Procurement Organization and Staffing Update

Report to Budget and Fiscal Affairs Committee

January 29, 2013
In 2008, a decision was made to separate Finance and Administrative and Regulatory Affairs (ARA) into two exclusive departments. The ordinance put the Strategic Purchasing Division (SPD) under the ARA department.

The Procurement Task Force was created to address and review procurement processes in the City and rectify any issues that have arisen in procurement in recent years at the department level and in some cases citywide.

Citywide, there is an opportunity to improve financial practices surrounding procurement, such as total spend analysis, budgeting and coordination with departments and suppliers throughout the process.

- Without looking to incorporate systematic steps of any financial process, such as procurement, issues will continue to resurface.
Financial Outlook

- The Finance Department employs many of the critical functions required to ensure Purchasing/Procurement is handled effectively from beginning to end.
Financial Outlook

• The Finance Department sees an opportunity to redesign and reengineer the procurement process from a global perspective through implementing an effective and comprehensive procurement framework.
  – These functions are the backbone of the Finance Department and make up most, if not all, of the operational and functional roles within the department today.
  – Redesigning procurement will give the Finance Department an opportunity to identify best practices throughout the integration of the two departments that will enhance its own operations in the process.

• An individual with subject matter expertise in the procurement realm with the ability and time to dedicate to these reengineering efforts is needed in order to ensure the adoption of proper and sustainable results. This individual will focus on optimization of procurement citywide and identifying opportunities for savings and contract renegotiations.
Chief Procurement Officer

• The Chief Procurement Officer (CPO) will be focused on the following:
  – Support of the Finance Director in management of the Procure-to-Pay process citywide.
    • Working cross-functionally with the Finance Dept and citywide to improve procurement from end-to-end
  – Working with departments across the City to create the Annual Procurement Plan.
  – Develops, implements, and manages procurement process and technology improvements to reduce administrative costs and reduce total spend citywide.
  – Guarantee all purchases are compliant with federal, state, and local laws, regulations, etc.
Chief Purchasing Officer

- The City’s Chief Purchasing Officer (CPuO) will be focused on the following:
  - Acquisition and contracting of certain goods and services in the most cost-effective manner possible while helping the City and Depts meet their objectives.
  - Provide advice, guidance, and technical assistance to departmental offices on matters concerning procurement, such as scopes of work, contracts, etc.
  - Manages and coordinates day-to-day work and resources of the procurement department.
CPO versus CPuO

• Key Differences in the Positions:
  – CPO will have a global outlook on procurement and focus on cross-functional relationships to ensure an end-to-end strategy is engaged.
  – Direct resource for vendor negotiations on complex procurement issues.
  – Management of the procurement process on an ongoing basis, not just until the contract is executed.
Next Steps

• The Ordinance to move SPD reporting lines to Finance will be brought to Council in February 2013.

• There will be a posting in the Finance Department for a Chief Procurement Officer.

• The Chief Procurement Officer will then develop a merger plan for SPD and Finance and employ the help of various department directors to move procurement forward at the City.