

GLOSSARY OF PROCUREMENT TERMS

Words and terms shall have the same meaning as defined in Title 18, Chapter 4, Montana Code Annotated 2017 (MCA), and, unless the context clearly requires otherwise or a different meaning is prescribed for a particular rule, the following definitions apply:

"Agency" means an Agency, bureau, commission, committee, council, department, governmental corporation, institution, legislative body, or other entity, instrumentality, or official of the executive, legislative, or judicial branch of State government, including the Board of Regents and the Montana University System.

"Advantageous" means a judgmental assessment of what is in the state's best interest.

"Alternate bid" means a bid submitted in knowing variance from the specifications, terms, conditions, or provisions of the solicitation. Such a bid is acceptable only when the variance is deemed immaterial.

"Alternate procurement method" means a method of procuring supplies or services in a manner not specifically described in law, but instead authorized by the department under 18-4-302, MCA, following the requirements of 18-4-122, MCA.

"Bid" means the executed document in response to an invitation for bid. "Bidder" means a person submitting a bid.

"Brand name specification" means a specification that cites a brand name, model number, or some other designation that identifies a specific product as an example of the desired characteristics and/or quality of merchandise.

"Commodity code" means a number designated to include a specific type of supply or service. The commodity codes provide a means for Contractors registered with State Procurement Bureau to easily define the supplies and/or services they offer and for agencies to target specific Contractors when issuing solicitations.

"Contract" means all types of state agreements, regardless of what they may be called, for the procurement or disposal of supplies or services.

"Contractor" means a seller of supplies or services.

"Contractors list" means a list maintained by the division listing the names and addresses of suppliers of various supplies and services from whom bids, or proposals can be solicited.

"Controlled items" means those supplies and services an agency must purchase through the division, unless exempted via an agency delegation agreement. These include items from the "requisition time schedule," supplies and services available through exclusive term contracts, printing, and new vehicles.

"Cooperative Purchasing" Section 18-4-402, MCA provides for authorized cooperative purchasing and allows Montana's political subdivisions and tribal governments to purchase supplies and services through statewide contracts administered by the State Procurement Bureau. Benefits of cooperative purchasing include cost savings through volume purchasing and reduced administrative work. Statute also allows the state to participate in national purchasing cooperatives, if certain conditions of the laws and rules of the State of Montana have been fulfilled.

These national organizations leverage the leadership, expertise, and purchasing power of their public entities through competitively sourced solicitations and contracts.

"Cost-reimbursement contract" means a contract under which a contractor is reimbursed for costs that are allowable and allocable in accordance with the contract terms and the provisions of this chapter and a fee, if any.

"Days" mean calendar days. In computing any period of time prescribed or allowed by these rules, the day of the event after which the designated period of time begins to run is not to be included, but the last day of the period so computed is to be included, unless it is a Saturday, Sunday, or a legal holiday, in which event the period runs until the end of the next business day.

"Debar" or "debarment" means an action taken or decision made by the department, other than temporary determinations of non-responsibility or suspension, that prohibits a Contractor from proposing, bidding on, or receiving State contracts for a specific period of time or until certain conditions have been met.

"Department" means the Department of Administration.

"Descriptive literature" means information available in the ordinary course of business which shows the characteristics, construction, or operations of an item and enables the State to consider whether the item meets its needs.

"Director" means the director of the Department of Administration.

"Division" means the State Financial Services Division of the Department of Administration.

"Exclusive contract" means that State agencies must obtain the specified supply or service from the contract holder(s), unless the contract allows otherwise.

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

"FOB" or "f.o.b." means free on board, a term used in conjunction with an identified physical location to determine:(a) the responsibility and basis for payment of freight charges; and (b) the point at which title for the shipment passes from seller to buyer. Deliveries are usually "FOB destination," which means a shipment is to be delivered to the destination designated by the agency.

"Hardware maintenance" means repairs, upgrades, or installation of hardware required for the hardware to continue to operate as originally specified in the contract or purchase order.

"Highest scoring offeror" means the responsive and responsible offeror having the highest score at the completion of the procurement process for a request for proposals.

"Lease-purchase agreement" means a lease contract containing a purchase option in which the lessee's periodic payments or parts thereof may be applied to serve both as the rental obligation and as installments for acquiring ownership of the property upon lessee exercising the purchasing option; a conditional sales contract.

"Minor enhancements" means routine operations and maintenance support activities that include corrective, adaptive, and perfective changes, and that do not introduce new major functional capabilities.



"Non-controlled items" means all supplies and services that do not fall under the definition of "controlled items."

"Non-exclusive contract" means that State agencies are not required to purchase this supply or service from the contract holder(s) and may obtain the necessary supply or service from a different source following the requirements of Title 18, MCA, and their agency procurement delegation agreement.

"Offer" means proposal. "Offeror" means a person submitting a proposal when a procurement is made by a request for proposal process.

"Office supply" means a consumable product or supply used on a recurring basis in general business and office operations. An office supply under this definition includes, but is not limited to, fax and copy paper, writing tools, erasers, toner, fasteners (paper clips, rubber bands, binding clips, etc.), calculators, staplers, adhesives (tape, glue, etc.), scissors, rulers, tape dispensers, pencil sharpeners, notepads and sticky notes, nonprinted envelopes, calendars and planners, rubber stamps, disposable batteries, clocks, portable shredders, desk accessories and organizational aids, data processing and storage media (CDs, USBs, etc.), minor computer peripherals (monitors, individual external hard drives, keyboards, etc.), document filing and organizers (binders, clipboards, dividers, file folders, file labels, storage boxes, etc.), bulletin boards, marker and chalk boards, office mats (chair, antifatigue, etc.), cleaning equipment and supplies, first aid supplies, individual hand sanitizer, dish soap, disposable gloves, coarse paper products, trash can liners, and disposable food service products. An office supply does not include office furniture, computer equipment (except as noted above), items available through State Print and Mail, facility and industrial supplies and tools, lab equipment, photocopiers, software, or food and beverage items.

"Printing" means the reproduction of an image from a printing surface generally made by a contact impression that causes a transfer of ink or the reproduction of an impression by a photographic process and includes graphic arts, typesetting, binding, and other operations necessary to produce a finished printed product. Printing does not include rebinding or repair by a library, or an office, department, board, or commission of books, journals, pamphlets, magazines, and literary articles held as a part of its library collection.

"Procurement" means 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.

"Purchasing" refers to the mechanical or administrative process of how supplies and services are ordered. Purchasing can usually be described as the transactional function of the procurement process, whereas procurement is, essentially, the overarching or umbrella activity within which purchasing can be found.

"Purchase Order" means a document used to formalize a purchase contract with a Contractor.

"Receiving" means inspecting the supply or service and checking it against the contract to ensure it is acceptable, complete, and complies with the contract terms.

"Request for Information (RFI)" means a document used to informally solicit information about a market or type of available supply or service where there is not enough information readily available to write an adequate specification or work statement.



"Requisition" means the document used to request that a contract be entered into for a specific need, and may include, but is not limited to, the description of the requested item, delivery schedule, transportation data, criteria for evaluation, suggested sources of supply, and information supplied for the making of any written determination required by Title 18, chapter 4, MCA, or these rules.

"Requisition Time Schedule" means a schedule issued by the State Procurement Bureau each year which designates the dates by which certain categories of controlled items must be requested from the bureau.

"Resident Bidder" means a Bidder that meets the requirements of 18-1-103, MCA.

"Responsible Bidder or offeror" means a person who has the capability in all respects to fully perform the contract requirements and the integrity and reliability that will ensure good faith performance.

"Responsive Bidder or offeror" means a person who has submitted a bid or offer that conforms in all material respects to the invitation for bids or request for proposals.

"Restrictive specification" means specifications that unnecessarily limit competition by eliminating supplies and services that would be capable of satisfactorily meeting actual needs.

"Services" means the furnishing of labor, time, or effort by a contractor. It does not include 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.

"Software" means the collection of computer programs and related data that provide the instructions telling a computer what to do. Program software performs the function of the program it implements, either by directly providing instructions to the computer hardware or by serving as input to another piece of software.

"Software maintenance" means patches, support, or upgrades and minor enhancements allowing the software to continue to perform its functional purposes as originally specified in the statement of work, contract, or other procurement agreements.

"Solicitation" means an invitation for bid, a request for proposal, or any other document issued by the State for the purpose of soliciting bids or proposals to enter into a State contract.

"Specifications" mean a detailed description of what the purchaser requires and what a Bidder or offeror must offer to be considered for an award.

"State Print and Mail" means the General Services Division bureau responsible for all public printing for State agencies, and handling and processing of State mail for the capitol complex.

"State Procurement Bureau" means the division's bureau responsible for procuring or supervising the procurement of all supplies and services needed by the state, excluding those services procured by State Print and Mail.

"Supplies" means 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 Property Program" means the General Services Division program responsible for managing State and Federal surplus property.



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

"Suspension" means an action taken by the division that temporarily prohibits a Contractor from proposing, bidding on, or receiving State contracts.

"Term Contract" means a contract in which supplies, or services may be purchased through a list of prequalified Contractors or at a predetermined unit price or discount for a specific period.

"Total Contract Value" means the entire potential monetary worth of the project from beginning to completion, including the initial contract period and any options to renew.

"Unit price" means the price of a selected unit of a supply or services; e.g., price per ton, foot, box.

"Upgrade" means a replacement of hardware, software, or firmware with a newer version to bring the system up to date or to improve its characteristics.