

# PREPARING YOUR BUDGET READY FOR THE UPCOMING FISCAL YEAR

Ensuring your public agency's procurement budget is ready for the challenges of the upcoming year is about preparation and planning, strategic positioning with agency and state goals, and optimization of available funds.

The key is to align your agency's procurement planning with constituent needs, fiscal deadlines, state compliance requirements, and procurement best practices. From forecasting expenses to leveraging digital procurement solutions, this blog and downloadable guide will help your team maximize efficiency and avoid unwanted surprises.

## STEP 01

# START WITH A COMPREHENSIVE REVIEW

### ■ Assess Past Spending Patterns

- Review the last 1-3 years of procurement spending data to identify trends and get an idea of a typical budget year.
- Separate recurring costs versus one-time expenses to understand what to include in the budget and how much cushion to include.
- Factor in inflation, any potential updates, and any upcoming changes to contracts.

### ■ Evaluate Current Vendor Performance

- Analyze vendor Key Performance Indicators (KPIs) like consistent and fair pricing, on-time and accurate delivery, quality and performance, and compliance.
- Identify underperforming vendors and discuss finding alternatives or ending contracts.
- Negotiate bulk pricing or favorable terms with reliable vendors, when available.

### ■ Conduct a Compliance Audit

- Ensure all current vendors meet regulatory, insurance, and business certification requirements.
- Address any documentation gaps before the next fiscal year.

## STEP 02

# ALIGN PROCUREMENT WITH ORGANIZATIONAL GOALS

### Collaborate with Stakeholders

- Engage finance, sustainability, and operations teams to understand organizational priorities.
- Ensure the budget supports broader goals like sustainability, vendor diversity, or cost savings.
- Understand purchasing needs for the year to anticipate any significant abnormal spending.

### Plan for Sustainability Initiatives

- Allocate funds for green procurement methods, sustainable materials, or eco-friendly vendors.
- Incorporate vendor diversity programs to support local or minority-owned businesses and meet state business certification regulations.

### Prioritize Strategic Projects

- Focus on high-impact projects that align with long-term objectives.
- Balance maintenance needs with innovation investments.

## STEP 03

# FORECAST AND BUILD YOUR BUDGET

### ■ Identify Department Needs

- Gather detailed procurement requests from all departments.
- Estimate needed maintenance or updating of existing projects or equipment.
- Use standardized templates to ensure consistency across submissions.

### ■ Set Realistic Cost Projections

- Include costs for new projects, updates to existing projects, inflation adjustments, and unforeseen needs.
- Allocate funds for contingency (5-10% of the total budget).

### ■ Use Data to Drive Decisions

- Leverage historical spending, financial forecasts, and market trends to make informed predictions.
- Analyze supplier quotes and competitive benchmarks and talk to other agencies to compare similar project costs.

## STEP 04

# STREAMLINE WITH TECHNOLOGY

### Invest in Procurement Software Solutions

- Adopt a comprehensive, procurement-focused platforms like PlanetBids to automate processes and workflows.
- Use digital tools for bid creation and management, vendor tracking and communication, and certification and compliance monitoring.

### Centralize Procurement Data

- Consolidate vendor information, certifications and insurance documentation, and contract details into a single system.
- Ensure your team has real-time access to procurement insights and analytics.
- Standardize and document evaluation criteria to ensure fair and transparent awards.

### Leverage Reporting and Analytics

- Use data dashboards to track spending, monitor KPIs, and assess vendor performance.
- Generate reports to inform decision-making and demonstrate ROI.
- Consolidate documentation and reporting for easy access and auditing.

## STEP 05

# PREPARE FOR CONTINGENCIES

### **Build a Resilient Budget**

- Set aside funds for emergencies like environmental disasters, supply chain disruptions, or price increases.
- Have a backup plan for critical vendors or projects.

### **Monitor Market Conditions**

- Stay informed about changes in material costs, labor rates, or regulatory shifts.
- Adjust budgets proactively based on market insights.

### **Engage with Vendors Regularly**

- Maintain open lines of communication to address potential risks early.
- Set expectations for vendors to share updates on pricing, lead times, and industry trends.

## STEP 06

# TRACK, REVIEW, AND ADJUST

### ■ Set Up Quarterly Reviews

- Schedule regular budget check-ins to compare actual spending with projections.
- Identify overages or savings and reallocate funds as needed.
- Identify vendor performance and discuss any necessary adjustments.

### ■ Adapt to Real-Time Needs

- Use tracking tools to make dynamic alterations throughout the year.
- Reassess priorities if unexpected opportunities or challenges arise.
- Be flexible to react to any surprises or last-minute changes.

### ■ Engage Your Team

- Solicit feedback from department heads on budget performance and areas for improvement.
- Ensure everyone understands their role in meeting budget objectives.
- Communicate openly and consistently to ensure alignment and foster trust.

## BONUS

# KEY QUESTIONS TO ASK DURING BUDGET PLANNING

Have we accounted for **potential cost increases**, such as inflation or new regulations?

Are we leveraging digital procurement tools to **reduce administrative costs and errors**?

Do our current vendors align with our goals for **sustainability and diversity**?

Is our budget **flexible enough** to accommodate unforeseen challenges?

Are we tracking and analyzing data effectively to **support long-term planning**?





# YOUR 2025 BUDGET, READY TO GO

By following this checklist, your agency will be well-prepared to tackle the year ahead with confidence. From aligning with organizational goals to embracing technology, every step you take now will save time and resources later.

Ready to simplify your budgeting process? [Explore how PlanetBids can support your procurement goals](#) with tools designed for efficiency, compliance, and cost savings.