

## Procurement Toolbox

### Procurement Toolbox

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## Key terminology

### Accelerated procurement procedures

Accelerated procurement procedures establish alternative procedures to operate during times that demand enhanced flexibility, responsiveness and accountability by public organisations. Within this category there are two types of accelerated procurement: emergency procurement and non-emergency accelerated procurement. Emergency procurement is used in contexts where life, property or equipment is immediately at risk or standards of public health, welfare or safety need to be re-established without delay.

Examples include government's responses to natural disasters (e.g. earthquakes, floods and typhoons) and epidemic risks. Non-emergency accelerated procurement procedures are used in contexts where unforeseen circumstances arise and require an urgent response by public organisations. In comparison to emergency procedures, non-emergency accelerated procurement should be used only as an exception and not the norm.

### Audit

May be carried out to satisfy the requirements of management (internal audit); or by the supreme audit institution, or any other independent auditor, to meet statutory obligations (external audit). A particular task of internal audit is to monitor management control systems and report to the senior management of public organisations on weaknesses and recommend improvements. The scope of audits varies widely. Compliance or regularity audits examine legal and administrative compliance, the probity and propriety of administration, financial systems and systems of management control.

### Award criteria

The criteria upon which the decision for the award of the contract is based. They can be either the 'most economically advantageous tender'.

### Bidder

A person, commercial company or other organisation, that offers to provide goods, services or works in response to a request from a public organisation. The emphasis on offering the goods, services or works in response to a request from a public organisation is necessary to differentiate a bidder from a supplier.

### Bid rigging

Bid rigging occurs when suppliers/bidders agree among themselves to eliminate competition in the procurement process, thereby denying the public a fair price. Suppliers/bidders can eliminate competition in public procurement in many simple

ways, for example: (i) a competitor agrees to submit a non-competitive bid that is too high to be accepted or contains terms that are unacceptable to the buyer; (ii) a competitor agrees not to bid or to withdraw a bid from consideration; and (iii) a competitor agrees to submit bids only in certain geographic areas or only to certain public organisations.

### **Collusive tendering**

See 'Bid Rigging'

### **Contract**

Any written instrument or electronic document containing the elements of offer, acceptance, and consideration to which an agency is a party.

### **Contract authority**

A contract authority is responsible for contract management. It relates to the post-award phase of the procurement cycle. The procuring authority may be the same as the contract authority in a number of cases for example, under a system of centralised purchasing.

### **Contractor**

A person, commercial company or other organisation who through a contract agrees to provide goods, services or works for a certain price.

### **Escrow agreement**

An agreement to lodge source code with a contractor, which can become available to the purchaser in certain circumstances.

### **Framework agreement**

A number of suppliers can be part of a framework under which a buyer can call upon for goods or services during a set period of time.

### **Green public procurement**

Contracting authorities and entities take environmental issues into account when tendering for goods or services. The goal is to reduce the impact of the procurement on human health and the environment.

### **Integrity**

Integrity can be defined as the use of funds, resources, assets and authority according to the intended official purposes, to

be used in line with public interest. In the context of public procurement it implies that (i) procurement procedures are transparent and promote fair and equal treatment of suppliers/bidders; (ii) procurement practitioners' behaviour is in line with the public purpose of their organisation; and (iii) systems are in place to challenge procurement decisions, ensure accountability and promote public scrutiny. A "negative" approach to define integrity is also useful to determine an effective strategy for preventing integrity violations in the field of public procurement. Integrity violations include corruption, fraud and theft of resources, conflict of interest in the public service and post-public employment, collusion, abuse and manipulation of information, discriminatory treatment in the public procurement process and the waste and abuse of organisational resources.

### Life cycle costing

Assessment of the costs of a good or service over its entire life cycle.

### Procuring authority

The procuring authority is responsible for organising and conducting the tender. Thus, it relates to the pre-tender and tender phases of the procurement cycle. The procuring authority may be the same as the contract authority in a number of cases, for example under a system of centralised purchasing. This definition focuses solely on the procurement process and does not pay attention to other aspects of the public procurement functions, namely: the policy and legislation; internal coordination; monitoring and control; professionalisation and capacity building; etc. (A discussion of these functions can be found in OECD, 2007, "Central Public Procurement Structures and Capacity in Member states of the European Union", SIGMA Paper, No. 40, GOV/SIGMA(2007)4, OECD, Paris.)

### Procurement cycle

The procurement cycle describes the entirety of the process through which public organisations identify, prepare and execute the acquisition of goods, services and works. The procurement cycle comprises of three main phases: pre-tendering (including needs assessment, planning and budgeting, definition of requirements and choice of procedures); tendering (including the invitation to tender, evaluation and award); and post-award or post-tendering (including contract management, order and payment).

### Procurement practitioner

A procurement practitioner includes people who are involved in the different stages of the procurement cycle regardless of whether they hold a public official role or not. In this sense, the term captures a broader spectrum of professionals than the term public procurement official may refer.

### Public procurement

Public procurement is the purchase of goods and services by governments and state-owned enterprises. It encompasses a sequence of related activities starting with the assessment of needs through awards to contract management and final payment.

### Public service organisation

A public service organisation includes any unit that is part of the government, including ministries and agencies. It may include units in the national and sub-national government.

## Specification

A concise statement of a set of requirements to be satisfied by a product, material or process that indicates whenever appropriate the procedures to determine whether the requirements are satisfied. As far as practicable, it is desirable that the requirements are expressed numerically in terms of appropriate units, together with their limits. A specification may be a standard, a part of a standard, or independent of a standard.

## Supplier

A person, commercial company or other organisation, that provides goods, services or works in the market. A supplier need not have responded to a request from a public organisation (see bidder).

## Supreme audit institution

A supreme audit institution refers to any organisation which sets standards for audit work. The organisation itself will depend on the particular scope of the audit. A number of different types of supreme audit institutions can be observed within OECD countries. They may be constitute an independent body at the disposal of the legislature (e.g. in Austria, United Kingdom and the United States); a parliamentary auditor served by an external audit body (e.g. in Norway and Sweden); an independent "court", without juridical functions, partly serving the executive (e.g. Greece and the Netherlands); independent courts, with juridical functions, partly serving the executive (e.g. France, Italy); and an independent body under the executive (e.g. in Japan and Korea).

## Sustainable public procurement

Contracting authorities take into account all three pillars of sustainable development (economy, society and environment) when procuring goods, services or works.

## Warranty

The representation, either expressed or implied, that a certain fact regarding the subject matter of a contract is presently true or will be true. Not to be confused with "guarantee", which means a contract or promise by one person to answer for the performance of another person.

## Whistleblowing

Whistleblowing can be defined as a means to promote accountability by encouraging the disclosure of information about misconduct and possibly corruption while protecting the whistleblower against retaliation.

## Related Documents

[Procurement Toolbox](#)