

X. GLOSSARY

Annual Aggregate This pertains to the total amount of purchases made by a school district within a single category of items during a twelve-month period. The state does not prescribe on what date the period starts and stops.

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 response to a specified request for goods or services. Usually requested for contracts 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.

Caveat Venditor "Let the seller beware": In some cases, the vendor is liable to the buyer if the goods delivered differ in kind, quality, use, and purpose from those specified in the contract of sale.

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 above \$50,000. These include bids, requests for proposal, DIR, and inter-local government contracts.

Competitive Sealed Proposal (CSP) If competitive sealed proposals are chosen as the purchasing method, the Superintendent or designee shall prepare the request for proposals and/or specifications for items to be purchased. All proposals shall be submitted in sealed envelopes, plainly marked with the name of the proposer and the time of opening. Proposals received after the specified

time shall not be considered. Proposals shall be opened at the time specified, and all proposers shall be invited to attend the proposal opening.

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 "Follow-up" Tracing the status of an order to ensure efficient movement of goods to the School or Department in accordance with the terms of the Purchase Order.

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

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. When an article is shipped "k.d.", it must be reduced in size by one third or as specified in the carrier's tariff to be eligible for the applicable freight rate.

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 Under a legal duty, failure to exercise the degree of care expected of a person of ordinary prudence in like 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 coverage is usually included automatically in the Performance Bond so no additional charge is necessary.

Performance Bond Performance Bond guarantees the owner that work will be completed according to the contract specifications. This is considered the key bond in a work project because the owner not only wants the work completed - usually within a specified time - but also completed according to the owner's specifications.

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. For the District, it is primarily used for purchases between \$10,000 and \$50,000.

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.

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 and accurate 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 stores system to satisfy anticipated demand.

Terms of Payment The method of payment agreed upon in a sales contract. The three basic terms are cash, open account, and secured account.

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 undertaking, either express or implied, that certain fact regarding the subject matter of a contract is as it is declared or promised to be. Not to be confused with "guarantee," which entails contractual responsibility for the substandard performance or nonperformance of another party.

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