



STANDARD

An Invitation for Bids (IFB) procurement method may be chosen when requirements are known and the award is based primarily on price, which can include total cost of ownership. This expansion of low price only to consideration of the total life cycle in determining the best price is noteworthy in terms of future trends in sourcing. The ABA Model Procurement Code calls the IFB method of source selection “Competitive Sealed Bidding.” This practice document differentiates between an IFB, which is the solicitation document, and the competitive sealed bid (referred to as a “bid”), which is the response to the IFB. To be eligible for recommendation of award, a bid must be “responsive” and the bidder must be “responsible.” For procurements that fit the criteria for use of an IFB, adherence to the practice guidance supports the procurement professional in navigating a successful IFB process and the achievement of desired outcomes.

Definition

An Invitation for Bids (IFB) is a procurement method used to solicit competitive sealed bid responses, sometimes called a formal bid, when price is the basis for award.

Element 1: Establish policies and procedures related to the use of an IFB.

Policies and procedures help ensure a consistent, ethical procurement process that adheres to relevant laws, reflects the operating philosophy of the entity’s management, and aligns with the entity’s strategic plan. Policies and procedures should guide the IFB process from procurement planning through award.

Criteria for use of an IFB include:

- Requirements are known and can be clearly and specifically stated.
- Price is the basis for award.
- A competitive market is available for the commodity (goods and services).

Policies and procedures:

- Should guide and clarify the procurement process, e.g., how to handle irregularities.
- Should define preference programs, if any, based on legislation, e.g., sustainability.
 - Any preference programs applicable to the procurement must be stated in the IFB.
- Should promote entity goals, e.g., greenhouse gas emissions, disadvantaged business enterprise (DBE).
- Must reflect requirements by federal, state, and local law, e.g., grant funding, advertising of the solicitation to promote or create competition or to comply with threshold requirements.
- Must preserve the integrity of the bidding process, e.g., treating all bidders with impartiality, securing bids until the opening, protecting confidential information.
- Must define “late” and determine how the delivered bid is handled, e.g., time-stamp, return without opening, retain, accept.



Public Procurement Practice

INVITATION FOR BIDS (IFB) AKA INVITATION TO TENDER (ITT)

(Cont'd)

- While denying consideration of a late bid deprives the public of the benefit of competition submitted in good faith, accepting a late bid compromises the value of impartiality and integrity in the bidding process, which may impact the entity's reputation.

Element 2: Procurement planning impacts the impartiality and transparency of the procurement, maximizes competition, mitigates potential issues, and should be conducted with due diligence.

Procurement planning is performed to determine if a solicitation is needed. Procurement professionals, end users, and other stakeholders should be involved with procurement planning when the need is first identified. The following activities are carried out with due diligence in advance of writing a solicitation to increase the likelihood of a successful procurement:

- Identify need
- Determine requirements
- Confirm funding
- Determine project manager
- Initiate requisition
- Review relevant policies/regulations/legislation
- Conduct market research

Element 3: An IFB should detail in a clear and organized manner the entity's requirements and instruct potential bidders how to prepare and submit a bid response. Parts of the IFB may become a part of the contract document.

The IFB details the conditions, procedures, and requirements for the procurement of the commodity and should be easily understood by the bidders. The IFB should be a professional looking document of consistent style and format. Tips for writing clearly are included in the public procurement practice on Specifications, accessible on the NIGP website. The entity should develop a standard format for IFBs that groups like information into sections or parts.

Recommended sections include:

- Instructions to Bidders
- Scope of Work and Specifications
- General Terms and Conditions
- Special Terms and Conditions
- Required forms
- Contract documents

The following provides examples of the recommended sections and content that may be grouped within each section. Entities will determine specific section headings and content.

Instructions to Bidders should provide, at a minimum:

- Details for bid submission
 - Due date and time for bid responses
 - Whether an electronic signature will be accepted as the authorized signature
 - Method of submission, e.g., electronic bid through lockbox or other secured system, sealed bid
 - Physical location, if applicable, for delivery of bid response
 - Explicit statement that late bids will not be considered for award

Public Procurement Practice

INVITATION FOR BIDS (IFB) AKA INVITATION TO TENDER (ITT)

(Cont'd)

- Location, date, and time of any pre-bid meetings
- Point of contact for questions related to the IFB
- Bidder eligibility requirements
- Details of the bid opening, e.g., public or private, time, location

General Terms and Conditions are included or referenced in each IFB, usually without modification, and may include:

- Definitions
- Payment terms
- Governing law
- Protest policy
- Warranty requirements
- Clauses that apply to the bid process as well as post award performance
- Insurance
- Indemnification

Special Terms and Conditions differ from the General Terms and Conditions, are specific to each IFB, and may address:

- Delivery location
- Payment terms
- Bond requirements
- Entity preference programs applicable to the IFB
- Supplier qualification requirements
- Contract term
- Cost or pricing escalation/de-escalation clauses
- Insurance requirements, if not included in the General Terms and Conditions
- Compliance with entity policies or regulations

Scope of Work and Specifications include specific clauses and detail:

- Needs and desired outcomes
- Performance requirements
- Design requirements
 - Technical requirements

Examples of required forms may include:

- Bidder Information
- Schedule of Bid Items
- Bidder Certification/Signature
- Bid bond
- References

Only the forms necessary for determining bid responsiveness and bidder responsibility should be included in the IFB to minimize the documents needed for bid submission. Additional forms that are required only of the successful supplier may be completed after the bids have been received.

The IFB must detail the entity's process for awarding the contract such as whether the award is all-or-none or multiple and state the entity's selection criteria, e.g., lowest price, required delivery date, and total cost. The IFB may include required timelines and milestones with related liquidated damages and incentives.

Contract Documents

The IFB, any addenda, and the bid, generally, will be incorporated into any resulting contract or purchase order



PRINCIPLES AND
PRACTICES OF
PUBLIC PROCUREMENT

Public Procurement Practice

INVITATION FOR BIDS (IFB) AKA INVITATION TO TENDER (ITT)

(Cont'd)

Element 4: Once the IFB is issued, the designated procurement official must use professional judgment to respond to questions, provide clarification or additional information, and adjust the procurement timeline accordingly.

The procurement process for developing an IFB is generally straightforward. However, once the IFB is issued, professional judgment, the application of experience, professional knowledge, training, and ethics, play a larger role in decision making and implementation. The procurement professional ensures that the procurement file is maintained and the procurement process is managed. Management of the IFB includes:

- Recording the activities related to the IFB for future audits.
 - A repository of the IFB documents may take the form of a paper and/or electronic file
 - The process for record-keeping should be documented and consistent for all IFBs
- Designating a procurement professional as the sole point of contact for bidders to protect the supplier and the entity; prevent potential, inappropriate sharing of information; the appearance of impropriety; and the potential for a protest.
 - The designated procurement professional may consult or collaborate with the appropriate person to gain information to respond to bidder questions and requests for clarification
- Issuing addenda in response to questions, changes in the specifications or solicitation, or to adjust the timeline of the project.
 - Adjust the project timeline, as needed, to ensure the bidders have adequate time to review and respond to information provided
 - Provide public notice of all answers to questions, clarifications, and changes to provide equal, transparent, and timely access, e.g., posting to entity website

Element 5: Once the bids are opened, the procurement professional must evaluate the bids received against the requirements stated in the IFB to determine if each bid is responsive, the bidder responsible, and ensure that the procurement process is followed through recommendation and notice of award.

Evaluation of a bid is accomplished through a checklist that confirms whether the requirements stated in the IFB have been met. Evaluation is typically a straightforward process, often done as pass/fail and conducted by the procurement professional. There should be no need for an evaluation committee. A responsive bid fulfills the requirements stated in the IFB, for example:

- Acknowledgement of understanding the scope of work
- Delivery terms
- Warranty documentation
- Required forms and signatures
 - Signature by an authorized representative of the company
 - Items not provided may be deemed an informality or may render the bid non-responsive
- Acceptance of the entity's terms and conditions
- Acknowledgement of changes to the solicitation

A bid that does not meet the requirements stated in the IFB should be deemed non-responsive and is not eligible for award. Notify bidders of the nonresponsive determination.

Bids determined to be responsive are then evaluated for bidder responsibility and price. A responsible bidder is defined as “a business entity or individual who has the financial and technical capacity to perform the requirements of the solicitation and subsequent contract.”

Public Procurement Practice

INVITATION FOR BIDS (IFB) AKA INVITATION TO TENDER (ITT)

(Cont'd)

(NIGP Dictionary) Any permitted determination of bidder responsibility should be based on responsibility criteria as defined in the IFB, and may include:

- Checking references for similar projects/work
- Determination of financial risk or health
 - If using a third-party financial reporting service, does the business pay its bills on time
 - Is the bidder listed in high risk categories for financial stress
- Checking federal, state, and local lists for excluded parties, suspension, and debarment

Bid Tabulation

A bid tabulation form is used to summarize the bids received and order the bids either by bidder name alphabetically or by price from lowest to highest. This document furthers transparency and may be released according to jurisdiction laws and entity policies, e.g., entity web page.

A protest may be filed in response to the announcement of a decision to award. Earlier in the procurement process, filed protests may challenge the wording, specifications, or timelines in the IFB. Guidance on protests can be found in the global best practice on Protests, available on the NIGP website.

After the lowest responsive bid from a responsible bidder has been determined and required approvals have been received by Procurement, the contract may be awarded and, if awarded, a notice of award issued and publicly posted. The notice announcing the award should include the following information:

- Date of award
- Name of awardee
- Solicitation name and number
- The amount of the potential award
- Effective start date of the award
- Term of the contract, e.g. one year with four, one-year renewable options

Element 6: The contract must be awarded by the legislative body or individual authorized by the jurisdiction's laws and entity policy and procedures. Procurement then functions as the contract administrator by collecting information related to supplier performance and maintaining the contract file.

Contract administration and contract management should be handled by separate individuals or departments. Contract management typically would be handled by the end user or project manager, and contract administration typically would be handled by Procurement. The capacity and structure of the entity and the size, complexity, expense, and other factors of the procurement, however, may necessitate contract administration and management being handled by Procurement.

Contract management ensures that the contractor and other stakeholders perform according to the contract (milestones, metrics, deliverables). Typically, the contract manager contacts the contract administrator only when a contractor performance or other issue arises. The contract administrator would then work with the contractor and relevant stakeholders to resolve the issues and ensure that the deficiencies have been cured per the contract. Contract administration should include collection of interim contractor evaluations that document positive and negative contractor performance, including a final evaluation at the completion of the project.

Contract administration may vary according to the capacity and size of the entity and the complexity and expense of the project. Procurement responsibilities include:



PRINCIPLES AND
PRACTICES OF
PUBLIC PROCUREMENT



Public Procurement Practice

INVITATION FOR BIDS (IFB) AKA INVITATION TO TENDER (ITT)

(Cont'd)

- Maintenance of the contract file.
- Documentation and review of compliance and performance issues.
 - Ensure that any certificates of insurance are valid and remain current
 - Confirm payment and performance bonds
 - Document communications of any issues
- Education of stakeholders about points of contact for communication.
- Monitoring of the timeline for contract renewal and surveying client satisfaction.

Background

For many years, purchasing agents primarily used bids to purchase commodities. As procurement methods expanded to consider factors other than low price only, the terms “bid” and “tender” continued to be applied broadly. This practice focuses on the Invitation for Bids (IFB), the procurement method used to solicit competitive sealed bids, and distinguishes between terms used during the procurement process. This document offers criteria to determine when to use a bid selection method and best practices for implementing an IFB.

Resources

- American Bar Association. (2000.) *The 2000 Model Procurement Code for State and Local American Governments. Section 3-202*. American Bar Assoc.
- Australian Constructors Association. (11 August 2006). Guidelines for Tendering. Prepared by Evans & Peck Pty Limited.
- Brown, Justine. (March 4, 2014). Bringing Innovation to Procurement. *Budget & Finance*.
- Chartered Institute of Procurement & Supply (CIPS) & National Institute of Governmental Purchasing, Inc. (NIGP). (2016). Global Best Practice: Protests. CIPS & NIGP.
- Contract & Fiscal Law Department. (2014). The Judge Advocate General’s School. *Contract Attorneys Deskbook. Volume II, Chapter 34. Responsibility, Timeliness, and Organizational Conflict of Interests (OCI)*.
- Government Contracts USA. (2011). Government agencies - Who issues bids? *GovernmentBids.com*.
- Krüger, Kai. Ban-on-Negotiations in Tender Procedures: Undermining Best Value for Money? *Journal of Public Procurement, Vol. 4, Issue 3, 397-436*. (2004). PrAcademics Press.
- Michigan Department of Technology, Management and Budget. (April 19, 2017). Bidder Protests. *Contract Connect / Programs and Policies*.
- NASPO. (2015). *State and Local Government Procurement: A Practical Guide. Second Edition*. National Association of State Procurement Officials.
- National Institute of Governmental Purchasing, Inc. (NIGP). (2017). Global Best Practice: Guidance for Distinguishing between Scope of Work and Statement of Work. NIGP.
- National Institute of Governmental Purchasing, Inc. (NIGP). (2012) NIGP Dictionary of Procurement Terms. NIGP.
- Official Journal of the European Union. (11 December 2007). *Directive 2007/66/EC of the European Parliament and of the Council*.
- Queensland Government. Queensland Procurement Policy. (June 2013).
- State of Minnesota. (November 15, 2005). *Best Practices Review: Contracting and Procurement in the Public Sector*. Government Information Division, Office of the State Auditor.
- Prier, Eric; McCue, Clifford; Steinfeld, Joshua. (August 2013). NCPPC National Council for Public Procurement and Contracting. Identifying Position Domains in Public Sector Procurement.
- Law, Patry. *All Posts, Government Procurement / Bidding and Tendering*. Public Procurement: Late Bids — Where Seconds Matter? Posted July 11, 2016.
 - Late Bids Due to Extenuating Circumstances? Posted July 18, 2016.
 - Can owners allow late bids? Posted July 25, 2016.

Public Procurement Practice

INVITATION FOR BIDS (IFB) AKA INVITATION TO TENDER (ITT)

(Cont'd)

- Queensland Government. *Queensland Procurement Policy*. (2013). Includes minor changes as at September 2015. The State of Queensland (Department of Housing and Public Works).
- RDTL—Procurement Best Practice Guide 3: Tender Processes and Tender Documents. RDTL—Ministry of Finance Procurement Service. (2011).
- SDC Supply & Demand Chain Executive. (Sept. 30, 2015). How Technology Is Transforming Procurement Operations.
- SSES, INC., d/b/a Southern Sewer Equipment Sales, a Florida Corporation, Plaintiff, vs. City of West Palm Beach, Defendant. Final Judgement. In the Circuit Court of the Fifteenth Judicial Circuit, IN and for Palm Beach County, Florida. Civil Division. Case No. 2007 CA 009943 XXXX MB AN. (February 26, 2010).
- The World Bank. (July 1, 2016). Key Stages in Procurement (diagram) and the new Procurement Framework. IBRD
- The World Bank. (July 2016). Procurement Guidance. Abnormally Low Bids and Proposals. Guide to the identification and treatment of Abnormally Low Bids and Proposals. United Nations Procurement Manual. Revision 7.0-01. (July 2013) Department of Management, Office of Central Support Services, Procurement Division.



PRINCIPLES AND
PRACTICES OF
PUBLIC PROCUREMENT