

Appendix R:

Glossary of Terms /Frequently used Acronyms

Acknowledgement: A form used by a vendor to advise a purchaser that his/her order has been received, and usually to imply that it has been accepted

Agency: An administrative unit of state government, including the executive branch, legislative branch, judiciary, and university system.

All-or-None Bid: A bid submitted for a number of different items, services, etc., in which the bidder states it will not accept a partial award, but will accept only an award for all of the items, services, etc., included in the invitation for bid. Such bids are acceptable only if provided for in the invitation for bid or if the bidder quoted an individual price for each of the items, services, etc., as listed.

Alternate Procurement Method: A method of procuring supplies or services in a manner not specifically described in law, but instead authorized by the General Services Division under section 18-4-302, MCA, following the requirements of section 18-4-122, MCA.

Appropriation: Legislative sanction to use public funds for a specific purpose. Money set aside for a specific use. Any expenditure of State funds.

Award: The presentation of a purchase order and/or contract to a vendor.

Back Order: That portion of an order, which the vendor cannot deliver on schedule and which has been re-entered for shipment when available.

Best Interests of the State: The rationale granting a procurement official discretion in taking action most advantageous to the State when it is impossible to delineate adequately a specific response to law or rule.

Bid: A competitive price offer made by an intended bidder, usually in reply to an Invitation for Bid (IFB).

Bidder: Any person submitting a competitive bid in response to an invitation for bid solicitation.

Bidders List - Vendors List - Central Bidders List: A list maintained by the General Services Division providing the names and addresses of vendors of various supplies and services from whom bids or proposals may be solicited.

Bid Opening: The formal process through which bids are opened and the contents revealed for the first time to the State, other vendors, and to the public.

Bid/Proposal Security: A guarantee in the form of security identified in section 18-4-312, MCA, that the bidder/offeror, if selected, will accept the contract as bid; otherwise the bidder or his/her guarantor will be liable for the amount of the bond or deposit.

Blanket Order: See open-end contract.

Boilerplate: Standard clauses and requirements incorporated into contracts (bid forms and purchase orders), which are derived from laws, or administrative procedures of state government.

Bond: A bond (performance) executed in connection with a contract that secures the performance and fulfillment of all conditions and terms written into the contract.

Brand Name or Equal Specification: A description that references all brand name commercial products known to be acceptable and/or current manufacturer, and that specifies the essential requirements and salient characteristics considered necessary to ensure that the brand name or equal products offered will satisfy the end use application.

Competition: The process by which two or more vendors vie to secure the business of a purchaser by offering the most favorable terms as to price, quality, delivery and/or service.

Competitive Sealed Bidding: The submission of sealed prices by individuals or firms competing for a contract, privilege, or right to supply merchandise or services.

Competitive Sealed Proposal: See Request for Proposal

Confirming Order: A purchase order placed verbally or otherwise for goods or services prior to the formal issuance of a purchase document against authorized encumbered funds.

Contract: A written agreement between two or more parties that are authorized to legally bind each party to provide goods or services in exchange for consideration.

Contract Performance Security: A contract of guarantee executed subsequent to award by a successful vendor to protect the government from loss due to the vendor's inability to complete the contract as agreed.

Controlled Item: Those supplies and services identified by the General Services Division as commonly used items which, when consolidated for purchasing purposes, result in volume adequate to obtain discounted prices. These items are purchased through Requisition Time Schedules, Exclusive Term Contracts, Print Services and Central Stores.

Cooperative Purchasing: The combining of requirements of two or more political entities in order to obtain the benefits of volume purchases and/or reduction in administrative expenses. Defined in Montana law in section 18-4-401, MCA.

Delivery Schedule: The required or agreed time or rate of delivery of goods or services purchased for a future period.

Design Specification: A purchase specification setting forth the essential characteristics that an item bid must possess to be considered for award and so detailed as to describe how the product is to be manufactured.

Direct Negotiation: When none of the Invitations for Bids or Requests for Proposals received in response to a valid solicitation are from a responsible or responsive bidder or offeror, the procurement officer may cancel and reissue the solicitation or directly negotiate with a vendor

subject to certain guidelines set out in ARM 2.5.608, including obtaining the approval of the State Procurement Bureau.

Emergency: A situation or occurrence of a serious nature, developing suddenly and unexpectedly, and demanding immediate action.

Equipment: Any item having a life expectancy of one (1) year or more.

Expedite: To accelerate delivery of goods.

Exclusive: When a term contract is awarded as an "exclusive" term contract, agencies are *required* to purchase from the listed term contract holder, unless the contract provides an exception for the Montana University System.

Exigency: A purchase made without following normal purchasing procedures due to a sudden and unexpected happening or unforeseen occurrence/condition, which requires immediate action.

Fiscal Year: A period of twelve (12) consecutive months selected as a basis for annual financial reporting, planning or budgeting. State of Montana's FY is 1 Jul – 30 June.

F.O.B. (Freight on Board): The term identifies the specific way the seller is required to deliver the goods. The term "f.o.b." must be qualified by a name of location, such as shipping point, destination, name of a city, etc. The stated "f.o.b. point" is usually the location where the title to the goods passes from the seller to the buyer. The seller is liable for the risks of loss or damage to the goods up to the point where title passes to the buyer. The buyer is liable for such charges and risks after passing of title. Identification of which party is liable for transportation charges is a separate item.

Freight on Board (F.O.B.) Destination, Freight Prepaid: A shipping term defining the point at which the State takes legal title to the supplies purchased. This term indicates that the seller pays the freight charges, owns the goods in transit, and files all claims for damages as necessary.

Invitation for Bid: All documents, whether attached or incorporated by reference, utilized for soliciting formal, sealed bids.

Item Code: A numerical system used in breaking down a Quote Group into more detailed supplies or services.

Late Bid/Proposal: A bid or proposal, which is received at the place designated in the Invitation for Bid or Request for Proposal after the deadline established by the IFB or RFP.

Lead Time: The period of time from the date that the goods or services are requisitioned to the time when goods can be delivered, allowing for the public bidding and ordering.

Letter of Credit: Security issued by a bank or savings and loan association for a specific time period to ensure performance of a contract.

Limited Solicitation: An informal method of purchasing, which does not require sealed bids or proposals but does require documented competition for non-controlled items. This method is

defined in ARM 2.5.603.

Lowest Responsive/Responsible Bidder: The bidder (person, firm or corporation) who is awarded a contract because the bid (may be based on unit or total price) is lower than any of the bids submitted in response to the solicitation. The lowest bid must be deemed responsive and the bidder must be deemed responsible.

Multiple Award: The award of contracts to two or more vendors for the same or essentially similar items in situations where the award of a single contract would be impractical.

Net Price: Price after subtracting all discounts, rebates, etc.

Non-Exclusive: When a term contract is awarded as a "non-exclusive" term contract, agencies are not required to purchase from the listed term contract holder.

Non-Resident Bidder: A bidder whose residence is not in this state as determined under section 18-1-103, MCA.

Non-Responsive Bid/Offer: A bid or offer that does not conform to the essential requirements of the Invitation for Bid or Request for Proposal; nonconforming bid/offer; unresponsive bid/offer.

Offer: The act of one person that gives another person the legal power to create a contract to which both of them are parties; to perform such an act.

Offeror: A seller who is offering a response to a Request for Proposal.

Open-End Contract: A contract with a definite dollar limit for specific material that remains open over a stated contract period such as three, six or twelve months.

Performance Specification: A specification describing the performance characteristics sought in a product or service; a purchase description accenting performance over design; a functional rather than a generic or physical specification.

Principal Investigator: Any Montana State University (MSU) employee who is responsible for conducting research in performance of MSU's mission.

Procurement: The acquisition with or without cost, buying, purchasing, renting, leasing, or otherwise acquiring any supplies or services. It includes all functions that pertain to the obtaining of any supply or service, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration. It does not include the acquiring of supplies or services by gift.

Proposal: The executed document submitted by an offeror in response to a Request for Proposal (and the basis for subsequent negotiation).

Protest: A complaint about a state action or decision brought by a vendor or a contractor to the appropriate administrative section with the intention of achieving a remedial result.

Purchase Requisition: The form submitted by Department's when requesting the MSU-Bozeman Purchasing Department to procure specific goods or services.

Purchase Order (PO): A state document to formalize a purchase transaction with a vendor. A purchase order, contains statements as to the quantity, description, and price of the supplies or services; applicable terms for payments, discounts, dates of performance, transportation terms, and all other factors pertinent to the purchase and its execution by the vendor.

Purchasing Agent: A person authorized to purchase supplies and services in accordance with written rules and regulations and accepted purchasing policies, procedures and ethics.

Reciprocal Preference: The State of Montana applies a reciprocal preference against a vendor submitting a bid from a state or country, which grants a residency preference to its resident businesses. A reciprocal preference is only applied to an invitation for bid for supplies or an invitation for bid for nonconstruction services for public works as defined in section 18-2-401(9), MCA, and then only if federal funds are not involved.

Rejected Bid: Bids that do not meet the requirements set forth in the Invitation for Bid.

Request for Proposal (RFP): A formal invitation to a potential offeror to submit a proposal to provide a solution to a problem or a need that an agency has identified. An RFP is also a procurement process where the State has the ability to judge if an offeror's qualifications, experience, and approach will provide the best solution to the State's needs.

Requirements Contract: A contract for the purchase of supplies or services, the quantity or amount of which is based upon the actual needs or requirements of the agency.

Requisition Time Schedule (RTS): A schedule issued by the State Procurement Bureau and the Central Stores Program each year, which designates the dates that requisitions for various controlled items must be submitted during the next calendar year.

Resident Bidder: A bidder who meets the requirements of section 18-1-103, MCA.

Responsible Bidder/Offeror: Means a person who has the capability in all respects to perform fully the contract requirements and the integrity and reliability, which will assure good faith performance.

Responsive Bidder/Offeror: Means a person who has submitted a bid or offer, which conforms in all material respects to the invitation for bids or requests for proposals.

Restrictive Specification: A specification that unnecessarily limits competition by eliminating items that would be capable of satisfactorily meeting actual needs.

Salvage: Property that is no longer useful as a unit in its present condition but has some value in addition to its value as scrap.

Scrap: Property that has no reasonable prospect of being sold except for the value of its basic material content.

Sealed Bid: A bid submitted in a sealed envelope to prevent dissemination of its contents before the deadline for the submission of all bids; or a facsimile submission in response to an Invitation for Bid that will meet the criterion of “sealed” in a legal sense if the transmission is secured by the procurement office.

Service Contract: Means the furnishing of labor, time or effort by a contractor. The term does not include, those professions listed in section 18-4-132, MCA, employment agreements or collective bargaining agreements, the provision of human services administered by the Department of Public Health and Human Services, or services related to construction contracts.

Small Purchase: Any procurement not exceeding the amount established by ARM 2.5.603 which may be made in accordance with small purchase procedures established by the Department of Administration.

Sole Source: An award for a commodity or service to the only known capable vendor, occasioned by the unique nature of the requirement, the vendor, or market conditions.

Specifications: A description of what the purchaser seeks to buy, and consequently, what a vendor must be responsive to in order to be considered for award of a contract. A specification may be a description of the physical or functional characteristics, or the nature of, a supply or service. It may include a description of any requirements for inspecting, testing, or preparing a supply or service item for delivery.

Standard: A characteristic or set of characteristics for an item that, for reasons of performance level, compatibility or inter-changeability with other products, etc., is generally accepted by producers and by users of the item as a required characteristic of all items for the designated purpose.

Supplies: All property, except as otherwise provided by law, including but not limited to equipment, materials, printing, and commodities, and excluding land or any interest in land.

Surplus Supplies: Supplies no longer needed by an agency for its use in the discharge of its duties and responsibilities, excluding books.

Tabulation of Bids: The recording of bids and bidding data that was submitted in response to a specific invitation for the purpose of comparison, analysis, and record keeping.

Term Contract: A contract in which a source or sources of supply are established for a specific period of time at a predetermined unit price.

Total Contract Value: The initial contract period and any options to renew.

Trade-In: The process of using an owned item of merchandise as payment or partial payment for the purchase of other merchandise.

Unit Price: The price of a selected unit of a good or service; e.g., price per ton, per foot, per dozen, per box, etc.

Vendor: A person who offers or may offer supplies or services to a public agency.

Vendor Quote Group: A numerical system used by the General Services Division to reference and identify like groups of supplies or services.

Vendor Registration Form: A form issued to vendors wishing to do business with the State. The vendors indicate which supplies or services they wish to bid or propose on.

FREQUENTLY USED ACRONYMS

ARO	=	After Receipt of Order
BAFO	=	Best and Final Offer
BPA	=	Banner Payment Authorization
COA	=	Chart of Accounts
CO	=	Change Order or Contracting Officer
COB	=	Close of Business
CSA	=	Contracted Services Agreement
D&F	=	Determination and Finding
DPES	=	Data Processing Equipment and Software Justification Form
DPO	=	Departmental Purchase Order
ECD	=	Estimated Completion Date
FOAPAL	=	Banner Finance Accounts definition: <u>F</u> und, <u>O</u> rganization, <u>A</u> ccount, <u>P</u> rogram, <u>A</u> ctivity, <u>L</u> ocation
F.O.B. ____	=	Freight on Board (Site and Freight Terms)
FY	=	Fiscal Year
FYI	=	For Your Information
G & A	=	General and Administrative
G & C	=	Grants and Contracts

GFP	=	Government Furnished Property
IFB	=	Invitation For Bid
ITC	=	Information Technology Center
I & T	=	Installation and Training
LOV	=	List of Values in Banner Screens
MOA	=	Memorandum of Agreement
MOE	=	Major Office Equipment Justification Form
MOU	=	Memorandum of Understanding
MTBF	=	Mean Time Between Failures
MTBMA	=	Mean Time Between Maintenance Action
MTTR	=	Mean Time to Repair
PR	=	Purchase Requisition
PCO	=	Procurement Contracting Officer
PO	=	Purchase Order or Procurement Officer
POA	=	Purchase Order Adjustment
POC	=	Point of Contact
POP	=	Period of Performance
RFI	=	Request for Information
RFP	=	Request for Proposal
RFQ	=	Request for Quotation
RTS	=	Requisition Time Schedule

SABHRS = Statewide Accounting, Budgeting, and Human Resources System

SCT = Systems & Computer Technology Corp.

S/W = Software

TC = Term Contract

TE = Technical Evaluation

UI = Unit of Issue

U.S.C. = United States Code

WAN = Wide Area Network

WSCA = Western States Contract Alliance