

COMMON PROCUREMENT TERMS

Award: The acceptance of a bid or proposal; the presentation of a purchase agreement or contract to a bidder or offeror.

Best Value Bid: A procurement method that emphasizes value in addition to price. The best value might not be the lowest cost.

Bid: (*noun*) The response submitted by a bidder to an invitation for bids (IFB) or to a multi-step bid. Sometimes the complete bid document may be referred to as “the bid”. The response to a request for proposal (RFP) is called a proposal or offer. (*verb*) To submit a bid response. By submitting a bid response, one person (the vendor/contractor) gives the buyer the legal power to create a contract with the responding seller in accordance with the bid response.

Bid Opening: The official process in which sealed bids are opened, usually in the presence of one or more witnesses, at the time and place specified in the invitation for bid. The amount of each bid is recorded and bids are made available for public inspection. It may be open to the public.

Bidder: One who submits a response to an invitation for bid (IFB). Also see *Offeror*.

Blanket Order:

1. An agreement to purchase a given quantity of specific goods over a specified period of time, usually one year.
2. The contract generally establishes prices, terms, conditions, and the period covered, although no quantities are specified; shipments are to be made when and as required by the purchaser which in certain cases may be the end user.

Contractor: Any individual or business having a contract with a governmental body to furnish goods, services, or construction for an agreed-upon price.

Evaluation Committee/Team: A group of individuals established to conduct interviews and negotiations during proposal evaluation for a specific product or service. The teams typically represent the functional areas to be addressed in the discussions with a purchasing representative chairing the team.

Fair and Reasonable Price: A price that is fair to both contracting parties, considering the agreed upon conditions, promised quality, and timeliness of contract performance. Purchasing officials may use a variety of techniques to assure a fair and reasonable price, such as, sealed competitive bidding, competitive proposals, price and cost analysis, and benchmarking to other contracts.

Invitation for Bid (IFB): All documents used to solicit competitive or multi-step sealed bids.

Multi-Year Contract: A procurement contract that extends for longer than one year.

Non-Responsible (Bid): A response to a bid or offer from a contractor, business entity or individual that does not have the ability or capability to fully perform the requirements of the bid or offer. A business entity or individual who does not possess the integrity and reliability to assure contractual performance.

Non-Responsive (Bid): A response to a bid or offer that does not conform to the mandatory or essential requirements contained in the Invitation for Bids (IFB).

Notice of Award: A written notification from the public entity to the successful bidder, or offeror stating that there is an award of a contract in accordance with a bid or proposal previously submitted, and that effective with receipt the vendor or contractor shall proceed with performance; allows work to start while contract is printed and readied for distribution.

Notice of Intent to Award: As a result of a competitive process, a public notice is issued and in some instances, where local laws allow, a Notice of Intent to Award is issued and award will occur only upon receipt of the specified items.

Offer: A response to a solicitation that, if accepted, would bind the offeror to perform the resulting contract.

Offeror: The person/entity who submits a proposal in response to a Request for Proposals (RFP). One who makes an offer in response to a solicitation. Also see *Bidder*.

Pre-Bid/ Pre-Proposal Conference(Meeting): A meeting held by the buyer with potential bidders/offerors, prior to the opening of the solicitation for the purpose of answering questions, clarifying any ambiguities and responding to general issues in order to establish a common basis for understanding all of the requirements of the solicitation. May result in the issuance of an addendum to all potential providers. In certain situations, a mandatory conference may be advisable.

Procurement: Purchasing, renting, leasing, or otherwise acquiring any supplies, services, or construction; includes all functions that pertain to the acquisition, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration. The combined functions of purchasing, inventory control, traffic and transportation, receiving, inspection, storekeeping, salvage and disposal operations.

Procurement or Purchasing Card (pCard): A payment method whereby internal customers (requisitioners) are empowered to deal directly with suppliers for purchases using a credit card issued by a bank or major credit card provider. Generally a pre-established credit limit is established for each card issued. The cards enable eProcurement and facilitate on-line ordering, frequently from pre-approved suppliers under blanket contracts.

Procurement Officer: Any person duly authorized to enter into and administer a contract and make written determinations and findings thereto. Also includes an authorized representative of the procurement officer acting within the limits of his or her authority.

Proposal: A proposal is a document submitted by a vendor in response to some type of bid solicitation to be used as the basis for negotiations or for entering into a contract.

Protest: An oral or written objection by a potential interested party to a solicitation or award of a contract, with the intention of receiving a remedial result.

Purchase Order: A purchaser's written document to a vendor formalizing all the terms and conditions of a proposed transaction, such as a description of the requested items, delivery schedule, terms of payment, and transportation.

Purchase Requisition (PR): A document created by a requestor authorizing the commencement of a purchasing transaction. Typically will include a description of the need and other information that is relative to the transaction.

Request for Proposal (RFP): The document used to solicit proposals from potential providers for goods and services (Offerors). Price is usually not a primary evaluation factor. Provides for the negotiation of all terms, including price prior to contract award. May include a provision for the negotiation of Best and Final Offers. May be a single step or multi-step process.

Request for Quotation (RFQ): A small order amount purchasing method. Generally used for small orders under a certain dollar threshold (\$50,000.00). A request is sent to suppliers along with a description of the commodity or services needed and the supplier is asked to respond with price and other information by a pre-determined date. Evaluation and recommendation for award should be based on the quotation that best meets price, quality, delivery, service, past performance and reliability.

Responsible Bidder/Offeror: A contractor, business entity or individual who is fully capable to meet all of the requirements of the solicitation and subsequent contract. Must possess the full capability, including financial and technical, to perform as contractually required. Must be able to fully document the ability to provide good faith performance.

Responsive Bidder/Offeror: A contractor, business entity or individual who has submitted a bid or proposal that fully conforms in all material respects to the IFB/RFP and all of its requirements, including all form and substance.

Scope of Work: A detailed, written description of the conceptual requirements for the project contained within a Request for Proposal. The scope of work should establish a clear understanding of what is required by the entity.

Sealed Bid: A formal submission from a bidder/offeror submitted in response to an invitation to bid (ITB). It is submitted in a sealed envelope to prevent its contents from being revealed before the time and date set for the bid opening.

Sole Source Procurement: A situation created due to the inability to obtain competition. May result because only one vendor or supplier possesses the unique ability or capability to meet the particular requirements of the solicitation. The purchasing authority may require a justification from the requesting agency explaining why this is the only source for the requirement.

Solicitation: An invitation for bids, a request for proposals, telephone calls or any document used to obtain bids or proposals for the purpose of entering into a contract.

Supplier:

1. The person or business unit actually performing services, or manufacturing, producing, or shipping supplies required by the contract.
2. The seller of goods.

Vendor: A supplier/seller of goods and services. A reference to a provider of product or service.

Source:

National Institute of Governmental Purchasing (NIGP) [Online Dictionary of Procurement Terms](#)