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### Decisions, decisions, decisions: RFP or ITB?

Your agency desires to purchase goods and services that your procurement code requires to be purchased using a competitive solicitation process. What should you do to determine which procurement method best meets your agency's needs? Should you start with market research to determine sources and availability of solutions? Should you confer with experts in the industry? Should you develop a scope of work before deciding the best procurement method? *The purpose of this Tips and Trends is to offer guidance and suggestions you can use the next time your agency has to decide how to satisfy a procurement need.*

Request for Proposal  
(RFP)



Invitation to Bid  
(ITB)

The two most common<sup>1</sup> competitive solicitations used to obtain commodities or services are Requests for Proposals (RFP) and Invitations to Bid (ITB).<sup>2</sup> According to NIGP Global Best Practices, development of the scope of work will help determine the most appropriate procurement method. "The scope of work for a competitive solicitation will determine whether the evaluation criteria will be based solely on price or on process and other criteria."<sup>3</sup> Therefore, time invested in developing a description of the agency's needs and desired outcomes provide a basis to decide whether to use an ITB or a RFP. Conducting market research and gathering information from experts are helpful in developing the scope of work.

The ITB method is price motivated; the lowest price serves as the basis for award if the requirements for responsiveness and responsibility are met.<sup>4</sup> An agency may choose to issue an ITB when it can clearly define the scope of work or precise requirements before

<sup>1</sup> A third type of competitive solicitation is an Invitation to Negotiate.

<sup>2</sup> An Invitation to Bid can also be referred to as an Invitation for Bid (IFB).

<sup>3</sup> Public Procurement Practice, Practical Guidance for Distinguishing Between Scope of Work and Statement of Work [http://www.nigp.org/home/find-procurement-resources/guidance/global-best-practices]

<sup>4</sup> Jack Pitzer and Khi Thai, Introduction to Public Procurement Third Edition (NIGP: The Institute of Public Procurement, 2009), P. 132.

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the solicitation is issued. The RFP is used when the method of award is based on how well a proposer meets multiple evaluation criteria, beyond price. An RFP allows vendors to offer suggestions or ideas on how the work should be completed.<sup>5</sup>

### Key Components of the RFP



- Scope of work or specifications may not be clearly defined.
- Ability to develop the terms of the contract based upon both the solicitation and response to the solicitation.
- Evaluation criteria developed that may include:
  - Technical capability and the approach for meeting the specifications;
  - Competitiveness of price/cost or best value pricing; and
  - Managerial and staffing capability, including experience and past performance.<sup>6</sup>
  - Agencies often convene evaluation committees to review responses.<sup>7</sup>

For further information on RFP evaluation criteria, we recommend you see our OIG “Tips and Trends #2015-0004” of September 2015.

### Key Components of the ITB

- Specifications or scope of services are clearly defined.
- Bid award is made to the lowest priced, responsive and responsible bidder.
- Vendors are asked to submit pass/fail qualifying information that will determine responsiveness (ability to perform), i.e. licenses, references, and manufacturer’s certification. Responsible bidders are compared solely based upon price.<sup>8</sup>



### Suggestions

1. Develop the scope of work early in the procurement process in order to determine whether an ITB or RFP will best meet the needs of your agency.
2. Disclose in the RFP the exact weights for the price and non-price criteria that will be used to evaluate proposers.<sup>9</sup> Selection committee members should quantify in writing the weight assigned to each evaluation criteria when evaluating proposals.

<sup>5</sup> Calamaras, Danielle, “RFP vs. IFB: What’s the Difference?” [<https://www.linkedin.com/pulse/rfp-vs-ifb-whats-difference-danielle-calamaras>] April 27, 2016

<sup>6</sup> National Association of State Procurement Officials. State and Local Government Procurement: A practical Guide. 2<sup>nd</sup> Edition Lexington: NASPO, 2015. P. 129

<sup>7</sup> Committee members should have sufficient knowledge of the subject matter and appropriate experience to perform the task, have a thorough understanding of the agency’s needs, and work in the best interest of the agency. Committee members should also be informed of applicable rules regarding confidentiality and conflicts of interest.

<sup>8</sup> State of Florida Guidebook to Public Procurement v2 2013. P.46

<sup>9</sup> Goldstein, Joseph M., Florida Procurement Code Handbook 2009-2010 §2:25.