

Section 4.3

Glossary of Purchasing Terms

Assignments

The legal transfer of a right or property.

Award

The act of accepting a bid, thereby forming a contract between the state and a bidder.

Automated Term Contract

A contract by which orders can be processed by the TPASS computer system when the agency provides the required coded information on the Contract Purchase Requisition. Eliminates the need for the agency to describe items on the requisition.

Best Interests of the State

Most advantageous to the state in light of all relevant circumstances.

Bid

An offer to contract with the state submitted in response to a bid invitation issued by the TPASS or an issuing entity.

Bid Deposit

A deposit required of bidders to protect the state in the event a low bidder attempts to withdraw its bid or otherwise fails to enter into a contract with the state. Acceptable forms of bid deposits are limited to: cashier's check, certified check, or irrevocable letter of credit issued by a financial institution subject to the laws of Texas; a surety or blanket bond from a company chartered or authorized to do business in Texas and United States Treasury listed; a United States Treasury Bond; or certificate of deposit.

Bid Sample

A sample required to be furnished as part of a bid, for evaluating the quality of the product offered.

Biennial Period

Occurring every two years.

Biennium (State of Texas)

A period of 24 consecutive months, beginning on September 1 of each odd numbered year.
Example: September 1, 2011 through August 31, 2013

Blanket Bond

A performance bond which insures a respondent's performance on two or more contracts in lieu of separate bonds for each contract. The amount for a blanket bond shall be established by the TPASS and contracting entities based on the respondent's annual level of participation in the state purchasing program. Acceptable forms of blanket bonds are those described in the definition of bid deposit.

Blanket Order

A purchase order with a vendor for a specified time period, specific commodity, and an estimated quantity to be delivered as requested. Use of minimum call out quantities is advised for this type of order.

Brand Name

A trade name or product name which identifies a product as having been made by a particular manufacturer.

Centralized Master Bidders List (CMBL)

A database maintained by TPASS containing the names and addresses of registered vendors which have provided contact information and information on goods or services they offer.

Certification

State agency personnel completing the required training and continuing education will have certified purchasing authority to approve purchase orders on behalf of the state of Texas and their prospective agency.

Class and Item

The classification system found in the NIGP Commodity Book that identifies items and services.

Commodity

Supplies, materials or equipment listed for NIGP commodity class and item numbers

Commodity Book

List of NIGP class and items numbers maintained on the TPASS Web site

Competitive Solicitation

The process of inviting and obtaining responses from competing sources in response to advertised competitive specifications, by which an award is made to the lowest and best respondent meeting the specifications. The process contemplates giving potential vendors a reasonable opportunity to bid, and requires that all vendors be placed on the same plane. Each respondent must propose on the same advertised specifications, terms, and conditions in all the items and parts of a contract. The purpose of a competitive solicitation is to stimulate competition, prevent favoritism, and secure the best goods and services at the best value, for the benefit of the state. Solicitations cannot occur where contract specifications, terms, or conditions prevent or unduly restrict competition, favor a particular vendor, or increase the cost of goods or services without providing a corresponding benefit to the state.

Competitive Specifications

A specification stated in such a manner that two or more vendors can meet the specifications on the same plane of equality.

Confirmation Order

A purchase order issued to a vendor, listing the commodities and terms of an order placed verbally, or otherwise, in advance of the issuance of the purchase order.

Consumable Procurement Budget

That portion of an agency's budget as identified by TPASS expenditure codes attributable to consumable supplies, materials, and equipment.

Cooperative Purchasing

A program for qualified entities to use the TPASS contract resources.

Delegated Purchase

A purchase made by an agency under the authority of the TPASS and subject to TPASS rules and procedures.

Design Specifications

A specification describing the essential physical characteristics which an proposed item must possess to be considered for award and so detailed as to describe how the product is to be manufactured.

Director

The director of the TPASS Division.

Direct Publication

Purchases of publications directly from the publisher and considered sole source.

Discount-From-List

Requires insertion of net unit prices on the solicitation for commodities. The respondent must submit a printed manufacturer's price list or catalog from which prices are to be figured. Prices in this category cannot be increased for ninety (90) days after the contract begins, unless otherwise noted in the solicitation.

Distributor Purchase

The purchase of repair parts for a unit of major equipment that are needed immediately or as maintenance contracts for laboratory/medical equipment.

Early Payment Discount

A discount from the purchase price allowed to the agency if payment is made within a specified period.

Electronic Data Interchange (EDI)

Exchange of information electronically between business parties in a structured format, including but not limited to computer direct or indirect electronic information exchange, exchange of computer tapes and disks, and facsimile transmission.

Electronic State Business Daily (ESBD)

State agencies making procurements exceeding \$25,000 without regard to source of funds will post the solicitation through the ESBD.

Emergency Purchase

A purchase of goods or services so critical that an agency will suffer financial or operational damage unless they are secured immediately.

Environmentally Sensitive Products

Products or services, also called "eco-friendly", that are not harmful to the atmosphere or surroundings.

Equivalent Product

A product that is comparable in performance and quality to the specified product.

Escalation Clause

A clause in a contract providing for a price increase under certain specified circumstances.

Free on Board (F.O.B.)

This term refers to the point at which the title to goods transfers between supplier and purchaser at the FOB point and does not relate to the actual freight charges.

Fiscal Year (State of Texas)

A period of 12 consecutive months, beginning September 1 of each year and ending August 31 of the next year.

Fixed Price Contract

A contract which provides for a firm price which cannot be increased for the full term of the contract and any subsequent renewal periods.

Formal Proposal

A written response submitted in a sealed envelope in accordance with a prescribed format transmitted to the TPASS in accordance with procedures established by the TPASS.

Historically Underutilized Business (HUB): a business that:

- is at least 51% owned by an Asian Pacific American, Black American, Hispanic American, Native American and/or American woman,
- is a for-profit entity that has not exceeded the size standards prescribed by [34 TAC §20.23](#), and has its principal place of business in Texas, and
- has an owner residing in Texas with a proportionate interest that actively participates in the control, operations and management of the entity's affairs.

Interagency Contract (IAC)

Understanding between two or more agencies as authorized by Chapter 771 of the Texas Government Code.

Informal Solicitation

An unsealed, competitive solicitation used for purchases less than \$10,000 submitted by letter, telephone, telegram, or other means.

Inspection

Examination and/or testing of merchandise to determine whether it has been received in the proper quantity and condition and to verify that it conforms to the applicable specifications.

Inspection Report

A report made as a result of the agency's inspection, informing the purchasing authority of a product's compliance with advertised specifications.

Internal Repairs

Repairs in which the extent and cost cannot be determined until the commodity is disassembled and evaluated. By definition an internal repair must contain labor but may also include parts.

Invitation for Bids (IFB)

A written request for submission of a proposal response

Late Proposal Response

A response that is received after the time set for response due date and at the place designated in the solicitation.

Lease of Equipment

A contract granting use of equipment or other fixed assets for a specified time in exchange for payment. Title remains with the contractor.

Lease Purchase

An installment sale which gives the lessee the right to purchase the equipment at an agreed upon price under certain conditions. Title passes from seller to agency if and at the time the option to purchase is exercised.

Life-Cycle Costing

A procurement technique which considers operating, maintenance, acquisition price, and other costs of ownership in the award of contracts to ensure that the item acquired will result in the lowest total ownership cost during the time the item's function is required.

Local Government

A county, municipality, school district, special district, junior college district, or other legally constituted political subdivision of the state.

Manufacturer's Price List

A price list published in some form by the manufacturer and available to and recognized by the trade. The term does not include a price list prepared especially for a particular solicitation.

Minor Technicality

A requirement in a solicitation which, if waived or modified by the agency when evaluating responses, would not give a respondent an unfair advantage over other respondents or result in a material change in the contract.

Multiple Award Contract Procedure

A purchasing procedure by which the agency establishes one or more levels of quality and performance and makes more than one award at each level.

Managed Contract

A term contract that cannot be processed through the TPASS's automated purchasing system. The purchase order is prepared by the agency, referencing the contract number and pricing and mailed directly to the Contractor

Non Resident Bidder

A bidder whose principal place of business is not in Texas, but does not include a bidder whose majority owner or parent company has its principal place of business in Texas.

Notice of Award

A letter signed by the director or his designee which awards and creates a contract and may be used in lieu of issuing a purchase order.

OEM

Original equipment manufacturer.

Offer

A proposal by one party to another which is intended to create legal relations on acceptance by the party.

Open Market Purchase

A purchase of goods, usually of a specified quantity, processed by TPASS on behalf of a state agency in response to an open market requisition.

Agency

A state agency or local government that requisitions goods or services through the TPASS.

Payment Bond

A deposit, pledge, or contract of guaranty supplied by a contractor to protect the state against loss due to the contractor's failure to pay material suppliers and subcontractors. Acceptable forms of payment bonds are: cashier's check, certified check, or irrevocable letter of credit issued by a financial institution subject to the laws of Texas; a surety or blanket bond from a company chartered or authorized to do business in Texas; United States Treasury bond; or certificate of deposit.

Payment Card

State term contract credit card program designed as a payment method to streamline small dollar purchases.

Performance Bond

A deposit, pledge, or contract of guaranty supplied by a contractor to protect the state against loss due to the contractor's inability to complete the contract as agreed. Acceptable forms of performance bonds are those listed in the definition of payment bond.

Performance Specification

A specification setting out performance requirements determined to be necessary for the item involved to perform and last as required.

Perishable Goods

Goods that are subject to spoilage within a relatively short time and that may be purchased by agencies under delegated authority.

Post-Consumer Materials

Finished products, packages, or materials generated by a business entity or consumer that have served their intended end uses, and that have been recovered or otherwise diverted from the waste stream for the purpose of recycling.

Pre-Consumer Materials

Materials or by-products that have not reached a business entity or consumer for an intended end use, including industrial scrap material, and overstock or obsolete inventories from distributors wholesalers, and other companies. The term does not include materials and by-products generated from, and commonly reused within, an original manufacturing process or separate operation within the same or a parent company.

Principal Place of Business in Texas

A permanent business office located in Texas from which a bid is submitted and from which day-to-day business activities are conducted, where at least one employee works for the business entity submitting bids.

Proposal

A response by one party to another which is intended to create legal relations on acceptance by the party.

Proprietary

Products or services manufactured or offered under exclusive rights of ownership, including rights under patent, copyright or trade secret law. A product or service is proprietary if it has a distinctive feature or characteristic which is not shared or provided by competing or similar products or services.

Protest Procedures

Procedures for resolving vendor protests relating to purchasing issues.

Public Bid Opening

The opening of bids at the time and place advertised in the solicitation, in the presence of anyone who wishes to attend. On request of any person in attendance, bids will be read aloud.

Purchase Orders

A document issued by a purchaser to a seller, indicating types, quantities, and agreed prices for products or services the seller will provide to the agency. Sending a purchase order to a supplier constitutes a legal offer to buy products or services. Acceptance of a purchase order by a seller usually forms a one-off contract between the buyer and seller, so no contract exists until the purchase order is accepted

Purchasing Functions

The development of specifications, receipt and processing of requisitions, review of specifications, advertising for bids, response evaluation, award of contracts, and inspection of merchandise received. The term does not include invoice, audit, or contract administrative functions.

Recycled Material Content

The portion of a product made with recycled materials consisting of pre-consumer materials (waste), post-consumer materials (waste), or both.

Recycled Materials

Materials, goods, or products that contain recyclable material, industrial waste, or hazardous waste that may be used in place of raw or virgin materials in manufacturing a new product.

Recycled Product

A product that meets the requirements for recycled material content as prescribed by the rules established by the Texas Commission on Environmental Quality in consultation with the Comptroller of Public Accounts.

Remanufactured Product

A product that has been repaired, rebuilt, or otherwise restored to meet or exceed the original equipment manufacturers (OEM) performance specifications; provided, however, the warranty period for a remanufactured product may differ from the OEM warranty period.

Rent

Payment for the use of property.

Request for Information (RFI)

A document to determine what products and services are potentially available in the marketplace to meet the agency's needs and to know the capability of a vendor in terms of offerings and strengths. RFIs are commonly used on major procurements, where a requirement could potentially be met through several alternate means. An RFI, however, is not a request for pricing, is not binding on either the agency or vendors, and may or may not lead to an RFP or RFO.

Request for Offer (RFO)

To be used in the Purchase of Automated Information System (AIS) or Telecommunication procurements.

Request for Proposal (RFP)

The written solicitation document concerning goods or services the state intends to acquire by means of the competitive sealed proposal procedure. The procedure allows changes to be made after other proposals are opened and contemplates that the nature of the proposals and/or prices offered will be negotiated prior to award.

Request for Qualifications (RFQ)

A solicitation document often distributed before initiation of the RFP process. It is used to gather vendor information from multiple companies and qualifications to generate a pool of prospects. This eases the RFP review process by preemptively short-listing candidates which meet the desired qualifications.

Requisition

An internal document by which agency personnel provide their written requests for commodities or services to the budget and purchasing departments.

Response Tabulation

The recording of responses for purposes of Documents all received for evaluation and recording purposes.

Respondent

An individual or entity that submits a proposal. The term includes anyone acting on behalf of the individual or other entity that submits a proposal, such as agents, employees, and representatives.

Respondent Affirmation Clauses

Respondent affirms by signature on the solicitation document(s) compliance with the affirmations required by Texas Government Code.

Salvage Value

The estimated value of a property when the user completes its use of the property.

Sealed Bids and Proposals

A response which is kept secure and unopened until after the due date and time specified.

Service

The furnishing of skilled or unskilled labor or professional work but does not include professional services covered by the Professional & Consulting Services Act (defined in Chapter 2254 of the Texas Government Code), or an employee of an agency, and services of public utilities.

Set-Aside Contract

Term often used when referring to TIBH and Texas Correctional Industries (TCI) statutory purchasing programs.

Solicitation

Documentation prepared and presented to vendors for response for specification commodities or services such as Invitation for Bid, Request for Proposal or Request for Offer.

Specification

A **specification** (often abbreviated **spec**) is an explicit set of requirements to be satisfied by a material, product, or service. Should a material, product or service fail to meet one or more of the applicable specifications, it may be referred to as being *out of specification*. Specs are a type of technical standard.

Standard

The established and fixed measure used in assessing quality or performance.

Standing Order

Similar to a blanket order except it has specified quantities and specified delivery dates.

Surplus

Federal and State surplus property programs administered by the TFC. Each program has its own laws, rules, and procedures.

Terms & Conditions

The provision specifying the nature of a contract.

Term Contract Purchase

A purchase by an agency under a term contract which establishes a source of supply for particular goods at a given price for a specified period of time. TxSmartBuy Term Contract and TPASS Managed.

Texas Council for Purchasing from People with Disabilities (TCPPD) An agency of the government of the State of Texas, dedicated to further the state's policy of encouraging and assisting persons with disabilities to achieve maximum personal independence by engaging in useful, productive employment activities.

Texas Department of Criminal Justice (TDCJ) Goods and services may be purchased directly from the Texas correctional Industries (TCI) state agency without competitive bidding per the Texas Prison Made Goods Act, Chapter 497 on the Texas Government Code. The Institutional Division of TDCJ offers a Texas Correctional Industries (TCI) catalogue.

Texas Resident Bidder

A bidder with its principal place of business in Texas, including a bidder whose majority owner or parent company has its principal place of business in Texas.

Texas Specification

A specification adopted by the TPASS and used whenever possible in the purchase of the item involved. Established standard of minimum quality for items or services purchased in volume by the state.

Unit Price

The price for a good or service in accordance with the unit of measure provided in the solicitation.

USAS

Acronym for the Uniform Statewide Accounting System.

Vendor

A potential supplier of goods or services to the state.

Written Data

Data which is expressly required to be submitted in writing. A solicitation that expressly requires the submission of written data with the response must include the following statement or its substantial equivalent: "Failure to provide the required information with the bid response will automatically disqualify the response from consideration for award in connection with this transaction."