

# Procurement Terms in Plain English

Government Term	English 'Translation'	More Information
Acquisition	Purchase or Buy	This is just a fancy term for when you actually make the purchase or buy something.
Advantageous	Helpful	Advantageous in this case just means that it is profitable (or beneficial) for your agency.
Affirmative Action Steps	---	Affirmative Action steps are management tools designed to make sure that all parties have an equal chance.
Aggregate	Total	Aggregate means the total amount spent at one time or the total dollar amount of a contract.
Arbitrary	Not reasonable or not responsible	This is really just getting at the issue that the items in the contract must be reasonable and logical. A person with common sense would spend his or her <u>own money</u> on the items. Arbitrary might also mean uninformed. You don't make an "arbitrary" decision about what should be included in the contract. You would group like things together. For example, you would not arbitrarily decide to put toys on the same contract as supplies and food stuff for the kitchen.
Bidder	Interested Company or Business	A bidder is a company or business in your area (or that serves your area) that might be interested in providing the items that you need.
Bonded	Insured	Being bonded means that an insurance company has secured money that is available to the buyer in the event they you need to file a claim against the company. The money is in the control of the state, a bond, and not under the control of the 'bonded' company.
Conducting	Doing	Conducting simply put means doing or completing a task.

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Conflict of Interest	---	Any action, position, relationship, etc. that allows a person to benefit at the expense of public interest or their employer.
Cost Reimbursable Contract	---	A cost reimbursable contract is a contract that gives payments to the company based on the allowable costs that the company has to pay for the items they are selling to you the buyer. Sometimes the bills are paid by the agency instead of by the company and reimbursed by the agency.
Economically Feasible	Can I afford it?	This means that the contract meets your needs both your needs both in terms of the dollar amount and your agency's needs.
Entity	A business or company.	In this case, entity would mean a business, agency, school district, unit of government, or company.
Equitably	Honestly or Without Favor	This means that you must be fair about the purchase. It could mean that you apply the details of your contract in a fair manner for all possible companies or that you spend your money equally (for small purchase) between all different stores in your area.
Exigency	Emergency or necessity	An exigency is simply an emergency when you may not be able to follow the contract requirements for a variety of reasons as outlined in their guidance.
Fixed Price Contract	---	A fixed price contract provides a stated price that is fixed (or in place) without any upward or downward adjustment for the duration of the contract, including all renewal periods. Some fixed price contracts may include the option to adjust the costs based on a standard Consumer Price Index to allow for increases or decreases in prices over the contract period.

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IFB	Invitation for Bid	An invitation for bid is a formal way of getting quotes from sellers. This process is used when the agency can easily identify the details. The use of this method requires the agency to decide which seller to use based only on the lowest price. An agency is not allowed to negotiate with the seller on the price quotes.
Inadequate	Not Enough or Not Good Enough	This can be related to the way you write the details of what you need or it can be related to a company that wants to supply the product for you.
Incurred	Be Subject To	Incurred means the amount your agency is subject to get (or to pay).
Modification	Change	A modification is simply a change that is made to the contract.
Overly Restrictive	Too Many Rules	This means that you cannot write the details of your needs with so many rules that only one company can respond to your request or invitation to bid.
Pass Through Entity	Middle man	In this case, a pass through entity is an agency that the goods or services would go through between the owner and the buyer. An example might be a group purchasing company that handles the contracts, ordering, etc. for the food service operation of a group of agencies.
Practicable	Something that can be done (doable)	You will hear this word in sentences "to the extent practicable" a lot. This just means that as much as it is something that is possible to do.
Procurement	Purchasing	This term is used when talking about purchases that you make using taxpayer dollars.
Quotation	Price	A quotation is the information that you will receive from an interested company about the price they will offer to your agency.

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Responsible	---	Responsible in this situation means that the seller can and will do what the contract requires. It also outlines who will do each job duty. For example, a food service worker is responsible to prepare meals. A seller (or vendor) is responsible to provide food according to what is ordered.
Responsive	---	Responsive means that the product/service meets the specifications (details).
RFP	Request for Proposal	A Request for Proposal is more complicated than an Invitation for Bid (see information above), but gives the agency more options to compare than just the price. It also allows that agency to work with the sellers (negotiate) on the terms and/or the price after the evaluation process has ended.
Scope	Range	In this case, it is a summary of your needs for purchasing.
Scope of Contract	---	This is referring to all of the needs of your agency that need to be in the contract.
Solicitation	Asking	Solicitation is asking companies if they would be interested in entering into a specific contract with your facility based on the details in your Invitation for Bid or Request for Proposal.
Specifications (Specs)	Details	Specifications (Specs) are the details that you want for each item that you need to purchase.
Standard (or Cost) Index	A Guide or Basis for Change	A standard index (or cost index) is a price adjustment based on increases or decreases in labor or material costs that are specifically identified in a fixed price contract. The meal reimbursement rates each year change according to a certain Consumer Price Index.
Threshold	Edge	Threshold in this situation is simply the dollar amount that divides the requirements for the level of purchasing rules (formal, informal, micro purchasing) that you need to follow.

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Vendor	Seller	A vendor is any company that sells that product(s) that you are looking to buy.
Weighted Scoring	---	Weighted Scoring is when you can use other details to make a decision about buying something. For example, you can consider the <u>quality</u> of the product/service, <u>references/reviews</u> , etc. in addition to the <u>cost</u> of the product/service.