

# The Hidden Cost of Poor Data Quality in Public Sector Procurement

Why better procurement decisions start with better data, and the five hidden costs of getting it wrong.

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UK public bodies spend **over £400 billion a year** procuring goods, services and works — gross public procurement spending reached £434 billion in 2024/25, according to HM Treasury's Public Expenditure Statistical Analyses. Every contract awarded by the NHS, local authorities, government departments and public agencies depends on one critical asset: **data**.

Yet procurement discussions often focus on legislation, commercial strategy and supplier management while overlooking the quality of the data underpinning every decision. Poor data quality rarely shows up as its own budget line or project risk. Instead, it quietly drives higher costs, delays, supplier disputes, compliance failures and poor contract outcomes — and as organisations invest in AI, analytics and digital procurement platforms under the Procurement Act 2023, data quality has become one of the defining factors separating high-performing procurement functions from those that continually struggle.

## Data quality: the invisible foundation of procurement

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Procurement data includes supplier records, contract values, spend data, performance metrics, ESG reporting, carbon emissions, social value commitments, risk assessments, contract expiry dates, framework information, invoices and payment history. If these datasets are inaccurate, incomplete, duplicated or inconsistent, every decision built on them becomes less reliable. Government and independent research continues to identify missing fields, duplicated records and fragmented procurement datasets as major barriers to transparency and effective oversight.

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## The five hidden costs

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- 1. Poor supplier selection.** When performance scores are incomplete, contract values are wrong, or one supplier exists under three slightly different names, buyers can unknowingly reward poor performers instead of the best one — creating long-term commercial risk.
- 2. Higher procurement costs.** Duplicate purchases, fragmented spend and missed aggregation opportunities all stem from unreliable spend analytics. Without trustworthy data, organisations struggle to negotiate better prices, and the result is millions of pounds of avoidable expenditure.
- 3. Increased fraud and compliance risk.** Errors in supplier identifiers, payment information and contract records make it harder to spot duplicate invoices, unusual payment patterns, conflicts of interest and contract splitting — reducing visibility precisely where oversight matters most.
- 4. Procurement delays.** Missing data means staff spend their time validating suppliers, correcting records and reconciling spreadsheets instead of doing strategic procurement work — they become data cleaners by necessity.
- 5. Poor decision-making.** A dashboard built on poor-quality data simply visualises poor-quality decisions, whether the question is about supplier performance, contract value or social value delivery.

## SECTION 03

### Why the Procurement Act 2023 raises the stakes

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The Act places greater emphasis on transparency, supplier performance, contract management and value for money — all of which depend on reliable procurement information. Oversight bodies including the National Audit Office and the Institute for Government have repeatedly pointed to procurement information held across disconnected platforms being missing, late or inconsistent, which weakens transparency and makes it harder to identify what good practice looks like. Early analysis of the Act's implementation is already highlighting inconsistent data and the absence of common definitions across the sector. Transparency is only valuable when the underlying data can be trusted.

## SECTION 04

### AI will not fix bad procurement data

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Many organisations are introducing AI procurement assistants, predictive analytics and automated evaluation tools. But **AI does not improve poor-quality data — it simply analyses it faster.** Duplicate supplier records produce duplicate analysis. Incorrect contract values produce inaccurate forecasts. Incomplete performance data produces unreliable recommendations. This is Garbage In, Garbage Out, and it means organisations should invest in data quality *before* they invest in AI.

## SECTION 05

### Common problems worth checking for

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- **Duplicate suppliers** appearing under slightly different names (ABC Ltd / A.B.C Limited / ABC Limited), distorting spend reports
- **Missing contract metadata** — no expiry date, procurement route, contract manager or framework reference
- **Inconsistent supplier identifiers** across finance, procurement and contract systems
- **Poor spend categorisation**, which hides where money actually goes
- **Manual spreadsheet errors** — broken formulas, deleted records, version conflicts

## SECTION 06

### Building a procurement data quality strategy

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Leading organisations treat procurement data as a strategic asset rather than an administrative by-product — establishing clear governance and ownership, standardising supplier records, automating routine validation, and monitoring data quality continuously rather than only checking at audit time. The right sequence and priority for any given organisation depends on its starting point, and is the kind of assessment we typically work through with clients directly.

## From reporting to decision intelligence

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Historically, procurement teams asked "what have we spent?" Modern procurement asks which suppliers create the most value, which contracts carry the highest risk, and where to intervene before problems arise. Answering those questions requires **decision intelligence** — high-quality data, analytics and governance working together — not just reporting.

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## Conclusion

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Poor data quality is not simply an IT issue — it is a commercial risk that increases costs, weakens supplier management and undermines confidence in strategic decisions. The Procurement Act 2023 offers a real opportunity to modernise UK public procurement, but only if organisations invest in the quality of the information underpinning it.

Before adopting AI or advanced analytics, public sector organisations should ask a simpler question first: **can we trust the data we already have?** If the answer is no, improving data quality may deliver a greater return than any new technology.

### Key takeaways

- Poor procurement data leads to higher costs, delays and compliance risk
- Reliable data is essential to the transparency goals of the Procurement Act 2023
- AI cannot compensate for inaccurate or incomplete procurement data
- Strong governance, standardisation and continuous monitoring are critical
- High-quality data is what turns reporting into genuine decision intelligence