



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 Procurement card (P-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 received partial delegation of procurement authority from the Chief Procurement Officer (CPO) or designee.

5. RESPONSIBILITIES

- 5.1 Strategic Procurement Division of the Finance Department:
 - 5.1.1 Publishes informal procurement opportunities on its website.
 - 5.1.2 Obtains quotes from at least three entities for purchases greater than \$3,000.00 but less than \$50,000.00 and reports results back to departments to make the purchase.
- 5.2 Authorized Department Directors or designees with delegated authority:
 - 5.2.1 Designate Departmental Purchasing Representative (DPR) or other contact person to work with SPD.

Approved:

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Date Approved:

11/6/2023

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- 5.2.2 Monitor spending authority and ensure purchases are made pursuant to contract when a contract is in effect.
- 5.2.3 Authorize purchases under \$50,000 when such purchases comply with City policies and the City Code of Ordinances, including monitoring City-wide, non-contract fiscal expenditures with vendors to ensure City Council authorization is granted for vendors who exceed \$50,000 in a given fiscal year, where appropriate.
- 5.2.4 Ensure that scopes of work/scopes of services or specifications are complete and meet standards established by the CPO.
- 5.2.5 Receive goods and/or services and inspect timely to ensure compliance with contract terms.
- 5.2.6 Monitor performance and review invoices for accuracy before payment.
- 5.2.7 Ensure compliance with this policy, the City Charter and Code of Ordinances, and other relevant law.
- 5.2.8 Conduct performance evaluations of vendors on the form provided by SPD.

6. INFORMAL PROCUREMENT PROCEDURES

- 6.1 Informal bids must be solicited for purchases in excess of \$3,000 and up to the amount set by relevant law (currently \$50,000).
- 6.2 The standard practice of the City shall be to advertise all informal procurement solicitations on the City's current electronic bid platform and not seek direct quotations from vendors. This will give greater visibility and opportunities to the vendor community, including Historically Underutilized Businesses (HUBS) and Minority and Women and Small Business Enterprises certified by the City's Office of Business Opportunity (MWSBEs), to participate in bidding on informal solicitations.
- 6.3 If there are extenuating circumstances where directly seeking the required quotations is in the best interest of the City, a written justification from the DPR must be submitted to the CPO for consideration and written approval from the CPO must be granted prior to utilizing this method of procurement.
 - 6.3.1 If written approval from the CPO is granted for use of obtaining quotations, a minimum of three written quotations, are required and must be current and properly documented. Pursuant to Section 252.0215 of the Texas Local Government Code, at least two of the three quotations must be solicited from Historically Underutilized Businesses (HUBs), if certified as such by the City's Office of Business Opportunity (OBO) (the "HUB requirement"). If there are no OBO certified HUBs for the particular purchase, the department DPR shall consult the State of Texas Historically Underutilized Business Directory found at www.comptroller.texas.gov/procurement to determine if there are any certified HUBs in the county in which the city is situated to quote on the project and if so, quotes shall be solicited by the DPR from the number of HUBs necessary to satisfy the HUB requirement. If there are no HUBs in the OBO Directory or State of Texas HUB Directory, the DPR shall solicit quotes from the number of MWBEs certified as such in the OBO directory to satisfy the HUB requirement. Quotations obtained for a specific requisition are considered stale after 90 days and must be refreshed before proceeding.
 - 6.3.1.1. A no-bid response does not satisfy the three (3) quotation minimum. If three (3) quotations cannot be obtained, efforts shall be documented and reported to the CPO for approval.

7. POLICY SPONSOR

Department: Finance Department Strategic Procurement Division

8. COMPLIANCE

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

9. CONFLICT AND REPEAL

This administrative policy supersedes Administrative Procedure 5-8, effective August 8, 2022, which shall be of no further force or effect. If the provisions of this policy conflict with any law, that law shall prevail.