

OSPI CNS School Meal Programs Reference Sheet

Procurement Vocabulary 101

Procurement	The process of purchasing goods and services.
Free and Open Competition	All suppliers are playing on a level playing field and have the same opportunity to compete. Procurement procedures must never unduly restrict or eliminate competition.
Purchasing Threshold	The dollar value that determines which procurement method must be used to purchase goods or services. There are three procurement methods: Micro, Informal and Formal. For each method, procurement must be done at the most restrictive level (federal, state or local).
Micro Purchase Threshold	\$10,000 or less (federal). A micro purchase does not require quotes, but prices must be reasonable and purchases must be distributed equitably among qualified suppliers to the extent practicable.
Informal Purchase Threshold	Greater than \$10,000 (federal) and less than \$75,000 (state). A small purchase/informal contract procurement requires quotes from a reasonable number of sources (best practice is three quotes). Quotes must be documented and available for review.
Simplified Acquisition Threshold	The threshold between the Informal and Formal thresholds. Micro and Informal thresholds make up the Simplified Acquisition Threshold. The Simplified Acquisition Threshold is less than \$75,000 (state).
Formal Purchase Threshold	\$75,000 or greater (state). A formal procurement requires an Invitation for Bid (IFB) or a Request for Proposal (RFP). All activities related to the IFB or RFP must be documented and available for review.

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Procurement Vocabulary 201

Request for Quote (RFQ)	A solicitation used in informal procurement, where price is the primary consideration. It must include a detailed description and specifications of the products or services needed and any applicable contract provisions required by Local, State or Federal procurement regulations, for example, the Buy American Provision.
Invitation for Bid (IFB)	A solicitation used in formal procurement, where the primary consideration is cost and a contract will be awarded to the responsive and responsible respondent whose price is the lowest. The respondent is the entity that responds to the IFB. May also be referred to as a bidder, offerer or vendor.
Request for Proposal (RFP)	A solicitation used in formal procurement, where several factors will be used to evaluate the proposals received. The evaluation factors must be described with their relative importance with cost/price being the primary factor. A contract will be awarded to the responsive and responsible respondent who receives the highest score awarded as a result of the evaluation. The respondent is the entity that responds to the RFP. May also be referred to as a proposer, offerer or vendor.
Responsive	A responder who submits a response to an RFP or IFB that conforms to all the terms, conditions and specifications of the solicitation.
Responsible	A respondent who is capable of successfully performing under the terms, conditions and specifications of a contract.
Contract	A formal, legally enforceable agreement between a buyer and a seller that establishes a legally binding obligation for the seller to furnish goods and/or services and for the buyer to compensate the seller.

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Material Change	A change made to a contract after it has been awarded that alters the terms and conditions of the contract substantially enough, that, had other respondents known of these changes in advance, they may have bid differently and more competitively.
Fixed Price Contract	A contract negotiated with a price that is fixed at the inception of a contract and is guaranteed for a specific period of time. May also contain an economic price adjustment provision tied to a standard index. This contract can be the result of an IFB or an RFP.
Cost Reimbursable Contract	A contract negotiated where the buyer reimburses the vendor for costs incurred under the contract with or without a fixed fee. Costs will be paid net of all discounts, rebates and other applicable credits. Prices or allowances are guaranteed for a specific period of time. An allowance is a guaranteed discount from the commercial price of a product. This contract can be the result of an RFP.
Sole Source Purchasing	Describes a condition of the procurement environment. It occurs when the goods or services are available from only one manufacturer and/or through only one distributor or supplier. It is only permitted under very limited circumstances, and usually requires approval from a School Board.
Allowances	A reduction in the wholesale price offered by a manufacturer in exchange for purchasing a large quantity of the item in a set time frame.
Interlocal Agreement	A written agreement between two government agencies. It allows one agency to join an existing agreement with another agency which is sometimes referred to as "piggybacking".
Cooperative Purchasing	A system that allows a group of agencies to join together to accomplish all or part of the steps in the act of procurement. The purpose is to help reduce costs and improve the quality of products and services available to members.

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Group Purchasing Organization (GPO)

An organization that conducts cooperative procurement on behalf of its members. Sometimes referred to as a Group Buying Organization (GBO) or a Group Buying Service (GPS). Can be either a for profit or not for profit entity.

Nonprofit School Nutrition Account

A restricted account in which all the revenues and expenditures conducted by the School Foodservice Authority (SFA) for the benefit of school children are retained. In the State accounting system, it is referred to as Program 98.

Acronym Reference

-CFR	Code of Federal Regulations
-CNS	Child Nutrition Services
-GBO	Group Buying Organization
-GBS	Group Buying Service
-IFB	Invitations for Bid
-LEA	Local Education Agency
-OSPI	Office of Superintendent of Public Instruction
-NSLP	National School Lunch Program
-RFP	Request for Proposal
-RFQ	Request for Quote
-SFA	School Foodservice Authority
-USDA	United States Department of Agriculture