

TITLE: <b>POLICY AND PROCEDURE FOR SMALL PURCHASES UP TO \$2,500</b>		PROCEDURE NO: 02-009
		SUBMITTED BY: Judy S. Carter Director of Purchasing
		APPROVED BY: Carlos A. Gimenez City Manager
EFFECTIVE DATE: OCTOBER, 2002	SUPERCEDES NO: 99-004	PAGE NO: 1

**PURPOSE:** To increase the efficiency and productivity of City acquisitions through the delegation of small purchases up to \$2,500 to certified departmental purchasing agents assigned to City Departments and Offices.

Effective this date, this Policy and Procedures will supersede all previous directives relating to this subject.

**SCOPE:** This policy and/or procedures shall not be applicable to commodities, or services purchased under an existing contract of the City of Miami, Miami-Dade County, State of Florida, or other comparable jurisdiction. Also, this policy and procedures shall not apply to the requisition of goods and services secured under blanket purchase orders, confirmed purchase orders or emergency purchase orders.

**POLICY:** Pursuant to Sec. 18-72(4) of the City Code, the Chief Procurement Officer (Purchasing Director) delegates to certified departmental purchasing agents assigned to departments and offices, the authority to identify and solicit vendors for the purchase of goods and services up to \$2,500, subject to the approval of the City Manager. The Purchasing Department (Purchasing) retains sole authority to prepare and issue purchase orders and to solicit for the purchase of goods and services in excess of \$2,500. The Chief Procurement Officer reserves the right to revoke or suspend delegated purchasing authority granted through this policy.

- PROHIBITIONS:**
1. Department purchasing agents and User departments shall not exhibit any favoritism to any vendor in the application of these procurement procedures.
  2. Price quotes received from vendors shall not be given to other vendors who have not yet submitted their quotes.
  3. Department purchasing agents shall not allow any changes to a bid/quote once received from the vendor.
  4. In soliciting quotes from vendors, departmental purchasing agents shall, if necessary, establish a final date and time for receiving quotes from bidders and advise prospective bidders of same.
  5. No department or departmental purchasing agent shall artificially divide or split goods or services so as to avoid the requirements of this policy or the City Charter and Code.
  6. Section 18-103, Ethics states "Contracting for goods, services, sales, and leases is to be deemed a public trust performed on behalf of the citizens of the city. Any attempt by city employees to realize personal gain by conduct inconsistent with proper discharge of contracting duties is a breach of public trust..."
  7. Pursuant to Sec. 18-88(b) of the City Code, User Departments and purchasing agents shall not artificially divide or split purchasing requirements so as to avoid the competitive sealed bidding requirements.
  8. Under no circumstances shall a product or service be ordered by the User Department without the issuance of a Purchase Order by Purchasing.

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9. Where a change order increases the total amount of the Purchase Order to an amount in excess of \$2,500, regardless of the amount of increase, such change order shall not be approved by the Purchasing Department.
10. The departmental purchasing agent shall not artificially divide requests for purchase among several requisitions throughout the year in order to remain within the authorized \$2,500 limit for small purchases.
11. An unauthorized purchase may become the financial responsibility of the City employee who made the purchase. The Purchasing staff has been instructed not to process any unauthorized purchases.

**RESPONSIBILITIES (DEPARTMENTAL PURCHASING AGENTS AND DIRECTORS):**

1. Department Directors shall submit to the Chief Procurement Officer (Purchasing Director), for review and approval, employees recommended to serve as departmental purchasing agents within their respective departments. A Certificate of Completion shall be issued to all authorized departmental purchasing agents who have completed successfully the required training for small purchases up to \$2,500. No employee may act as the purchasing agent unless certified and approved by the Purchasing Director and the City Manager.
2. Pursuant to Sec.18-78 of the City Code, purchasing agents shall perform under the general supervision of and subject to the policies, procedures, and regulations of the Chief Procurement Officer.
3. The departmental purchasing agent shall utilize the Request for Quotation Tabulation Form (Tabulation Form) to record the items to be purchased, the vendors solicited and their respective quotes.
4. The departmental purchasing agents shall utilize the M/WBE Directory provided by the Office of Minority/Women Business Affairs to include Black, Hispanic and woman-owned firms in all solicitations.
5. Local vendors shall be given preference in the solicitation of goods, equipment and professional and personal services.
6. "No Bid" responses received from vendors shall not be accepted as quotes.
7. Departmental purchasing agents may solicit more than three (3) vendors if deemed necessary.
8. The departmental purchasing agent shall sign the Tabulation Form, indicating he/she has adhered to the established purchasing procedures and the accuracy of the bid/vendor information. Only the certified purchasing agent is authorized to administer the solicitation process or sign the Tabulation Form. All Tabulation Forms must be approved by the departmental purchasing agent to be valid.
9. Department Director's or authorized designee's signature approves recommendation of award (Tabulation Form) and verifies that the purchasing agent adhered to the purchasing process and to the procedures contained herein.
10. The purchasing agents shall record and maintain a record of all documents i.e. Tabulation Form described herein. Such records shall be subject to audit by the Departments of Purchasing and Internal Audits and the external auditors and shall be open to public inspection.
11. Any written documentation relating to a specific item to be purchased, including requisitions, shall include the relevant alphanumeric requisition number.
12. All goods and services will be obtained through Purchase Orders prepared and issued by the Purchasing Department only after the procurement process has

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- been completed properly and a requisition has been entered by the user department.
13. Departmental purchasing agent shall maintain the yellow copy of the completed Tabulation Form and the department's copy of the Purchase Order. The original completed Tabulation Form shall be maintained separately by the department purchasing agent and submitted to Purchasing upon request.
  14. Departmental purchasing agents shall be responsible for obtaining the lowest price for goods and equipment needed and the most advantageous price for services required by their respective department.
  15. Department Directors shall be solely responsible and shall be held singularly accountable for their department's proper adherence of this policy and procedures.
  16. Department Director or the authorized designee shall verify the accuracy, completeness and proper application of appropriate procurement procedures.
  17. Bidder responses i.e. Tabulation Forms are opened to the public for inspection.
  18. Department purchasing agents shall be responsible for applying the 10% local preference, if vendor whose primary office is located in the City of Miami, is within 10% of the lowest bid amount. Local vendor, however, must accept the low bid amount in order to issued the Purchase Order. Acceptance by the local vendor of the low bid amount shall be properly noted on the Tabulation Form.
  19. Any recommendation to award to a vendor other than the apparent lowest bidder shall be justified in writing and noted on the Tabulation Form for auditing purposes.
  20. Sole source purchases exceeding \$1,000 shall require written justification by the user department and written approval by the Chief Procurement Officer prior to issuance of Purchase Order.
  21. Department Director or authorized designee shall fax a memorandum to the Chief Procurement Officer to justify any recommendation of award to a sole source provider prior to issuance of Purchase Order.
  22. Change orders shall be processed in the same manner as currently followed with appropriate forms supplied by the Purchasing Department.

**RESPONSIBILITES (PURCHASING):**

1. The Chief Procurement Officer (Purchasing Director) retains sole authority to delegate to the departmental purchasing agents assigned to departments and offices to solicit vendors for the purchase of goods and services up to \$2,500, pursuant to Sec. 18-78 of the City Code.
2. The Chief Procurement Officer or designee shall train all approved departmental purchasing agents as to the proper procurement procedures and practices to be followed in soliciting for goods and services described in this section and to issue Certificates of Completion upon successful completion of training.
3. The Purchasing Department shall serve as a resource for department purchasing agents in identifying prospective bidders.
4. The Purchasing Department shall provide the departmental purchasing agents with Tabulation Forms and a M/WBE Directory for their use in the procurement process.
5. The Chief Procurement Officer or authorized designee shall review for approval of all recommendations for purchases of goods or services on a sole source basis prior to issuance of Purchase Order.

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EFFECTIVE DATE: OCTOBER, 2002	SUPERCEDES NO: 99-004	PAGE NO: 4

6. Sole source purchases exceeding \$1,000, shall require written justification by the user and written approval by the Chief Procurement Officer prior to issuance of the Purchase Order.
7. The Purchasing Department retains sole authority to prepare and issue Purchase Orders no later than the next business day following receipt of completed requisition, and if applicable memo justification for sole source.
8. The Chief Procurement Officer reserves the right to rescind the authority delegated to any departmental purchasing agent whenever it is deemed appropriate.
9. The Purchasing Department shall conduct or request periodic audits to ensure department directors and departmental purchasing agents adhere to this policy and the procedures described herein.
10. The Purchasing Department shall coordinate with Risk Management to obtain the appropriate insurance certificate, if required.

**PROCEDURE:**

1. **For the purchase of goods and services up to \$1,000**, the following procedures shall apply:
  - a) **The departmental purchasing agent shall solicit by telephone a quotation from a single qualified vendor that provides the desired good or service.**
  - b) Local vendors and M/WBE vendors listed in the M/WBE directory shall be given the maximum practicable opportunity to provide goods and services up to \$1,000.
  - c) The departmental purchasing agent shall record on the Request for Quotations Tabulation (RFQ) Form (*see attached Form*) a detailed description of item(s) and all required vendor and bid information received from the single vendor for the desired good or service, including but not limited to: vendor contacted (name, address, telephone number), local and M/WBE status, sales representative, the item description, quantity, unit and extended price quoted, ship/freight charge, if any and delivery and payment terms. Completion of Tabulation Form may be legibly handwritten or typed. All prices quoted shall be F.O.B. Destination unless otherwise specified. Please refer to Section 4 for detailed instructions on completion of the Tabulation Form.
  - d) If price quoted is determined to be reasonable and delivery terms are deemed acceptable, the departmental purchasing agent and Department Director or authorized designee shall sign off on the Tabulation Form.
  - e) The requisition shall be entered into the SCI System and shall include the name of the purchasing agent; the name and address of the selected vendor, a detailed description of the desired commodity or service, quantity of goods or services needed, delivery date, the unit of measure and the unit and extended price quoted. Upon completion of data entry, the Department Director or authorized designee must approve requisition electronically to release requisition to the Purchasing Department. The requisition number shall be included on the RFQ form.
  - f) Consistent with established procurement policy, the department purchasing agent must obtain, in advance, written approval from the relevant department for certain specialized purchases: computer equipment/services (Information Technology), telecommunications

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equipment (Information Technology), communications equipment (GSA), temporary staffing services (Human Resources), outside printing (GSA) and automotive accessories (GSA). If applicable, a copy of the requisition showing the verification approval for the above specialized purchases must be faxed to Purchasing before issuance of the Purchase Order.

- g) Upon receipt of the requisition (i.e., electronic requisition, and approval verification if required), the Purchasing Department shall prepare and issue a Purchase Order to the selected vendor by no later than the next business day.
- h) Copies of the Purchase Order shall be distributed to the User Department and Accounts Payable.

2. **For the purchase of goods and supplies greater than \$1,000, but not exceeding \$2,500, the following procedures shall apply:**

- a) **The departmental purchasing agent shall solicit by telephone at least three (3) quotations from qualified vendors that provide the desired goods or supplies. User departments may contact the Purchasing Department for assistance in identifying prospective bidders for desired goods and supplies.**
- b) Local vendors and M/WBE vendors listed in the M/WBE directory shall be given the maximum practicable opportunity for inclusion among solicited firms for goods and supplies.
- c) The purchasing agent shall disseminate to all prospective bidders the same specification and quantity requirements to assure equity and fairness in the procurement process.
- d) The departmental purchasing agent shall record on the Request for Quotations Tabulation Form (*see attached Form*) detailed description of item(s) and all required vendor and bid information (vendor name, address, telephone number) received from each solicited vendor for the desired goods or supplies, including but not limited to: vendors contacted, M/WBE/local Status, sales representative submitting the quote, the unit and extended price quoted, the delivery and payment terms. Completion of Tabulation Form may be legibly handwritten or typed. All prices quoted shall be F.O.B. Destination unless otherwise specified. Please refer to Section 4 for detailed instructions on completion of the Tabulation Form.
- e) The department purchasing agent shall evaluate bidders' responses and make a recommendation of award to the responsible bidder offering the lowest price and meeting the delivery requirements for the desired goods or supplies. A recommendation of award to a vendor other than the apparent low bidder must be substantiated in writing, and noted on the Tabulation Form.
- f) The departmental purchasing agent and Department Director or authorized designee shall sign off on Tabulation Form.
- g) The purchasing agent shall enter the requisition into SCI System and include his/her name, the name of the vendor recommended for award, a detailed description of the desired commodity, quantity of goods or supplies needed, unit of measure, delivery date and the unit and

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extended price quoted. Upon completion of data entry, the Department Director or authorized designee must approve electronically the requisition to release the requisition to the Purchasing Department.

- h) Consistent with established procurement policy, the purchasing agent must obtain in advance written approval from the relevant department for certain specialized purchases: computer equipment (Information Technology), telecommunications equipment (Information Technology), communications equipment (GSA), outside printing (GSA) and automotive accessories (GSA). If applicable, a copy of the requisition showing verification of the approval for the above specialized purchases must be faxed to Purchasing before issuance of the Purchase Order.
  - i) If a local City of Miami vendor quotes a price that is within 10% of the lowest quote (bid) received, the using department will communicate with the local vendor to obtain acceptance of the contract at the low bid amount. If the local vendor accepts, the department purchasing agent shall note on the Tabulation Form acceptance of the low bid amount by the local vendor and enter on the requisition **10% Local Preference**.
  - J) If there exists no other vendor to supply the needed commodity, the department director or authorized designee shall fax to Purchasing a memo justifying the sole source and note the requisition number on the memo.
  - k) In cases of a tie bid, award shall be made based on the following priority: first, the local vendor; second, the M/WBE vendor.
  - l) Upon receipt of the requisition and approval verification, if required, the Purchasing Department shall prepare and issue the Purchase Order to the successful vendor by no later than the next business day.
  - m) Copies of the Purchase Order shall be distributed to User Department and Accounts Payable.
  - n) The department copy of the Purchase Order shall be attached to the yellow copy of the Tabulation Form and maintained by the departmental purchasing agent for a minimum period of three years. The original Tabulation Form shall be filed; and maintained separately for submission to Purchasing upon request.
- 3. For the purchase of personal/professional services greater than \$1,000 but not exceeding \$2,500, the following procedures shall apply:**
- a) **The departmental purchasing agent shall solicit an offer by telephone from a single, qualified offeror that provides the personal or professional services required by the department.**
  - b) Local vendors and M/WBE vendors listed in the M/WBE directory shall be given the maximum practicable opportunity to provide services over \$1,000 up to \$2,500.
  - c) The departmental purchasing agent shall negotiate price, terms and conditions, and time schedule which are most advantageous to the City.
  - d) The departmental purchasing agent shall record on the Request for Quotation Tabulation Form (*see attached Form*) brief description of scope of work, vendor contacted (name, address, telephone number), M/WBE/local status, sales representative submitting the offer, negotiated

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price, terms of work completion and Requisition Number. Completion of Tabulation Form may be legibly handwritten or typed. Please refer to Section 4 for detailed instructions on completion of Tabulation Form. If price and terms negotiated are deemed acceptable, the departmental purchasing agent and Department Director or authorized designee shall sign off on the Tabulation Form.

- e) The requisition shall be entered into SCI System and include the name of the purchasing agent, the name of the selected vendor, a detailed description of the scope of work, payment terms, time for completion of work, negotiated price and payment terms and enter on the requisition, **Fee Competitively Negotiated.**
- f) Consistent with established procurement policy, the departmental purchasing agent must obtain in advance written approval from the relevant department for certain specialized procurements: computer services (Information Technology), temporary staffing services (Human Resources), communication services (GSA), telecommunication services (Information Technology). If applicable, verification of the approval for the above specialized purchases must be faxed to Purchasing before issuance of the Purchase Order.
- g) Upon receipt of the requisition and approved verification, if required, the Purchasing Department shall prepare and issue the Purchase Order to the selected vendor by no later than the next business day, unless insurance is required.
- h) All services that require insurance shall be reviewed by the Risk Administrator in advance of the issuance of the Purchase Order. Any insurance requirements shall delay issuance of the Purchase Order.
- i) Copies of the Purchase Order shall be distributed to the User Department and Accounts Payable.

**4. Tabulation Form Completion**

- a) The departmental purchasing agent shall complete the Tabulation Form in its entirety with the following information and indicate the method of solicitation.
  - (i) **Department/Division:** The department/division in need of the good or service and for which the purchasing agent is authorized to solicit small purchases.
  - (ii) **Requisition Number:** The complete alphanumeric number automatically generated by the SCI System (i.e., PMD-9-1134).
  - (iii) **M/WBE/Local Status:** The purchasing agent must designate M/WBE Status as (B) for Black vendor or (H) for Hispanic vendor or (W) for Woman vendor. The purchasing agent should also indicate L (Local) for the vendor whose primary office is located within the corporate limits of the City of Miami. (NM) should be entered where the vendor is non-minority.
  - (iv) **Vendor Name:** The purchasing agent should include the complete business name of the vendor.
  - (v) **Address:** The purchasing agent should include the correct mailing address of the vendor.
  - (vi) **City/State/Zip:** City, state and zip code should be completed on this line.

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(vii) **Federal I.D. No.# or S.S.N.:** The federal identification number for business entities. The social security number (S.S.N.) may be used for a sole proprietor. **The department purchasing agent must obtain this information and enter on the requisition, if vendor is not listed in the vendor database.**

(viii) **Quoted By:** The departmental purchasing agent should include the complete name of the vendor's sales representative who provided the quote or offer to the purchasing agent and telephone number.

(ix) **Telephone Number:** Indicate telephone number of vendor.

- b) **Item:** The purchasing agent should clearly describe and number each commodity/service requested for purchase. The requisition may contain more than one item as long as the cumulative value of the Purchase Order does not exceed \$2,500.
- c) **Description:** The purchasing agent should describe in detail each item of the good or the scope of work for each service desired.
- d) **Quantity:** The amount of goods or services by item required based upon the appropriate unit of measure.
- e) **Unit of Measure:** The standard measure of an order quantity or measure of an item or work (i.e., lb., pr., doz., ea., job, lot, hr.)
- f) **Unit Price:** The cost per unit of good or service quoted by the prospective bidder.
- g) **Extended Price:** The total price of each item or work desired, calculated by multiplying the quantity by the unit price of the good or service.
- h) **Total:** The sum total of the extended price of each item including shipping/freight charge, if applicable.
- i) **Delivery Date:** The earliest date by which the vendor can make delivery of goods or complete service.
- j) **Ship/Freight Charge:** Indicate ship/freight charge, if any.
- k) **Payment Terms:** The terms applicable to payment, as provided by vendor, including any discounts, i.e. net 30 days, 2% 10 days, etc.
- l) **Quotation Date:** The date on which purchasing agent received quote/offer from bidder/offeror.
- m) **Department purchasing agent:** The signature of the employee who is authorized in writing by the Chief Procurement Officer and approved by the City Manager to act as the departmental purchasing agent and who possesses a Certificate of Completion of required training. The purchasing agent shall date and sign the Tabulation Form in the lower left hand corner prior to submitting the Form to the Department Director or authorized designee for his/her signature. The signature of the purchasing agent and Department Director or authorized designee attest to the accuracy of the vendor's bid/proposal information and adherence to proper purchasing procedures.
- n) **Department Director:** Department Director or authorized designee's signature indicates his/her approval of the recommendation of award (Tabulation Form) of the Purchase Order.
- o) **Comments:** To be used to explain specific reasons for awarding to other than the lowest bidder; to indicate award based on 10% local preference; and the acceptance of the low bid amount by the local

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OCTOBER, 2002

SUPERCEDES NO:  
99-004

PAGE NO:  
9

vendor; to indicate fees for professional services were competitively negotiated; to document/explain/clarify other actions taken by the user consistent with requirements of the policy and procedures as described herein.