



**Taking Your Seat at the Table: Procurement's Role in
Leading Change and Building Sustainable Organizations**

Mike Mucha, GFOA

*A Professional Organization Dedicated to the Support
and Education of California's Procurement Officials*



(NIGP website)

Why are we here?

- The field of public procurement is often misunderstood. In the past, it was considered a back-office function.
- However, over the years, the profession has transformed and **today the procurement professional is a strategic partner** and steward of maximizing the value of public spend.
- They are important agents in the public sector who strategically source suppliers and materials for activities that benefit the public's health and safety in a variety of ways.

What I've Also Heard....

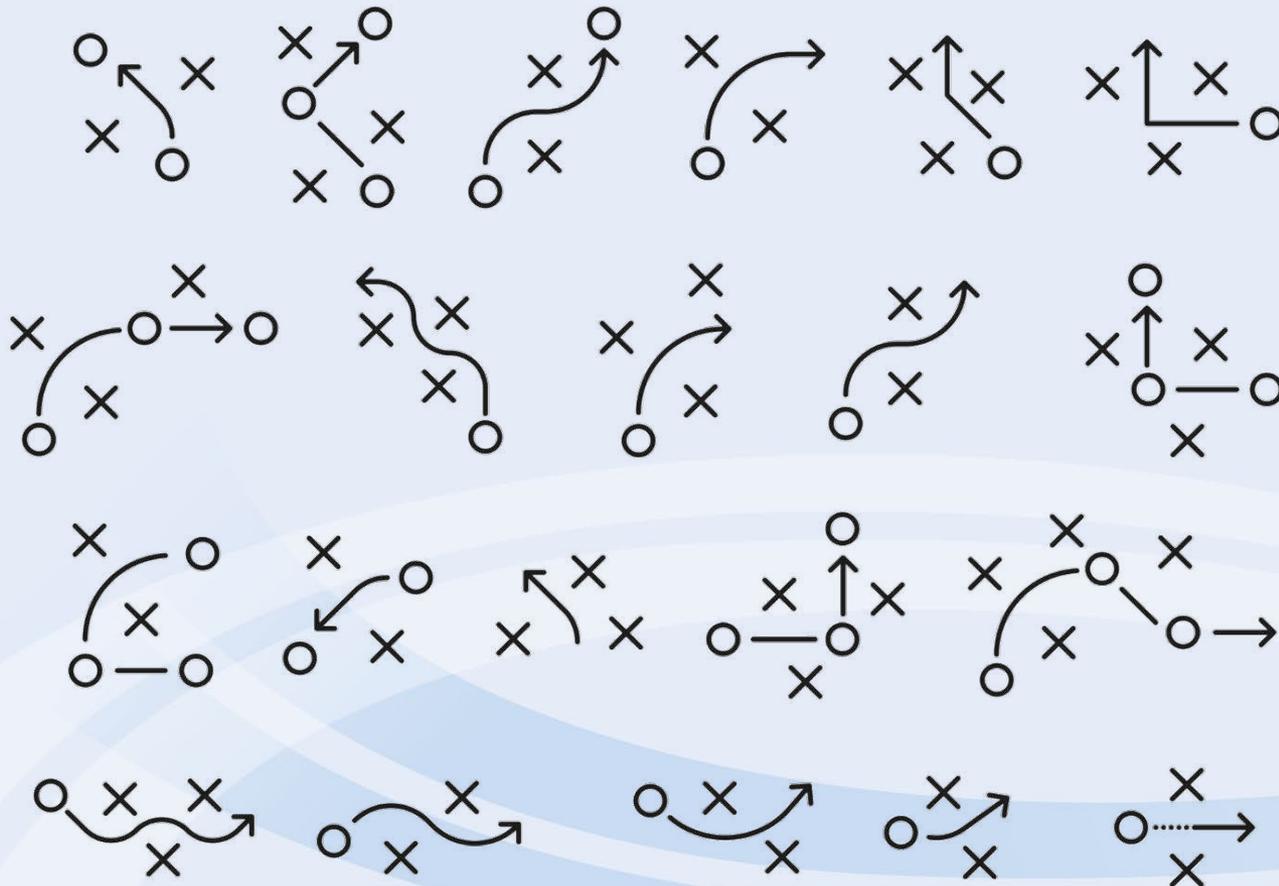
- “Procurement doesn’t get a seat at the table”
- “Finance doesn’t understand procurement”
- “Procurement lacks support from executives”

How to become strategic...

- Finance needs procurement
- Procurement needs finance
- The first step in becoming more “strategic” is identifying how procurement and finance can better work together



What is “strategic”?



Budget and procurement are similar

- Support operating departments
- Often detail is not well understood
- Facilitate process to allocate resources and make informed decisions
- Involve both long and short-term focus
- Public visibility with emphasis on earning trust

Making Finance More Strategic and Allowing Better Decision

Planning	Budgeting	Implementation
<ul style="list-style-type: none"> • Master Planning • Public Engagement • Strategic Planning • Capital Planning • Workforce Planning • Long Term Financial Planning 	<ul style="list-style-type: none"> • Revenue Budget • Operating Budget • Capital Budget • Position Budget • Service Levels 	<ul style="list-style-type: none"> • Budget Control • Position Control • Project Management • Performance Management • Budget Amendments

Focusing Procurement on Strategy

Planning	Purchasing	Administration
<ul style="list-style-type: none"> • Supplier outreach • Market research • Relationship building • Competition • Ethics • Risk management • Customer service • Cooperative procurement • Transparency, fairness, and trust 	<ul style="list-style-type: none"> • Purchase Orders • Supplier Registration • RFPs / Bids • P-card transactions • Contracts 	<ul style="list-style-type: none"> • Policy Compliance • Contract Compliance • Contract Performance • Contract Amendments

Reallocating Time to More Strategic Activities

Budgeting	Budgeting		Implementation
Planning		Purchasing	Administration



- Improving efficiencies of “purchasing” activities
 - Technology
 - Process change
 - Improved coordination
- Collaboration with all stakeholders
- Procurement’s role as leader within the organization
 - Proactive vs. Reactive

A Strong Finance / Procurement Partnership

1. Understand procurement authority
2. Separate purchase from payment
3. Use p-cards
4. Use requisitions
5. Document existing policies
6. Collect feedback
7. Set expectations using SLAs
8. Collaborate on contract risk management
9. Clarify ethics
10. Focus on a relationship



Procurement Authority is critical to budget and procurement

Budget



Approvals



**Procurement
Policies**

- Approve budget appropriation
- Gather necessary approvals to spend budget
- Ensure the correct process is followed as required by policy/law

Separating Purchase from Payment

Purchase

- Approve budget
- Approve spend of budget
- Comply with procurement process

Budget

PO/Contract

P-Card

Payment

- Ensure delivery/completion
- Approve payment

Invoice

P-Card

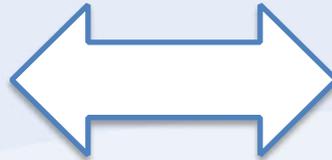
Improving Customer Service

- Communicate and set expectations
- Improve efficiency of processes
 - Modern technology
- Collect feedback and clarify unknowns
- Align customer and procurement perspective
 - Discuss why?
- Be proactive

Budget and Procurement Coordination

Capital Project Coordination

- Timing of competitive process
- Accuracy of capital budget vs. bid



Emergency Response

- Capturing costs for response
- Emergency procurement policy
- Budgeting for emergencies

Contract Management

- Budgeting for contingencies and cost overrun
- Budgeting for renewals

Grant Administration

- Grant required contract terms
- Timing of grant expend
- Complex grant accounting

Risk Management

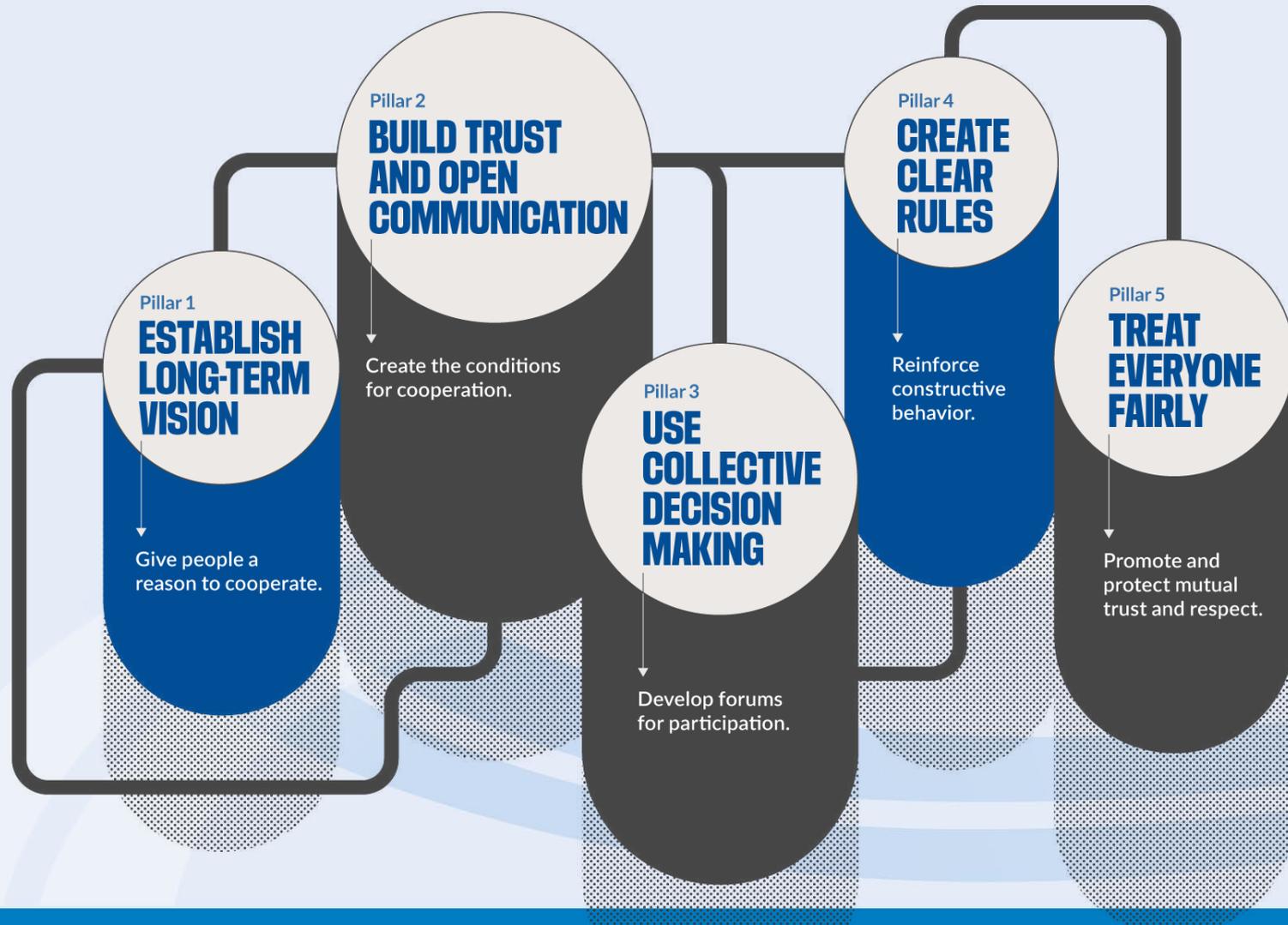
- Staying objective and helping protect against risk
 - Contract Risk
 - Financial Risk
 - Operational Risk
- Budgeting risk



Pooling Risk Example

- Organization has 5 contracts (each \$100,000)
- Each contract has 1 in 5 chance of going over budget by 10%
- Each contract includes contingency amount
 - Total contract amount = $5 \times \$110,000 = \$550,000$
 - Estimate contract spend = \$510,000
 - $4 \times \$100,000 + 1 \times \$110,000$
- **How can we better budget to not “waste” the extra \$40,000?**

Creating Sustainable Change



Additional Resources

- www.gfoa.org/cappo2025
 - Download Slides
 - Additional resources



Mike Mucha

GFOA

mmucha@gfoa.org

