400-14, **Control of Police Department Property**
400-19, **Microcomputer Regulations**
Executive Order No. 1-14: **Procurement and Payment Policies**
Administrative Procedure 5-5: **Corporate/Government Fuel Cards**
Administrative Procedure 5-6: **Purchasing Card Policy and Procedures**

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