	PROCUREMENT PROCEDURES HARRIS COUNTY DEPARTMENT OF EDUCATION	Reference:
DATE DEVELOPED: 5/15/2009		REVISED DATE: 8/12/2020
SUBJECT: GLOSSARY OF PURCHASING TERMS		

Annual Aggregate This pertains to the total amount of purchases made within a single category of items during a twelve-month period. The state does not prescribe on what date the period starts and stops, nor what a category is. Those decisions are the entity's.

As Is an expression signifying that goods offered for sale are without warranty or guarantee. The purchaser has no recourse with the vendor for the quality or condition of the goods.

Authorized Deviation Permission given to a supplier authorizing production or delivery of items within stated limits other than those specified originally.

Backorder The undelivered part of a previous order which the vendor re-enters for shipment at a later date.

Bid A formal response to a specified request for goods or services. Usually requested for contracts equal to or exceeding an annual aggregate of \$50,000.

Bid Bond Bid bond guarantees an owner of property that a party bidding for a contract will, if his bid is accepted, enter into a contract and furnish performance and payment bonds for the carrying out of the work, or pay the owner the difference between the amount of his bid and that of the bid finally accepted.

Caveat Emptor "Let the buyer beware": The sale is at the buyer's risk.

Certified Check A check endorsed by a bank which guarantees its payment.

Change Order A purchaser's document used to modify or add to a purchase order.

Competitive Pricing Mechanism A term used to collectively describe the various methods the state has provided to meet bidding requirements for purchases equal to or greater than \$50,000. These include bids, requests for proposal, catalogue purchases, Texas GSC contracts, Federal GSC contracts, and interlocal government contracts.

Delivery Schedule The agreed time or rate of future deliveries of purchased goods or services.

Discount An amount deducted from the selling price by the vendor. It is generally applied when a purchaser meets a stipulation that reduces the cost of the goods.

Expediting taking steps to speed up the process due to unusual circumstances.

Express Warranty Vendor's stated representations concerning the nature and use of goods, which he intends the buyer to rely on.

GSC In most cases this relates to the Texas General Services Commission. A federal GSC also exists and may be referenced in some contracts.

Inventory A stock of goods or an itemized list of a stock of goods on hand at a particular time. When ascertained by a physical count of the items it is a "physical inventory"; when determined from records maintained for routine business activities, it is a "book inventory."

Invitation to Bid A request made by a purchaser to prospective suppliers for their competitive price quotations on goods or services.

Invoice The vendor's itemized list of goods or services shipped which specifies price and terms of sale.

Knocked Down (k.d.) A term to indicate that the article described is delivered unassembled.

Lump Sum The price agreed upon between vendor and purchaser for a single job or a single purchase of merchandise in bulk.

Manufacturer One who produces or assembles items from raw materials or components.

Negligence The doing or omission of some act which a reasonable, prudent person would have omitted or done under the circumstances.

Open Account Purchase A purchase made by a buyer who has established credit with the seller. The transaction is charged to the purchaser's account, payment for which is to be made at some future date agreed upon by buyer and seller.

Original Equipment Manufacturer Seller's classification of a buyer whose purchases are incorporated into a product he manufactures, usually without changing the item that he acquires.

Payment Bond Payment Bond, often referred to as a Labor and Materials bond, guarantees that bills for labor and material used in the work project will be paid. This protects the workers and the suppliers.

Performance Bond Performance Bond guarantees the owner that work will be completed according to the contract specifications. This protects against the builder being unable to complete the project.

Purchase To acquire goods or services for a price.

Purchase Order A purchaser's formal written offer to a vendor containing all terms and conditions of a proposed transaction.

Purchase Requisition A formal request made to the Purchasing Department to procure goods or services from vendors.

Quotation A statement of price, terms of sale, and description of goods or services offered by a vendor to a prospective purchaser. When given in response to an inquiry, it is generally considered a sales proposal that states the current price of a commodity.

Rebate A form of discount in that the vendor returns, (or rebates) to a purchaser in consideration of the purchase of a specified quantity or value of goods usually within a stated interval.

Receiving Copy This is a receiving department document used to inform others of the receipt of purchased goods. Copies are usually distributed to the accounting department.

Request for Proposal (RFP) This is an alternate to the competitive bid process. The proposals are advertised and received in the same way as bids. Once opened, the District can select the best proposal and negotiate specific terms with the vendor to further lower the price or improve the contract.

Sample A small portion of goods taken as a specimen of quality.

Separate, Sequential, and Component Purchases Dividing a purchase into several parts or buying parts of a system on separate orders avoid having to use competitive pricing mechanisms to purchase goods and services.

Specification A comprehensive statement of the technical requirements descriptive of a good or a service, and of the procedure to be followed to ascertain if the requirements are met. A federal specification is a specification established in accordance with procedures prescribed by the Federal Specification Board and approved for use by all government agencies.

Stock The supply of goods maintained in a warehouse system to satisfy anticipated demand.


Terms of Payment The method of payment agreed upon in a sales contract

Tracer A request made to a carrier to trace a shipment for expediting purposes or to establish date of delivery.

Vendor A seller of goods or services.

Warranty An understanding, either express or implied, that certain facts regarding the subject matter of a contract is as it is declared or understood to be. Not to be confused with "guarantee," which entails contractual responsibility for the substandard performance or non-performance of another party.

Wholesaler A purchaser who buys goods for resale to a retailer or industrial user.

	PROCUREMENT PROCEDURES HARRIS COUNTY DEPARTMENT OF EDUCATION	Reference:
DATE DEVELOPED: 3/16/2006		REVISED DATE: 8/12/2020
SUBJECT: GLOSSARY OF CONTRACT TERMS		

TERM	DEFINITION
Amendment	A change, correction or alteration.
Appropriation	An authorization to spend funds.
Assignment	Transfer by one party to a contract of some or all of the rights to another person not a party to the original contract.
Acceptance	Compliance by one party with the terms and conditions of another's offer so that a contract becomes legally binding between them.
Breach of contract	To break an agreement.
Consideration	Something of value; money, an act or a promise.
Contract	Legal agreement; mutual understanding between two parties.
Force Majeure	Act of God; an unexpected or uncontrollable event.
Interlocal Contracts or Agreements	HCDE may enter into Interlocal Contracts/Agreements with: <ul style="list-style-type: none"> • Other State of Texas Local Governments • State of Texas State Agencies • ANY State Local Government, and • ANY State Agency
Modification	A change in the terms of the contract. See also Amendment.
Parties to a Contract	Participants to a contractual arrangement.
Performance Bond	A bond or a cashiers check from one party of a contract that is held by the other party to the contract guaranteeing contract completion. Used in construction.
Public Work Contract	Contract for constructing or altering or repairing a public building or carrying out or completing any public work.
Retainage	The part of the payments under a public works contract that are not required to be paid until project is accepted. Normally 5%.
Severability	To cut off from the whole; dissolvable; able to separate into legally distinct rights or obligations, as a Contract.
Venue	The locality where a cause of action occurs.
Warranty	The insured's guarantee that the acts are as stated or that specified conditions will be fulfilled to keep the contract effective.