

STATEMENT ON FORMAL RESOLUTION

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Agencies must ensure procurement policies and processes are robust



Essential Insights

Public sector agencies are reminded to have robust policies and processes in place for procurement activities. Gaps in policies and processes can lead to confusion around procurement requirements and can result in certain requirements not being met.

Agencies should be informed by the guidance provided by Procurement SA, and should be mindful that even secondary procurement processes need to be undertaken with integrity and appropriate oversight.

THE REPORT

The Ombudsman received reports which raised concerns about an agency's process for the engagement of external contractors and alleged that a proper procurement process may not have been undertaken.

Both companies were engaged by the agency via a secondary procurement process under a panel contract arrangement. After receiving information from the department regarding the processes that were followed to engage the companies, and extend their engagement, the Ombudsman identified some gaps in process that she considered may amount to administrative errors.

These gaps included a lack of clarity around the requirement for obtaining approval prior to approaching the market under a secondary procurement process, a lack of clarity around the number of quotes needed to be obtained in the procurement process, and delays in seeking contract extensions for the suppliers.

KEY OUTCOMES FOLLOWING THE OMBUDSMAN'S ASSESSMENT

The Ombudsman determined that this matter was suitable for formal resolution. To resolve the matter, the agency agreed to:

- update its internal policies and processes to address the following:
 - o whether approval is required before undertaking a secondary procurement process
 - o make clear that quotes must be obtained in order to satisfy the market approach requirements
- provide further training to employees involved in procurement processes regarding the above
- implement appropriate internal oversight processes to minimise the delay in seeking approval for contract extensions.

The Ombudsman will continue to monitor the agency's implementation of the agreed actions.