



Getting a Seat at the Table: Procurement's Role in Financial Management

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

Discussion Topics

- Aligning procurement and finance
- Procurement's role beyond procurement
- Improving perceptions and building relationships
- Getting a “seat at the table”
 - The role of the procurement officer in decision making

Is Procurement and Finance Aligned?

	Finance	Procurement
What is the mission?		
What are the primary values?		
Communication strategies		
Centralized vs. Decentralized?		
How does staff serve departments?		
Tracking of Metrics?		
Biggest Challenge?		
Approach to Collaboration?		
Written Policies?		
Perception in the Organization?		

Procurement and Finance Are Essential Together

- Organizational risks that are influenced by procurement & finance:
 - Future Budgeting for organization
 - Performance risk costs resulting from current portfolio
 - Rework or litigation costs
 - Consideration of cost trade-offs and avoidance
 - More efficient to procure rather than self-perform
 - Market conditions may lead to reassessment
 - Budgeting of reserves and/or insurance costs
 - Accurate estimates of future and new work

Building Cooperation and Respect

- Overcoming past views of department interactions and performance
 - Procurement is a barrier; not timely; and always tells me NO
- Building a new reputation, expectations, and culture of follow-up
 - Ask for Department feedback – what are issues/concerns; how can we do better to meet you needs?
 - Set expectations for your team in three key areas:
 1. Frequency and timeliness of communications
 2. Depth of understanding of Department's needs & collaborative problem solving
 3. Expectation of follow-through on actions – with communication of specific target time/date
- Openly communicate expectations and establish a routine communication and problem escalation channels

Equity in Contracting

- Inclusive contracting refers to the process of creating a more inclusive environment for businesses owned by underserved communities to participate in the contracting process
- Considerations for
 - Statement of work Evaluation criteria
 - Source selection members
 - Communication



EQUITY IN CONTRACTING QUESTIONS AND CONSIDERATIONS

BACKGROUND: Inclusive contracting refers to the process of creating a more inclusive environment for businesses owned by those from underserved communities, to participate in a governmental procurement and contracting process. Contracting inequities are both internal to the government – how the government does business – and external – driven by the larger economy and how prime vendors and prime contractors to the government do their business.

The following checklist provides questions and considerations related to equity in procurement and contract process, from creating the Statement of Work, Evaluation Criteria, SSC selection process, to Scoring Rubric and SSC Report:

Statement of Work Considerations

- ☐ Ensure the scope indicates and defines the needs for any specific population (i.e., geographic location, socioeconomic status, education, ability, and other characteristics historically linked to other forms of systemic marginalization). Request the proposer to specify how the services to be provided will reflect the target populations for the program and how they will respond to the culturally specific needs.
- ☐ Consider if the contract can be broken out to offer multiple proposers an opportunity to offer proposals for their specific community given the unique needs of that community.
- ☐ Consider encouraging the use of subcontracted providers, ensuring that subcontractors are culturally responsive and staffed to serve target populations, including BIPOC and other disadvantaged or underserved populations. Require the proposer to specify how they will culturally ensure responsiveness to meet the needs of the target population.

Evaluation Criteria

- ☐ How does the proposer demonstrate experience serving the target populations, including BIPOC and other disadvantaged or underserved populations?
- ☐ How does the proposer clearly describe their approach to serve specific populations proportionately to the needs of the services to be provided?
- ☐ What is the proposer's staffing model (current and proposed) and does it reflect the linguistic needs of the target population?
- ☐ What is the proposer's workforce cultural diversity strategies and is it responsive to the needs of the program?

Getting a Seat at the Table

- Why is procurement left out?
- What happens at the table?
- How can procurement add value?



The Procurement's Role as a Decision Architect

- Governments make many decisions
- Decisions have real impacts
 - Priorities, budgets, contracts, services, approvals, etc.
- Effects are felt both inside and outside of government
- Decision making is messy
 - Diverse stakeholders
 - Groups
 - Conflicts
 - Bias
- Decisions will be judged



Procurement can help improve decision-making

- **Widen the option set: Help see the big picture**
 - Establish need
 - Be careful about status quo
 - Avoid over-simplification
- **Test assumptions: Identify and assess risk**
 - Clarify assumptions
 - See blind spots
- **Find high-value options**
 - Provide common metrics and reference points
 - Take a long-term view
 - Seek multiple perspectives
- **Foster trust**
 - Create a credible process
 - Be sensitive to perception of fairness



Fairness is perceived differently

- **Procedural Justice** – fair process
- **Interactional Justice** – fairness of human interactions
- **Distributive Justice** – fair distribution of resources

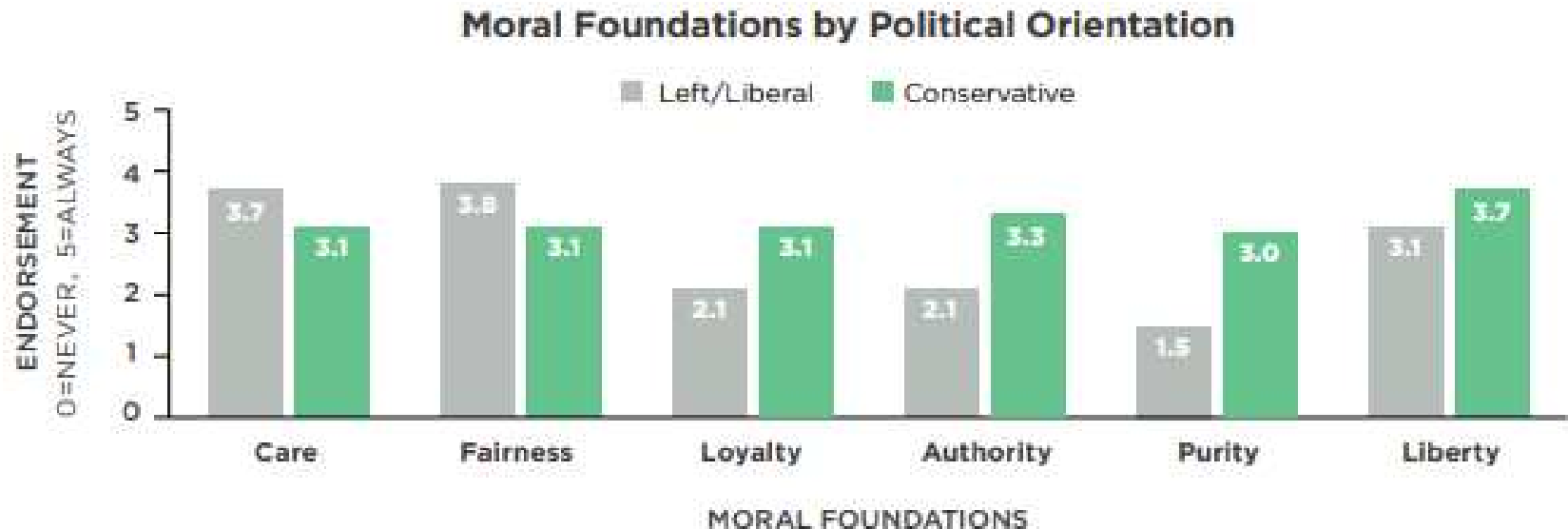
Navigating issues that impact fairness in local government



Political Polarization: Moral Foundations

- Care: Kindness, gentleness, and nurturance
- Fairness: reciprocal altruism and pursuit of equality
- Loyalty: Loyal member of groups
- Authority: respect for authority
- Purity: Striving to live in an elevated, less carnal, more noble, and more “natural” way
- Liberty: Opposition to oppression

<https://yourmorals.org/>



Group Dynamics and Decision Making

- **Halo Effect**
 - Strong personalities can have undue influence
- **Silence**
 - Some are quiet in meetings
- **Social Loafing**
 - “the others in the group will put in the work”
- **Anchoring**
 - First ideas set an anchor and dominate
- **Polarization**
 - Final decisions tend to be more extreme



Decision Architecture

- It is not possible for their finance officer to “opt out” of decision architecture
- The number of choices: How many is too many?
- Default choices: Is do nothing the default
- The order of choices
- Hierarchies and attributes
- Labeling
- Scale



Decision Architecture Examples

- **Evaluation Criteria**
 - Compliance with the RFP
 - Proposed Scope
 - Qualifications
 - Experience
 - References
 - Cost
- **Evaluation Criteria**
 - Cost
 - Qualifications
 - Qualifications
 - Experience
 - References
 - Compliance with RFP
 - Proposed Scope

Examples of Decision Architecture

- Rating Scale
 - 1
 - 2
 - 3
 - 4
 - 5
- Rating Scale
 - 5
 - 4
 - 3
 - 2
 - 1
- Rating Scale
 - 1 to 10
 - 1 to 100
- Rating Scale
 - A
 - B
 - C
 - D
 - F
- Rating Scale
 - Exceeds Requirements
 - Meets All Requirements
 - Meets Most Requirements
 - Does Not Meet Requirements
 - Did not Respond

Examples of Decision Architecture

Price Increase for Improved Water Infrastructure

- \$10,000,000 Project

Price Increase for Improved Water Infrastructure

- \$23 per month / resident

Average Spend Per Customer at Starbucks

- \$50 per month

More Resources



GFOA Resources

- www.gfoa.org/cappo2024
 - Download slides
 - Download Equity in Contracting Resource
- www.gfoa.org/fairness
- www.gfoa.org/materials/budget-officer-as-decision-architect
- www.gfoa.org/behavioral-science