

Glossary of Procurement and Contract Management Terms

Term	Definition
Alternative procurement	A term often used to refer to any non-competitive contracting process.
Atlantic Trade and Procurement Partnership (ATPP)	A memorandum of understanding (MOU) for the ATPP came into effect on January 17, 2020, replacing the Atlantic Procurement Agreement (APA). In addition to moving public procurement obligations to the higher CFTA thresholds, the ATPP seeks to drive economic development, increase efficiency and harmonization of trade and procurement systems, and improve conditions for doing business in the Atlantic region.
Benchmarking	Comparing services, products, processes or standards against other recognized and accepted industry, organizational or public-sector standards.
Best value	To establish the best value of goods/services/construction/facilities offered, bids may be evaluated not only on purchase price and lifecycle cost considerations, but also on environmental and/or social considerations, delivery, servicing, and the capacity of the bidder to meet other criteria, as stated in the bid/proposal documents.
Bid	A quote (price) given by a supplier to a prospective purchaser, usually in response to a competitive contracting process such as an Invitation to Tender (ITT) or Request for Quotations (RFQ), in competition with other suppliers.
Bid bond	A financial guarantee that protects the purchaser against loss if the bidder withdraws its bid or does not, within a specified time required, enter into a formal contract.
Bidder	A company or an individual who provides a bid in response to an ITT or an Invitation to Quote (ITQ) process.
Bid-rigging	Collusion among bidders or potential bidders in the submission of responses to a competitive solicitation process. Bid-rigging is a criminal offence under the federal <i>Competition Act</i> .

Term	Definition
Business case	Captures the reasoning for initiating a project, contract or task. It is often presented in a well-structured written document, but may also come in the form of a short verbal argument or presentation. Generally required to justify a project or contract before it is approved and a budget allocated.
Canadian International Trade Tribunal (CITT)	The main quasi-judicial institution in Canada's trade-remedy system, with authority to conduct inquiries into complaints by potential suppliers resulting from federal government procurement processes. The CITT does not have authority to deal with complaints about provincial public-sector procurements, and its rulings are only binding on the federal government, but CITT rulings provide strong guidelines for all public sector organizations.
Canadian-European Union Comprehensive Economic and Trade Agreement (CETA)	An international trade agreement between Canada and European countries, implemented in 2017. Unlike NAFTA and other international agreements, CETA obligations extend to sub-federal entities. Designed to eliminate procurement barriers for large government opportunities, CETA thresholds are higher than the thresholds under CFTA.
Canadian Free Trade Agreement (CFTA)	The agreement between the federal, provincial and territorial governments to reduce trade barriers within Canada, implemented July 1, 2017, replacing the former Agreement on Internal Trade. One of the key objectives is to eliminate procurement barriers within the country for significant government opportunities. Some entities and procurements are exempt.
Community of practice	Groups of people who share a concern or a passion for something they do, and who learn how to do it better as they interact on a regular basis.
Construction	Construction, reconstruction, demolition, repair or renovation of a building, structure, road or other engineering or architectural work. It does not include professional consulting services related to the construction contract, unless they are included in the procurement.
Contract	In its broadest sense, a legal agreement between a person or organization and another person or organization. In procurement, one party, the purchaser, agrees to pay the other party, the supplier, for services and/or goods.

Term	Definition
Contract A	Contract A, the Bid Contract, is established between the purchaser and each of the respondents who submit a compliant bid or proposal in response to a competitive solicitation. The solicitation document (i.e., an ITT or an RFP) is viewed as a legal offer, and the submitted bid or proposal is the respondent's acceptance of the offer. Contract A is formed at the time of closing between the purchasing organization and each compliant respondent.
Contract administration	The process of maintaining the integrity of the contract, filing, reporting and payment process.
Contract amendment/ modification	An agreement outlining an addition, correction or modification to, or a deletion from a contract. The agreement is executed by both parties to the contract and becomes a part of the contract document.
Contract B	Contract B, the Performance Contract, is the actual contract to perform the work/service or deliver the goods. A submitted bid or proposal is viewed as the supplier's legal offer to enter into Contract B. Once the purchasing organization has evaluated the submissions, it accepts the best-value offer based on predetermined evaluation criteria, and Contract B is formed between the parties (i.e., supplier and purchaser).
Contract ceiling price	The maximum total cost of the contract agreed to by both parties and based on specific terms of reference for the services to be performed or goods to be delivered.
Contract extension	When a contract is lengthened by a certain duration of time. There should be clear provision in the contract to extend, under certain circumstances, and a modification agreement should be executed by both parties and incorporated into the contract when a contract extension is granted.
Contract monitoring	The process of overseeing, reviewing and confirming work in progress during the life of a contract.
Copyright	Copyright is the set of exclusive rights that the author or creator of an original work has upon creation, including the right to copy, distribute and adapt the work. Copyright is broken into two distinct components: economic rights and moral rights. Economic rights can be assigned by a written copyright assignment, moral rights can only be waived.

Term	Definition
Cost-benefit analysis	A comparative assessment of a project or contract's expected benefits and the anticipated costs to implement.
Debriefing	After a competitive process has been concluded and a contract awarded to the successful proponent, unsuccessful proponents may contact the purchasing organization to gain an understanding of where their proposal might be improved for future bid opportunities. Providing debriefing upon request is mandatory under CFTA and CETA.
Deliverable	A measurable, tangible and verifiable output that is produced as part of a project or contract.
Direct award	When a supplier is invited by a purchasing organization to negotiate and/or sign a contract for goods or services, without going through a competitive process. A direct award can be sole source (there is only one) or single source (there is more than one, but a competition is not required).
Draft RFP	A non-binding process in which an RFP document is released in draft form to suppliers for comment, before the formal competitive process begins. This allows suppliers to give the purchasing organization feedback, which it may consider when finalizing the RFP for release.
E-Procurement	The conduct of procurement processes through electronic means. Some or all of the steps in a procurement process are handled via internal or external systems and networks.
Goods	Materials, furniture, merchandise, equipment, stationery and other supplies required by an organization for the transaction of its business and affairs, and including services that are incidental to the provision of such supplies.
Holdback	A portion of payment for services or goods delivered under contract is withheld by the purchasing organization until certain conditions relating to performance, liability or final deliverables – as determined by the contract – are met. The funds are released at a predetermined time, when the holdback conditions are met.
Intangible benefit	A benefit that is subjective and cannot easily be quantified and measured. These benefits tend to be measured based on opinion or perception.
Invitation to Quote (ITQ)	Similar to an Invitation to Tender (ITT), this solicitation method is a price-based competition that is typically used for small-dollar, under-threshold contracts.

Term	Definition
Invitation to Tender (ITT)	Sometimes called a Request for Tender (RFT), or Call for Tender (CFT) an ITT is a price-based competitive solicitation process used for higher-value contracts. An ITT is most often used for the purchase of goods, construction or straightforward buys where there is a clear set of specifications and the purchaser wants to find the lowest price.
Lifecycle costing	Sometimes called cradle to grave costing, this type of analysis that takes into account not just the initial purchase, but also the ongoing maintenance and operations costs, transition and disposal costs. Depending on the purchase, it may include the costs of items such as shipping and packaging, disposal of packaging, energy use, maintenance, warranty, parts and repairs, consumable supplies, disposal, training and the like.
Mandatory requirement	A requirement set out in a solicitation document which must be met in order for a bid or proposal to be considered. If the requirement is not met, the purchasing organization must disqualify that bid or proposal. Care should therefore be used when drafting mandatory requirements, to ensure that they are necessary and measurable and can be evaluated fairly to determine compliance.
Market sounding	An informal or formal market assessment process that organizations use to help assess the availability of goods or services, solicit opinions on upcoming new projects, or gather other information from the vendor community that will help in the procurement planning process. It is not part of a formal competition, although the information gathered will likely feed into a competitive process down the road.
Milestone	A significant event, at a particular time, in a procurement or other project. A milestone is usually a completed deliverable or key activity during delivery of services or goods.
Modification agreement	Used to modify or change a contract. Many organizations have a standard template that they use for modification agreements.
Moral rights	Beyond economic rights under the copyright legislation, the author or creator of an original work also holds the moral rights to his or her work. Moral rights protect the author or creator from anyone altering a work without consent. Unlike economic rights, moral rights can belong to individuals, including individual employees, and can be waived but not assigned.

Term	Definition
Negotiated Request for Proposals (NRFP)	An RFP solicitation that includes a rigorously structured and clearly identified negotiation process as part of selecting the successful proponent for contract award. Depending on the language used, a NRFP typically does not attract Contract A obligations.
New West Partnership Trade Agreement (NWPTA)	An agreement among British Columbia, Alberta and Saskatchewan which furthers the goals set out under the Trade, Investment and Labour Mobility Agreement (TILMA). The NWPTA is intended to reduce trade barriers among the western Canadian provinces and encourage economic development through government co-operation.
Notice of Intent	Notice to potential suppliers of the intent by a purchasing organization to make a direct award or negotiate a contract with a chosen supplier, without a competitive process. Posting the Notice of Intent gives other suppliers the opportunity to object to the direct award and provide evidence that they are able to perform the work or deliver the goods. The process for the federal government is called Advanced Contract Award Notification (ACAN).
Performance bond	A financial guarantee, provided by a bonding company, that the contractor will perform as set out in the contract. If the contractor does not meet its performance obligations as set out in the contract, then the purchaser can access the bond and have the surety step in to assist. Generally associated with construction projects, but also used in other areas where performance and project completion are critical success factors.
Performance measurement	Precise, measurable indicators that can be tracked to assess predetermined contract performance goals. Contract performance is often measured by key deliverables, key performance indicators, milestones, or levels of service provided.
Prequalification	Often the first stage of a multiple-stage procurement process, prequalification is designed to evaluate certain criteria or information provided by potential respondents, for the purpose of shortlisting. Those who qualify for the shortlist are then invited to respond to the subsequent solicitation process.
Proponent	A company or an individual who proposes to deliver goods or services in response to an RFP process.

Term	Definition
Public-private partnership (P3)	A contractual arrangement between public- and private-sector organizations, usually resulting from a competitive process, for the purpose of providing public infrastructure and related services. The partnership is characterized by a sharing of risk, responsibility, investment and reward between the parties.
Public-sector organization	Includes provincial government departments and ministries, as well as academic institutions, school boards, health authorities, Crown corporations, or other agencies of government.
Purchase order	A purchaser's written offer to a supplier stating all terms and conditions of a proposed transaction for goods or services. Alternatively, may be used to confirm the terms of an agreement that have already been settled.
Request for Expression of Interest (REOI)	A non-binding process used to find suppliers who are interested in providing the goods and services for a project or contract. Purchasing organizations use REOIs to better understand potential supply in the marketplace, before deciding whether to initiate a formal competitive process.
Request for Information (RFI)	A non-binding process used by a purchasing organization to gather information from the marketplace during the planning stage of procurement. This process generally seeks more specific information than an REOI, and may request ballpark pricing for budgeting purposes, availability of suppliers to meet anticipated timelines, or other information that will help the purchaser plan the solicitation process.
Request for Proposals (RFP)	A binding solicitation process used to seek both competition and creative input from proponents. An RFP typically sets out what the purchasing organization wants, and why, but the "how" is typically left to respondents, and is one of the key areas for evaluation. An RFP includes both mandatory and weighted criteria that will together help the purchasing organization determine best value among proposals.
Request for Qualification (RFQ)	A non-binding process in which suppliers may put forth their qualifications to perform services or supply goods. Typically used to prequalify for a shortlist or to create a standing offer supplier list.
Request for Quotation (RFQ)	A term used in many jurisdictions with the same meaning as Invitation to Quote (ITQ).

Term	Definition
Risk	Risk is the chance of something happening, positive or negative, that will have an impact on the achievement of objectives.
Risk management	A logical, step-by-step process to identify, analyze and most effectively deal with risk. It is a structured approach to controlling uncertainties and potential opportunities by first assessing the unknown factors, then developing strategies to minimize, transfer, mitigate or take advantage of those risks.
Scope	A clear and concise description of the work to be done or goods to be delivered.
Services	A service required by an organization for the transaction of its business and affairs. Does not include services provided by an employee of a department through a personal services contract.
Single-source contract	A contract directly awarded to a sole supplier, without a competitive process. With single source there are other capable suppliers, however for well documented and defensible reasons, a decision to bypass a competitive process has been made.
Sole-source contract	A contract directly awarded to or negotiated with a sole supplier, without a competitive process. With sole source, there is only one capable and available supplier.
Specification (spec)	A concise definition of requirements for a product or service that is being requested.
Stakeholder	A person or a group with an interest in or that can impact the success or failure of a contract or project, or a person or group who can be affected by the outcome.
Standing agreement	A contractual arrangement that includes an offer from a potential supplier and acceptance by the purchasing organization to enter into a future contract. There is normally an obligation for the purchaser to access the negotiated service or goods within a specified time period.

Term	Definition
Standing offer	A contractual arrangement between a purchasing organization and a pre-approved supplier, under which the supplier agrees to provide certain goods or services on an as-required basis, during a particular period of time, at a predetermined price or discount, generally within a predefined dollar limit. There is no obligation on the part of the purchasing organization to access the goods or services.
Statement of Requirements (SOR)	A detailed description of the goods and/or services to be supplied under contract. Also referred to as the Statement of Work.
Statement of Work (SOW)	A detailed description of the goods and/or services to be supplied under contract. Also referred to as the Statement of Requirements.
Strategic Sourcing	Leveraging market conditions to best meet the acquisition needs of the organization.
Strict compliance	One of two legal tests for deciding whether or not a mandatory requirement is satisfied by a bid or proposal. The test of strict compliance applies when there is clear, strict language set out in the solicitation document describing the requirement and how it is to be met. The bid or proposal is only deemed compliant if it complies with the strict language of the solicitation document.
Subcontractor	A person or organization that enters into a contract with a contractor to perform work or deliver goods, as part of the contractor's obligations under a contract with a purchasing organization. The contractor is responsible for all subcontracted work and must ensure that the terms and conditions of the contract are being met.
Substantial compliance	One of two legal tests for deciding whether a mandatory requirement is satisfied by a bid or proposal. In the absence of precise language in a tender or RFP, the test of substantial compliance is applied. If the bid or proposal substantially meets the requirement by satisfying the intent behind it, then the bid or proposal is deemed compliant.

Term	Definition
Sustainable procurement	<p>Sustainable procurement involves taking a holistic approach to obtain best value from procurements, by integrating the following considerations in the procurement process:</p> <ul style="list-style-type: none"> ▪ Environmental: for example, reducing greenhouse gas emissions, waste, and toxic use ▪ Economic: for example, lifecycle cost, fiscal responsibility, support for the local economy ▪ Social: for example, employee health and safety, inclusiveness and fair wage, promoting health, hiring disadvantaged persons
Tangible Benefit	A benefit that can be quantified and measured.
Unsolicited proposal	A proposal received by a purchasing organization from a supplier which has not been solicited through a competitive process. Many organizations have specific policy requirements for handling unsolicited proposals.