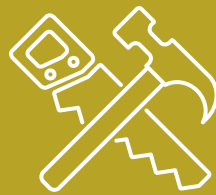


WHAT IS PROCUREMENT?



Procurement is a function that exists in both the public and private sector for acquiring goods and services for an organization or government. Public procurement is the legal authority that advises, plans, obtains, and evaluates a government's expenses on goods and services that are used to fulfill any government activities, obligations, and objectives¹.

Procurement is an essential function within state and local governments to help reduce costs and generate savings, and participants in procurement should follow principles such as impartiality, flexibility and effective use of public funds to ensure that they are keeping procurement transparent and fair².



TOOLS TO LEARN MORE

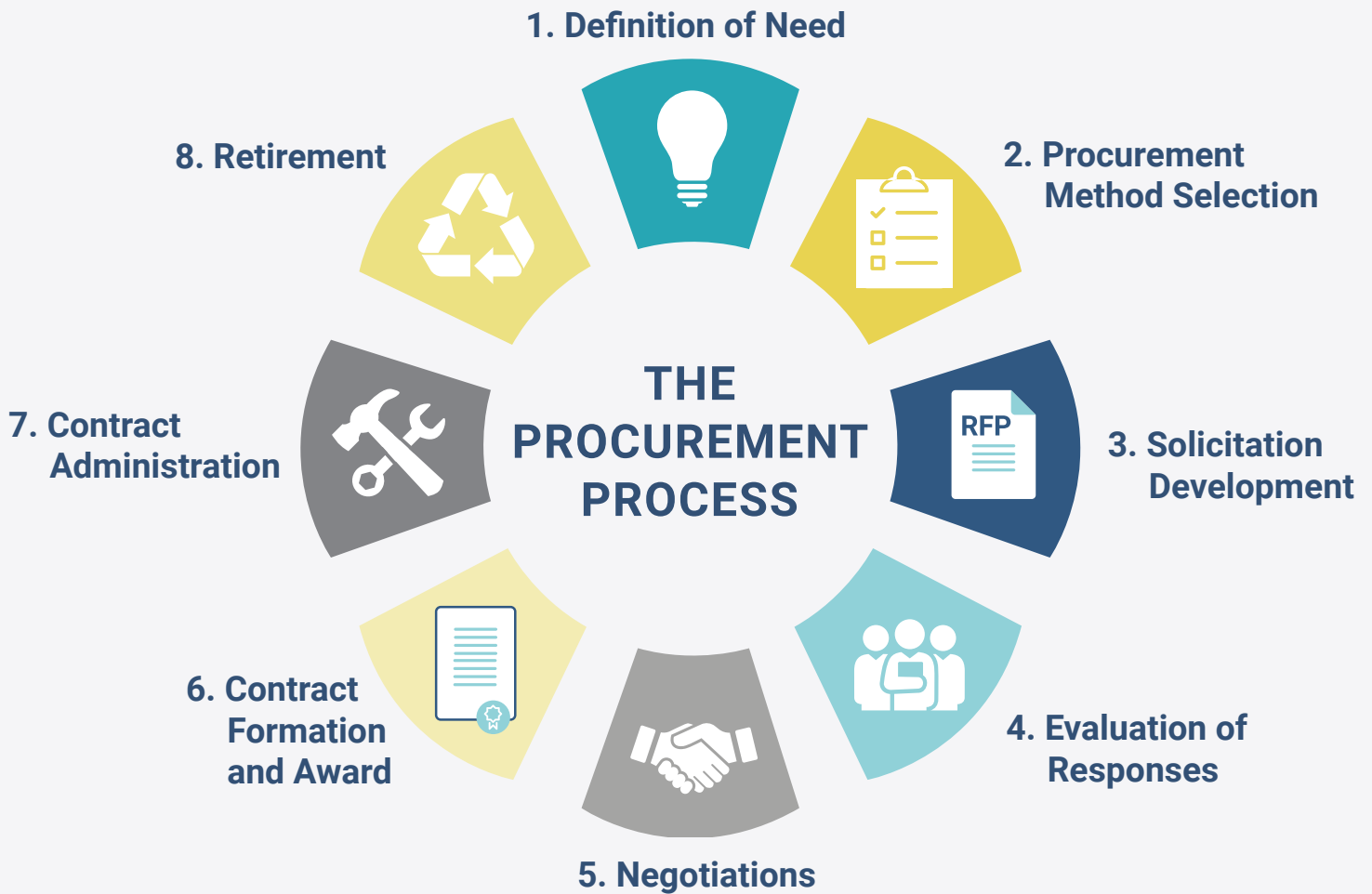
Take the Procurement U, **Procurement 101: Foundations of Public Procurement Course** to build up your building block knowledge of public procurement!

¹ From NASPO (2020) 101: Foundations of Public Procurement. Web Course. Available from <https://bit.ly/2zizzB6>

² From NASPO (2019). State and Local Government Procurement: A Practical Guide (3rd Ed.). Lexington, KY: NASPO

STAGES OF THE PROCUREMENT PROCESS

The Procurement process involves eight vital steps to a successful acquisition³.



This cycle outlines the steps in the pre-award, award, and post-award stages of the procurement process.

VALUE OF PROCUREMENT

The mission of public procurement is to obtain high-quality goods and services for the lowest possible cost or best value, and one of the best ways to do this is through a strong central procurement office. With a strong central procurement office, procurement officials can achieve savings in several ways:

- Leverage volume in public contracts
- Compete and negotiate contracts
- Use eProcurement solutions



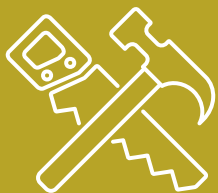
³ From NASPO (2020). 101: Foundations of Public Procurement. Web Course.

Central procurement organizations can provide great value to the government by creating savings, however, there are other significant ways procurement is valuable to state and local governments. Public procurement professionals ensure that the government purchasing process is a fair, open, and honest one. They make sure that suppliers have equal access to public business opportunities⁴.



TOOLBOX EXAMPLE

In Virginia, the central procurement office generated \$40 million in savings annually through reduced prices by leveraging the buying power of a combination of state contracts.



TOOLS TO LEARN MORE

Read [this blog](#) to learn more about value chain procurement. Read [this briefing paper](#) to learn more about how the state central procurement office provides value to government beyond cost savings.

NASPO's own [State and Local Government Procurement: A Practical Guide](#) provides a checklist for essential statutory or ordinance coverage. If your office already owns a copy of the practical guide, you can find the checklist in text as Appendix B.

Read [this primer](#) to understand what is driving the change at state procurement offices to maximize efficiencies. State procurement reform is continuous as CPOs are always looking to maximize efficiencies.

⁴ NASPO (2013). State Procurement Adds Value and Jobs. Available from <https://www.naspo.org/Publications/ArtMID/8806/ArticleID/2179>

ORGANIZATION AND STRUCTURE

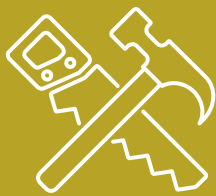
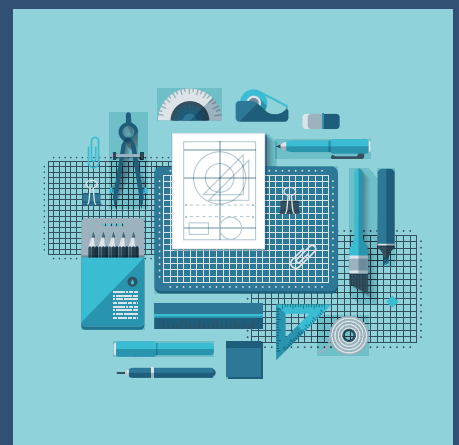
Source of Procurement Authority

The legislative branch of state government interacts with the central procurement agency through two major defining actions :

- Legislative Rules
- Regulations

Each state has specific statutes derived from legislative rules, that dictate the powers, duties, and responsibilities of procurement professionals. Whereas regulations describe how a legislative rule or policy will be implemented in practice, statutes are codified laws that delegate authority. Procurement statutes will also define how goods and services must be solicited, evaluated, and awarded.

Each state has their own procurement statutes and regulations.

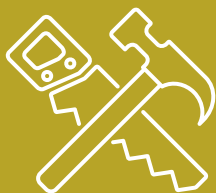


TOOLS TO LEARN MORE

Review the most recent [NASPO Survey of State Procurement Practices](#) to learn more about the CPO's authority.

Model Procurement Code

Known as the leading national policy blueprint for state and local purchasing, the Model Procurement Code provides flexible language as a starting place for drafting procurement legislation and regulations. In 1979, the American Bar Association (ABA), published the Model Procurement Code for State and Local Governments (Hereafter known as the Model Procurement Code). In 2000, the code was updated and republished to reflect the changing landscape of public procurement in response to the growing digital age.



TOOLS TO LEARN MORE

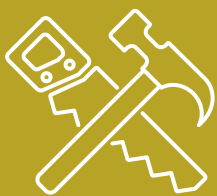
View the republished Model Procurement Code [here](#).

Central Procurement Officer (CPO)

As defined by NASPO, the Central Procurement Officer (CPO) is the state official who leads the state central procurement office and is responsible for the control of all procurement efforts across the state, as established by law or statute. Many state CPOs report to other officials in the Governor's cabinet, Secretary or Commissioner of the Department of Administration or Treasurer. Per Procurement U's Foundations of Public Procurement course, the major responsibilities and authorities of a CPO include:

- Developing rules, policies, and procedures prescribing the way goods and services may be procured
- Establishing state-wide contracts to leverage enterprise spend
- Establishing agency-specific contracts
- Performing:
 - Contract Oversight
 - Contract Administration
 - Contract Management
 - Contract Compliance
- Resolving contract disputes
- Centralized procurement training for procurement staff and agencies
- Supplier relations and training
- Vendor registration

It should be noted not all procurements fall under the authority of the CPO. Various states delegate purchasing authority to some agencies or types of procurement. These cases, which are outlined in those delegating states' statutes and regulations, may be exempt from central procurement's managements.



TOOLS TO LEARN MORE

Read this [NASPO fact sheet](#) to learn more about the state CPO role.